

OHIO AUDITOR OF STATE
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Ohio Department of Job
and Family Services

Unemployment Compensation

Performance Audit

September 23, 2021

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To the General Assembly, Governor's Office, Director and Staff of the Ohio Department of Job and Family Services, Ohio Taxpayers, and Interested Citizens:

Nearly a year and a half ago, Ohioans were asked to stay home to help stall the spread of a new virus, COVID-19. For many, this meant new work from home realities, but for countless others it meant shuttering their businesses or reducing their workforce. Never before had Ohio experienced an event such as this, and the accompanying surge in unemployment claims was unprecedented.

Billions of federal pandemic relief dollars flowed into Ohio as we worked to combat the economic distress caused by the COVID-19 pandemic, including additional federal aid for unemployment claims—both in increased benefits for applicants, and the introduction of new programs expanding benefits to those typically ineligible for benefits under traditional unemployment insurance programs. In addition to managing a surge in claims caused by the pandemic, ODJFS had to stand up an entirely new system to manage the new federal programs. During this surge in volume, the unemployment system's cracks were exposed, and Ohioans in need of assistance found themselves waiting—waiting on the phone to try and reach someone who could help them, waiting for a response to emails not answered timely, waiting on unemployment checks that they needed to provide for their families.

Ohio's legislators heard about these issues and passed HB 614, which created the Unemployment Compensation Modernization and Review Council (UCMRC), and required a performance audit of the unemployment compensation system. The legislators posed 18 questions for my office to answer. This performance audit report addresses the questions raised in H.B. 614 and contains recommendations, supported by detailed analysis, to enhance the overall efficiency and effectiveness of Ohio's Unemployment Compensation system. While we know that the surge in claims was unprecedented, it is our hope that the recommendations contained within the report, as well as the additional issues for further study, will be used as a resource to improve the operations of the unemployment system to be better prepared for the next surge in claims activity. The analysis contained within are intended to provide management with information, and in some cases, a range of options to consider while making decisions about their operations.

This performance audit report can be accessed online through the Auditor of State's website at <http://ww.ohioauditor.gov> and choosing the "Search" option.

Sincerely,

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
September 23, 2021
Auditor of State
Columbus, Ohio

List of Abbreviations

ALI	Appropriation Line Item
AOS	Auditor of State
ARP	American Rescue Plan
AS&T	Administrative Services and Technical
ASA	Average Speed to Answer
AWS	Amazon Workplace Services
BI	Business Intelligence
CARES Act	Coronavirus Aid, Relief, and Economic Safety
CBTS	Cincinnati Bell Technology Solutions
CY	Calendar Year
DEV	Data Element Validation
DV	Data Validation
ERIC	Employer Resource Information Center
ETA	Employment and Training Administration
EUCA	Extended Unemployment Compensation Act
FAQ	Frequently Asked Question(s)
FFY	Federal Fiscal Year
FPUC	Federal Pandemic Unemployment Compensation
FTE	Full-Time Equivalent
FUTA	Federal Unemployment Tax Act
GAGAS	Generally Accepted Government Auditing Standards
GFOA	Government Finance Officers Association
GPRA	Government Performance and Results Act
GRF	General Revenue Fund
IC/AC	Initial & Additional Claims
ICON	Unemployment Insurance Interstate Connection Network
IFFS	Issue for Further Study
IOP	Individual Opportunity Plan
IT	Information Technology
IVR	Interactive Voice Response
MPU	Minutes Per Unit

NPS	Non-Personnel Services
OAC	Ohio Administrative Code
OAKS	Ohio Administrative Knowledge System
ODAS	Ohio Department of Administrative Services
ODJFS	Ohio Department of Job and Family Services
OJI	Ohio Job Insurance System
OPT	Ohio Performance Team
ORC	Ohio Revised Code
OUIO	Office of Unemployment Insurance Operations
P3 Team	Public-Private Partnership
PB	Personnel Benefits
PEUC	Pandemic Emergency Unemployment Compensation
PS	Personnel Services
PUA	Pandemic Unemployment Assistance
RJM	Resource Justification Model
RV	Report Validation
SESA	State Employment Security Agency
SFY	State Fiscal Year
SHRM	Society for Human Resource Management
SQSP	State Quality Service Plan
SUTA	State Unemployment Tax Act
TRA	Trade Readjustment Allowances
UC	Unemployment Compensation
UCBENINQUIRY	UC Benefits Inquiry
UCBENPROTEST	Unemployment Compensation Benefits Protest
UCTECH	Unemployment Technician
UCRC	Unemployment Compensation Review Commission
uFACTS	Unemployment Framework for Automated Claim and Tax Services
UI	Unemployment Insurance
UIRR	Unemployment Insurance Required Reports
USDOL	United States Department of Labor
USHHS	United States Department of Health and Human Services

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Executive Summary

In 2020, as a result of the COVID-19 pandemic, Ohio’s unemployment system was flooded with new claims. This system, which is designed to process unemployment claims from Ohioans and distribute benefits, was overwhelmed. In an attempt to assist more individuals who had lost employment during the pandemic, the federal government extended benefits to individuals who are not traditionally eligible for unemployment benefits, such as those who are self-employed or contract-based employees. These new benefits, Pandemic Unemployment Assistance (PUA) required the state to implement a secondary system for the processing of these claims, further straining existing resources. Processing unemployment benefits claims, which typically took fewer than 21 days, was slowed by weeks, and in some cases months. Finally, the state was faced with an unprecedented amount of fraudulent activity, which resulted in increased scrutiny and required significant resources to address.

The pandemic and the resulting strains on the system exposed underlying issues leading to long delays in processing times and a lag in efficiency compared to peer states. This was accompanied by an influx of consumer complaints through multiple channels relating to a variety of operational concerns. To better understand the challenges facing the system, the Ohio General Assembly passed House Bill 614 which was signed into law on October 1, 2020. This legislation created the Unemployment Compensation Modernization and Improvement Council and also tasked the Ohio Auditor of State with completing a performance audit of the administration of unemployment benefits. The purpose of the audit was to answer 18 questions identified by the legislature and to provide general recommendations for improved efficiency, effectiveness, and transparency.

Note on Data Limitations

Generally a performance audit relies on data obtained directly from the client and peer entities for purposes of analysis. During the course of this audit, the audit team encountered instances where the information that was requested and received from the client contained data limitations which prevented the averages identified in HB 614 to be calculated accurately, while other data was ultimately never received due to system capabilities. Additionally, the peer states were not responsive to data requests. Because of this, we relied heavily on information available from the United States Department of Labor throughout this report.

In order to receive funding from the federal government, states are required to submit detailed data to the United States Department of Labor regarding administrative expenses and performance metrics. This data was used for peer comparison purposes where necessary and appropriate. The data from the United States Department of Labor is considered to be sufficiently reliable as a result of several processes in place that are designed to assure accuracy, uniformity, and comparability in the reporting of statistical data derived from state unemployment insurance operations. This is done through adherence to federal definitions of reporting items, use of specific formats, observance of data reporting due dates, and regular verification of reporting items by the United States Department of Labor through the Data Validation program.

What We Looked At

The unemployment system in Ohio is administered through the Ohio Department of Job and Family Services (ODJFS or the Department) Office of Unemployment Insurance Operations (OUIO). Our audit focused on OUIO administration and operations. In order to answer the questions identified by the General Assembly and to provide meaningful recommendations to the Department, we reviewed and analyzed the following areas during the course of the audit.

Administrative Funding

In state fiscal year (SFY) 2020, Ohio spent approximately \$122 million on the administration of unemployment compensation. This funding came from a combination of federal grant revenue, state general fund dollars, and fees and penalties paid by Ohio employers.¹

Unemployment insurance is a program that receives significant funding for operational purposes from the federal government in the form of a grant. The revenues used to fund these grants are collected through the Federal Unemployment Tax Act (FUTA) levied on employers based on employee count and salary data. The FUTA revenue collected by the federal government is used to fund a variety of items including federal unemployment compensation administrative expenses, state unemployment emergency funds, and state unemployment compensation administrative expenses.² As such, no state would expect to receive 100 percent of revenue collected from its state back in the form of a grant.

In many states, the amount of federal funding received for administrative expenses is not enough to cover all associated expenditures. In Ohio, between federal fiscal year (FFY) 2017 and 2019, the state covered an average of 25.4 percent of all expenditures relating to the administration of unemployment benefits. This was, on average, \$26.4 million annually.

Using available data from the United States Department of Labor (USDOL), we compared the amount of funding received by Ohio to that of the peer states identified for the purposes of this audit. The funding is distributed based on the use of a highly technical formula that is intended to allocate funds based on the actual expenditures relating to the administration of unemployment compensation programs incurred by a state. This funding mechanism, the Resource Justification Model (RJM),³ was also reviewed to better understand disparities in funding between states.

¹ The revenue used to pay employee benefits is collected and maintained separately from revenues used for administrative or operational purposes.

² In addition to expenses related to unemployment insurance, FUTA tax revenue is distributed to states through other workforce or labor oriented grants.

³ See [Section 1: Administrative Funding](#) for a detailed explanation of the RJM.

Claims Processing

The primary purpose of OUIO is to process claims for unemployment. This includes the intake of data, the determination of eligibility, adjudication of any issues which may arise, and ongoing processing of payments. The General Assembly requested specific calculations relating to the timeliness of claims processing; however, due to data limitations, we were unable to determine these exact calculations using raw data provided by ODJFS. Instead, we used information from the USDOL based on federally developed standards and benchmarks. The three benchmarks we used for purposes of our analysis were the timeliness of first payment processing, the timeliness of nonmonetary determinations, and the aging of appeals. While these benchmarks do not provide the exact calculations requested by the General Assembly, they do provide insight into the timeliness of claims processing activities. However, data limitations prevented us from conducting any root cause analyses that may have provided detailed insight and context into processing times.

The claims processing analysis within this performance audit focused on the timeliness of claims that were processed in 2019 and 2020. This review did not include the examination of pending claims nor did it evaluate the volume of existing backlog of claims waiting for determinations.

Staffing

While OUIO uses a system that has automated many portions of claims processing, there is still a need for significant personnel resources. Prior to the pandemic, there were approximately 550 full-time equivalent (FTE) employees working in OUIO. The majority of peer states did not respond to requests for staffing information, so we instead used data from the Department of Labor to compare workforce data.

In addition to reviewing pre-pandemic staffing data, we specifically looked at how the Department responded to the increased need for personnel and the associated efforts to ramp up staffing to address the added demand for claims processing and other customer support.

Customer Service

Ultimately unemployment is an insurance benefit provided to Ohio workers in a time of need. The claimants are customers of OUIO and at times there may be questions, concerns, or complaints which are relayed through a variety of formats. We gathered information relating to the most common complaints and problems unemployment applicants raise with OUIO, whether through a local legislator, phone, email, or other means.

In identifying common complaints, we also sought to provide guidance on how OUIO and ODJFS could better collect data in order to more proactively resolve emerging and recurring issues related to customer service.

Technology Systems

OUIO uses a system to process claims that has not been substantially updated in nearly a decade. The Department is aware that the system is dated and in need of replacement, and is currently in the process of working with a developer to use an off the shelf product in order to utilize a new and modernized system. This is a multi-year, multi-million dollar project which began prior to the pandemic.

The influx of claims during the pandemic highlighted problems which exist in the current system. We reviewed these issues in order to provide guidance to the Department on how to incorporate lessons learned from the pandemic into the on-going design of a new system.

Our analysis in other areas, particularly in regards to claims processing and customer service further identified areas where ODJFS is not proactively collecting data in a manner which allows for ease of access and analysis. We incorporated a review of best practices related to data collection and analysis in order to provide further recommendations to the Department regarding the new system being designed.

What We Found

Unemployment insurance is a complex benefit program involving both state and federal governments. It can provide a critical lifeline to workers who are experiencing temporary unemployment. While each state operates independent unemployment insurance programs, the underlying structure is comparable due to federal guidelines which must be followed in order to obtain administrative funding.

Ohio spends more state revenue on unemployment compensation administration than any other peer state. Ohio spent an average of \$26.4 million of state revenue on unemployment compensation administrative expenses between FFY 2017 and FFY 2019. The next nearest peer, Washington, spent an average of \$12.8 million and has a dedicated employer tax in order to raise these funds. During this time frame, Ohio's state revenue covered more than 25 percent of program costs while the peer state contribution average was only 5.8 percent.

Further, we found that while Ohio exceeded the acceptable level of performance in claims processing times prior to the pandemic, when the system was stressed, OUIO fell behind its peers in its ability to efficiently process claims. This was potentially in part due to antiquated systems that were not designed to handle the volume of claims being submitted during the pandemic. Additionally, at the Governor's request, ODJFS has a public-private partnership which was focused on three main areas: fraud prevention, improved call center operations, and efficient claims processing and adjudication.

Ultimately, our analyses resulted in six recommendations and five issues for further study that will assist ODJFS in increasing the efficiency, effectiveness, and transparency of the OUIO and associated systems and processes.

Summary of Recommendations

Recommendation 1: Converting OAKS⁴ data into the format required by USDOL for purposes of requesting grant funding for the administration of unemployment compensation is complex. There is no written manual for this process and it is controlled by a single employee within OUIO. ODJFS should develop and document a formal process for the conversion of data. In doing so, the financial impact of Departmental operations on OUIO funding should be considered. This process should be routinely reviewed and updated to ensure the Department responds promptly to changes in funding trends and works to maximize federal grant funding.

Issue for Further Study 1: The lack of a formalized reporting process for RJM submissions made it difficult to determine the extent to which OUIO is maximizing federal grant funding. However, peer states, on average, are able to fund a significantly greater percentage of administrative costs associated with unemployment compensation with federal grants. The Department should review its operational and budgetary practices to determine the potential impact on federal funding received by OUIO. In addition, ODJFS should review administrative costs compared to peer states, adopting best practices with the goal of reducing reliance on state GRF funding.

Issue for Further Study 2: The Department administers multiple programs and receives the majority of operational funding through numerous federal grants. These grants primarily come from the United States Department of Health and Human Services (HHS), with a much smaller portion of funding being derived from USDOL grants. In order to receive grant funding from either federal agency, the Department must submit detailed reports relating to program operations. Because the majority of federal funding is received from HHS grants, ODJFS has designed reporting structures to match the requirements of that agency. HHS and USDOL do not have uniform reporting structures, which results in a significant amount of work related to filtering and formatting expenditures by OUIO so that data can be reported to USDOL. The Department should review its current policies relating to the identification and allocation of expenditure data so that it can fully understand the potential impact they have on OUIO funding received by USDOL.

Issue for Further Study 3: FUTA revenue allocated to the USDOL in the federal budget is distributed based on calculations using RJM data submitted by state unemployment agencies. While this process was originally designed to provide an equitable distribution of limited funds based on actual workload, it has resulted in states receiving varying levels of funding to support administrative expenditures. ODJFS must understand how the RJM data is used to make funding determinations and it should work with the Office of Budget and Management, General Assembly, and other appropriate executive branch agencies to advocate for updates to the system which would promote the fair, predictable, and transparent distribution of funds to states. This

⁴ OAKS, the Ohio Administrative Knowledge System Business Intelligence, is the State's Enterprise Resource Planning System and provides financial management services to ODJFS and other State agencies.

could include updates to federal budget calculations that determine the amount of funding available for state grants, restructuring the USDOL grant calculations to reflect operational changes that have occurred over the past two decades, or a replacement of the RJM entirely.

Recommendation 2: As a part of HB 614, the Department was required to create a strategic staffing plan. The plan which was put forth lacks specificity in relation to how additional resources would be obtained and deployed during times of large-scale increases in unemployment. The Department collects data on how individual time is spent in relation to processing unemployment claims. This data is linked to specific functional categories. Along with claims processing information, this data can be monitored in order to deploy existing personnel efficiently throughout the year based on seasonal changes in unemployment claims activities. Further, over time, it can be used to develop a strategic staffing plan that can be used during times of increased or decreased workload due to changes in economic cycles. The data should be maintained and monitored in real-time so that the Department's strategic staffing plan can be updated as appropriate.

Recommendation 3: The Department currently has multiple platforms which an individual may use in order to submit a complaint or inquiry relating to unemployment compensation. However, these systems are largely disconnected and do not include a process which allows for the tracking of complaints across platforms. The Department should consolidate or link the tracking of customer service inquiries that OUIO is currently receiving across multiple channels (various phone numbers, email inboxes, and web submissions). An integrated customer relationship management approach will help ensure that staff across various divisions have access to the most current customer information and avoid duplication of effort. Additional functionality can be achieved by linking customer inquiries to individual unemployment claims as appropriate.

Issue for Further Study 4: In addition to assisting individuals seeking unemployment benefits, ODJFS has a responsibility to Ohio employers. During the course of the audit, an issue related to the work search requirements was identified that was outside the scope of the audit objectives but warrants further attention. During the pandemic, work search requirements were temporarily suspended, but were reinstated in May 2021 as employers reported labor shortages. The Department should study the processes and procedures surrounding work search requirements, as well as any unintended consequences they may pose, as it works to improve the overall functioning of the unemployment compensation system.

Recommendation 4: Within OJI, a significant amount of data is collected regarding claims-related issues such as missing documentation, inaccurate employer information, or identification concerns. These issues require additional work which typically results in processing delays. Currently, this data is not maintained in a manner which allows for analysis to be done on the causes of delays related to these issues. ODJFS should incorporate business intelligence (BI) functionality into the new claims processing system that will allow leadership to measure performance of the adjudication function and to conduct root-cause analysis on claim processing delays and errors. At a minimum this involves:

Efficient • Effective • Transparent

- Creating workload and performance dashboards for claim adjudicators that are comparable to those available for call center employees;
- Designing system logic that would allow the Department to make logical ties and linkages between data fields; and,
- Use analysis in this report on Issue Type and duration-to-resolution to scrutinize the adjudication process flow and system design in order to identify opportunities to increase performance.

Recommendation 5: The current system does not allow an applicant to easily see the status of a claim. The Department should increase transparency and information visible to applicants on the website following their initial application. Allowing the applicant to see date estimates for application approval & issues generated during adjudication will reduce the amount of calls to the contact center, a large number of which are simply checking their status or making updates to their applications that could be done in a self-service model.

Recommendation 6: Due to the unprecedented number of unemployment claims that were fraudulently submitted to the Department during the COVID-19 pandemic, the Governor spearheaded the creation of a public-private partnership (P3 Team) to quickly implement fraud detection and mitigation procedures. This partnership instituted several programs based on industry leading practices that are able to quickly identify these types of fraudulent claims. ODJFS should synthesize the stop-gap fraud measures implemented by the P3 Team into permanent business operations and the new claims processing system. These measures have successfully reduced system fraud by adding perimeter defenses, identity proofing, and risk-based fraud scoring to mass-adjudicate fraudulent applications without human review. Additionally, the Department should periodically complete cost-benefit analyses on its fraud-mitigation efforts with respect to fraudulent payouts avoided.

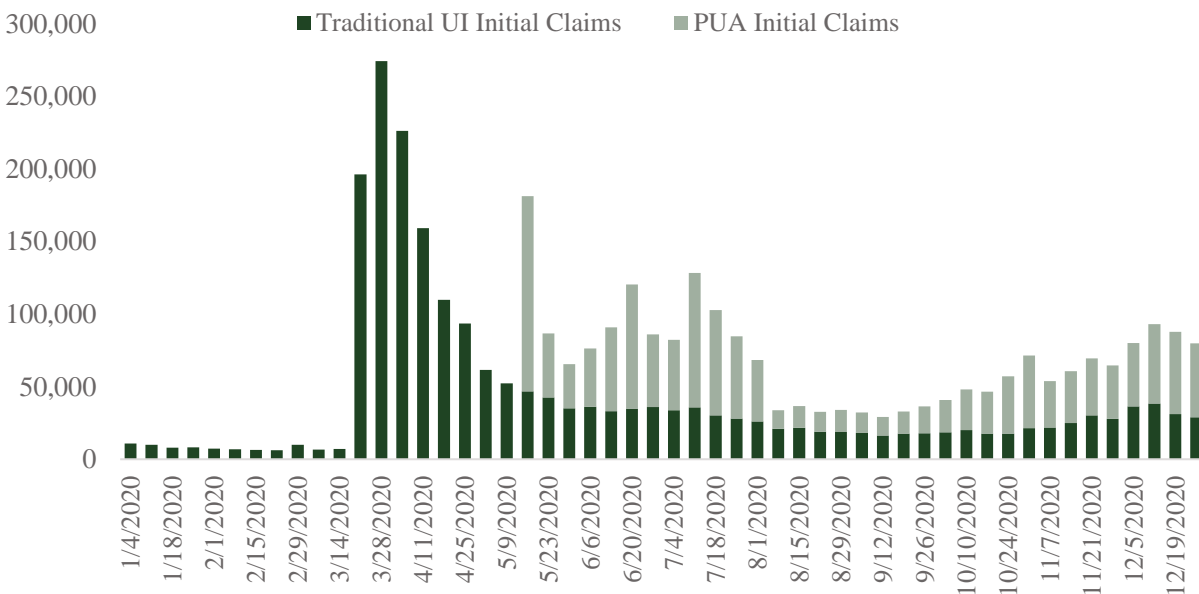
Issue for Further Study 5: As of August 2021, ODJFS has reported nearly \$3.4 billion in overpayments to claimants since March 2020 that have been deemed as non-fraudulent. The Department should conduct root-cause analyses to determine the profile of overpayment cases and explore mitigation strategies. In particular, it should review weaknesses in the system which may have resulted in individuals entering inaccurate employment data, leading to the overpayment of benefits.

Introduction

In March 2020, as a result of the COVID-19 pandemic, Governor DeWine declared a state of emergency in Ohio and issued a stay at home order. This order, designed to slow the spread of the virus and limit the public health crisis, resulted in strains on other programs and systems relating to the temporary closure of many businesses and resulting job losses, be they temporary or permanent.

The Ohio Unemployment Insurance Compensation program, administered by the Ohio Department of Job and Family Service’s (ODJFS) Office of Unemployment Insurance Operations (OUIO) saw an unprecedented increase in the number of claims. Between 2015 and 2019, Ohio had an average of approximately 405,000 initial claims filed annually. In the two weeks immediately following the Governor’s stay at home order, there were more than 500,000 claims filed.

CY 2020: Ohio Initial Unemployment Claims



Source: USDOL

The number of new claims filed for traditional unemployment benefits remained elevated throughout 2020 and 2021. Beginning in May 2020, OUIO began processing Pandemic Unemployment Assistance (PUA) claims through a secondary system.

The influx of new claims and subsequent strain on the existing system and processes led to significant delays in individuals receiving benefits. In response, the General Assembly passed

legislation creating the Unemployment Compensation Modernization Council.⁵ As a part of this legislation, the Ohio Auditor of State was tasked with completing a performance audit of the administration of the unemployment system in order to provide recommendations that could improve its efficiency, effectiveness, and transparency.⁶ The following report contains the results of the performance audit conducted by the Ohio Performance Team.⁷

Background

In 1936, the Ohio Unemployment Compensation Law was enacted, providing unemployment insurance to Ohio’s workers. While the laws and administration of unemployment insurance have evolved over the ensuing decades, the goal of the system has remained intact – to provide temporary assistance to workers experiencing unemployment. Today, the Ohio Unemployment Compensation system is managed and administered by OUIO within ODJFS.

Unemployment insurance is a government program that operates through a federal-state partnership. It is designed to reduce the hardship felt by individuals and families during periods of temporary unemployment. The program is based on Federal law, but administered by the state through laws contained within Ohio Revised Code (ORC). The program is funded by employer contributions that are collected through state and federal taxes and deposited into various funds to be used for the administration of the program and employee benefits when necessary.

While no state is required to follow federal unemployment guidelines, the federal government incentivizes compliance through two acts – the Federal Unemployment Tax Act (FUTA) and the Social Security Act. Both of these laws provide financial benefits to states that encourage compliance with federal guidelines.

- FUTA lists provisions which give general requirements for how a state should provide unemployment compensation.⁸ If the United States Secretary of Labor determines that a state’s laws are in compliance with FUTA, the employers within that state may receive a credit on federal unemployment taxes.⁹

⁵ House Bill (HB) 614 of the 133rd General Assembly, signed into law on October 1, 2020.

