

## DUA ADVISORY COUNCIL MEETING November 15, 2018

### MINUTES

The meeting started at 9:35 am.

**Council Attendees:** Richard Marlin, Brenda Wornum Moore, Katie Holahan and Ellen Wallace, Kirsten Siemering

**EOLWD/DWD/DUA/Public Attendees:** Rick Jeffers, Martha Wishart, Rena Kottcamp, John Saulnier, Marie-Lise Sobande, Jennifer Lavin, Wendy Savary, Paul Fitzgerald, Brian Flynn (GBLS), Marie Orlando (DUA)

#### I. EXECUTIVE UPDATE:

##### Director, Rick Jeffers

- A quorum was established, **Rich Marlin** motioned to approve minutes from the October 18, 2018 meeting, **Katie Holahan** seconded and motion approved
- DUA update was sent to members in advance of meeting for review.
  - Average speed of answer is up 12 minutes
  - There was an uptick in initial claims, which is a little early. **Rena Kottcamp** mentioned it could be due to seasonality in industries and may be related to the weather, but we are not certain why.
  - DUA Seasonal staff were brought back and started this week to help with the telephone support.
  - There were no questions on the presentation.
- Working with the Sheriff's Association to provide help with data sharing. Since 2016 DUA has been working with 4 counties in cross matching data for anybody who is incarceration and collecting UI, but more importantly to prevent any benefits from going out the door. \$350,000 has been recovered in overpayments. We have estimated we saved about \$7.5 million dollars from being sent out to claimants that are behind bars. We went before the entire Sheriffs Association to share how things are going in those 4 counties and asked if they would like to get on board. They voted on it and going forward we will be working with all counties to get county incarceration data. Also talked about MassHire Career Centers and services they offer. Will continue to talk about re-employment.
- **Accounts Receivable – Marie-Lise Sobande** updated on Task Order 12 which is a program to introduce system changes for payment plans, Tax intercept for State and Federal taxes and charge-off processes. We developed all the solutions, which are slated to be implemented in February 2019. The next step we will be automating the collections process of which a lot is now done manually. The charge-off process we asked for approval for \$35.6 million to be written off and collected documentation to support that. So far we collected \$33 million in documentation and have another \$2.6 million we are working on. Sent it to Finance and then comptroller's office. E-Licensing Program - with the ABCC so far we collected \$366K from that. The AG referrals, 8 cases pending as of now. One case they are negotiating on our behalf. There are 2 employers who were notified they were being referred to the AG's office for criminal prosecution and they paid up. We collect \$932,000. We have a staffing plan in place and waiting for the go ahead. The Revenue Dashboard is completed and will be a useful management tool. We have ADP unmatched funds/payment where payments were received but couldn't match to the correct employers. We have been working on them manually and making progress and developed an automated solution to prevent future unmatched payments. The balance we have we are working with ADP. In a lot of instances the account number they were providing were incorrect and had difficulty finding them and sent back details to ADP who will review and send it back to us. We received a file from DOR of closed businesses that we will use to cross match with our own employer accounts to see if we have accounts that employers forgot to tell us they are no longer in business. The cross match was completed and identified 3858 employer accounts still active in our system from 1980 to the present that are no longer in business. Working with UI team to review accounts and determine if they should be closed based on the activity on the accounts - more updates to follow. **Director Jeffers** added the State Tax Intercept program is something DUA never participated in. If employers have an outstanding amount due past 120 days we will use all of the tools we have

under existing statute to collect outstanding debt. By regulation we have to send out four notices before it is turned over to the intercept program. **Martha Wishart** said it is not just tax returns. If an employer is a state vender and getting a payment from the state we can intercept that as well. **Marie-Lise** commented we can also intercept lottery winning. In cases of sole proprietors, we are going after that SS #.

