

## Initial Claims Processing for Unemployment Insurance

Department of Workforce Development

December 2014

# Report Highlights ■

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***In FY 2013-14, almost 1.7 million calls to DWD's call centers, or 60.2 percent of the total, were blocked because a telephone queue was full.***

***DWD is taking steps to reduce the likelihood that large numbers of calls will be blocked in the future.***

***DWD's administrative law judges generally issued appeals decisions faster than required by federal law.***

***The amount of overpayments of unemployment benefits recouped by DWD declined steadily in recent years.***

Wisconsin's Unemployment Insurance program, which is managed by the Department of Workforce Development (DWD), temporarily provides benefits to replace a portion of wages lost when individuals become unemployed and meet certain eligibility requirements. Unemployed individuals file their initial claims for unemployment benefits through an automated telephone system, online, or by contacting one of DWD's two call centers. DWD verifies information that individuals provide in order to establish the eligibility of the individuals and the amounts of weekly benefits to pay the individuals.

Individuals may appeal DWD's decisions regarding their eligibility and amounts of weekly benefits. Employers, which help to fund the benefits, may also appeal DWD's decisions, including the amounts paid to individuals. If DWD determines it has paid benefits that individuals were not entitled to receive, it typically attempts to recoup the overpayments.

As a result of concerns about difficulties that individuals experienced while attempting to file initial claims, the Joint Legislative Audit Committee directed the Audit Bureau to conduct this evaluation in which we reviewed:

- the process individuals use to file initial claims, including DWD's efforts to address the difficulties experienced by individuals;
- appeals of eligibility and benefit decisions made by DWD; and
- the steps DWD has taken to recoup improper benefit payments.

## Key Facts and Findings

*In FY 2013-14, only 18.3 percent of initial claims started through DWD's automated telephone system were completed by that method.*

*In FY 2013-14, DWD first paid 60.8 percent of claims in the same calendar week that the claims were filed.*

*From December 2013 through January 2014, more than 80.0 percent of 836,700 calls to DWD's telephone line for filing initial claims were blocked.*

*The appeals process upheld 64.9 percent of DWD's unemployment benefits decisions in recent years.*

*From FY 2011-12 through FY 2013-14, DWD identified overpayments totaling \$167.9 million.*

## Initial Claims

Through fiscal year (FY) 2013-14, individuals who attempted to file initial claims through the automated telephone system or online were unable to complete their claims using that system if, for example, they reported having worked outside of Wisconsin, or they reported having worked for multiple employers and information about at least one of those employers was not in DWD's computer systems. Such individuals were required to contact DWD's call centers to complete the filing process. In FY 2013-14:

- 19,400 of 106,300 initial claims, or 18.3 percent, started through the automated telephone system were completed by that method; and
- 69,800 of 125,900 initial claims, or 55.4 percent, started online were completed online.

Through FY 2013-14, individuals could contact the call centers through three telephone lines: a publicly available line intended for individuals filing initial claims, a publicly available line intended for individuals who had inquiries about Unemployment Insurance issues, and a non-publicly available line intended for individuals whom DWD had asked to provide additional information that was needed to clarify their eligibility. Individuals were placed on hold in a queue when all call center staff were busy.

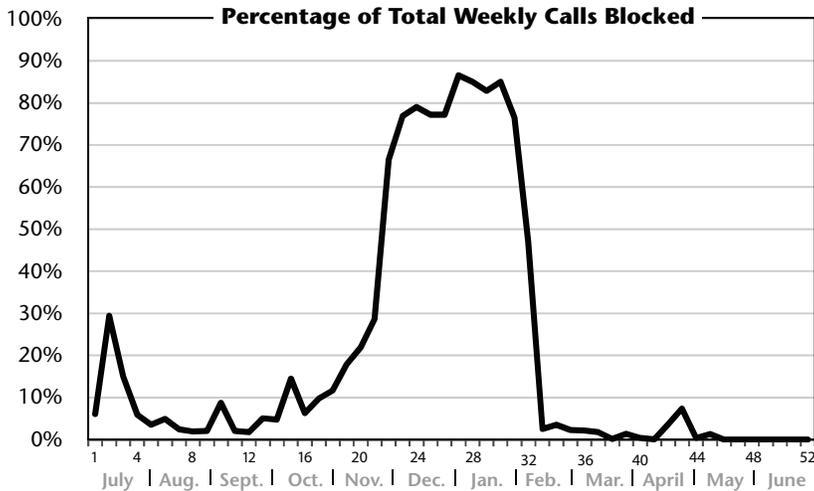
DWD indicated that it typically limited the size of the queues in order to minimize wait times. If more calls were received than available spots in a queue, some calls were blocked from entering the queue, and the individuals were instructed to call again later. In FY 2013-14, almost 1.7 million calls to the call centers, or 60.2 percent of the total, were blocked because a queue was full.

Call volumes were high from December 2013 through January 2014, compared to other times in FY 2013-14. During that two-month period, individuals made an average of 93,000 calls per week to the telephone line for initial claims. During other months in the fiscal year, individuals made an average of less than 10,000 calls per week to that telephone line.