⁶ HB 614 identified 18 questions to be answered by AOS ([See Appendix C: Response to Legislative Questions](#)) and required that peer states which processed a similar number of claims be used as a basis of comparison. We calculated the average number of initial claims over the last five years and identified those states that had an average within 25 percent of Ohio. These states are referred to as peer states throughout this report and include: Florida, Georgia, Massachusetts, Michigan, Washington, and Wisconsin.

⁷ Performance Audits are conducted in accordance with Generally Accepted Government Auditing Standards, please see [Appendix A](#) for additional details on scope, methodology, and objectives.

⁸ See 26 USC § 3304(a)

⁹ See 26 USC § 3302

- The Social Security Act provides funding for the administration of unemployment compensation programs if a state meets the requirements identified in FUTA and complies with additional provisions relating to claims processing.¹⁰

Because of these incentives, states typically comply with federal guidelines regarding unemployment compensation. In Ohio, ORC Chapter 4141 identifies the laws relating to the administration of unemployment compensation with additional regulations outlined in Ohio Administrative Code (OAC) Chapter 4141 and 4146. Ohio's laws are largely based on the requirements identified in FUTA and the Social Security Act.

Department Overview

ODJFS is a cabinet-level agency that is divided into 15 offices with an annual budget appropriation of approximately \$3.7 billion in State Fiscal Year (SFY) 2021. ODJFS administers a variety of programs that provide public assistance, and most of these programs operate as a federal-state partnership. Notably, more than 70 percent of the Department's average annual expenditures are federally funded.

The Department is run by a Director who is appointed by the Governor. In 2020, prior to the COVID-19 pandemic, there were approximately 2,100 permanent full-time equivalent (FTE) employees at ODJFS, and more than 500 of those employees worked within OUIO on issues related to unemployment compensation.

Unemployment compensation is one of the many programs administered by ODJFS. The program is funded through a combination of state and federal taxes paid by employers. These taxes are designed to cover the costs of both potential payments to unemployed workers and the administration of the system as a whole. In addition to funding received from the federal grants distributed by the United States Department of Labor (USDOL), OUIO also uses revenue collected from fines and forfeitures assessed on employers and requires funding from the State General Revenue Fund (GRF) for the administration of Ohio's unemployment compensation system.

Unemployment Compensation

The administration of unemployment compensation in Ohio is multi-faceted and includes the processing and adjudication of claims of benefits, investigations into potential fraud, providing customer service to employees and employers, and ensuring the appropriate collection and coding of data for reporting purposes.

¹⁰ See 42 USC § 503(a)

Financial Information

In SFY 2020, Ohio spent approximately \$122 million on the administration of unemployment compensation benefits. Just over \$90 million in federal grant revenue was used during this time frame, along with nearly \$19 million in state general revenue funds. The remaining \$13 million came from fees and penalties paid by Ohio employers.

The state plans for program spending levels during the biennial budget process. Appropriations are identified based primarily on previous expenditures. Programs such as unemployment compensation have an added layer of difficulty in developing an appropriation due to differences in fiscal years between state and federal government. Further, budgets are created on a two-year cycle which can cause issues when unexpected circumstances arise. For example, in SFY 2020, unemployment compensation expenditures of \$122 million exceeded the original appropriation, largely due to the impact of the COVID-19 pandemic which began in March of 2020.

State and Federal Unemployment Taxes

There are two primary components of unemployment compensation: the payment of benefits and the administration of the system. These are paid for through two taxes established by the State Unemployment Tax Act (SUTA) and FUTA.

In Ohio, the SUTA tax is paid directly to the state and is used to fund a trust account which provides payments to eligible individuals who are temporarily unemployed. The amount of SUTA tax paid by employer is based on a variety of factors which are taken into account in order to determine a contribution rate. These factors include the amount of time an employer has been in operation, and the amount of claims its employees have had in the previous year. Further, there is a base rate used to ensure enough tax is collected to ensure a safe balance within the trust account at all times.

The FUTA tax is paid directly to the federal government on a quarterly basis. In FFY 2021, this tax was set at 6 percent on the first \$7,000 of an employee's annual wages, or up to \$420 per employee. However, employers are eligible on a state-by-state basis for a tax reduction of 5.4 percentage points or up to \$378 per employee, which results in an effective tax of 0.6 percent or up to \$42 per employee.

A Note on Fiscal Years

Financial data is often reported on a fiscal year basis rather than a calendar year basis. Fiscal years are not uniform, and Ohio operates on a different fiscal year from the federal government.

Because OUIO receives funding from the USDOL, it was necessary to use both fiscal years throughout this report.

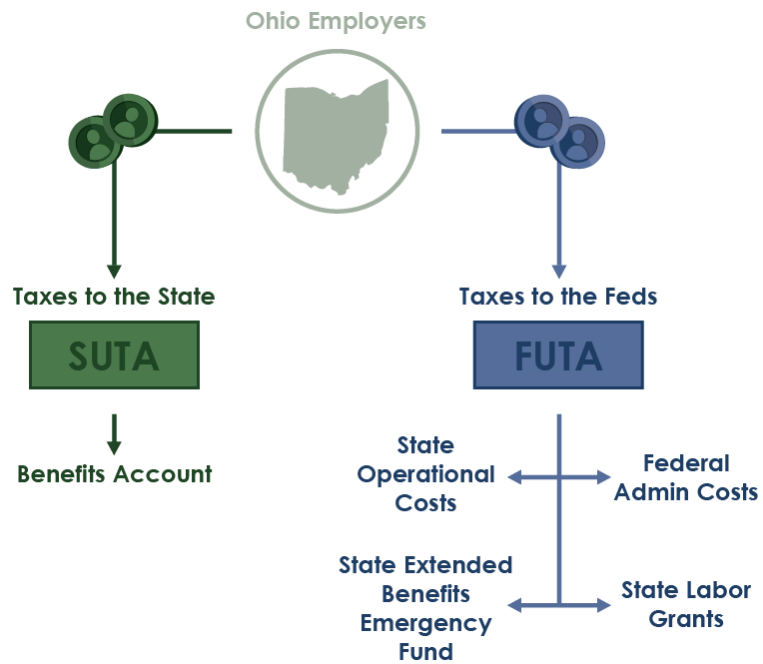
State Fiscal Year (SFY): Begins on July 1 and ends on June 30 of the following year, identified by the year end in June.

Federal Fiscal Year (FFY): Begins on October 1 and ends on September 30 the following year, identified by the year end in September.

Where no fiscal year is designated, a standard calendar year (CY) was used.

FUTA Revenue Distribution

As seen in the visual below, the FUTA tax is used for a variety of purposes including federal administration expenses, emergency benefit funds,¹¹ and state administration expenses.¹² For purposes of this audit, the process of allocating funds to states for operational expenditures is of primary importance. The USDOL requires that states submit data relating to the administration of unemployment through a data collection system known as the Resource Justification Model (RJM). The system provides a uniform process for states to submit data related to salaries and benefits of personnel and appropriate overhead costs. This data is then used to allocate funds back to the states on a workload-based analysis of state data. The information collected by RJM was used for a variety of analyses contained within this report and additional detail on the system can be found in [Section 1: Administrative Funding](#).



Administrative Expenditures

Understanding the expenditures related to the administration of unemployment in Ohio is complicated by the fact that information is collected by the Department on a state fiscal year basis (July 1 through June 30) but reported to the USDOL for purposes of funding on a federal fiscal year (October 1 through September 30). Because of this, the expenditures figures reported to the RJM do not align with expenditures reported on a state fiscal year basis.

However; historically, in Ohio, the federal funding has not been enough to cover the full cost of OUIO operations, and the Department has used state funding in order to provide for some of the administration related expenditures. Between FFY 2017 and 2019, an average of \$26.4 million in

¹¹ The extended benefits emergency fund is money set aside to assist states in times of extended unemployment.

¹² In addition, a portion of FUTA taxes are used to fund workforce initiative grants.

state funding was required for the administration of unemployment benefits, this was an average of 25.4 percent of Ohio’s total unemployment administrative costs.

The state budget process allocates a certain amount of spending authority to programs and departments based on expected expenditures. Appropriations for the administration of unemployment compensation are made from five separate appropriation line items, as seen below. These funds are used for specific purposes and allow the Department to track expenditures. In particular, by separating operations into multiple funds, ODJFS is able to identify which expenditures use federal funding and which use state funding.

 Federal Unemployment Programs	 UC Review Commission	 Unemployment Compensation Admin Fund	 Unemployment Compensation Interest Fund	 Program Operations
(Fund 3V40)	(Fund 3V40)	(Fund 4A90)	(Fund 5HC0)	(GRF)
Supports the OUIO, Office of Workforce Development, and Office of Local Operations.	Used to fund payroll for the Unemployment Compensation Review Commission.	Used primarily for administrative activities that can’t be funded through federal grant funds.	Used to pay accrued interest owed to the federal government.	Involves many offices within the ODJFS.
Federal Grant Funds	Federal Grant Funds	Fees and Penalties from Employers	State General Revenue Funds**	State General Revenue Funds
SFY 2020 Appropriation \$73.4 Million	SFY 2020 Appropriation \$4.8 Million	SFY 2020 Appropriation \$13.9 Million	SFY 2020 Appropriation \$1.0 Million	SFY 2020 Appropriation \$145.1 Million*
SFY 2020 Expenditures \$86.7 Million	SFY 2020 Expenditures \$4.0 Million	SFY 2020 Expenditures \$12.9 Million	No SFY 2020 Expenditures	SFY 2020 Expenditures \$18.9 Million

*Note: The Program Operations Allocation is a fund which receives allocations for multiple programs within ODJFS. While the allocation is not broken down by program, expenditures are reported on a program-level basis.

**Note: The Unemployment Compensation Interest Fund receives transfers from the GRF in order to pay back federal loans and avoid penalties in the form of increased FUTA taxes on employers as necessary.

In SFY 2020, the total expenditures related to unemployment compensation administration were more than \$122 million, which was more than the budget original appropriation of \$91 million. This was because of the increased claims activity resulting from the COVID-19 pandemic. The majority of this excess expense was covered by federal grants; however, the full impact of the

pandemic on administrative expenditures in CY 2020 will not be known until after the end of the federal fiscal year in September 2021.

Claims Processing

The primary function of OUIO is the processing and adjudication of claims for unemployment benefits. An individual is eligible for unemployment benefits in Ohio if he or she meets requirements set by state law.¹³ These include:

- The claimant must be unemployed through no fault of their own. There must be a qualifying separation from employment (claimant was not discharged from recent employment for just cause, nor quit without just cause);
- The claimant must be able and available to work;
- The claimant must be actively seeking employment;¹⁴
- The claimant must have earned a minimum amount of wages before becoming unemployed; and,
- The claimant must have a minimum of 20 weeks covered employment in the base period.¹⁵

Federal law does not require states adopt a particular process for processing applications. In Ohio, benefits are received through a process which involves filing an application with the Department, which can be done at a local office, online, or over the phone. A claimant must first file an application for the determination of benefit rights. This application involves providing information to the Department for identification purposes along with information regarding recent employment history. The Department reviews the application and determines if it is valid, the date benefits begin, and the weekly benefit amount. After filing an application for determination of benefits, an individual must then file claims for benefits on either a weekly or biweekly basis in order to receive benefit payments. Claimants should begin filing weekly claims even if the validity of the initial claim application has not yet been determined.

Once an initial claim application is filed by an individual, it is assigned to a processing center for review and verification. Once a claim has been processed, the claimant receives a determination by mail or email, depending on the identified preference. Generally, the normal processing time is 21 days from the date an application is filed. If a claim is deemed valid, the weekly benefit

¹³ Ohio's eligibility requirements are primarily provided in ORC § 4141.29.

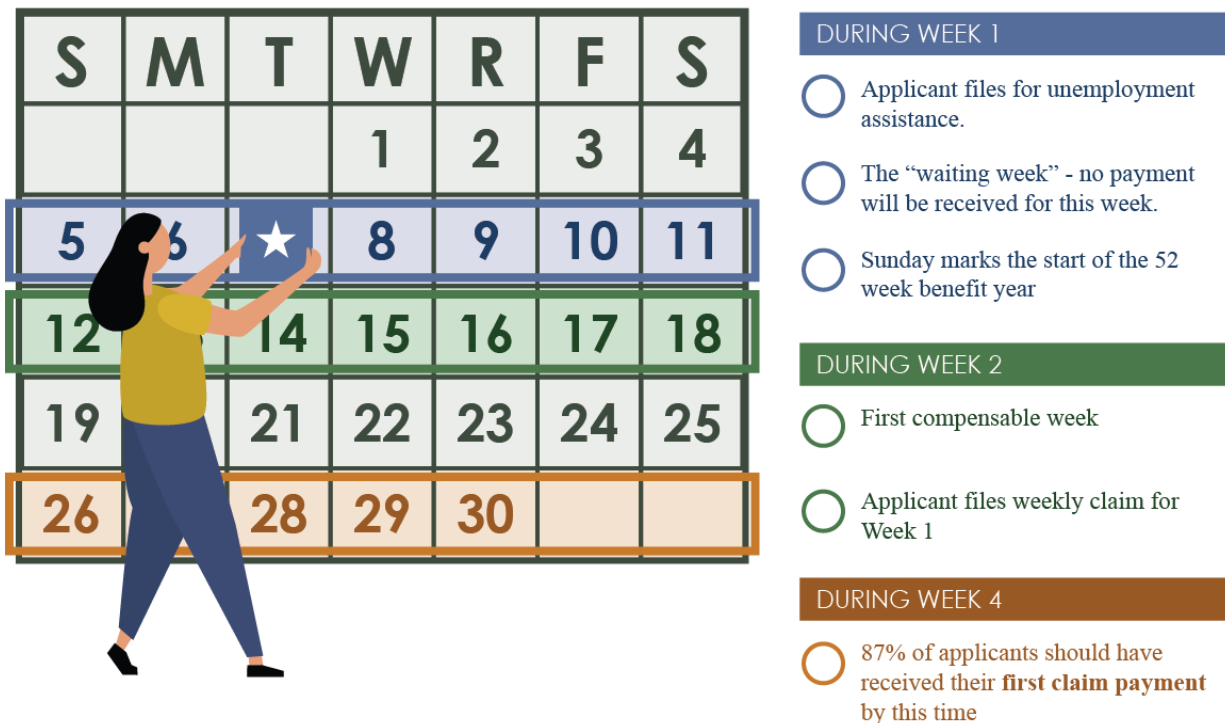
¹⁴ If the claimant is quarantined or isolated by order of a medical professional, local health authority or employer, the work-search requirement can be waived, per the Governor's Executive Order 2020-03D. In addition, Ohio law does not require a weekly work search in certain, limited instances.

¹⁵ The regular base period consists of the first four of the last five completed calendar quarters immediately preceding the first day of an individual's benefit year. If an individual does not have sufficient qualifying weeks and/or wages in the regular base period an alternative base period is used which includes the four most recently completed calendar quarters preceding the benefit year beginning date.

amount is determined based on an individual’s earnings during the base period and the number of allowable dependents claimed. Generally, the amount of unemployment benefit is calculated at 50 percent of an individual’s weekly wage. In 2021, for an individual with no dependents, the maximum weekly benefit is \$498; for an individual with three or more dependents, a maximum weekly benefit of \$672 is provided. Ordinarily, an individual may receive benefits for a maximum of 26 weeks during a benefit year, however this amount can increase based on federal or state guidelines.¹⁶

Claims and Payment Timeline

The process of filing claims and receiving benefits requires multiple steps and ongoing efforts. The graphic below shows an example of what to expect when filing for unemployment benefits.



Generally, Ohio requires a one-week waiting period prior to the payment of unemployment benefits.¹⁷ This is the first claimed week of unemployment and individuals do not receive compensation for this period. However, a claim must still be filed for this week. The USDOL sets a goal for state unemployment programs to provide payment to a minimum of 87 percent of

¹⁶ During the COVID-19 pandemic, claimants were eligible for an additional 53 weeks of benefits, expiring in September 2021.

¹⁷ The waiting week can be waived during times of economic distress. In March 2020, Ohio waived the waiting week requirement.

eligible claimants within 14 days from the week ending date of the first compensable week¹⁸ in the benefit year. Prior to the pandemic, Ohio exceeded this goal and provided payment to 88.9 percent of eligible claimants in 2019.

Appeals

If the Department denies an application for unemployment benefits, an applicant may appeal the decision. Federal law requires denied applicants have the opportunity for a fair hearing before an impartial entity.¹⁹ Ohio law permits an applicant, employers, or any other interested party to file an appeal. The appeal process consists of four possible levels of review:

- **Redetermination:** An appeal to the Director of ODJFS. This first level of review is defined by law²⁰ and allows an interested party to request a redetermination relating to unemployment compensation. If an appeal is filed, the Director of ODJFS shall issue a redetermination within 21 days or transfer the appeal to the Unemployment Compensation Review Commission (UCRC).
- **Unemployment Compensation Review Commission:** This independent commission is comprised of three members appointed by the Governor. The UCRC has two levels of appeals, which are identified as the lower authority and higher authority appeals for reporting data to the USDOL.
 - **Lower Level Authority:** An interested party may appeal and receive a review of a previous determination made by OUIO. Cases are heard by independent hearing officers and may be affirmed, modified, or reversed. The hearing officer may also remand the case back to OUIO for further administrative action.
 - **Higher Level Authority:** An interested party may appeal the decision of a hearing officer, or lower level authority, to the three member UCRC. At this level appeals may be refused, or the decision of the hearing officer may be affirmed, modified, reversed, or remanded for further action.
- **Court of Common Pleas:** If an individual exhausts the administrative appeals process, he or she may choose to appeal to a court of common pleas. The court of common pleas must affirm the decision of the UCRC unless it finds that the decision was unlawful, unreasonable, or against the manifest weight of the evidence.

Technology Systems

OUIO relies heavily on internal Information Technology (IT) systems during every step of an unemployment claim lifecycle. The primary system used by OUIO is the Ohio Job Insurance (OJI) system that provides the functionality needed to administer the claims process described

¹⁸ The first compensable week is the earliest compensable week claimed in the benefit year. This will normally be the second week in the claims series in waiting week states, including Ohio.

¹⁹ 42 USC § 503(a)(3).

²⁰ ORC § 4141.281.

above. OJI is a mainframe system that is more than twenty years old. Mainframe systems operate as a central hub for purposes of processing large numbers of transactions. OJI includes a database that stores information necessary to process claims and the system rules and business logic that are used to determine claimant eligibility and trigger manual process reviews. The system is able to pull data from a self-service website that applicants can use to submit claims. It also has an interface that ODJFS employees can access to modify and process benefit claims.

OJI is used to process traditional unemployment insurance claims. During the pandemic, the federal government created a new form of benefits for individuals who did not qualify for traditional unemployment insurance. Because of the short timeframe needed to roll out a new working benefits system and the challenges inherent to modifying the existing OJI mainframe, ODJFS elected to purchase an additional, outside system to run the new benefits program in parallel to OJI. Many other states similarly opted to contract with outside vendors for system solutions.

The design of these systems and the chosen business rules are a key determinant of the speed, accuracy, and efficiency of the unemployment compensation program as a whole. There has been a push to modernize and replace legacy mainframe systems in both government and private organizations. Moving to a modernized software architecture offers several advantages over a mainframe operating system such as the ability to scale workload capacity or integrate with other systems. ODJFS is in the process of replacing OJI. Spending authority to purchase a new system was included in the State's Capital Budget for SFY 2019 and 2020. A vendor for the replacement system was selected via a request for proposal process in 2019 and the new system is scheduled to be completed in 2022.

Public-Private Partnership

In February 2021, Governor DeWine announced a public-private partnership team that was designed to address many concerns related to unemployment compensation including operational inefficiencies and widespread fraud.

Many of the individuals on the team were experts from the private sector with experience in banking, insurance, and customer service.

The group was tasked with providing recommendations and solutions that would improve claims processing, contact center operations, and fraud detection efforts.

According to the Unemployment Compensation Modernization and Improvement Council report, significant improvements were seen in contact center operation and fraud detection as a result of changes implemented by ODJFS based on recommendations from the public-private partnership team.

In particular, the contact center was able to handle an additional 172,000 calls in April 2021 compared to January 2021. The number of calls that were impacted by queue caps over this period was also reduced by 95 percent.

The implementation of fraud prevention measures resulted in a 98 percent reduction in initial PUA claims. These anti-fraud measures utilized identity verification systems to prevent false claims from being allowed.

COVID-19 Unemployment Benefits

As a result of the COVID-19 pandemic, through the Coronavirus Aid, Relief, and Economic Safety (CARES) Act, the federal government instituted supplemental unemployment benefits that were designed to assist individuals that were unemployed. These benefits were and are funded directly by the federal government and do not impact an individual state's benefit trust fund. However, the administration of these benefits was left to the states, which introduced additional workload. While these benefits all expired after a short period of time, they were generally extended through additional legislation, but have since expired again.

Pandemic Unemployment Assistance (PUA)

This program offers unemployment assistance to individuals who were not typically eligible for regular unemployment compensation such as individuals who were self-employed, contractors, or part-time employees. PUA considered individuals eligible if they were not deemed able and available to work for reasons related to the COVID-19 pandemic. It did not require some of the typical verifications required for regular unemployment benefits.

Pandemic Emergency Unemployment Compensation (PEUC)

This benefit provides extended unemployment benefits to individuals receiving traditional unemployment. While regular unemployment benefits end after 26 weeks, PEUC provided an additional 13 weeks of regular benefits. The American Rescue Plan Act of 2021 further extended benefits for up to 53 weeks, through September 4, 2021.

Federal Pandemic Unemployment Compensation (FPUC)

This benefit also created through the CARES Act. FPUC provided expanded benefits to eligible individuals receiving both traditional unemployment and PUA benefits in the form of an additional \$600 to regular weekly benefit payments through July 31, 2020. After the expiration of the \$600 benefit, FPUC was reinstated at a reduced amount of \$300 at the end of December. These payments were halted by Ohio in June of 2021.

Administrative Funding

In FFY 2019, more than \$28 billion was spent on unemployment compensation nationwide. While the majority, more than \$25 billion, went towards the payment of benefits to individuals, nearly \$3 billion was spent on the administration of state and federal programs. While states are responsible for the administration of unemployment compensation programs, each receives funding from the USDOL based on complicated measures of workload and productivity.

The General Assembly requested a review of revenues and expenditures related to the administration of unemployment compensation in Ohio. While we originally intended to use data collected in the Ohio Administrative Knowledge System (OAKS), because of the variation in data reported on state and federal fiscal years, we found that this information provided an incomplete understanding of OUIO funding. However, ODJFS is required to submit detailed expenditure data to the USDOL in order to obtain grant funding. This data is publicly available and was able to be used to understand administrative expenses. Because all states are required to submit this data in the same format, we were able to use this as a basis of comparison to peer states.²¹

Background

Determining the appropriate amount of funding to operate a government program can be a difficult and often complicated process. In Ohio, the state budget is developed on a two-year basis, meaning that the amount appropriated for any individual program or department may be based on information that is dated. Further complicating the budget and planning process is the variation in fiscal and calendar years. In particular, for OUIO, claims data is collected and reported on a calendar year basis, funding is allocated by the state on a state fiscal year basis, and funding is provided by the Federal Government on a federal fiscal year basis.²²

While the process for determining the amount of administrative expense associated with OUIO is complicated, it is important to understand so that the appropriate amount of funding is provided to ODJFS to administer the unemployment compensation program in a manner which allows for the prompt processing and adjudication of claims while ensuring the overall integrity of the program.

The state appropriated more than \$92 million for the direct administration of unemployment compensation in SFY 2020, which was 2.4 percent of the total appropriation to ODJFS. This appropriation was comprised of \$78.2 million in funding that was expected to be received from federal grants and \$13.9 million funding allocated directly from the state. In addition, there are

²¹ See [Appendix B: USDOL Data Validation](#) for information on the USDOL data validation program.