- **Claims/Appeals – Wendy Savary**

- Wrapped up our engagement with Zelus Consulting, brought on to identify deficiencies in the call centers. They provided a final report and recommendations that will be reviewed and in January hope to implement the recommendations that are feasible and will report back at our next meeting.
- Lawrence Call center will close 12/21 and all staff will be coming to Boston.
- Working with a new consultant McKinsey who will be mapping the User Journey of a claimant from beginning of the claims process to all the way until they become employed. This will last about 6-8 weeks. The purpose of the project is to identify customer pain points and identify opportunities to make improvements to the customer.
- DUA receives funding from DOL based on the amount of workload credit that our adjudicators take to solve non-monetary issues. We noticed the total amount taken by our staff is lower than we like it to be and will conduct an audit in January to determine what is going on and if it's system issues, training or staff issues. **Rich Marlin** asked what is workload credit? **Jen Lavin** explained Workload credit is any time there is an issue on someone's claim or potential where the person will not be paid unemployment benefits there is potential for Workload credit. If it involves past, present or future benefits, for example the employer said the claimant quit and the claimant said they were laid off, there is a potential for disqualification. Once we resolve the discrepancy we can take workload credit. Anything that prevents payment on a claim and requires an adjudicator almost always can take workload credit.
- We are also working on an enhancement to improve the certification process for the claimants. Some of the questions we ask are confusing and resulting the claimant to answer incorrectly and then results in an issue created on a claim and has to go to adjudication. We are looking at the questions to simplify them and send to our readability experts and hoping to have the changes in production by January. **Brenda Wornum Moore** asked for an example of the questions. **Wendy** replied "Are you able to work" it's confusing because we want to know are you physically, mentally capable of working. They will respond No they are not able to work because I don't have a job. This will be rephrased as are you capable of working during the weeks you are claiming. This should result with less issues.

- **Legal Department - Martha Wishart**

- **Draft Proposed Change to 430 CMR 6.05(3)(b)**

Previously distributed at the last meeting was Change to the Waiver Regulations we are asking to move on in the promulgate process to change the regulations to change the waiver process. There is a process by which an overpaid claimant asks for a waiver of benefits and the means for eligibility is financial and ability to repay the benefits is what is seen most often. The presumption is that any claimant that is looking for a waiver, who's currently receiving certain benefits that is income based, would be again presumptively eligible for a waiver. We think this will help staff that is looking at waivers. We ask that we be able to go forward with this. **Katie** asked if there is a guideline of income eligibility level. **Martha** answered No, the person has to show that they're would otherwise be incapable of meeting their basic expenses. This will help the people who are looking at the waiver applications. Jen Lavin added that one criteria is if you are overpaid due to fraud you are automatically denied. **Rich Marlin** asked what if someone is getting workman's comp. Martha answered this is for people already determined by another agency to be in a financial position where they need support. For example if you get a judgement against somebody who is getting certain benefits you can't attach those benefits. They have already been adjudicated as not having money, so we would be able to look at that. If someone has assets we would be able to deny them. Claimants will have to provide us with documentation that they are eligible and receiving benefits.