The percentage of telephone calls blocked because a queue was full varied considerably during certain months in FY 2013-14. From December 2013 through January 2014, more than 80.0 percent of the 836,700 calls to the telephone line for initial claims were blocked. In contrast, less than 10.0 percent of the 155,500 calls from February through June 2014 were blocked.

DWD is taking steps to reduce the likelihood that large numbers of calls will be blocked in December 2014 and January 2015, when many individuals may attempt to file claims. In November 2014, it

**Percentage of Calls to the Telephone Line  
for Initial Claims That Were Blocked  
FY 2013-14**



implemented a new computer system to process initial claims filed online. DWD indicated that the system allows most individuals who worked for multiple employers in Wisconsin to file online. However, individuals who worked outside Wisconsin will still need to contact the call centers because the new system is unable to verify employment in other states.

It can be challenging for DWD to handle significant, temporary increases in calls during certain times of the year. If the steps that DWD has planned are insufficient and large numbers of calls are blocked in the coming months, DWD may need to take additional action. Such action could include allowing more individuals to remain on hold in a queue, making additional telephone lines available to individuals attempting to file

initial claims, and allowing all individuals to file initial claims online.

### Appeals

Individuals and employers can appeal DWD's unemployment benefits decisions. Appeals are filed first with DWD's administrative law judges and then with the Labor and Industry Review Commission.

Through June 2014, 68,900 appeals had been filed and decided from FY 2011-12 through FY 2013-14. This total includes 61,400 appeals decided by DWD's administrative law judges and 7,500 appeals appealed to and decided by the Labor and Industry Review Commission. We found that 64.9 percent of DWD's unemployment benefits decisions were upheld by either

administrative law judges or, if applicable, the Labor and Industry Review Commission.

Federal law requires DWD's administrative law judges to issue decisions for at least 60.0 percent of all appeals in a 12-month period within 30 days of the date of appeal, and at least 80.0 percent within 45 days. From FY 2011-12 through FY 2013-14, administrative law judges generally issued appeals decisions faster than required by federal law.

### Recouping Overpayments

Individuals are sometimes paid more unemployment benefits than they are entitled to receive. This can occur unintentionally, such as if individuals inadvertently provide DWD with incorrect information that is used to calculate weekly benefit amounts. Overpayments can also occur if individuals intentionally provide incorrect information.

From FY 2011-12 through FY 2013-14, DWD identified 681,400 overpayments totaling \$167.9 million. Individuals who unintentionally provided inaccurate information accounted for 84.7 percent of the number of identified overpayments, and these overpayments totaled \$61.8 million. Individuals who intentionally provided inaccurate information accounted for 9.5 percent of the number of identified overpayments, and these overpayments totaled \$86.3 million.

The total amount of overpayments recouped by DWD declined steadily from \$51.7 million in FY 2011-12 to \$42.3 million in FY 2013-14. It typically takes years to fully recoup overpayments that DWD identifies. The \$42.3 million recouped in FY 2013-14 included overpayments that DWD had identified over the prior 26 years.

The Unemployment Insurance Advisory Council advises DWD on matters related to unemployment insurance. No later than March 15 of each year, DWD is statutorily required to report to the Council on its efforts to detect and prosecute Unemployment Insurance fraud.

We reviewed DWD's March 2014 report and found that some information could have been presented more clearly. The report indicates that in 2013, DWD identified \$24.8 million in overpayments that resulted from intentional misrepresentations.

The report further indicates that DWD recouped \$24.0 million in overpayments that resulted from intentional misrepresentations and that this amount equates to a 97.0 percent rate of recoupment. However, this percentage is overstated because almost all of

the \$24.0 million recouped in 2013 had been identified in prior years. DWD's data indicate that DWD actually recouped \$2.3 million of the overpayments identified in 2013 as having resulted from intentional misrepresentations. This amount equates to a 9.5 percent rate of recoupment.

## Recommendations

We include recommendations for DWD to:

- ☑ report to the Joint Legislative Audit Committee by March 16, 2015, on the numbers of answered, abandoned, and blocked calls to its unemployment benefits call centers each month from November 2014 through February 2015 (*p. 21*); and
- ☑ specify in its statutorily required annual reports to the Unemployment Insurance Advisory Council the years in which all recouped overpayments were identified and provide a copy of the March 2015 report to the Joint Legislative Audit Committee by March 16, 2015 (*p. 35*).

*The Legislative Audit Bureau is a nonpartisan legislative service agency that assists the Wisconsin Legislature in maintaining effective oversight of state operations. We audit the accounts and records of state agencies to ensure that financial transactions and management decisions are made effectively, efficiently, and in compliance with state law, and we review and evaluate the performance of state and local agencies and programs. The results of our audits, evaluations, and reviews are submitted to the Joint Legislative Audit Committee.*

## Additional Information

For a copy of report 14-15, which includes a response from the Department of Workforce Development, call (608) 266-2818 or visit our website:



[www.legis.wisconsin.gov/lab](http://www.legis.wisconsin.gov/lab)

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