²² As noted previously, the state fiscal year runs from July 1 through June 30 and the federal fiscal year runs from October 1 through September 30.

overhead and indirect costs associated with the program which are paid through a combined fund for program operations.²³ Because of differences in budget timelines, the amount of federal funding contained in Ohio’s biennial budget is only an estimate and is based primarily on previous funding levels. State funding, as discussed below, is used to supplement federal grants in Ohio to fully fund OUIO operations. At the end of SFY 2020, more than \$122 million had been spent on unemployment compensation in Ohio. The increased expenditure amount was due to the Department’s response to unprecedented claims volume resulting from the COVID-19 pandemic.

Federal Unemployment Administrative Funding

As discussed previously, the Federal Government collects taxes from employers through FUTA and these revenues are used primarily for the administration of unemployment programs at the state and federal levels. The USDOL is allocated an amount of funding as a part of the federal budget that is to be used to provide grants to states for the administration of unemployment compensation programs. The amount of funding for state administrative expenses is limited, and states may not receive enough funding to cover all expected costs.²⁴ In order to disburse these funds in a consistent manner, states are required to submit detailed data regarding administrative expenditures. This data is then used to identify an appropriate amount of funding for each state based on a variety of complex calculations.

Resource Justification Model

The Resource Justification Model (RJM) is used by the USDOL as a means of data collection from all states. The system was fully implemented in 2002 and allows the USDOL to collect data submitted by states regarding administrative expenses in order to calculate the amount of grant funding for the following federal fiscal year in a similar format, with the goal of covering all or most of the administrative expenses related to unemployment compensation. The data submitted by the states through the RJM is used to perform various calculations to predict and project future workloads and economic conditions. After this data has gone through the allocation process USDOL has in place, the outputs from the RJM are used to determine the amount of base grant funding for each state.

²³ The Program Operations fund is used by multiple programs within ODJFS for overhead expenditures. This appropriation is not defined at a program level, so the amount of funding allocated to OUIO is undetermined. However, in SFY 2020, nearly \$19 million was classified as expenditures related to OUIO from this fund.

²⁴ The amount of funding appropriated to USDOL by the federal government is based on a separate set of equations and formulas and was not within the scope of this audit.

The USDOL uses a workload-based approach for the allocation of grant funding. The objective of the RJM, according to the USDOL, is to:

Develop a system that demonstrates states' approximate funding need, obtain data to allow for fair and equitable allocation of available funds, replace Cost Model²⁵ data, have credibility with all stakeholders, reflect all required activities, ensure service with acceptable quality, and allow for use of technology and technological change.²⁶

RJM Reporting Process

States are required to submit quarterly reports to USDOL with a variety of expenditure and claims related data. States also submit annual budget justifications which are due by the final Friday in January. These budget justifications include detailed expenditure data that has been formatted to comply with RJM standards. The data submitted to USDOL contains all expenditures related to the administration of unemployment compensation and is categorized by functional area and expenditure type.²⁷

USDOL identifies six functional areas related to the processing of unemployment benefits claims:²⁸

- **Initial Claims:** Activities pertaining to new claims, whether it is related to processing, obtaining data, determining eligibility, or maintaining and operating applications and files.
- **Weeks Claimed:** Processing weekly continued claims and tasks associated with this including controlling pay order, distributing benefits checks, updating payment histories, and reviewing authorizations.
- **Nonmonetary Determinations:** Determining if a claimant is entitled to benefits or waiting period credits for reasons other than insured status. This includes interviews, various forms of communication, preparing and reviewing determination.
- **Appeals:** Interviewing and assisting claimant or employer with appeal form, material prepping for appeal process, and activities related to appeal hearing.
- **Wage Records:** Receiving and batching wage record files, reconciling wage and tax summary information, and general maintenance of record files.

²⁵ The Cost Model was the predecessor to the RJM.

²⁶ ET Handbook 410, 5th Edition, Resource Justification Model (RJM).

²⁷ State budget justifications are reconciled with previously reported quarterly data by USDOL regional offices. According to ET Handbook 410, "The Regional Offices will perform year to year data analysis review to ensure outlays reported by each state on the RJM reconciles with the total expenditures reported on the ETA 9130 Financial Report."

²⁸ There are six additional categories which factor into the total grant allocation that are primarily administrative, support, and data support. While these categories do not tie directly to the processing of claims, they do provide critical services that help ensure the integrity of the program.

- **Tax Functions:** Preparing, processing, and mailing any materials related to tax report forms or other tax documents as well as all operations related to posting payments received, under payments, overpayments, adjustments, and the establishment and maintenance of experience rating accounts.

Within each functional area expenditures are categorized as either Personal Services (PS), Personnel Benefits (PB), or Non-Personal Services (NPS). These are essentially wages (PS), fringe benefits (PB), and overhead costs (NPS).

In addition to identifying expenditures in these six areas, states also submit a calculated Minutes Per Unit (MPU) based on RJM templates. This metric is used to identify efficiency related to processing of unemployment benefits claims and is calculated by taking the amount of time billed to one functional area in minutes and dividing by the workload, or number of units processed, in that area. As an example, if OUIO spent 100 hours in a quarter processing 1,000 initial claims, the calculated MPU would be 6 for that functional area.

$$\left(\frac{\text{Hours} \times 60}{\text{Workload}} \right) = \text{Minutes per Unit}$$

After data is received from all states in the RJM format and validated, USDOL then takes the data and runs it through their allocation process. Because the federal appropriation is not large enough to cover all state expenditures, USDOL uses the allocation process to distribute available funding to states. However, in doing so it must reduce the amounts identified in the budget justification documents.

One way in which USDOL calculates the reduced funding amount is through a reduction in reported MPUs. This is done on a state by state basis and within each of the six categories. Reductions are made using a formal process by USDOL that takes into account the reported MPUs of all unemployment agencies in each functional category. So, for example, a state may have its initial claims MPUs reduced by 5 percent, but see no reduction in MPUs for appeals. These reductions result in some states receiving full funding in some functional areas and less than full funding in other functional areas. For FFY 2019, Ohio had the following MPU reductions:

- **Initial Claims:** 5.27 percent decrease
- **Weeks Claimed:** 12.56 percent decrease
- **Nonmonetary Determinations:** 16.08 percent decrease
- **Appeals:** 21.59 percent decrease
- **Wage Records:** 0 percent decrease
- **Tax Functions:** 18.71 percent decrease

In order to identify the amount of allocation within each of the six categories that use MPUs, the USDOL also takes into account personnel costs. Identified as Cost per Staff Year, this metric

adds the wages and benefits of an individual in order to determine the total cost of an employee. Once a reduced MPU and employee cost is calculated, USDOL is able to allocate funds based on the actual employee workload, split among the six cost categories.

With the data submitted by states, USDOL is able to calculate Staff Years and the Cost per Staff Year in order to end up with the Dollars Allotted for each RJM category, and adding these allotments up totals to the base allocation

$$\text{Personal Services} + \text{Personnel Benefits} = \text{Cost per Staff Year}$$

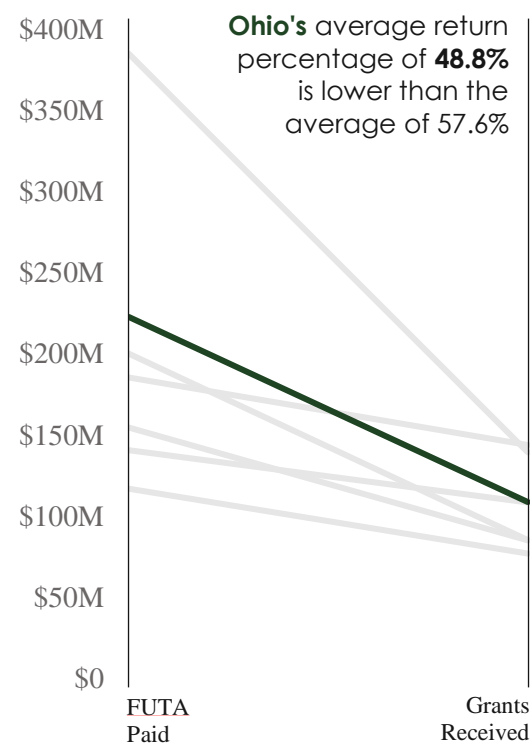
for each state, which are delivered to states in October. Because the calculation is based on projected workload, if a state were to see a higher number of claims than projected, the Department of Labor would send out adjustment payments each quarter in order to expand upon the original base allocation.

Federal Grant Allocation

Once all information has been submitted through the RJM and reconciled, the USDOL uses internal calculations to determine the grant amount for each state. As discussed above, the amount of funding is limited by a federal appropriation so often the USDOL must reduce funding for states. This is done by applying a variety of calculations meant to reduce the MPU identified by individual states. Based on information received by ODJFS and USDOL, the allocation process removes revenues from state sources when determining MPU expenditures.

While no state should expect to see 100 percent of FUTA tax contributions to be provided in a form of a grant, amongst identified peers, there was a wide range in the percentage of FUTA tax revenue received as grant funding. In particular, Ohio received grant funding that was less than 50 percent of FUTA tax receipts collected from employers within the state on average between FFY 2017 and FFY 2019. By comparison, peers received an average of approximately 57 percent. In the chart to the right, the steeper line would represent a lower percentage of FUTA tax being received as funding. Ohio is represented by the green line and peers are individually represented by the grey lines.

FFY 2017-19: Average State FUTA Tax Collected vs Grants Recieved



Source: USDOL

With the exception of FFY 2020, which was significantly impacted by the COVID-19 pandemic, the amount of federal funding provided to Ohio has decreased over the past decade, as the country recovered from the great recession of 2008 and then experienced the longest period of economic expansion in modern history until the global pandemic hit in 2020. Total expenditures have also decreased over that timeframe; however, the reduction in expenditures has not matched the reduction in federal grant funding which has necessitated state resources to fully fund the program in Ohio.

State Unemployment Administrative Funding

Within the past several biennial budgets, the allocation for OUIO has included state funding in addition to the expected federal grants. While these funds are allocated on a state fiscal year basis, data from the RJM was used to understand the actual costs associated with unemployment compensation administration and therefore is reported on a federal fiscal year basis within this report.

Between FFY 2017 and FFY 2019, Ohio spent an average of \$26.4 million of state funding a year on unemployment administrative expenses. This state funding made up an average of 25.4 percent of total funding used for UC administration expenditures for the administration of unemployment insurance. These funds come from a variety of sources including the General Revenue Fund and are used for items including expenses relating to personnel, repayment of debt related to borrowing from federal funds to pay unemployment benefits, and payment of administrative expenses that are not eligible for federal funding.

Data Limitations

In an attempt to create a breakdown of revenues and expenditures illustrating how funding for administering claims for benefits is received and spent, OPT reviewed financial information from two primary sources, OAKS and the RJM from USDOL. ODJFS records revenues and expenditures within OAKS, which is recorded on a state fiscal year (July 1-June 30) and has a complex cost allocation plan which outlines how revenues and expenditures are allocated and recorded. The other source of expenditure information comes from the RJM, which is recorded on a federal fiscal year. There are limitations when looking at either source of financial information. OPT attempted to sort and filter OAKS data to match the figures in the RJM, however, this was not feasible due to issues isolating OUIO expenditures within certain program funds.

Additionally, OPT was tasked with comparing administrative funding and cost distributions to states that process a similar number of claims, on average, as Ohio. OPT attempted to collect financial information from the peer states; however, due to a lack of responsiveness, we were limited to readily available information through the USDOL, with the most recent year of data being FFY 2019.

What We Looked At

Within HB 614, there were five questions related to funding that were intended to be addressed during this audit. In order to address these questions, we examined the funding process for OUIO within ODJFS, including the revenues for each fund which provides funding for unemployment compensation administrative operations, as well as expenditures over the past five to ten years. Information from OAKS and the RJM were used to develop an understanding of revenues and expenditures for OUIO. Peer comparisons were made using RJM data as it is submitted in a uniform manner and reviewed for accuracy and verified by the USDOL.

Why We Looked At This

The administration of unemployment benefits is costly and is generally expected to be supported by the Federal Government as a part of the state-federal partnership. However, over the past decade, Ohio has had to supplement this process to an increasing degree. Between FFY 2011 and 2013, Ohio received funding for more than 90 percent of reported expenditures. Between FFY 2017 and 2019, the state received funding for approximately 75 percent of reported expenditures. The increasing dependency on state funds to administer the program can cause a strain on the budget. In particular, this area was reviewed to determine how ODJFS may be able to maximize future federal funding in order to reduce the need for state revenue.

What We Found

We found that Ohio is receiving a smaller percentage of funding needed to pay for unemployment compensation expenses compared to peers. While the federal grant covered on average 75 percent of administrative expenditures in Ohio between FFY 2017 and 2019, peers had nearly 95 percent of expenditures covered in the same time frame. The only state that had similar amounts of state funding, Washington, also has a dedicated employer tax in order to cover those state expenditures.

We identified one recommendation and three issues for further study which may assist the Department and the General Assembly in reducing the need for state revenue in order to fund unemployment compensation administrative expenditures.

- **Recommendation 1:** Converting OAKS data into the format required by USDOL for purposes of requesting grant funding for the administration of unemployment compensation is complex. There is no written manual for this process and it is controlled by a single employee within OUIO. ODJFS should develop and document a formal process for the conversion of data. In doing so, the financial impact of Departmental operations on OUIO funding should be considered. This process should be routinely reviewed and updated to ensure the Department responds promptly to changes in funding trends and works to maximize federal grant funding.

- **Issue for Further Study 1:** The lack of a formalized reporting process for RJM submissions made it difficult to determine the extent to which OUIO is maximizing federal grant funding. However, peer states, on average, are able to fund a significantly greater percentage of administrative costs associated with unemployment compensation with federal grants. The Department should review its operational and budgetary practices to determine the potential impact on federal funding received by OUIO. In addition, ODJFS should review administrative costs compared to peer states, adopting best practices with the goal of reducing reliance on state GRF funding.
- **Issue for Further Study 2:** The Department administers multiple programs and receives the majority of operational funding through numerous federal grants. These grants primarily come from the United States Department of Health and Human Services (HHS), with a much smaller portion of funding being derived from USDOL grants. In order to receive grant funding from either federal agency, the Department must submit detailed reports relating to program operations. Because the majority of federal funding is received from HHS grants, ODJFS has designed reporting structures to match the requirements of that agency. HHS and USDOL do not have uniform reporting structures, which results in a significant amount of work related to filtering and formatting expenditures by OUIO so that data can be reported to USDOL. The Department should review its current policies relating to the identification and allocation of expenditure data so that it can fully understand the potential impact they have on OUIO funding received by USDOL.
- **Issue for Further Study 3:** FUTA revenue allocated to the USDOL in the federal budget is distributed based on calculations using RJM data submitted by state unemployment agencies. While this process was originally designed to provide an equitable distribution of limited funds based on actual workload, it has resulted in states receiving varying levels of funding to support administrative expenditures. ODJFS must understand how the RJM data is used to make funding determinations and it should work with the Office of Budget and Management, General Assembly, and other appropriate executive branch agencies to advocate for updates to the system which would promote the fair, predictable, and transparent distribution of funds to states. This could include updates to federal budget calculations that determine the amount of funding available for state grants, restructuring the USDOL grant calculations to reflect operational changes that have occurred over the past two decades, or a replacement of the RJM entirely.

Recommendation 1: Document, Formalize, and Coordinate USDOL Grant Submission Process

Converting OAKS data into the format required by USDOL for purposes of requesting grant funding for the administration of unemployment compensation is complex. There is no written manual for this process and it is controlled by a single employee within OUIO. ODJFS should develop and document a formal process for the conversion of data. In doing so, the financial impact of Departmental operations on OUIO funding should be considered. This process should be routinely reviewed and updated to ensure the Department responds promptly to changes in funding trends and works to maximize federal grant funding.

Impact

Because the Department has one individual responsible for the conversion of OAKS data into the format required by the USDOL with no written procedure manual, it is at risk of losing critical institutional knowledge and negatively impacting federal funding. The documentation, review, and updating of this process will allow ODJFS to work towards maximizing potential federal funding.

Background

OAKS is Ohio's enterprise resource planning system which provides centralized business services to state agencies. ODJFS uses this system to gather financial data that is then used for budgeting and reporting purposes. This system is designed to track data on a state fiscal year basis; however, because ODJFS receives funding from the federal government, it often must report data on a federal fiscal year basis. The Department has processes in place regarding the conversion of data to federal formats; however, most of these policies are designed to comply with the United States Department of Health and Human Services (HHS). Because OUIO reports data to USDOL, alternative processes are required.

While the RJM has a manual that outlines how state data must be formatted for submission, there is no step-by-step guidance from USDOL regarding what data should be included in any particular section of the RJM. Instead, states must determine the appropriate allocation of expenditures within each RJM category. In practice, this allows the states to be flexible in their approach, and to some extent, strategic in how they report data to the USDOL.

While the final format of data for RJM submission is identified, the Department does not track data in a method that allows for a simple transfer of information. Expenditure data from OAKS must be pulled and then allocated on a percentage basis to determine the total expenditures for OUIO in a given period. Once expenditure data is identified, it must be matched to categories within the RJM while simultaneously reporting employee work hours associated with reported workload.

Methodology

We conducted interviews with ODJFS employees in order to understand the processes related to administrative funding. During these interviews we determined it was necessary to also speak to the USDOL in order to gain an understanding of the RJM.

Once an understanding of the RJM was developed, we interviewed the individual at OUIO who is responsible for submitting data to USDOL and observed the process of data conversion. We also requested documentation regarding policy and procedure manuals relating to this process.

Finally, we reviewed the Government Finance Officers Association (GFOA) best practices to determine how the Department should be documenting this procedure and the policies that support it.

Analysis

The RJM is used to gather data that is then run through an allocation process which takes into account expenditure data by category to determine a base grant allocation for each state. ODJFS undergoes a multistep process so that expenditures are may be submitted in the format required by RJM:

- Data is pulled from OAKS and sorted on a FFY basis rather than a SFY basis;
- Calculations applied to appropriate cost pools to determine percent of spending allocated to OUIO;
- Allocate employee hours to RJM category based on timekeeping system data;
- Combine expenditures and hours data into one file; and,
- Separate data into RJM category and expenditure type (PS, PB, NPS).

This complicated and manual process used to transfer OAKS data to the RJM format is currently overseen and carried out by one individual within ODJFS. This process is built upon the framework put in place by that employee's predecessor. There are no set procedure manuals for an employee to follow, and therefore the only way someone else within ODJFS would be able to understand and carry out the same process would be if the individual were to teach the process to them. This puts ODJFS at risk of institutional knowledge loss if that employee were to ever retire or seek employment outside of ODJFS

The GFOA best practices for Policies and Procedures Documentation states:

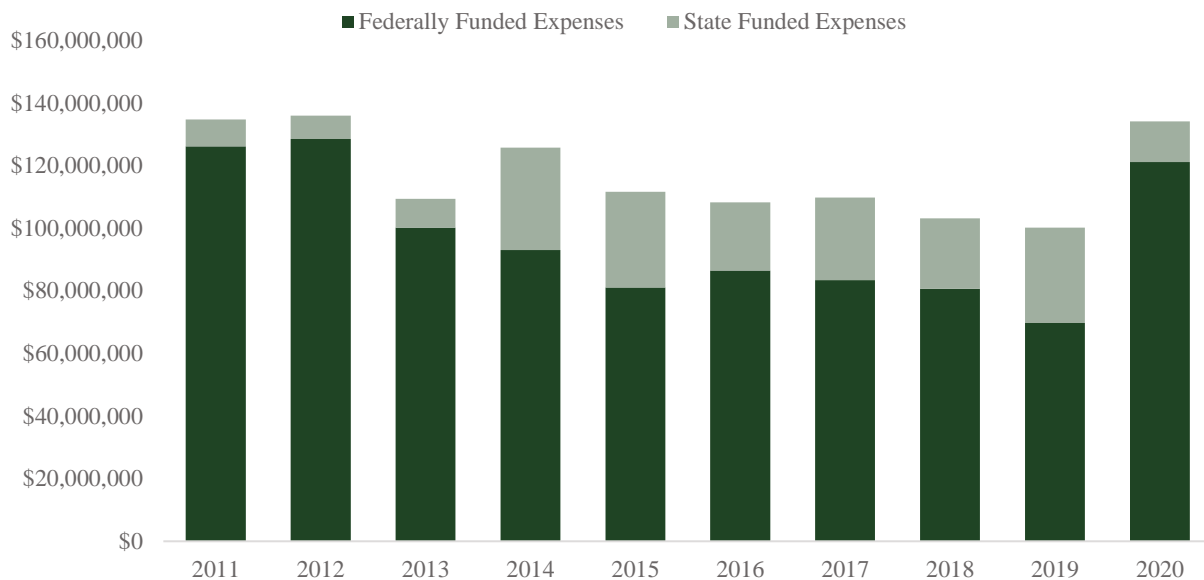
One method of communication that is particularly effective for controls over accounting and financial reporting is the formal documentation of accounting policies and procedures. A well-designed and properly maintained system of documenting accounting policies and procedures enhances both accountability and consistency. The resulting documentation can also serve as a useful training tool for staff.

A written set of procedures for this process would mitigate risk for the Department. Not only would this take away the risk of institutional knowledge loss, but also this would increase visibility across the office. This means the ability to periodically review the process in order to identify changes that could be made to increase efficiency, and would allow for a greater understanding of the process across OUIO.

Federal Funding Allocation

The Office of Unemployment Insurance website indicates that the FUTA tax covers the costs of administering the UC and Job Service programs in all states. However, on average states paid \$8.8 million of unemployment administrative expenses with state funds in 2019. Ten states paid more than \$10 million, and five paid more than \$20 million, with Ohio being one of the five.

FFY 2011–20 Ohio Total Unemployment Compensation Administrative Expenditures (State vs Federally Funded)



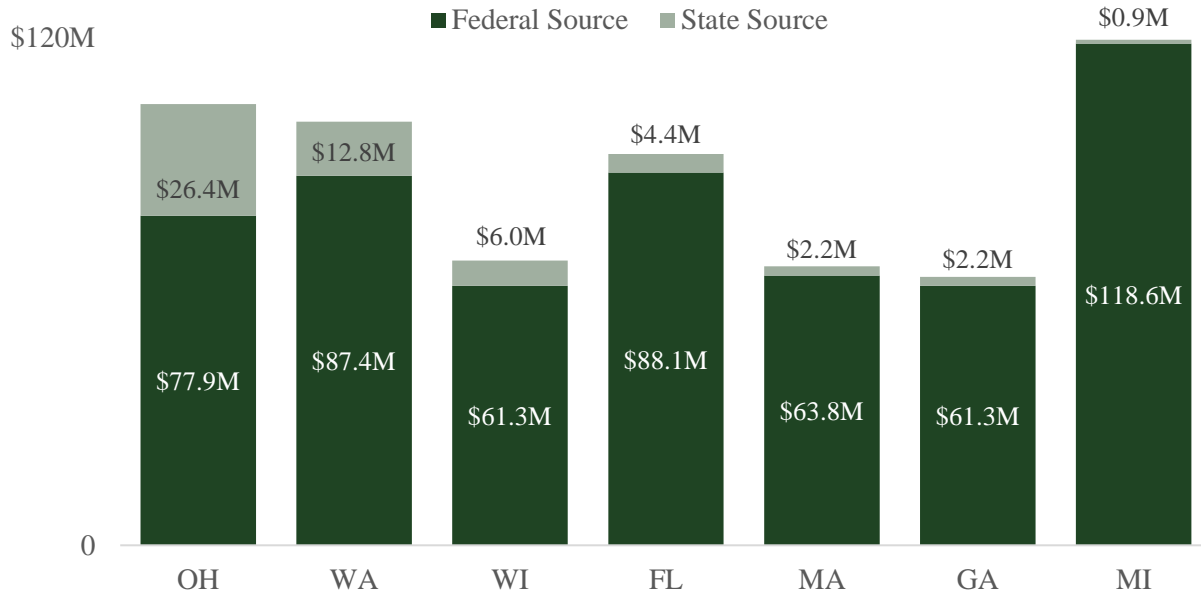
As seen in the chart above, over the past decade, Ohio has been required to supplement federal funds with an increasing amount of state revenues.²⁹ However, during the course of our interviews, there was little consensus or understanding as to why federal funds had decreased so significantly. Some issues, such as the removal of a FUTA surtax³⁰, were mentioned as possible

²⁹ Federal funds in 2020 were significantly increased due to the COVID-19 pandemic.