**Ellen Wallace** moved to take a vote:

- Ellen Wallace - yes
  - Katie Holahan - yes
  - Kirstin Siemering - yes
  - Brenda Wornum Moore - yes
  - Rich Marlin – yes – All voted in favor
- The legal Department is getting more involved in the collection efforts. We started an initiative toward some overpaid claimants and filed 40 suites, some have paid and some we got judgements against. Moving along nicely. Selective about who we are going after, we are looking at cases carefully. These are cases the AG's office generally won't take. Rick added this is somewhat new and has been helpful and successful.
  - Section 30 update – Review from the Secretary and A&F will come back at some point. What happens is the regulations once it's released from A&F we have to publish in the Mass Register and set a date for public hearing which will probably be in February or early March. **Katie Holahan** asked for a copy of the version that is being sent to A&F. Martha said yes and we may get some changes back. **Director Jeffers** said we can provide an in the moment version.
  - **Benefit Performance Update – John Saulnier**
    - **SAVE Unit** – The Immigration Reform and Control Act was enacted in 1986 and mandated social programs to make sure non-resident and non-citizen workers were given the proper documentation. What that means for DUA is we want to take those folks during the claims process and run them through the SAVE Program and verify that wages were earned and that going forward in the benefit year they are able to work. We recently went through to upgrade and enhance that information with UI online and came up with solutions to streamline such as asking for what they have for documentation. Going forward it will be something that continues to be a positive thing.
    - **Integrity Center** – Is part of NASWA that is all things related to integrity in State UI. It offers solutions to states, one being a knowledge center where states can share information on how they approach integrity matters which is a great resource. Another area is the Integrity Academy is an effort to build up the capacity of folks since the early 2000's when the UI workforce really dipped and we brought new people into the system when we lost institutional knowledge. were brought. We are trying to build up that knowledge again. The Integrity Academy broken up into 5-6 different areas, integrity, administrative and you can get a certificate in that particular area via online courses. Reports and presentation, resource area they have its not fully develop yet but eventually you can share common studies and reports about the UI world in the near future.
    - **Suspicious Actor Repository** – States usually have an issue with preventing suspicious actors who want to commit fraud on our systems, to try to put them all in one area. Another state might have this person that MA knows about a person doing this and is also involved with trying to defraud MA. We are trying to take some of the common characteristics we collect about these people so when we id them we know they are involved in states. The system is a couple of years old. This has also brought us up to a new type of situation where we transition through the Integrity Center into a data hub where we take common practices that states have such as on demand identity where someone files a claim we can actually get into asking questions to show you are that person. In a few years all states will be able to participate in this. Rick added we will take advantage of everything being offered there. The training academy is great its online and its free to our staff who will get a certificate when completed. **Rich Marlin** asked about the security from hackers, who is in charge? **John** answered we don't see many people trying to hack but try to gain into our system. There are people who develop a software program that allows them to file claims 2000 claims a minute online. With returned mail we are having a lot of success with looking up employer mail to see if it is a real address of an employer. **Marie-Lise** added we are looking into IP addresses, we do not accept foreign IP addresses on both employers and claimants. We keep track, we monitor everything that comes into the system. **Director Jeffers** added the IT & EOTTS is responsible for security.

## II. UI TRUST FUND UPDATE: Rena Kottcamp –

- The preliminary October 2018 Massachusetts Unemployment Insurance Trust Fund balance was \$1.377 billion. The preliminary private contributory account balance was \$1.252 billion and the governmental contributory account balance was \$125 million.
- The average weekly benefit amount in October 2018 was \$529.80, \$23.40 or 4.6% more than the October 2017 average amount of \$506.40.
- The 17.5 week average duration of a claim through October 2018 was .02 week longer than the average duration for the same time span last year. Average duration is computed on a 12 month moving average.
- Through October 2018, total preliminary benefit payments of \$1.124 billion were \$36 million lower than total payments made in the same time period in 2017 but just 5 million or 0.4% less than the projection released in October. Year to date initial claims and weeks compensated were 7.0% and 3.5% less, as compared to last year.
- Through October 2018, total preliminary employer contributions of \$1.499 billion were \$170 million more than last year's first ten months collections on a lower tax rate schedule. Year to date preliminary contributions were \$9 million or 0.6 percent higher than projected.
- As a result of the differences between actual and projected contributions and payments, the October 2018 preliminary private contributory account balance of \$1.252 billion was \$13 million more than the projection of \$1.239 billion released in October. The 2018 year end private contributory account balance remain projected at \$1.064 billion.
- The Trust Fund is in line with what we are predicting. Estimated at the end of this year we will have just over \$1 billion in the Trust Fund. What the Federal Govt would consider for MA a good reserve would be 1.88% of total payroll, which is \$3.4 billion. **Director Jeffers** added the Federal Govt would consider MA as one of the least prepared trust fund balances. **Rena** answered yes we were one of the lower states of the last Quarterly publications. We are going to Schedule E as of January 1<sup>st</sup> and that should bring balance \$1.3 billion, but doesn't make a noticeable difference in reserve. **Director Jeffers** added that for the last two years we have been able to get the rate notices out before the end of the year and as of right now we are on target to do that again this year. If everything stays steady, in 2021 schedule E is projected to trigger for employer contributions estimated at \$1.710 billion with benefit payment projected at 2.118 billion.
- Research Department had some retirements in key positions & seeking a Deputy Director and offer is out for the beginning of the year. Since February we are getting data from the Revenue System to help identify some things to improve and enhance to make sure we have accurate data. We have rebuilt all the tools and in the final testing stages.

Next meeting is December 20, 2018, Brenda Wornum Moore will not be able to attend. We will check back to see if all can attend.

Meeting adjourned at 10:30