³⁰ The FUTA surtax was set at 0.2 percent, which meant a state receiving the full 5.4 percent reduction had a FUTA tax of 0.8 percent instead of 0.6 percent. This was in place between 1976 and 2011. USDOL indicated that the expiration of the surcharge did not affect the allocation of grants to States, however this reduced the federal unemployment taxes collected by an estimated \$1.4 Billion per year.

reasons. However, our comparison to peer states shows that other states have not experienced as significant of a drop in federal funding on a percentage basis.

FFY 2017-19 Average Funding: Federal vs State Sources



Source: USDOL

As seen in the chart above, for the three most recent years prior to the pandemic, Ohio provided more state revenue for administrative expenses than all peers on both a dollar and percentage basis. The only peer that had similar state funding was Washington, which has a dedicated employer tax to fund these revenues. Ohio uses primarily General Revenue Funds which could be used for other programs.

Conclusion

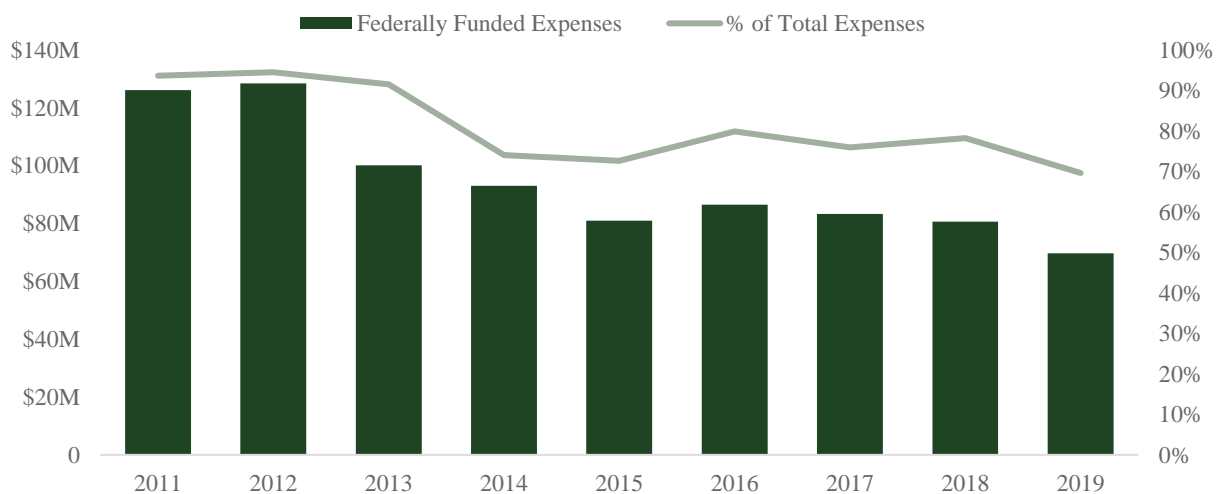
Converting OAKS data to the RJM format is a critical component of operations within OUIO. This process is necessary for obtaining federal grant funding and ODJFS has one individual who manages the entire process. This process is not written in a formal manual that could be used for training purposes. Further, the Department does not have an understanding as to why funds have decreased during the past decade. ODJFS is at serious risk of institutional knowledge loss should the single employee that is responsible for this process decide to leave the Department. Creating and continuously reviewing and updating procedures surrounding this process would provide continuity for the future, and could lead to increased efficiencies regarding the data with more focus on the process, and additional research into this area could potentially lead to increased federal grant funds each year.

Issue for Further Study 1: Optimize Operations and Federal Grant Funding Submission to Maximize OUIO Cost Coverage

The lack of a formalized reporting process for RJM submissions made it difficult to determine the extent to which OUIO is maximizing federal grant funding. However, peer states, on average, are able to fund a significantly greater percentage of administrative costs associated with unemployment compensation with federal grants. The Department should review its operational and budgetary practices to determine the potential impact on federal funding received by OUIO. In addition, ODJFS should review administrative costs compared to peer states, adopting best practices with the goal of reducing reliance on state GRF funding.

In our analysis related to the amount of federal funding received by Ohio, we determined that both the amount of federal funding has decreased over the past decade as well as the percentage of all expenditures.

FFY 2011–19 Ohio Federally Funded Unemployment Expenses



As seen in the chart above, federal funds have declined over the past decade as Ohio experienced economic expansion and lower unemployment rates. While overall expenditures have also declined over this time period, in part to lower rates of unemployment and reductions in workforce ([See Section 3: Staffing](#)), the state has provided an increasing percentage of total funds for program operations. This is particularly problematic as the RJM is designed to remove state-based expenditures from calculations for federal grant funds.

During the course of the audit, we found that that expenses that are paid with state funds are removed from USDOL calculations for grant allocation.³¹ This means that if Ohio chooses to apply state funds to a particular category that is included in the RJM, those expenses are not eligible for federal funding. In effect, once state funds are used for a particular cost category, it becomes very difficult to obtain future federal funds.

As noted in [Recommendation 1](#), Ohio uses a greater amount of state funds than the identified peers to pay for UC administration. Between FFY 2017 and FFY 2019, Ohio spent an average of \$26.4 million of state funding a year on UC administration, or 25.4 percent of total expenditures. The peer average over this same time period was \$4.7 million per year, or 5.8 percent of total expenditures.

Because there is some flexibility in identifying which areas of operations use state funding or federal funding, it is possible that the Department is not effectively reporting financial data through the RJM as effectively as it could be. Based on peer comparisons, it is possible to increase the percentage of expenditures that are covered by federal grants. The Department should research how other states allocate and report expenditures and institute best practices where possible to limit the need for state funding of the unemployment compensation program.

³¹ Unemployment Insurance Program Letter No. 16-19.

Issue for Further Study 2: Impact of Federal Grant Process on Program Operations

The Department administers multiple programs and receives the majority of operational funding through numerous federal grants. These grants primarily come from the United States Department of Health and Human Services (HHS), with a much smaller portion of funding being derived from USDOL grants. In order to receive grant funding from either federal agency, the Department must submit detailed reports relating to program operations. Because the majority of federal funding is received from HHS grants, ODJFS has designed reporting structures to match the requirements of that agency. HHS and USDOL do not have uniform reporting structures, which results in a significant amount of work related to filtering and formatting expenditures by OUIO so that data can be reported to USDOL. The Department should review its current policies relating to the identification and allocation of expenditure data so that it can fully understand the potential impact they have on OUIO funding received by USDOL.

The structure of ODJFS, and in particular the use of county offices, was not within the scope of this audit, nor was the use of cost pools for the allocation of expenditures. However, the Department should study the benefit of having OUIO employees located at county offices and the impact cost pooling at these locations has on expenditure reporting and federal funding. It is possible, that due to cost pooling at these regional locations, ODJFS is allocating an excessive amount of overhead costs to OUIO and requiring additional state funding to cover the identified expenditures.

Issue for Further Study 3: Federal Revenue Distribution and Appropriation Process Impacts on OUIO Operations and Funding

FUTA revenue allocated to the USDOL in the federal budget is distributed based on calculations using RJM data submitted by state unemployment agencies. While this process was originally designed to provide an equitable distribution of limited funds based on actual workload, it has resulted in states receiving varying levels of funding to support administrative expenditures.

The FUTA tax revenue is used to provide funding for state unemployment administrative expenses and federal unemployment administrative expenses as well as funding for the Extended Unemployment Compensation Act (EUCA).³² According to the Division of Fiscal and Actuarial Services within the Department of Labor, the FUTA tax revenue should be allocated as follows:

- 20 percent goes to EUCA;
- 76 percent goes to the State Employment Security Agency (SESA);³³ and,
- 4 percent goes to federal administration.

The amount of funds USDOL can grant to states each federal fiscal year is based on the appropriation determined in the federal budget. This appropriation process has its own formula as well, which uses components such as wages and fringe benefits, economic conditions and projections, and the time it takes to complete tasks. This calculation has not been updated in decades. In FFY 2019, the Internal Revenue Service collected \$6.18 billion in FUTA tax revenue from employers across the country. Of this only \$3.38 billion was appropriated to USDOL for the purpose of providing grant funding to states. Based on the percentages identified by the federal government, the total allocation to states should have been \$4.7 billion. This means that more than \$1.3 billion that should have been appropriated to USDOL for state funding was not.

With no long term process in place for updating this formula, the same issue is at risk of occurring again in the future. ODJFS must understand how the RJM data is used to make funding determinations and should work with the Office of Budget and Management, General Assembly, and other appropriate executive branch agencies to advocate for updates to the system which would promote the fair and predictable distribution of funds to states. This could include updates to federal budget calculations that determine the amount of funding available for state grants, restructuring the USDOL grant calculations to reflect operational changes that have occurred over the past two decades, or a replacement of the RJM entirely.

³² Funds available for extended benefits.

³³ Agencies in each State that process unemployment insurance claims

Claims Processing

Unemployment benefits provide a critical lifeline to individuals experiencing a temporary lapse in employment. Within Ohio, OUIO is responsible for the prompt processing of unemployment benefits claims and the issuance of weekly payments. While OUIO can generally operate effectively with little fanfare, when problems arise, a significant amount of scrutiny is placed upon the system.

HB 614 requested specific calculations relating to the timeliness of claims processing, such as the average timeframe between an approved claim and issuance of a benefit check. Due to data limitations we encountered in our audit, we were unable to conduct the precise calculations requested by the General Assembly. However, we were able to utilize existing USDOL data in order to provide insight into the requested measurements.

Pending Claim Issues

The analysis in this section focuses on the available data from USDOL regarding the timeliness of claims processed in 2019 and 2020. Our analysis does not include an examination of pending claims nor did it identify the volume or extent of any backlog of work related to these claims.

It should be noted that any such backlog would potentially impact the timeliness data reported to USDOL in the year that the pending issues are processed.

Background

Ohio's unemployment compensation system is governed by ORC chapter 4141. This section of law, along with administrative codes which support it, provide the framework for how unemployment compensation is administered in the state.

Eligibility Requirements

In order to be eligible for traditional unemployment, an individual must meet monetary and nonmonetary requirements. In order to qualify monetarily, there must be at least 20 weeks of employment during a base period and the individual must have earned a minimum amount of wages. The minimum wage is calculated on a weekly basis and, in 2021 was set at \$280 before taxes and other deductions. Nonmonetary requirements include being able and available to work, being unemployed through no fault of the individual, and actively seeking employment.³⁴

³⁴ If the claimant is quarantined or isolated by order of a medical professional, local health authority or employer, the work-search requirement can be waived, per the Governor's Executive Order 2020-03D. In addition, Ohio law does not require a weekly work search in certain, limited instances. For example, individuals may be exempted from the work-search requirement if they are in agency-approved training, if their employers

If an individual is eligible to receive benefits, the amount of weekly payment is calculated at 50 percent of the average weekly wage during the base period used for calculations.³⁵ Ohio establishes maximum benefit amounts, based on the number of allowable dependents claimed by an individual. In 2021 these maximums range between \$498 and \$672 for weekly payments.

Generally, an individual is eligible to receive benefits for up to 26 weeks in a benefit year.³⁶ However, at times of widespread financial distress, the government may provide additional weeks of benefits. As a result of the COVID-19 pandemic, the federal government issued an additional 53 weeks of unemployment benefits for those individuals who had exhausted the traditional benefit allowance ([See COVID-19 Unemployment Benefits](#)).

Filing Process

The process for filing for regular unemployment benefits starts in the Ohio Job Insurance (OJI) System - a web-based system with a centralized statewide database. Applying for and receiving unemployment compensation is a two-step process. First, a claimant files an application for determination of benefit rights. When a claimant files a new claim for benefits, the OJI system takes the claimant through a number of screens to fill out appropriate and required information:

- Enter Personal Information;
- Enter Demographic Information;
- Answer Eligibility Questions;
- Employment History Detail;
- Register for Job Match;
- Select payment preference; and,
- Certify that information entered is accurate.

Once the claimant certifies the initial claim, they receive a claim confirmation number, which is the final step in the application for determination of benefit rights process. After this first application is complete, a claimant must file weekly benefit claims. This weekly, or continued, claim application may be done online through OJI. An individual should begin to file the weekly claims beginning on the Sunday after the week in which they completed the application for

notified ODJFS that they are being laid off temporarily, up to 45 days, or for an extended work search waiver if the closure is for the purpose of productivity and economic stability. Some individuals also may have their work-search requirement considered met if they are making satisfactory progress in school or if they are members of a union and in good standing with a labor organization that refers individuals to jobs.

³⁵ The regular base period consists of the first four of the last five completed calendar quarters immediately preceding the first day of an individual's benefit year. If an individual does not have sufficient qualifying weeks and/or wages in the regular base period an alternative base period is used which includes the four most recently completed calendar quarters preceding the benefit year beginning date.

³⁶ The benefit year is 52 weeks and begins on the Sunday of the week in which the valid application is filed.

benefits. To ensure payment for all eligible weeks of unemployment, claimants begin filing weekly claims even if the initial claim application has not yet been approved.

Claims Processing

Once an initial claim application for unemployment benefits has been submitted to OUIO, the validity of the claim must be verified. There are generally six requirements that must be met for a claim to be considered valid:

- 1) When applicable, the individual's previous 52-week benefit year must be expired before the benefit year beginning date of the new application, and he/she must meet the intervening employment³⁷ requirement between successive benefit years.
- 2) The individual filing the claim must be unemployed.
- 3) The individual must have been employed by one or more employers subject to the unemployment compensation law in at least 20 qualifying weeks in covered employment within the regular or the alternate base period of the application.
- 4) The individual must have earned or been paid wages at an average weekly wage of not less than 27.5 percent of the statewide average weekly wage.
- 5) The individual's separation from employment is not disqualifying under divisions 4141.29(D)(2) or 4141.291 ORC, and any disqualification imposed under these sections on a prior claim must have been removed.
- 6) The individual must furnish his/her valid social security number.

OJI is able to automate several portions of claims processing. The system conducts initial monetary calculations and sends out forms and notices as needed. If information contained in the application requires staff intervention, OJI will create issues and alerts that trigger additional review.³⁸ If an application requires no additional staff intervention, OJI is able to issue an initial claim determination automatically.³⁹

The claim is assigned to a processing center within OUIO and further information is sent to the claimant on the New Claim Instruction Sheet which contains directions for filing weekly claims.

³⁷ Intervening Employment: When a claimant had a prior benefit year, the following requirements must be met: since the first day of the previous benefit year, the claimant must have worked in covered employment in six weeks and earned three times his/her average weekly wage established for that benefit year; and the requirement specified above *must be met by working*. This requirement may not be satisfied with any type of allocated payment, whether allocated by the employer or by the agency.

³⁸ An *issue* is an act, circumstance, or condition that is potentially disqualifying under Ohio law. Such a matter of dispute between two or more parties, or between an individual and the law, must be resolved. Existence of an issue does not mean denial of benefits. It means that there is a need for an investigation to determine the facts and the claimant's eligibility for benefits. *Alerts* differ from issues in the sense that they generally do not directly affect a claimant's eligibility and will not hold payment. Rather, *alerts* prompt examiners or adjudicators to investigate a discrepancy in information or take some other action.

³⁹ Determinations are legal documents that communicate a claimant's eligibility for benefits to the claimant, to the employer, and to other interested parties.

A request for separation is sent to the most recent employer or employers who have 10 days to respond. This serves as verification of employment history and unemployment status. If additional information is required to process the claim, the claimant will receive notice directly from OUIO ([See Recommendation 5: Website Improvements](#)). Typically, an individual will receive a determination within 21 days of filing an unemployment benefits claim.

Appeals Process

Federal law requires that individuals who are denied unemployment benefits have the opportunity for a fair hearing before an impartial tribunal.⁴⁰ Ohio law permits an applicant, employers, or any other interested party to file an appeal. As previously discussed, there are four levels of appeals.

The first level of appeal is a request for redetermination made to the Director of ODJFS. An interested party can further appeal a decision to the UCRC⁴¹ where an appeal may undergo two additional levels of review. Finally, after all administrative appeal options are exhausted, an individual may file an appeal in the Court of Common Pleas.

Note on Audit Scope

A detailed examination of the appeals process was not within the scope of this audit. The review of how efficiently appeals relating to unemployment decisions are reviewed and determined was limited to data available from USDOL which pertained only to those cases heard by UCRC.

Because we did not obtain data related to the redeterminations process, we cannot speak to the overall efficiency or effectiveness of the appeals process, but it should be noted that Ohio's redetermination process may affect the appeals information that is seen in the USDOL data.

According to ODJFS, the use of redeterminations as a first level of appeal is uncommon amongst other states. In Ohio, if a redetermination is requested, the Director must provide an opinion within 21 days or transfer the request to the UCRC for review.⁴² We did not request data relating to redeterminations from ODJFS, nor is it included in the USDOL reports relating to appeals processing. However, we were able to identify through data reported to USDOL that in 2018 and 2019, redetermination activities accounted for more than 15 percent of the Department's nonmonetary determination workload. Only one peer state, Michigan, had similar workload levels relating to redetermination.

An appeal can reach UCRC either by the direct transfer from the Director of ODJFS or by the additional appeal of an interested party. The first level of review is conducted by a hearing officer. At this level, the interested party appealing a determination has the right to an appeal and must be provided the opportunity for a fair hearing. The hearing officer assigned to the case may

⁴⁰ 42 USC § 503(a)(3).

⁴¹ The UCRC process is reported to the USDOL for appeals reporting purposes. The Hearing Officer workload is considered lower authority appeals and the Commission workload is considered higher authority appeals.

⁴² ORC § 4141.281(B).

affirm, modify, or reverse the determination. Additionally, a hearing officer may remand the case back to ODJFS for further action. Following a hearing, an interested party may request additional review from the Commission. At this level, Commissioners may choose not to hear a case. If a case is heard by the Commission, the decision of the hearing officer may be affirmed, modified, or reversed. Additionally, the Commissioners may provide for the appeal to be heard or reheard at the hearing officer level.⁴³

After exhausting administrative appeals, an interested party can appeal to a court of common pleas.⁴⁴ The court of common pleas must affirm the decision of the UCRC unless it finds the Commission’s decision was unlawful, unreasonable, or against the manifest weight of the evidence.

What We Looked At

We conducted multiple analyses to determine the timeliness of ODJFS in regards to the processing and payment of unemployment benefits. In order to conduct these analyses, we first attempted to obtain detailed claims data from ODJFS to examine the average time between defined points within the claims process and to evaluate specific processing issues which may impact the timeliness of benefit payments. We encountered instances where the information received from ODJFS contained data limitations which prevented the averages in HB 614 to be calculated accurately. Further, other data requested was not received due to system capabilities and the timeframe in which it was needed. These data limitations and lack of detailed data elements prevented us from conducting a root cause analysis that would potentially provide detailed insight and context into processing times.

We were able to obtain alternative data from USDOL Employment and Training Administration (ETA) reports. States are required to file a series of standardized reports on unemployment insurance operations with ETA which are referred to as the Unemployment Insurance Required Reports (UIRR). The information from the UIRR was used to answer specific questions regarding the timeliness of unemployment benefits claims processing. Two of the core measures in the area of benefits evaluate timeliness standards: First Payment Time Lapse and Nonmonetary Determination Timeliness. These standards and data from USDOL were used to compare Ohio’s practices to states that process a similar number of claims.

Because appeals are also an important aspect of the claims process, we reviewed the available data from USDOL regarding appeals processing. As noted above, Ohio uses a process identified as redetermination for the first level of appeals. This data is not captured in the USDOL reports we used, so the usefulness of this analysis in determining the effectiveness of Ohio’s unemployment appeals process is limited.

⁴³ ORC § 4141.281(C).

⁴⁴ ORC § 4141.282.

Why We Looked At This

The State of Emergency declaration and subsequent stay at home order issued by the Governor in March 2020 precipitated an unprecedented number of unemployment claims in Ohio. As a result of concerns regarding the effectiveness of the unemployment system, the General Assembly passed legislation creating the Unemployment Compensation Modernization and Improvement Council. As a part of this legislation, the Auditor of State was tasked with conducting a performance audit to answer a list of questions from the legislature. Several of these questions were in relation to the timeliness of claims processing.

What We Found

We found that, generally, OUIO met or exceeded federal benchmarks identified by USDOL related to the timeliness of claims processing prior to the COVID-19 pandemic and declaration of emergency. In addition, when compared to other states that process a similar number of claims, prior to the pandemic, Ohio compared favorably. However, in 2020, we found that with Ohio fell in line with or behind peer states with regards to the same efficiency metrics.

First Payment Time Lapse

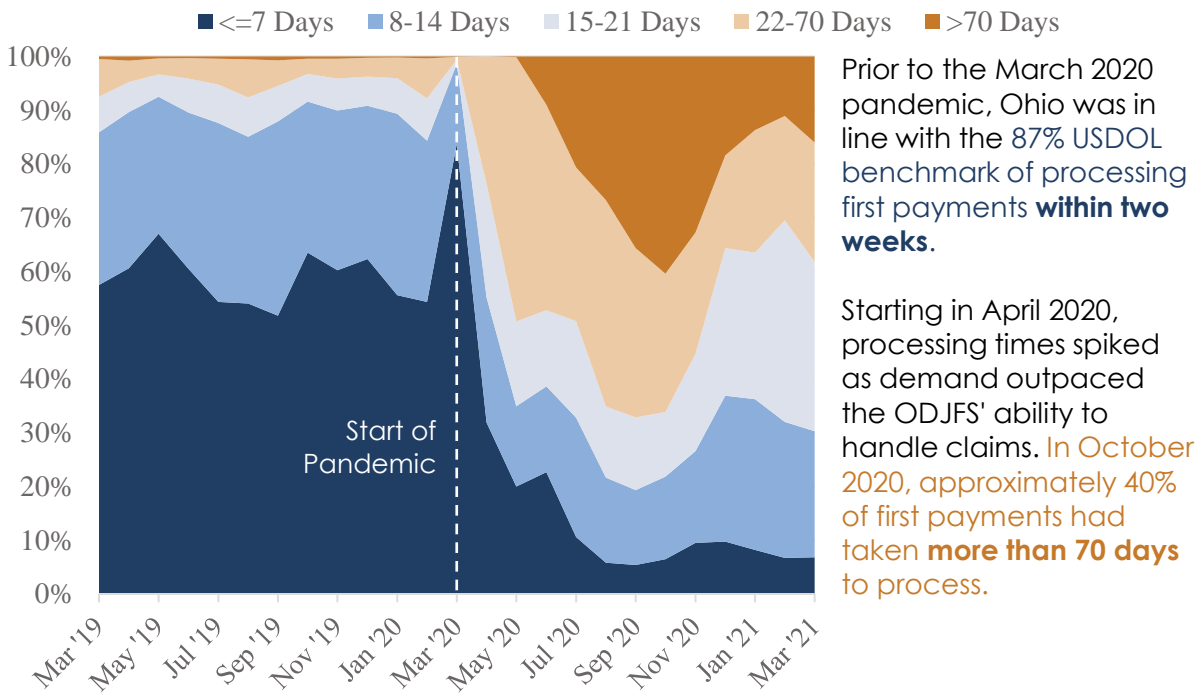
First payment time lapse is a measure which identifies the amount of time it takes for an individual to receive a payment of benefits after the end of the first compensable week.⁴⁵ The term first compensable week refers to the first week claimed in the benefit year for which an individual is eligible to receive compensation. Because states may or may not require a waiting week, the timeframe which is used to measure the minimum level of performance may be either 14 or 21 days. Those states that do not have a waiting week are measured on a 21-day period whereas those states with a waiting week are measured on a 14-day period. In Ohio, there is generally a waiting week. The first compensable week in Ohio begins the Sunday after an individual files an unemployment claim.

Specifically, this measure tracks the number of days between the last day of the first compensable week until the day benefits are paid. States are expected to make a minimum of 87 percent of all first payments within the appropriate time frame. In 2019, Ohio paid 88.9 percent of first payments within 14 days, which exceeded the USDOL benchmark.

While an annual average is a good overview of the efficiency of the claims process, because unemployment claims can be cyclical in nature, we analyzed Ohio's first payment time lapse from March 2019 through March of 2021.

⁴⁵ If a claimant is disqualified due to nonmonetary denial or penalty for either the waiting week or first compensable week, then no payment would be made for the first compensable week. Instead, the first week paid would be a continued week. In these cases, payments would not be reported on the First Payment Time Lapse report.

CY 2019–21 First Payment Time Lapse



Source: USDOL

Note: In March 2020, Ohio rescinded the waiting week period, which extended the timeframe to process first payments to 21 days. However, the state continued to remain below the federal benchmark.

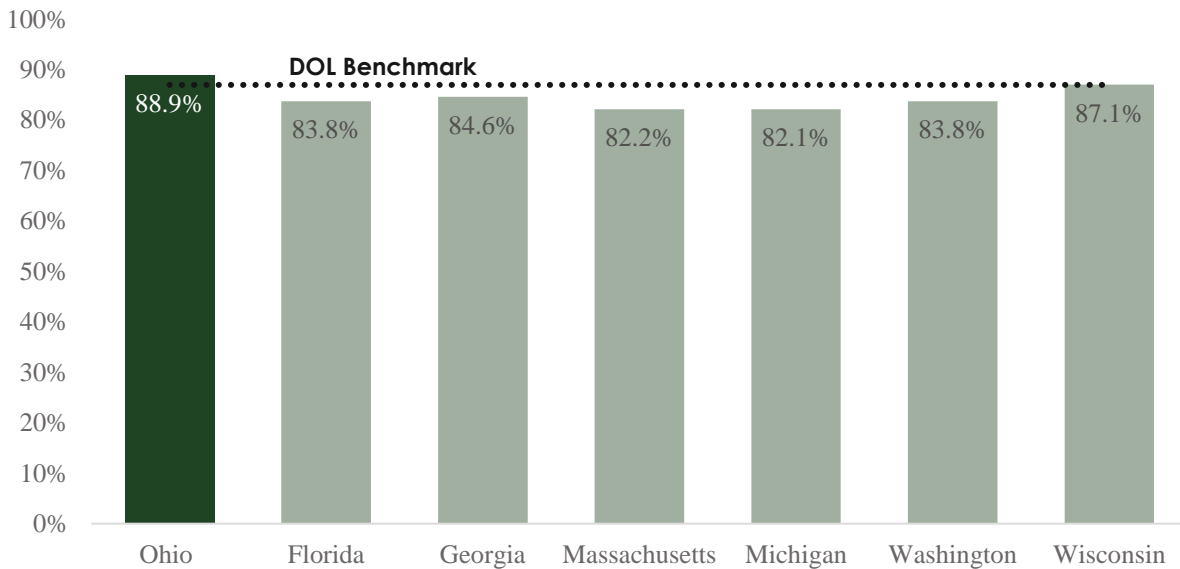
The chart above shows a fairly consistent trend of payments being processed within 14 days prior to the pandemic. Following a brief spike in March of 2020 when the mass layoff⁴⁶ function resulted in the expediting of processing for some claimants, payment processing times slowed drastically. At one point, in October 2020, more than 40 percent of first payments took more than 70 days to be processed. This reduction in efficiency was due to the overwhelming numbers of claims received by OUIO in 2020.

Peer Comparisons

Using 2019 data, Ohio compared favorably to peer states in relation to how efficiently first payments were processed. Only one of the peer states used for comparison exceeded the federal benchmark.

⁴⁶ ORC § 4141.28 (C) requires employers to notify ODJFS at least three working days prior to the first day of a mass layoff. To be considered a "mass layoff", employers must have a separation of 50 or more employees within a seven-day period. This allows ODJFS staff to obtain advance information from employers regarding the "lack of work" nature of the separation.

CY 2019 First Payment Time Lapse Peer State Comparison

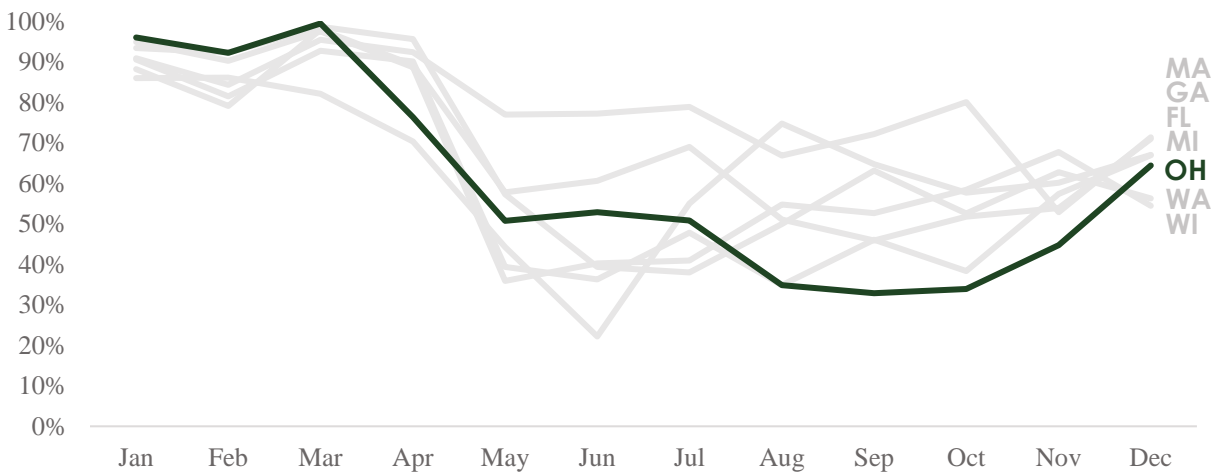


Source: USDOL

Note: Ohio, Florida, Massachusetts, Washington, and Wisconsin all had waiting weeks in 2019 and therefore the chart above reflects those payments made within 14 days of the end of the first compensable week. Georgia and Michigan did not have a waiting week in 2019 and therefore the percent of claims include those first payments made within 21 days.

Beginning in March 2020, all states saw a significant drop in the percentage of payments made within 21 days. However, as seen in the chart below, while most peer states began to bottom out or recover in June and July, Ohio’s average continued to drop until September.

CY 2020 First Payment Time Lapse Peer State Comparison



Source: USDOL

Efficient • Effective • Transparent

During this timeframe, issues created within the OJI system on regular unemployment claims created a backlog that required staff intervention before moving on through processing. While the Department brought on a significant number of temporary staff, the ability to effectively deploy these individuals was likely hampered due to lack of specialized training. These issues, and recommendations which could help the Department respond better to future events are discussed in [Section 3: Staffing](#) and [Section 5: Technology Systems](#).

Nonmonetary Determinations

Once a claim is filed, issues may be flagged which need attention. These nonmonetary issues are generally categorized into two categories, separation or non-separation:

- **Separation Issues** pertain to circumstances surrounding the claimant’s reason for unemployment, and whenever that reason is other than “lack of work”, a separation issue exists. Issues related to the claimant’s reason for unemployment are generally identified based on information provided by the claimant on the initial claim application, the additional claim application, and/or the weekly claim for benefits. Separation issues may also be identified by the separating employer(s) via the response to the request for separation information.
- **Non-Separation Issues** include registration, late filing, ability to work, availability for work, active search for work, refusal of a referral to suitable work, refusal of an offer of suitable work, failure to participate in re-employment services, and receipt of deductible income or earnings. These issues are usually raised by the claimant on answers provided on weekly claims for benefits.

Nonmonetary Determination Time Lapse is a measurement of the percentage of nonmonetary determinations made within 21 days of the date of detection of any nonmonetary issue that had the potential to affect the claimant’s benefit rights. The USDOL requires states to track and report the amount of time it takes to make a determination on issues from the date of detection.⁴⁷ The federal benchmark indicates the acceptable level of performance states are expected to meet is to issue a minimum of 80 percent of nonmonetary determinations within 21 days from the date of detection.

In 2019, Ohio exceeded the federal benchmark, issuing 88 percent of nonmonetary determinations within 21 days. During this time, the state issued more than 190,000 nonmonetary determinations. In 2020, the percent of determinations made within 21 days dropped to 38 percent. OUIO made more than 330,000 nonmonetary determinations during this timeframe, a 74 percent increase from 2019. In both years, approximately 60 percent of nonmonetary

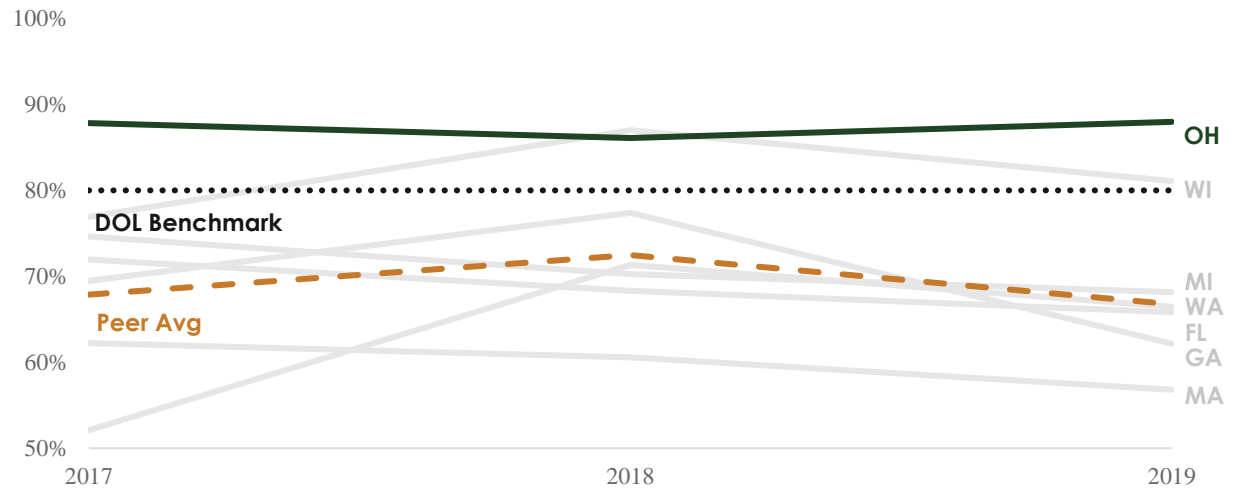
⁴⁷The detection date is the earliest date that the agency receives information indicating that potential disqualifying circumstance exists. For new, additional, or reopen claims, the issue detection date is the date the new, additional, or reopened claim is filed. For continued weeks claims, the claimant is in a continuous weekly/biweekly filing status and an issue is raised by the claimant or another party. The date the agency receives the information (in person, by phone, by letter) is the issue detection date.

determinations were related to non-separation issues and 40 percent were related to separation issues.

Peer Comparisons

Between 2017 and 2019, Ohio exceeded federal benchmarks and outperformed peer states. As seen in the chart below, only one of the peer states who processed a similar number of claims met or exceeded the federal benchmark during this timeframe.

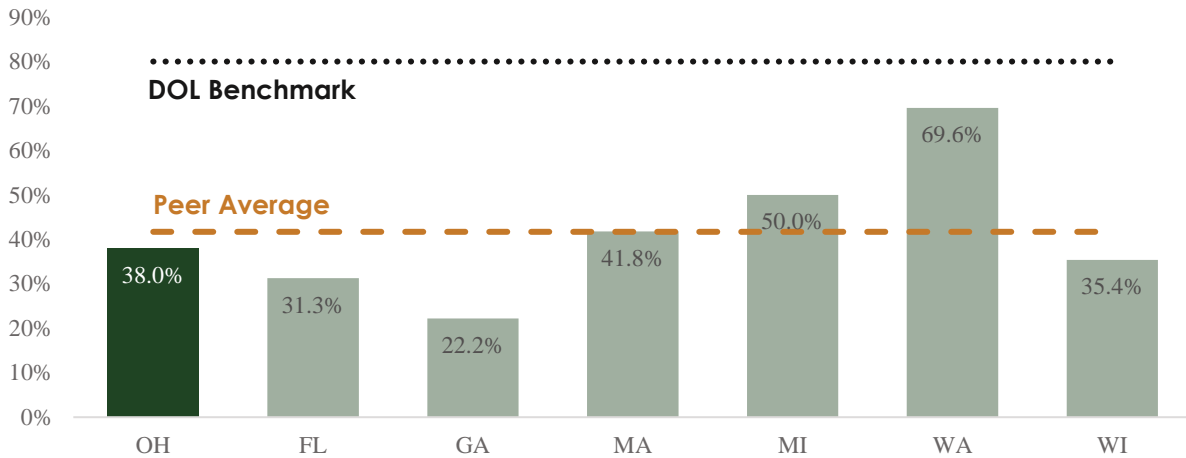
CY 2017–19 Nonmonetary Determinations Made within 21 days



Source: USDOL

In 2020, like Ohio, all peer states saw a decline in timeliness of processing nonmonetary determinations. However, as seen in the chart on the following page, Ohio fell below both the federal benchmark and peer average for the year.

CY 2020 Nonmonetary Determinations Made within 21 days



Source: USDOL

While the efficient adjudication of issues is important to the prompt processing of claims, this metric must also be weighed against the time it may take to process particular types of issues. In 2020 and through the beginning of 2021, Ohio and other states saw a significant increase in fraudulent claims. Having systems in place to identify these issues may result in slower processing times, but ultimately protect the state from fraudulent activities.

[Section 5: Technology Systems](#) also provides recommendations as to how the Department can utilize existing data to properly allocate staff so that issues are addressed efficiently and effectively.

Appeals Processing

Appeals time lapse is a measurement of the time it takes states to issue appeals decisions from the date the request for a lower or higher authority appeal is filed to the date on the decision. Ohio's lower and higher authority, as reported to USDOL, is the UCRC. At the lower level, a hearing officer provides an independent review of an appeals case. At the higher level, the UCRC Commissioners may review the decision of a hearing officer.

The data submitted to USDOL concerns the appeals heard by UCRC at both the lower and higher level, and not those which undergo redetermination by OUIO. In 2019, the UCRC handled 14,289 lower authority appeals and issued a decision within 30 days for more than 90 percent of

appeals. In 2020, the number of lower authority appeals increased 79 percent to 25,556 and the percentage of decisions made within 30 days dropped to 31 percent.⁴⁸

The USDOL core measure that evaluates appeals is the appeals case aging, which reports the average number of days from filing of all pending appeals. The federal acceptable level of performance for lower authority appeals is that the average appeals case age is less than or equal to 30 days. Ohio's average age of pending lower authority appeals in 2019 was approximately 15 days. In 2020, the average increased to 32 days, which was just over the federal benchmark.

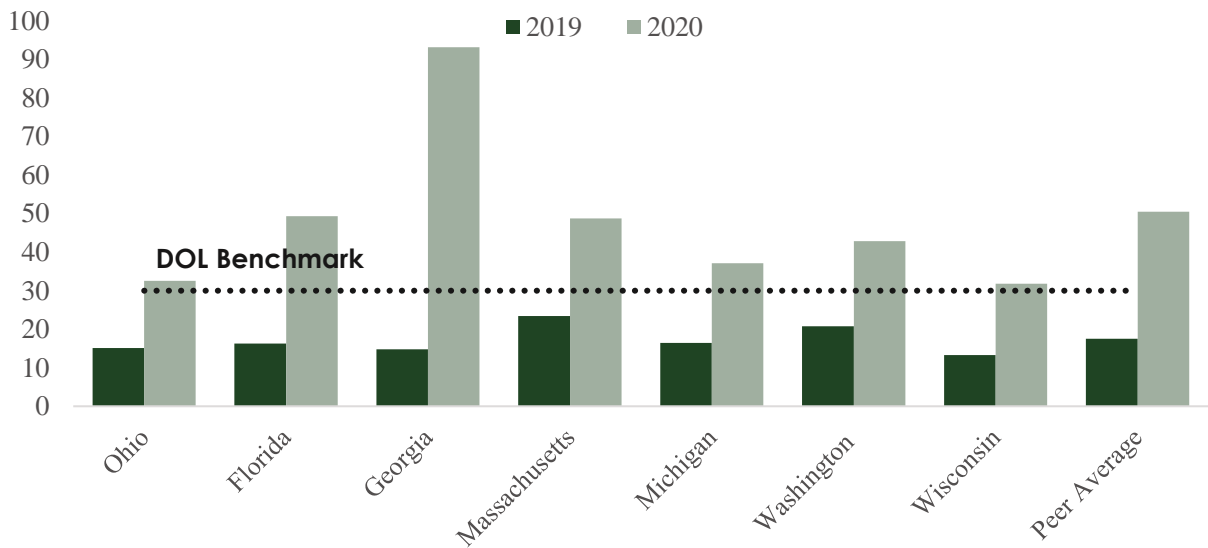
However, as noted before, the appeals data tracked and submitted by ODJFS does not include redeterminations conducted by OUIO. These requests for redetermination are appeals made to the Director of ODJFS made under ORC § 4141.281 and require a determination to be made within 21 days. If a redetermination is not made during this time frame, the Director must transfer it to the UCRC. While a redetermination request should be transferred to UCRC after 21 days, in practice this does not always occur. The number of pending redetermination requests, or the average age of these requests, was not examined as a part of this audit. It is important to note that these first level appeal requests at the redetermination level may impact the appeals timeliness comparisons, as not all states have this redetermination review before a lower level appeal is filed.

Peer Comparisons

In both 2019 and 2020, Ohio compared favorably to peer states in regards to appeals case aging based on the information submitted to USDOL regarding UCRC operations. All peer states, as seen on the following page, met the federal benchmark in 2019. In 2020, only one peer state was similarly close to the federal benchmark. The majority of peer states do not appear to utilize a redetermination process prior to the lower authority appeals and therefore may have had a higher volume of appeals to process.

⁴⁸ Due to the small number of higher level appeals heard in 2019 and 2020, this data was not used for analysis purposes.

CY 2019–20 Average Age (days) Pending Lower Authority Appeals



Source: USDOL

Conclusion

We found, through review of data available from USDOL that the Department met or exceeded federal benchmarks for the timeliness of processing claims prior to the COVID-19 pandemic. However, the stress to the system brought on by extraordinary numbers of claims highlighted operational weaknesses throughout OUIO. Timeliness is directly related to both the efficiency of the system in place and the number of staff available to process claims. Claims processing will be impacted by the recommendations contained in the remainder of this report. The implementation of the recommendation contained within this report will allow the Department to more effectively manage the claims process.

Staffing

Advances in technology and automated process improvements can reduce organizational dependency on human resources. However, processing unemployment claims has remained personnel intensive as there are many aspects that require the review and oversight of trained staff. Between SFY2017 and SFY2019 68.2 percent of OUIO expenditures were related to labor⁴⁹.

Unemployment compensation follows a seasonal pattern with routine increases and reductions in the number of claims filed at any point throughout a given year, in addition to year-over-year changes in volume correlated with economic cycles. Understanding these patterns would allow ODJFS to strategically staff OUIO and provide additional human resources adequate to maintain customer service levels when necessary.

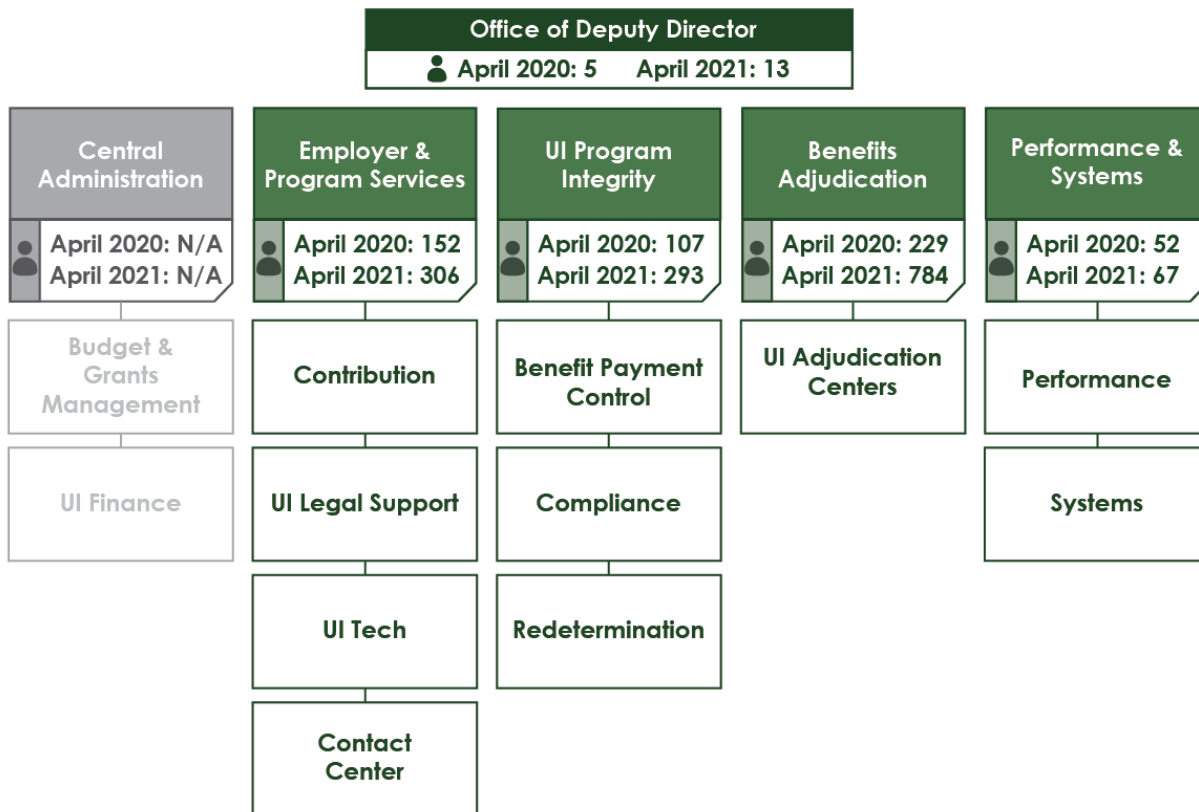
Background

OUIO is the program office within ODJFS that is responsible for administering the unemployment compensation program. A Deputy Director oversees OUIO, and in March 2020, prior to the declaration of emergency caused by the COVID-19 pandemic, there were 542 full-time permanent employees split between the Office of the Deputy Director and four main program areas. The responsibilities of OUIO are carried out by the following departments:

- **Deputy Director’s Office:** oversees and directs all office/program activity, processes, budgets, and policy.
- **Employer and Program Services:** collects contributions, gathers wage information, provides support to employers with their accounts, provides billing statements to reimbursing employers, processes labor disputes and seasonal employer matters, and represents the agency in tax appeals.
- **UI Program Integrity:** protects the integrity of Ohio’s UI program while ensuring federal performance standards are met.
- **Benefits Adjudication:** conducts fact finding investigations with employers and claimants to resolve issues regarding initial and weekly continued eligibility to UI Benefits. Issues determinations of eligibility and payment of UI claims in accordance with state and federal laws and policy. Responds to legislative, media, claimant, employer and stakeholder inquiries.
- **Performance and Systems:** responsible for compiling, analyzing, and submitting data for various USDOL mandated reports used to measure Ohio's unemployment insurance performance and determines administrative funding. Also responsible for data validation and external audit/monitoring oversight and responses. Coordinates the accounting, legal, data sharing and reporting requirements.

⁴⁹ Labor costs include wages and benefits.

As seen on the organizational chart below, the staffing levels, based on headcount of employees, increased between April 2020 and April 2021 in each functional area. Central Administration is still included on the OUIO organizational chart, however there are no employees coded to this time.⁵⁰



The vast majority of this growth was due to the hiring of individuals into Customer Service Representative positions. This is a general position within the Department that can assist in multiple functions related to basic claims processing. The individuals hired by ODFJS to respond

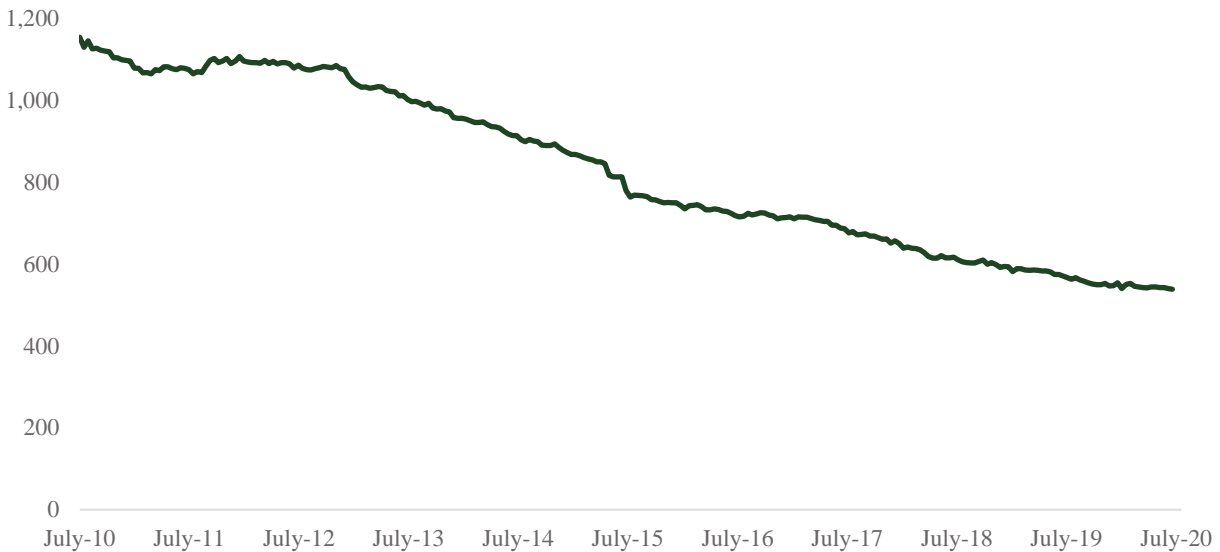
⁵⁰ Prior to April 2020, several financial functions were housed in Central Administration. Specifically, individuals responsible for state level budget development, implementation and monitoring, federal administrative grant management, Controlling Board requests, US Department of Labor program workload reports, grant projections, forecasting UI revenues, accounting, reporting and reconciliation of UI Trust Fund activity, collection, and litigation functions worked in the areas of Budget and Grants Management or UI Finance. Based on information available in April 2020, these individuals had been moved to other areas within OUIO, primarily Performance and Systems. While the reporting structure changed for accounting purposes, there is no indication that the individuals that moved from Central Administration changed job function or duties.

to increased workload were primarily intermittent staff, the number of permanent employees has remained stable.

During the past decade, the number of full-time staff within OUIO has declined. This timeframe encompasses a period of sustained economic growth and historically low levels of unemployment. Because of this, the number of permanent staff necessary to handle OUIO's workload also declined.

The chart below shows the count of ODJFS employees dedicated to unemployment insurance operations from SFY 2010 through SFY 2020. Using OAKS data, this trend was compiled by totaling the count of permanent employees by pay period within the agency's departments dedicated to unemployment insurance operations. As shown below, OUIO experienced a steady decline of employees over the span of the last 10 years. At the start of SFY 2010, and coming out of the great recession of 2008, 1,153 permanent employees were on payroll and dedicated to unemployment insurance functions. During the ensuing years, Ohio experienced a period of extended economic expansion, and ODJFS adjusted staffing levels over time to reflect workload needs. At the start of the pandemic in March 2020 the number of permanent staff had declined to 542 employees, or a 53 percent decline over 10 years.

CY 2010-20 OUIO Permanent Staff



Source: OAKS

Note: In 2015, the Office of Unemployment Compensation and the Office of Local Operations (which included the call centers and processing centers) merged into what is today's Office of Unemployment Insurance Operations (OUIO). The chart above includes the respective departments dedicated to unemployment insurance operations each year that is shown.

Why We Looked At This

The processing and adjudication of unemployment benefit claims requires a significant amount of human resources. Further, ensuring questions are answered correctly and expediently requires knowledgeable and well-trained staff. As identified in [Section 2: Claims Processing](#) and [Section 4: Customer Service](#), OUIO’s ability to perform basic functions such as providing timely payments or answering telephone inquiries was slowed to a crawl. Because staffing levels are a major contributing factor to the service Ohioans receive as they utilize the unemployment insurance program, we reviewed the staffing at OUIO both prior to and during the pandemic. Reviewing the response to increased staffing needs during the pandemic and the associated impact on the ability of OUIO to process claims and conduct other critical functions can provide a roadmap for future events where the system experiences significant long-term strains.

What We Looked At

We looked at the historic staffing level of OUIO in the years prior to the COVID-19 pandemic. The number of staff within OUIO departments, their appointment type, and the proportions of jobs titles were analyzed. Data from the staff timekeeping system⁵¹ was used to speak to what functions staff were primarily working on and how this changed over time. Additional detail about the staff timekeeping system and RJM can be found in [Section 1: Administrative Funding](#). We detail the staff additions OUIO made over the course of the pandemic.

One of the HB 614 requests was a staffing comparison to peer states. Because we did not receive responses to requested staffing data from all peers, we instead conducted a comparison based on information submitted through the RJM. The RJM contains workload and workhour data that was used to estimate staffing efficiency based on RJM category. This analysis can be seen in [Appendix E](#). However, because there is some flexibility in how RJM data may be submitted by states, this analysis is for informational purposes only and should not be used to draw any conclusions based on comparisons between peer states.

Additionally, we look into the strategic staffing plan which ODJFS produced as a requirement of HB 614.

What We Found

The make-up of staff prior to the pandemic was almost entirely permanent employees. However, as the number of claims overwhelmed the regular staff within OUIO, the Department utilized a

⁵¹ ODJFS uses an internal timekeeping system which allows for all time spent on RJM allowable unemployment insurance work to be tracked. Ultimately, this allows for ODJFS to submit proper data to the USDOL for federal funding purposes.

variety of resources to help address the growing backlog of activity. ODJFS employed staff in two appointment types:⁵²

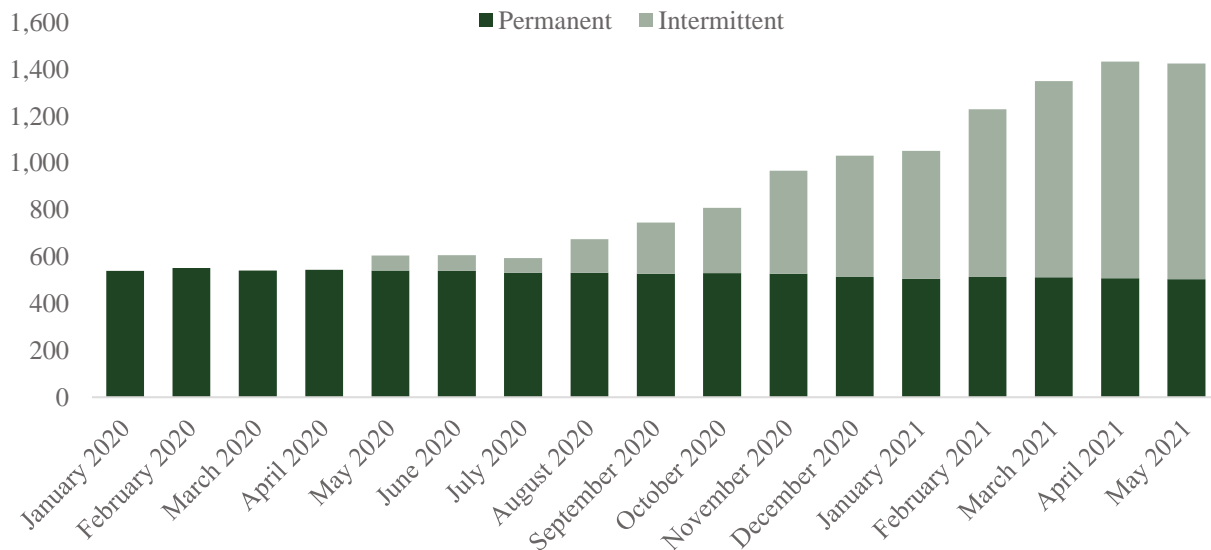
- **Permanent staff:** means any person holding a position that requires working a regular schedule of twenty-six consecutive bi-weekly pay periods, or any other regular schedule of comparable consecutive pay periods, which is not limited to a specific season or duration.
- **Intermittent appointment:** employee is required to work less than one thousand hours per fiscal year, or for the duration of a specific project or grant which may exceed one thousand hours in a fiscal year

In addition to these appointment types, ODJFS contracted with third party agencies during the pandemic for contact center staff, which is discussed in more detail later. One of the methods ODJFS used to increase staffing for OUIO functions was to hire intermittent employees. Intermittent staff are a classification of staff which serve at the discretion of the appointing authority and are not hired to be there permanently.

The graph below shows how within OUIO, permanent staff did not increase throughout the response to the pandemic workload, but intermittent became an important component of OUIO staffing. As seen in the chart below, beginning in December 2020 and continuing through May 2021, OUIO had more intermittent staff than permanent staff.

⁵² OAC Rule 123:1-47-01.

CY 2020–21 OUIO Permanent & Intermittent Staff



Source: ODJFS

ODJFS also used internal staff that were employed outside of OUIO to assist with the additional workload during the pandemic response. From April 2020 to August 2020, approximately 700 ODJFS employees provided assistance on a part-time to full-time basis. Additionally, ODJFS was able to make use of state employees from other agencies. From April 2020 to October 2020, 762 non-ODJFS state employees were given access to unemployment insurance operations systems to assist ODJFS with the processing of UC claims.

In addition to the internal ODJFS and other State of Ohio staff resources which were utilized, ODJFS also engaged with vendors as part of the staffing response. These third-party, private companies (Deloitte, Direct Interaction, Insight Global, Accenture and Robert Half) provided support in varying amounts. According to ODJFS, in the area of adjudication, there were approximately 100 individuals assisting and in the area of contact center there were approximately between 700 and 1,200 individuals. Additionally, ODJFS also was assisted by volunteer staff from Progressive Insurance on the PUA program. From late April 2020 through August 2020, about 100 Progressive Insurance staff assisted.

ODJFS also benefitted from the public-private partnership created at the request of the Governor. The partnership was a collaboration between the state and twelve private sector companies from the insurance, financial services, processing, technology, and advisory services industries. This team, utilizing 30 staff resources, provided expertise in fraud, call centers, and claims processing.

ODJFS did not have a strategic staffing plan prior to the pandemic. As a part of fulfilling their requirements of HB 614, the Department created a plan. The plan uses a percentage based approach to increase personnel depending on workload, and does not specify how those new

staff should be deployed, or which positions should be hired. However, the Department maintains detailed data regarding how employees expend time for purposes of reporting to the USDOL for funding ([See Section 1: Administrative Funding](#)). This information could be used to create a data-driven staffing plan. As a result of this analysis, we identified one area where ODJFS could improve effectiveness related to staffing:

- **Recommendation 2:** As a part of HB 614, the Department was required to create a strategic staffing plan. The plan which was put forth lacks specificity in relation to how additional resources would be obtained and deployed during times of large-scale increases in unemployment. The Department collects data on how individual time is spent in relation to processing unemployment claims. This data is linked to specific functional categories. Along with claims processing information, this data can be monitored in order to deploy existing personnel efficiently throughout the year based on seasonal changes in unemployment claims activities. Further, over time, it can be used to develop a strategic staffing plan that can be used during times of increased or decreased workload due to changes in economic cycles. The data should be maintained and monitored in real-time so that the Department’s strategic staffing plan can be updated as appropriate.

Recommendation 2: Strategic Staffing Plan

As a part of HB 614, the Department was required to create a strategic staffing plan. The plan which was put forth lacks specificity in relation to how additional resources would be obtained and deployed during times of large-scale increases in unemployment. The Department collects data on how individual time is spent in relation to processing unemployment claims. This data is linked to specific functional categories. Along with claims processing information, this data can be monitored in order to deploy existing personnel efficiently throughout the year based on seasonal changes in unemployment claims activities. Further, over time, it can be used to develop a strategic staffing plan that can be used during times of increased or decreased workload due to changes in economic cycles. The data should be maintained and monitored in real-time so that the Department’s strategic staffing plan can be updated as appropriate.

Impact

A strategic staffing plan, tied to data collected in the timekeeping system utilized by OUIO, would allow the Department to appropriately allocate staffing throughout the regular course of business and to respond expediently during periods of large-scale unemployment or periods of slow economic growth.

Background

During the course of the past decade, the number of permanent employees within ODJFS that were assigned to unemployment compensation activities has declined by more than 50 percent. The reduction in staffing was a result of extended economic growth and historically low levels of unemployment. While the reduced staffing was appropriate based on the workload of OUIO, it left the Department unable to address the influx of unemployment claims resulting from the COVID-19 pandemic.

The Department responded to the increased workload by transitioning employees from other offices within ODJFS, utilizing employees from other state agencies, hiring intermittent employees, and hiring private contractors. In order to create a more structured approach to staffing, HB 614 required the Department to create a strategic staffing plan for OUIO. ODJFS has submitted a strategic staffing plan which relies upon applying percentage increases to standard staffing of 550 FTEs based on the percentage increase in claims activity.

Methodology

During the course of the audit, we determined that ODJFS collects a significant amount of data which can be used strategically for purposes of resource allocation within OUIO. After reviewing the strategic staffing plan submitted by ODJFS, we analyzed existing data sources to determine how they could be leveraged to improve upon the Department’s initial plan.

Specifically, we obtained timekeeping data from ODJFS. By combining DAS payroll objects report, which shows job titles to job codes, with the timekeeping data, we created a formula to attach the appropriate job title to each employee within the timekeeping data files from ODJFS. Once the job titles were added to the timekeeping data, the data was filtered to only include hours charged to UI codes. We then analyzed the data to evaluate the hours logged by UI code and the employees in and out of OUIO who logged time to UI functions. This was done to determine if it would be possible to use existing timekeeping data in a strategic manner.

Analysis

The Society for Human Resource Management (SHRM) is a trade organization for human resources professionals that routinely provides best practices. In regards to strategic staffing plans, SHRM calls for the following activities to be addressed:

- Determine/develop organizational goals and objectives;
- Analyze positions and functions;
- Determine staff levels required to perform current or projected work;
- Determine proper mix of regular vs. temporary staff mix;
- Right-size the full-time staff and effectively supplement with temporary/part-time staff;
- Decide to manage the staffing internally, outsource or a mix of both;
- Prepare an action plan to meet goals and objectives; and,
- Gain management approval of the plan and objectives.⁵³

The strategic staffing plan created by ODJFS in response to HB 614 does not address many of these activities. However, the Department does have data available that would allow it to improve the existing strategic staffing plan over time, particularly in relation to workhours and workload in key functional areas.

ODJFS uses a timekeeping system to track employees' hours by job function for reporting purposes in the RJM. This timekeeping system includes over 60 codes in which employees log time. These codes are specific to job activities across various departments of ODJFS and also includes administrative activities and leave. In FFY20, 14 of these codes were specific to Unemployment Insurance functions and include activities such as initial claims, nonmonetary determinations, appeals, and PUA.

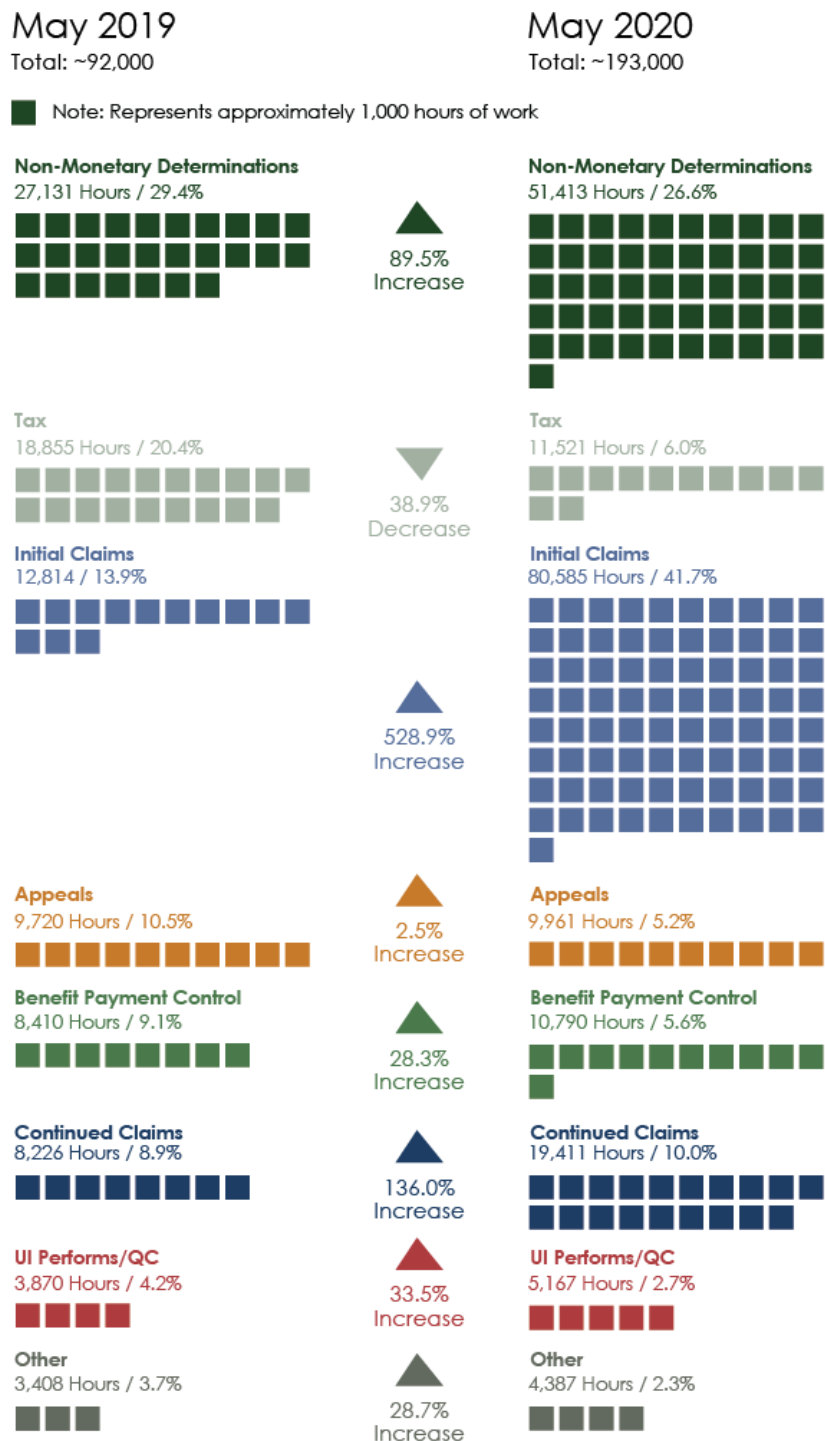
ODJFS has the opportunity to use the data within this timekeeping system to inform its strategic staffing plan for future UI staffing needs. To address the additional workload, the number of hours logged by OUIO staff more than doubled year over year from May 2019 to May 2020. As seen in the chart on the following page, the additional time was not divided equally amongst all functional areas. For example, the processing of initial claims was 13.9 percent in May 2019 and

⁵³Huxtable, Jack & Cheddie, Mary. (2002). *Strategic Staffing Plans* [White paper]. Society for Human Resource Management.

rose to 41.7 percent in May 2020. Similarly, while other functional areas, such as nonmonetary determinations shrank on a percentage basis, the actual number of hours spent on that process increased year over year.

The vast majority of additional time was spent on the adjudication of benefits – the processing of initial claims and the review of issues related to nonmonetary determinations. Given the number of claims filed in 2020, this makes sense. However, given reductions in efficiency discussed in [Section 2: Claims Processing](#), it is possible that existing personnel was not deployed effectively, or that the available work hours were not sufficient to process workload expeditiously.

Performance data which is collected by ODFJS and reported to USDOL can be used in conjunction with the time keep data to ensure the proper allocation of resources. In leveraging existing data, ODJFS should determine which performance metrics tie to Departmental goals and objectives relating to unemployment compensation. These performance metrics can be monitored through the use of a dashboard ([See Section 5:](#)



Technology Systems) and resources can be allocated appropriately based on the changing needs of OUIO.

Conclusion

ODJFS should leverage existing data to improve upon its strategic staffing plan. This can include the use of existing timekeeping and claims processing data to make real time adjustments and shift resources when needed. This information can be monitored through the use of dashboards developed using data tracked in the IT system that is currently being developed. In addition to providing the Department guidance on how to proactively respond to changing needs during a large scale unemployment situation, a robust strategic staffing plan will also all ODJFS to more efficiently address staffing needs during the regular course of business.

Customer Service

When an individual or organization seeks out assistance relating to government services, they should be met with prompt and competent attention. This is particularly true of those individuals requiring access to government assistance programs. Someone who is applying for unemployment benefits is likely already experiencing a high level of personal stress. Ensuring that questions relating to the application and claims process are responded to in a timely and accurate manner is an important aspect of the overall unemployment insurance system.

Background

OUIO typically handles hundreds of thousands of inquiries on an annual basis. These inquiries can be submitted through a variety of channels by many interested individuals. For example, an individual seeking unemployment benefits may call for information regarding their claim status, a state legislator may contact the Department on behalf of a concerned constituent, or an employer may email to ask for information regarding a former employee's claim. These inquiries are handled by a contact center which handles both the inbound and outbound communications regarding claims over all channels that are made available by OUIO.

In the decade between the Great Recession and the COVID-19 pandemic, Ohio, along with much of the rest of the country, saw a period of steady economic growth and historically low rates of unemployment. As discussed in [Section 3: Staffing](#), the number of permanent employees within OUIO also declined during this period, as the Department adjusted to decreased workload in all functional areas.

In October 2019, a contact center model was deployed within OUIO to address customer inquiries. The contact center handles all incoming inquiries and is responsible for taking applications, verification of weeks, and overall handling simple issues. If the issue or inquiry cannot be handled by the contact center, it is transferred to a processing center, where adjudicators would conduct a higher level review in order to take appropriate actions related to claims and settlements. All inquiries that come directly from employers or claimants are processed through the contact center.

Various Methods of Contact

Phone – Incoming phone calls from claimants are handled by agents that have various capabilities over the phone such as managing PIN resets to handling fraud complaints.

Electronic (Email) – There are multiple ODJFS email accounts that are publically displayed for citizens to direct any questions to and ODJFS representatives are assigned rights to access and handle the inquiries.

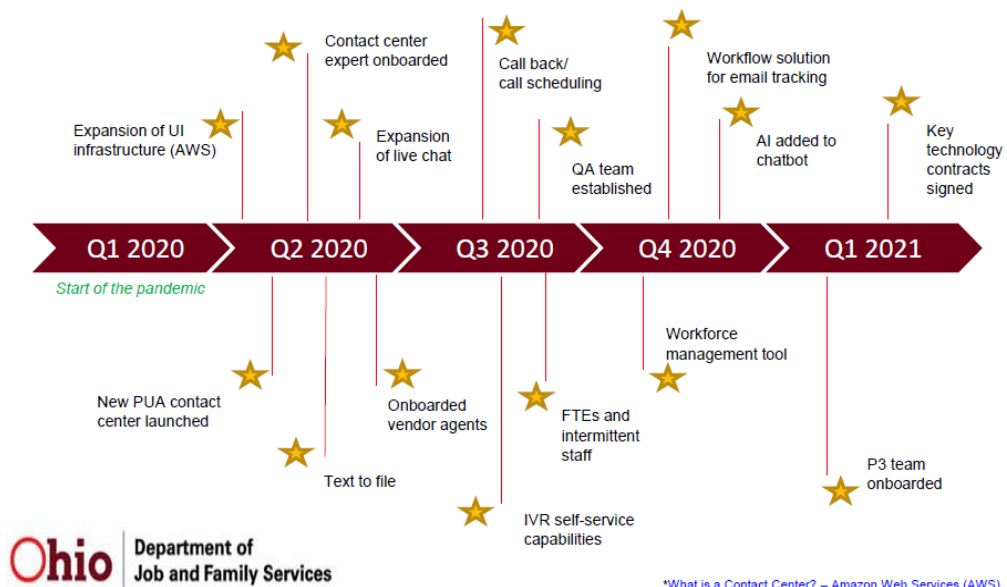
Chatbot – A Chatbot is a computer program which can provide automated responses through a text interface within the ODJFS webpage that can handle FAQs to collecting claimant inquiries.

Legislative Inquiries – When citizens contact a legislator with questions and concerns about unemployment insurance issues, the inquiry is logged with ODJFS to be handled. These inquiries are not routed through the contact center.

Legislative inquiries are channeled through a different process. Legislators may submit an inquiry through the Office of Legislation within ODJFS, which are then channeled to the appropriate section within OUIO for review. Prior to the pandemic, an electronic file cabinet, Filenet, was used to keep track of the inquiry’s status.

COVID-19 Pandemic

The extraordinary number of unemployment claims resulting from the COVID-19 pandemic has been well documented. In Ohio, the average unemployment rate nearly doubled year over year from 2019 to 2020, a jump from 4.2 percent to 8.1 percent. At the peak, in April of 2020, unemployment reached 16.4 percent. Many of the individuals filing for unemployment benefits were doing so for the first time. The sudden influx of claims flooded systems ([See Section 5: Technology Systems](#)) and overwhelmed existing staff ([See Section 3: Staffing](#)). The Department has instituted numerous changes throughout the pandemic as it responded and adapted to the changing landscape of unemployment compensation. In addition to increasing available staff, several changes to the contact center operations have been made in order to adequately respond to the increase in consumer inquiries being received on a daily basis.



Beginning in early 2020, the contact center infrastructure was expanded and a new call system was added to provide assistance to individuals with questions regarding the PUA program. The Department contracted with Amazon Web Services (AWS) to provide a separate call system from the established CBTS⁵⁴ call system that handles inquiries for traditional unemployment

⁵⁴ Formerly known as Cincinnati Bell Technology Solutions (CBTS) but recently rebranded as CBTS.

benefits. These call systems, while separate, both provide self-service interactive voice response (IVR), queuing of calls, routing of calls, and reporting of call analytics.

The Department created a stand-alone PUA contact center in May of 2020 along with the onboarding of intermittent staff ([See Section 3: Staffing](#)). In addition, a tier system was established that categorizes inquiries into groups based on the complexity of the issue. The pool of agents available to answer questions for any particular tier have varying levels of training and experience. With the onboarding of new staff, this tier system allowed the Department to utilize less trained agents to handle more simple requests, reserving the most highly trained and knowledgeable agents for the most complex calls. For more detail on the process of how inbound calls are handled and what capabilities each tier has, see [Appendix F](#).

As a result of overwhelming call volume and limited resources, ODJFS started to receive complaints about call waits. In May 2020, ODJFS started collecting data on the utilization of the queue caps. The amount of total incoming calls and queue caps may affect the average wait time for a caller. A more detailed look of the queue caps can be found in [Appendix F](#).

In the third quarter of 2020, a callback system was implemented for the CBTS telephone system. A virtual hold for claimants in Tier 1 and Tier 2 was put in place which had the ability to call a customer back when it was their turn from the queue. This was implemented to decrease wait times. Future call backs can be scheduled as well if queue caps are met due to volume. Call backs are another factor that may also affect the average wait time of a new caller at a point in time because this practice removes an agent from handling new incoming calls while handling the outbound call. For more information on the implementation of the call back scheduling within the contact center see [Appendix F](#).

In addition to changes to telephone protocols, the Department instituted other technological advances relating to customer inquiries. A chatbot, which is a software application used to simulate an online chat conversation, was set up for unemployment inquires on April 15, 2020. The original iteration of the chatbot was limited to frequently asked questions and could not respond to specific customer inquiries. Improvements to the chatbot have been made throughout the pandemic to increase its functionality. On June 5, 2020, claimant inquiries were able to be submitted through the chatbot. Later, in November of 2020, the chatbot was enhanced to route inquiries to the correct staff groups who would provide resolutions to these requests based on the designation of unemployment program chosen by the customer.

Queue Caps

Queue caps are limits placed on the number of calls which can be held in line to speak with an agent. The levels to which queue caps are set depends on several factors, including tier, day of week, and time of day.

Queue caps are lowered toward the end of the business day so that as workers are leaving for the day, the number of callers allowed in the queue is reduced to match the availability of agents.

For example, there is a queue cap of 1,000 callers at peak hours for tier 1 traditional UI agents. Any additional callers would not be placed in queue to speak to an agent at that point. Rather they would be directed back to the self-service options.

Legislative inquiries from Ohio elected officials also changed as a result of the increased volume of inquiries. A new process was set up, using SharePoint⁵⁵, to track inquiries that come from elected government representatives. This system was put in place in September of 2020. This process relies on legislators or their staff submitting the inquiry directly into the system as opposed to an ODJFS representative sending the inquiry to the appropriate office.

Why We Looked At This

Due to the pandemic and the subsequent increase in the unemployment rate, claimant interactions and legislative inquiries have greatly increased at OUIO which tested the systems and channels of communication in place. Given that customer service is a critical pillar in unemployment insurance, we reviewed the contact center to analyze the customer experience while interacting with the Department. In addition, the systems in place were reviewed to identify areas which may lead to improvements in the overall customer experience.

What We Looked At

We examined the different channels of communication a citizen has with OUIO. This audit was limited to phone calls, emails, chatbot, and legislative inquiries. Specifically with emails we looked for the abundance of duplication within the public facing emailboxes and inefficiencies associated with this channel of communication. HB 614 requested that we identify common complaints with the citizen experience when dealing with OUIO during heightened unemployment. In addition to a review of these channels, we developed and sent out a survey to a sample of participants in the unemployment insurance program in order to gauge the customer experience. However, due to a lower than expected response rate, the results of the survey are not considered statistically significant and cannot be generalized to the entire population of individuals receiving unemployment benefits. ([See Appendix F](#)).

What We Found

During the pandemic, we found that all channels which could be used to communicate with OUIO were flooded, making the inquiry process at times difficult and frustrating for customers. In particular, customers were expected to determine if they needed to contact the traditional unemployment contact center or the PUA contact center. Contact centers have the capacity to perform various tasks for claimants. An agent can: handle basic questions regarding unemployment insurance, manage PIN resets, take initial claims, handle fraud complaints, and clear issues related to a break in claims. If an individual called the wrong number, the contact center employees would be unable to provide assistance.

Further, email inquiries went largely unanswered during 2020. OUIO maintains 37 total email accounts that are public facing and are used for a variety of purposes relating to customer

⁵⁵ SharePoint is a Microsoft tool used to create websites.

inquiries. A review of the five accounts that receive the largest volume of emails indicated that more than half of emails were left unread. These accounts have a varying number of individuals with the ability to access and respond to inquiries, however there is no method of tracking the status of the response.

Overall, OUIO lacks a consistent set of definitions or means of data collection related to customer inquiries. The different channels which can be used to submit an inquiry are not tied to each other and there is no efficient way of tracking inquiries across channels. Further, in some channels, such as email, there are multiple means of contact which do not aggregate data in a centralized manner. Customer service as a whole would benefit from a more standardized approach to data collection. Allowing for different systems to be measured under the same definitions and in the same ways would assist in better insights to management which could facilitate strategic decision making with regards to customer service as a whole.

Our analysis resulted in one recommendation and one issue for further study:

- **Recommendation 3:** The Department currently has multiple platforms which an individual may use in order to submit a complaint or inquiry relating to unemployment compensation. However, these systems are largely disconnected and do not include a process which allows for the tracking of complaints across platforms. The Department should consolidate or link the tracking of customer service inquiries that ODJFS is currently receiving across multiple channels (various phone numbers, email inboxes, and web submissions). An integrated customer relationship management approach will help ensure ODJFS staff across various divisions have access to the most current customer information and avoid duplication of effort. Additional functionality can be achieved by linking customer inquiries to individual unemployment claims as appropriate.
- **Issue for Further Study 4:** In addition to assisting individuals seeking unemployment benefits, ODJFS has a responsibility to Ohio employers. During the course of the audit, an issue related to the work search requirements was identified that was outside the scope of the audit objectives but warrants further attention. During the pandemic, work search requirements were temporarily suspended, but were reinstated in May 2021 as employers reported labor shortages. The Department should study the processes and procedures surrounding work search requirements, as well as any unintended consequences they may pose, as it works to improve the overall functioning of the unemployment compensation system.

Recommendation 3: Standardize Customer Inquiries

The Department currently has multiple platforms which an individual may use in order to submit a complaint or inquiry relating to unemployment compensation. However, these systems are largely disconnected and do not include a process which allows for the tracking of complaints across platforms. The Department should consolidate or link the tracking of customer service inquiries that ODJFS is currently receiving across multiple channels (various phone numbers, email inboxes, and web submissions). An integrated customer relationship management approach will help ensure ODJFS staff across various divisions have access to the most current customer information and avoid duplication of effort. Additional functionality can be achieved by linking customer inquiries to individual unemployment claims as appropriate.

Impact

A unified system to collect customer inquiry data can allow the Department to make better decisions regarding the deployment of resources. Improved universal data definitions would allow measures to be compared for decision making purposes across the different systems. Use of more standardized language would also lead to document tracking and notification system to ensure responses are tracked and handled timely. The possible improvements would allow for maximized responsiveness and ensure a more positive customer experience.

Background

The contact center model which OUIO created in 2019 was designed to address customer inquiries and simple issues. However, while the employees at the contact center are able to provide multiple services to customers, the systems themselves were not unified in any meaningful way.

It can be expected that as the number of benefit claims increase the number of inquiries similarly increase. The COVID-19 pandemic, the state of emergency declaration, and the temporary business closures resulted in a sudden and significant increase in claims. Many of these individuals may have been filing for benefits for the first time and many were filing for benefits under a system that previously did not exist. As a result, the number of questions received by OUIO also increased.

While maintaining normal levels of service may not be feasible during an event such as the COVID-19 pandemic, the Department's systems and processes were not designed to mitigate the issues brought on by a large-scale unemployment event. The average time to have a phone call answered was often more than 30 minutes during 2020, and that was if an individual was able to gain entry into the answering system – at times more than 80 percent of callers who wanted to speak to an agent were blocked due to queue caps. Additionally, large numbers of email inquiries went unread throughout 2020.

The public narrative surrounding unemployment compensation throughout most of 2020 indicated that customers were experiencing long wait times, dropped calls, unhelpful customer service agents, and ignored questions. Because of these issues, HB 614 requested information regarding customer service practices within OUIO.

Methodology

We obtained data from ODJFS regarding the following methods of customer communication: telephone, email, chatbot, and legislative inquiries. Once this data was obtained, we analyzed each channel to determine its efficiency both prior to and during the COVID-19 pandemic. Some channels of communication, such as those related to PUA, did not exist prior to the COVID-19 pandemic, so only efficiency during the pandemic was analyzed.

Because there were two contact centers with similar functionality, we reviewed the efficiency and effectiveness of each and compared them. This was to determine if one contact center had processes in place that led to improved performance.

Finally, we utilized criteria from LeanOhio, which is an initiative within the Ohio Department of Administrative Services intended to make government services more efficient and effective, to determine how ODJFS could improve the OUIO contact center operations.

Analysis

Across all channels we analyzed, OUIO saw an increase in customer inquiries beginning in March 2020. We attempted to determine the primary customer inquiries; however, this information was not available in aggregate because each channel is monitored and processed separately. Even email data could not be reviewed in totality because each email account used different protocols for response.

We did identify, as seen in the visual on the following page, the primary topics of inquiry for each channel of communication. In looking at this data, some commonalities were observed, such as question regarding claim status, fraud, PUA, and reasons for denial. Notably, many of the systems do not require a specific reason to be stated for the inquiry. We found several instances where the inquiry was labeled as “other” or left blank.

CALL CENTER INQUIRIES		CHAT BOT INQUIRIES	
Traditional UI	PUA	Traditional UI	PUA
Pending Weekly Claim/Pay Held	Fraud	Blank	Backdate
File/Certify Weekly Claim	Pending Issues	Pending, Pay Held, Break in Claim	Other
PUA	Other	Weekly Filings, Backdating	Fraud
Fraud	Appeals	File & Complete Application	Weekly Filings
Weekly Claim	Weekly Certification	Fraud	Eligibility

LEGISLATIVE INQUIRIES		
Filenet: Pre-Mar 2020	Filenet: Mar 2020+	Sharepoint
Questions About Claim	PUA	Pending, Pay Held, Break in Claim
Eligibility Issue/Question	Questions About Claim	Other
Status of Payment	Status of Claim	Backdating
PIN Issues/Reset	Status of Payment	Blank
Why Denied	Eligibility Issue/Question	Fraud

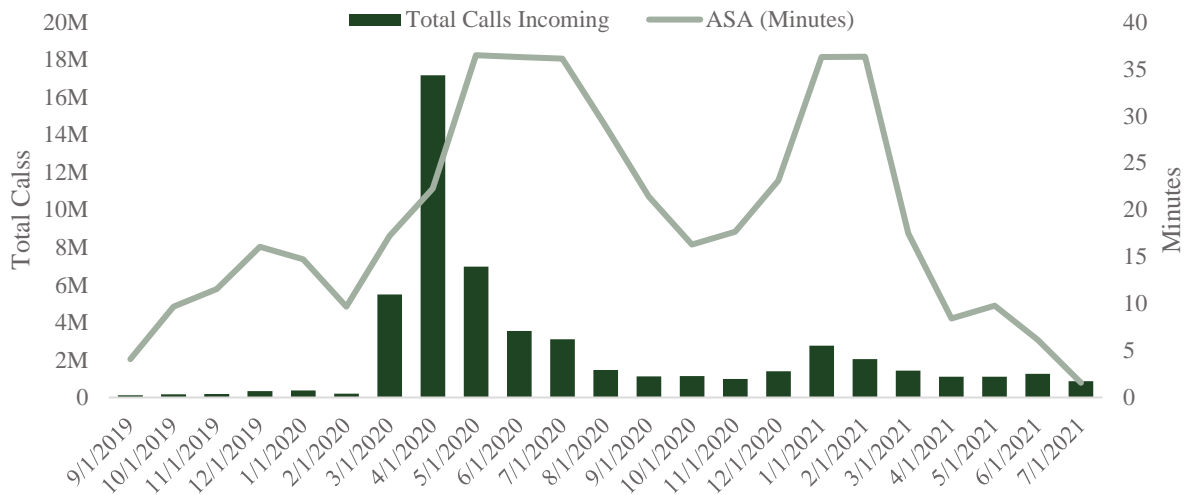
Without a standard set of definitions or complaint typology, it was not possible to conduct a comprehensive review of all complaint data. Because of this, we did an in-depth analysis by channel to determine efficiency.

Telephone Systems

In the six months prior to the COVID-19 pandemic, the OUIO contact center had a monthly average of 234,201 incoming calls. The monthly average of incoming calls to the OUIO contact center between March and December 2020 was more than 4.2 million, or 18 times higher. The

average speed to answer (ASA)⁵⁶ a call in the six months prior to the pandemic was less than 20 minutes. In comparison, since the beginning of the COVID-19 pandemic, there were 3 months with an average speed to answer time greater than 30 minutes. The remaining 7 months had an ASA between 10 and 30 minutes. The measure of ASA does not take into account those individuals who may have called and been unable to connect to the answering system.

Traditional Unemployment Contact Center Average Speed to Answer and Call Volume



Source: ODJFS

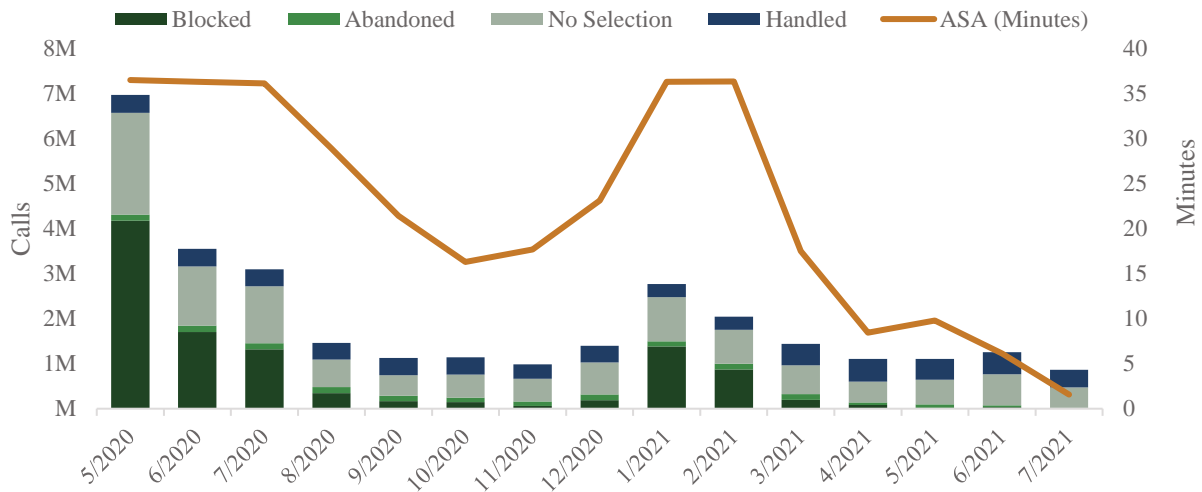
On the chart above, the bars represent the volume of calls received by OUIO. In April, the spike in calls reached more than 17 million. The line measures the average wait time in minutes over the same period. As seen in the chart above, the longer call wait times extended beyond the initial spike in call volume. This is due to queue caps that limited the number of individuals who were able to speak to a representative. Because of limited resources, both in personnel and the system itself, not all callers who wanted to speak to a representative were provided that opportunity.

In May 2020, the first month for which detailed call data was available, 88.6 percent of callers who attempted to speak to an agent were blocked due to the queue caps. The percent of callers that wanted to speak to an agent but were blocked decreased over the second half of 2020. However, as seen in the chart on the following page, an increase in call volume occurred in

⁵⁶ The average speed to answer, or commonly referred to as the average wait time, is the time a caller spent waiting in the queue to speak to an agent. Not every call may wait in a queue to be connected to an agent. Time spent waiting in the queue is not added into the average speed to answer time.

January 2021⁵⁷ resulting in roughly 77 percent of those who attempted to enter the queue to be blocked due to the queue caps.

Traditional Unemployment Contact Center Average Speed to Answer and Call Outcome



Source: ODJFS

Only a small percentage of individuals calling the traditional unemployment hotline number spoke to a representative during the majority of 2020. While some of those choosing to not enter a queue may have been assisted through the IVR system, many were prevented from entering the queue entirely or opted to abandon the call rather than continue to wait. Call data was examined for the PUA hotline which began operations in May 2020. The PUA call data followed a similar pattern regarding the number of calls handled and average wait times ([See Appendix F](#)). The two systems have since been integrated.⁵⁸

Electronic Mail

ODJFS maintains multiple email accounts that are publicly displayed for citizens to contact with questions or concerns regarding unemployment compensation. In March 2021, the Department had 37 email addresses. Of these, 28 were in place prior to the COVID-19 pandemic and 9 were created as a response to the increased inquiry volume. We reviewed the five accounts with the highest average volume between March 9, 2020 and May 13, 2021.

- **PUA Technical Service:** Inquiries from claimants regarding their PUA claim.

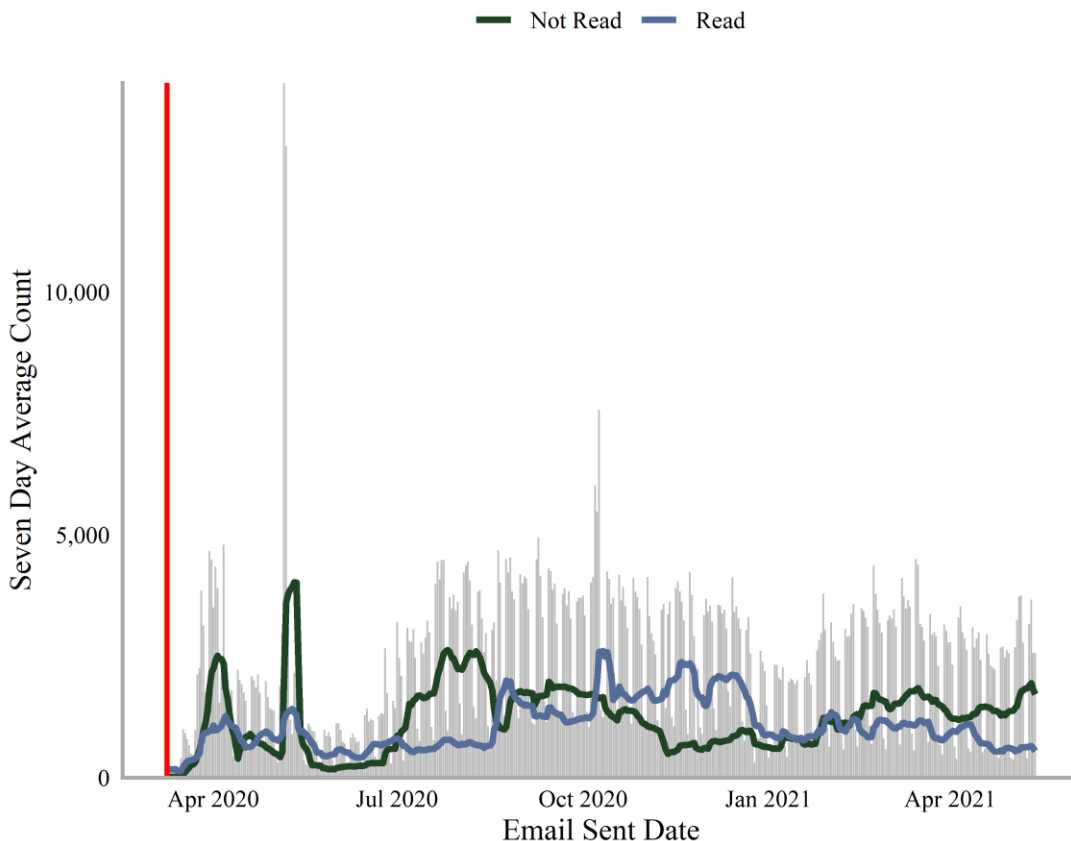
⁵⁷ The large influx of calls may have been the result of different factors such as seasonality. A major reason unique to January 2021 may have been due to the gap in legislation. The CARES Act funding was not passed at the moment which included PUA.

⁵⁸ While data collection began in June 2021, due to timing it was not included in the scope of this audit.

- **Unemployment Compensation Benefits Protest (UCBenProtest):** Report fraud and tips
- **Unemployment Technician (UCTECH):** Emails from the field offices and employers as related to Mass Layoff support.
- **Unemployment Compensation Benefits Inquiry (UCBENINQUIRY):** Inquiries about appeals related claims for claimants and employers.
- **ID Verification:** ID verification for ID theft victims in PUA

In the previous decade, the five accounts we reviewed received approximately 94.4 emails daily on average. In March 2020, the number of daily emails spiked to more than 4,000. The increased volume resulted in emails not being read in a timely manner. Of the five accounts we analyzed, the number of unread emails was greater than the number of read emails for the majority of 2020. This means that, on average, more than half of emails sent to these accounts went unread.

Five Cumulative Public Facing Mailboxes Seven Day Moving Average



Source: ODJFS; Public Email Inbox MetaData
Red vertical line indicates when Gov Dewine declared a state of emergency

Efficient • Effective • Transparent

The chart on the previous page shows the daily count of emails based on the date the email was sent to the five most populated mailboxes. The red line indicates the start of the state of emergency in Ohio along with seven day averages of read and unread emails. On average, the daily amount of unread emails are roughly 1,230 while there are 1,074 emails read daily. For the timeline of unread and read emails of the five most common mailboxes individually ([See Appendix F](#)).

Because multiple email accounts may receive the same email, we conducted analysis to determine the extent of duplications. As an email received by OUIO is not tracked in a centralized manner, we used metadata provided by ODJFS to conduct our analysis. Metadata includes information on an individual email such as subject headers, sender, timestamp of status of email, and status of email such as being read or unread.

Determining the extent of duplicate emails is important because it would assist the Department in limiting duplication of efforts in responding to inquiries. A count of identical emails within one mailbox were captured as one form of duplication. This would track if one individual sent the same message to ODJFS on a repeated basis. Identical emails were identified by determining a shared subject line, sender, and size of the email which correlates with the size of the message and any attachments if applicable. Across the five most common mailboxes examined, this type of duplication accounts for about 2.1 percent of the total emails. We also identified to what extent an individual sent the same message to multiple email accounts within ODJFS. This was done through identifying the same types of data across multiple accounts. On average, of the emails sent to the five accounts used for analysis, 31.5 percent were sent to two or more ODJFS email addresses.

Email is an open format method of communication, which means that there is no set structure or terminology that must be used. Because of this, the content of emails vary greatly. We analyzed the most common words contained in emails sent to UCBenProtest account as it is one of the accounts with the highest number of received emails and should have the most general inquiries. The results of this analysis, found in [Appendix F](#), could be used to develop a standardized form for customer inquiries.

Chatbot

The chatbot used on OUIO's website is for both forms of unemployment and went live on April 15, 2020. The original version was to strictly serve as assistance with simple frequently asked questions (FAQ). On June 5, 2020, the chatbot was improved upon to collect claimant inquiries. The claimant inquiries were sent to a SharePoint list. Claimants were able to submit inquiries for either program, which are then categorized based on data entry and are routed to different staff groups. This process of categorizing the inquiries improved in September of 2020 with the addition of allowing claimants to select the category of their inquiry prior to submitting. The most common reasons for inquiries were similar to those listed for phone calls and legislative inquiries, but do not use the same wording or have the same options for dispositioning. Because this is a new technology, there is limited information regarding the effectiveness of the chatbot.

Legislative Inquiries

Prior to September 2020, legislative inquiries were tracked in a system called Filenet. The process with the Filenet system relied on forwarding emails and an individual assigning the issue out to be addressed within the electronic filing cabinet. Legislative inquiries since then have been handled in the SharePoint system. The new process relies on the legislators or their staff submitting the inquiry directly into the system and the inquiry gets put in a queue. The top inquiries in count for the new system were about a break in claims, backdating, fraud, and many inquiries were left blank in the description.

Process Improvements

LeanOhio follows the principles developed by the Lean Six Sigma Institute, an organization that was created in 1998 and has a global presence. Six Sigma principles are used in government entities and private industries. Six Sigma is a method that provides organizations tools to improve the capability of their processes. This increase in performance and decrease in process variation helps lead to defect reduction and improvements in quality of services.

Lean Six Sigma principles call for operational definitions. Operational definitions are to be used so that individuals are measuring the same things in the same ways. An operation definition is “an exact description of how to derive a value for a characteristic you are measuring.”

ODJFS currently does not have a unified set of operational definitions for the OUIO contact center. This makes the review of effectiveness difficult and limits the Department’s ability to strategically deploy resources to address customer needs. Within each channel for communication, different amounts and types of information are collected in regards to customer inquiries. Further, each channel is kept separate from the others and information is not shared across systems.

Conclusion

A centralized customer relationship system would allow the Department to more efficiently and effectively respond to consumer inquiries. The existing systems do not allow for the tracking of complaints across systems, nor is it designed to connect a customer inquiry to a benefits claim.

In developing an integrated system, the Department should consider how it can effectively connect customer inquiries to benefits claims in the new OJI system that it is currently being built ([See Section 5: Technology Systems](#)).

These changes will allow the Department to be better prepared in the event of another large scale unemployment event. It will also improve the customer experience on a day-to-day basis and allow the Department to plan for routine increases in inquiry volume due to the cyclical nature of unemployment claims.

Issue for Further Study 4: Work Search Requirements

In addition to assisting individuals seeking unemployment benefits, ODJFS has a responsibility to Ohio employers. During the course of the audit, an issue related to the work search requirements was identified that was outside the scope of the audit objectives but warrants further attention. During the pandemic, work search requirements were temporarily suspended, but were reinstated in May 2021 as employers reported labor shortages.⁵⁹ The Department should study the processes and procedures surrounding work search requirements, as well as any unintended consequences they may pose, as it works to improve the overall functioning of the unemployment compensation system.

One requirement for benefits eligibility is that individuals seeking unemployment compensation generally must make themselves available for suitable work. While this requirement was waived for most of 2020 and exceptions exist for employees attending approved training programs, ensuring eligible individuals are willing to work is an important aspect of managing the State's total workforce.

Applicants are required to disclose that they have been offered work. In addition, employers can also inform the agency that an offer has been refused through a web portal. Furthermore, ORC § 4141.29(D), allows the Director to withhold benefits from an applicant who has refused, without good cause, an offer of suitable work.

While the rules for UC eligibility and the definition of suitability appear to be well established, there may be an opportunity for the agency to continue to study if the business intelligence and data collection process exist to answer the following questions:

- How often do applicants refuse an offer of work?
- What are the most common reasons for refusal?
- How often are applicants deemed ineligible for benefits do to refusal?
- Has the pace of refusal changed since the pandemic?

Obtaining data relating to these questions can assist employers in identifying how to best ensure that offers for work are considered suitable to both ODJFS and potential employees. In addition, the Department should use the collected data to continue to study and continuously improve its reporting on work requirements.

⁵⁹ Work search requirements for new claimants were required beginning in December, 2020. In May 2021, Work search requirements were reinstated for those claims that were filed prior to December 2020.

Technology Systems

Businesses and governments alike are increasingly depend on technology to facilitate information sharing and transactions. Information technology (IT) systems can improve the efficiency and effectiveness of many programs. ODJFS uses a combination of software and staff to administer the UC program. IT systems are utilized during every step of the UC claim lifecycle. These systems include the website used to apply for UI benefits, receiving information from employers, formulas for determining eligibility, and fulfilling any customer support or appeals. The design and operation of these systems are a key determinant of the speed, accuracy, and efficiency of the UC program as a whole; and, when system issues arise, the entire UC program can be negatively impacted.

Background

OUIO processes hundreds of thousands of unemployment benefit applications annually, it also manages the ongoing benefit payment process, and continues to review information associated with individual claims throughout a benefit period. Further, OUIO responds to thousands of inquiries on an annual basis from claimants, employers, and government officials seeking additional information regarding the unemployment compensation system. While the entirety of this process requires trained staff, in order to efficiently manage workload, OUIO utilizes multiple technology systems to facilitate the performance of these functions, including the following:

- **Ohio Job Insurance (OJI) System:** A mainframe computer system used to store data related to traditional unemployment claims and conduct basic eligibility checks.
- **Unemployment Framework for Automated Claim and Tax Services (uFACTS):** A system brought online to handle PUA claims. The use of this system was discontinued after the termination of PUA benefits on September 4, 2021.
- **Cisco Finesse:** Call center system obtained via CBTS. This system incorporates an Interactive Voice Response (IVR) system which allows for an automated response to basic questions. The Cisco system allows for the routing of calls needing additional support to the appropriate tier within the OUIO contact center. Additional functionality of this system is discussed in [Section 4: Customer Service](#).
- **SharePoint:** A Microsoft product which allows for the secure sharing of information via a website. OUIO uses this to allow Ohio elected officials to submit direct inquiries.
- **Ohio Administrative Knowledge System (OAKS):** While not unique to OUIO or ODJFS, OAKS is used throughout state agencies as a business enterprise system. It allows for the collection of data related business intelligence including revenues, expenditures, and human resources information.
- **Timekeep System:** A system within OUIO used for logging workhours related to unemployment compensation. This system allows OUIO to properly submit data to the USDOL utilizing RJM worksheets.

The use of many of these systems is discussed throughout the previous sections of the report. During the course of the audit, as previously identified, we encountered issues related to data extraction from these systems. These issues, along with specific systems related requests contained in HB 614, led us to conduct an in-depth analysis of the existing technology systems used by OUIO, particularly those used in claims processing.

OJI System – Traditional UI Program

The primary system used for claims processing is OJI, a mainframe system which is several decades old and has not been significantly updated in nearly ten years. This system provides the software functionality to administer the claims process described previously ([See Section 2: Claims Processing](#)). Its architecture includes:

- The database that stores all data fields required to process an applicant’s claim;
- Integrations to receive and write data to the OJI database, including the application website, employer portal, and external governmental and 3rd party datasets queried for validation;
- A graphical user interface for ODJFS employees to access, modify, and process applicants’ claims; and,
- The system rules and business logic to determine eligibility and trigger ODJFS employee workflow.

During the course of a standard unemployment benefits application, the OJI system conducts many automated checks to ensure a claimant is eligible to receive benefits. These checks include validating social security numbers, evaluating a claimant’s length of work and earnings, and checking databases to identify potential disqualifying employment status. These are all examples of the kind of efficiencies that automated systems can bring to the UC claims processing operation. For example it is faster for computer software to check a social security number against a database than having a staff member manually look it up.

uFACTs System - Pandemic Unemployment Assistance

In response to the COVID-19 pandemic, the federal government passed the CARES Act in March of 2020 which created the new federal unemployment entitlement PUA. This entitlement

Planned System Upgrades

ODJFS is in the midst of replacing the outdated legacy OJI system with a modern software based system. A vendor was chosen via RFP in 2019 and the system is expected to be brought online in 2022.

The Department’s approach to procuring this new system prioritized finding an established, off-the-shelf product used by other states that could be tailored to Ohio’s specific needs following ORC, OAC, and ODJFS policies.

This approach means that the new system will not overhaul existing processes in an attempt to improve operational efficiency. Instead, the previous processes will be transferred to the new system.

While the new system will resolve many of the issues inherent in a mainframe system, it will not, without further effort from ODJFS, resolve the issues identified within this section of our report.

provided unemployment benefits to workers that were not eligible for traditional unemployment such as independent contractors. The OJI system could not be modified in a timeframe that would have allowed for the prompt payment of these new benefits. Because of this, ODJFS elected to purchase a new system to process these claims. The new system, uFACTS, was brought online in May of 2020.

This new system did not mandate the proof-of-work requirements that are present in OJI, where ODJFS requests information from the employer to validate the applicant’s submission. In conjunction with identity-theft, the approval of PUA claims without proof or validation of earnings was a major enabler of fraud throughout 2020. Beginning in December 2020, the PUA program required new applicants to upload documentation to support proof-of-work and earnings. Beginning in May 2021, ODJFS expanded this documentation requirement to all continued claims that were approved before December 2020.

As of September 4, 2021, the PUA benefit is no longer available. As such, information contained in this report relating to uFACTS is primarily for historic and informational purposes. However, some of the lessons learned from the PUA program and deployment of uFACTS are incorporated into our recommendations.

Why We Looked At This

OUIO relies on technology systems to provide an efficient flow of work in claims processing and adjudication. However, the COVID-19 pandemic highlighted several cracks in the existing systems which led to long delays in processing payments as well as difficulty reaching the contact center for assistance. HB 614 requested that OPT review existing technology systems in order to identify areas of potential improvement. Additionally, we had planned on conducting root-cause analyses with claims related data to identify specific recommendations for process improvements. However, due to the data limitations we encountered and discussed in [Section 2: Claims Processing](#), we dedicated increased attention to our review of the BI capabilities within OJI to provide the Department with recommendations for system improvements that would allow for better strategic management.

What We Looked At

We focused specifically on identifying issues and solutions related to the Department’s IT systems. Because IT systems are by design tightly intertwined with people-processes and the quality of data inputs, this section provides additional commentary on those areas.

What We Found

Generally we found that the existing systems used by OUIO are either antiquated or not being utilized to their full capacity. In particular, the OJI system lacked the ability to pull data requested for purposes of this audit. We identified three recommendations and one issue for further study which will assist ODJFS in improving operations within OUIO. In particular, given

the timing of the development of the new system, ODJFS has the opportunity to incorporate these changes as the new system is built and brought online.

- **Recommendation 4:** Within OJI, a significant amount of data is collected regarding claims-related issues such as missing documentation, inaccurate employer information, or identification concerns. These issues require additional work which typically results in processing delays. Currently, this data is not maintained in a manner which allows for analysis to be done on the causes of delays related to these issues. ODJFS should incorporate business intelligence (BI) functionality into the new claims processing system that will allow leadership to measure performance of the adjudication function and to conduct root-cause analysis on claim processing delays and errors.
- **Recommendation 5:** The current system does not allow an applicant to easily see the status of a claim. The Department should increase transparency and information visible to applicants on the website following their initial application. Allowing the applicant to see date estimates for application approval & issues generated during adjudication will reduce the amount of calls to the contact center, a large number of which are simply checking their status or making updates to their applications that could be done in a ‘self-service’ model.
- **Recommendation 6:** Due to the unprecedented number of unemployment claims that were fraudulently submitted to the Department during the COVID-19 pandemic, the Governor spearheaded the creation of a public-private partnership (P3 Team) to quickly implement fraud detection and mitigation procedures. This partnership instituted several programs based on industry leading practices that are able to quickly identify these types of fraudulent claims. ODJFS should synthesize the ‘stop-gap’ fraud measures implemented by the P3 Team into permanent business operations and the new claims processing system. These measures have successfully reduced system fraud by adding perimeter defenses, identity proofing, and risk-based fraud scoring to mass-adjudicate fraudulent applications without human review. Additionally, ODJFS should periodically complete cost-benefit analyses on its fraud-mitigation efforts with respect to fraudulent payouts avoided.
- **Issue for Further Study 5:** As of August 2021, ODJFS has reported nearly \$3.4 billion in overpayments to claimants since March 2020 that have been deemed as non-fraudulent. The Department should conduct root-cause analyses to determine the profile of overpayment cases and explore mitigation strategies. In particular, it should review weaknesses in the system which may have resulted in individuals entering inaccurate employment data, leading to the overpayment of benefits.

Recommendation 4: Business Intelligence

Within OJI, a significant amount of data is collected regarding claims-related issues such as missing documentation, inaccurate employer information, or identification concerns. These issues require additional work which typically results in processing delays. Currently, this data is not maintained in a manner which allows for analysis to be done on the causes of delays related to these issues. ODJFS should incorporate business intelligence (BI) functionality into the new claims processing system that will allow leadership to measure performance of the adjudication function and to conduct root-cause analysis on claim processing delays and errors. At a minimum this involves:

- Creating workload and performance dashboards for claim adjudicators that are comparable to those available for call center employees;
- Designing system logic that would allow the Department to make logical ties and linkages between data fields; and,
- Use analysis in this report on Issue Type and duration-to-resolution to scrutinize the adjudication process flow and system design in order to identify opportunities to increase performance.

Impact

The strategic use of existing data can assist the Department in improving the efficiency, effectiveness, and transparency of OUIO. In particular, using a data-driven approach to identify the most disruptive issues, and the causes of delays in resolving those issues, will allow OUIO to make continuous improvements to its claims process and system rules. Analysis of this type provides a path to improvements that will reduce the amount of time OUIO staff spend processing claims and provide claimants with faster decisions.

Background

The OJI system captures nearly all data related to unemployment benefits claims. We expected to be able to utilize this data to calculate the specific claims related timeframes requested by the General Assembly in HB 614. Further, we intended to use the data in order to conduct root-cause analyses related to claims processing delays. However, upon requesting this data, we determined that the system is not designed in a way that allows for this type of data extraction ([See Section 2: Claims Processing](#)).

The data elements that are readily available from the system are comprised primarily of program statistics that states are required to report to the USDOL which include:

- The number of new and continuing weekly claims by UI program;
- The timeliness of first payments;
- The total dollar value of claims paid; and,
- The amount of overpayments made.

ODJFS has designed their IT system to extract and format the data needed to populate USDOL reporting on a regular basis. While these metrics are useful for tracking the trends in unemployment over time and for measuring performance with respect to federal timeliness standards, the information they provide for strategic management purposes is of limited use.

Because the data necessary to conduct root-cause analyses was unavailable, we analyzed OJI as a whole to determine what changes to the system logic could be made in order to improve operations. This is of particular importance for the Department as it attempts to identify issues that may cause delays in the process both as a result of seasonal changes to the volume of claims processing and changes due to fluctuation in the economic cycle.

Methodology

After determining that the ODJFS claims data we received was incomplete, unavailable or otherwise contained data limitations that prevented accurate conclusions to be drawn, we conducted an in-depth review of existing data collection efforts to identify what information was available to the Department and how the management of data could be improved.

The goal of this analysis was to provide the Department with information on how it could leverage existing data collection efforts to improve operations. In particular, we attempted to identify system improvements that can increase performance in the future. We sought, where possible, datasets that allow for the calculation of quantitative performance metrics in order to evaluate what inefficiencies were identifiable in the system prior to the pandemic and what cracks in the system did the pandemic expose. Quantitative analysis focused on data from the beginning of 2019 through May of 2021. We used data from 2019 through February 2020 to represent a baseline, normal timeframe. March 2020 through May 2021 represent the pandemic operations period.

While our data is focused on the flood of applications resulting from the COVID-19 pandemic, our recommendations should be considered for routine operational efficiency. Unemployment claims follow a seasonal pattern throughout the year with regular, predictable changes in volume. In addition to the yearly ebb and flow of work that follows seasonal position types, the volume of unemployment claims closely follows economic cycles. Processes and systems should be designed to address the expected changes in volume throughout a normal year and be prepared to handle large scale unemployment events, such as a recession or public health crisis.

Analysis

In designing an IT system, an entity should understand how information can be used to improve performance. ODJFS utilizes systems to help automate the processing of unemployment claims and tracks significant amounts of data used for reporting to USDOL. However, this information could be used to further track the effectiveness of the UC program. We attempted to identify how

efficiently ODJFS is processing claims in terms of various performance metrics. Management of a system of OUIO’s complexity involves finding answers to questions such as:

- What employees or office locations are adjudicating more efficiently? Output per hour on-task could be measured at the individual, office, or agency level; the variances found could be used to probe for best practices or to measure the impact of attempted process & system improvements.
- What are the major drivers of workload? OUIO through required USDOL reporting knows the total number of incoming claims on any given day or week. But what parts of that claims process are eating up the most adjudicator time? Are there certain issue types that are associated with longer payment time lapse? Are there certain issue types driving the claiming to phone the call center over and over?
- What adjudicator staff-count is needed to successfully process all claims within the federally mandated timeframe at any given level of application volume (or unemployment rate)? Said another way: how do OUIO operations have to scale to meet a claims target? This is essential information for a data-driven staffing plan.
- What percent of initial claims are currently reaching a determination through system logic alone, i.e. without a human adjudicator touching it? Removal of staffing-related bottlenecks increases the Department’s ability to scale to meet surging demand in instances such as the pandemic. To that end, ODJFS should be exploring the question: What are the most common issues that trigger adjudication by ODJFS staff, and is there a systems solution to bypass that human interaction?

Other Technology Systems

OUIO relies on multiple technology systems, and some have more functionality related to gathering and reporting data necessary for strategic management.

The Cisco software currently used by the contact center provides many standardized operational metrics, which ODJFS, in collaboration with the Public-Private Partnership, began populating into real-time leadership dashboards.

The software behind the phone system provides ODJFS with visibility into agents’ time spent on calls as well as performance metrics such as average call duration, wait time in queue, and calls abandoned. This contact center dashboard provides a model for ODJFS regarding the possibilities that could be built into the adjudication operation.

We found that ODJFS cannot routinely and in real time answer these questions because of limitations in system reporting functionality, data structure, and/or fields that are not captured. Much of the data required to answer these questions is actually already captured within the Department’s systems, and ODJFS can look at information on a case by case basis. However, under the current system design it is time-consuming and cumbersome to even access much of the data needed to answer these questions, let alone conduct meaningful analyses. We identified several issues relating to the existing system:

- In order to extract data from OJI, manual queries must be created by IT staff that are capable of writing database code. Before that code can be run, business process analysts must be consulted to help interpret fields and definitions in order to specify a valid query.
- Data definitions can be inconsistently used across different ODJFS operational groups, and there is no shared data dictionary that is used.
- There is a lack of association between certain database tables, i.e. ability to join two data tables, and as a result several requested data queries were impossible to execute.
- The way in which data is stored in the system can inhibit accurate data analysis. For example, an instance of this occurred when auditors were unable to identify original application dates on certain claims due to the presence of back-dated claims.

If this data is collected in a manner which can be monitored, ODJFS leadership and managers would be in a position to begin targeted process and system improvements in a rigorous and informed manner.

Dataset Analysis

Any time the system logic within OJI prevents an application or claim from moving forward to an approval or denial decision, OJI creates an issue which must be addressed manually, typically by ODJFS employees called adjudicators. Sometimes call center staff can also address simpler issue types. OJI classifies issues into a hierarchy that includes:

- **Category:** There are two categories of issue, Separation and Non-Separation. Separation issues pertain to the reason a claimant is no longer employed; Non-Separation issues include everything else;
- **Type:** There are 19 type of issues that can be identified by the system, these are broad categories to provide general descriptors such as: Initial Claims Issue, Still Employed, or Quit; and,
- **Subtype:** There are 60 subtypes for issues which are the lowest-level description of system generated issues.

Every recorded issue in the OJI database will include its category, type, and subtype, as well as information such as the dates the issue is created and resolved and the results of that resolution (claim allowed or disallowed from moving forward). We were able to obtain the following dataset for purposes of analysis:

- All issues generated on initial claim applications from January 2019 through June 2021;
- Detail on the Issue Category, Issue Type, and Issue Subtype; and,
- Additional fields on the timeframe between claimants' Application, Issue Detection and Issue Decision.

We utilized the data in order to perform quantitative data analyses to show ODJFS how existing data could be gathered and organized in new formats. Additionally, the analyses were conducted

to provide an example approach for the Department to begin using operational data to answer some of the questions identified above. Such data is a starting point for the agency to begin looking for system and process oriented solutions, and as such ODJFS should begin collecting these and similar metrics on an ongoing basis. Only with this type of data can ODJFS rigorously and quantitatively explore options for automation, additional validation, claimant self-service, and process modification.

The first goal of our analysis was to identify the distribution of issues created by OJI classified by type. In 2019, which was used to represent standard operations, five types of issues accounted for more than 70 percent of all issues generated during that year. As seen in the table below, while the volume associated with each changed during 2020 and 2021, these five issues continued to remain the vast majority of all OJI created workload.

Issue Summary Statistics

Issue Type	2019		2020		2021	
	Issue Count	Percent of Total Count	Issue Count	Percent of Total Count	Issue Count	Percent of Total Count
Discharge/Fired*	93,526	37.1%	131,372	9.9%	39,350	2.9%
Quit*	40,277	16.0%	166,857	12.5%	46,779	3.5%
Initial & Additional Claims	33,391	13.2%	308,141	23.2%	909,757	67.5%
Dependent	29,632	11.8%	90,877	6.8%	19,376	1.4%
Still Employed*	11,555	4.6%	190,053	14.3%	26,772	2.0%
SSN Verification Failed	11,303	4.5%	288,013	21.6%	196,028	14.5%
Valid Claim - UI	9,736	3.9%	48,478	3.6%	14,588	1.1%
Monetary Alerts	7,989	3.2%	21,205	1.6%	3,793	0.3%
Withdraw	4,757	1.9%	21,761	1.6%	1,623	0.1%
Employer Liability	4,578	1.8%	10,953	0.8%	5,933	0.4%
Wrong Employer or Plant*	2,179	0.9%	13,940	1.0%	25,822	1.9%
Previously Adjudicated	2,017	0.8%	7,796	0.6%	2,908	0.2%
Retirement*	606	0.2%	2,423	0.2%	1,880	0.1%
BPC Specific Issue	345	0.1%	25,532	1.9%	52,924	3.9%
Alien Verification	181	0.1%	2,826	0.2%	375	0.0%
Requalification	49	0.0%	224	0.0%	5	0.0%
Unassigned	36	0.0%	31	0.0%	19	0.0%
Valid Claim - DUA	7	0.0%	0	0.0%	0	0.0%
Valid Claim - PEUC	0	0.0%	3	0.0%	0	0.0%
Total	252,164	100.0%	1,330,485	100.0%	1,347,932	100.0%

Source: ODJFS - OJI

Note 1: * issues denote a separation category

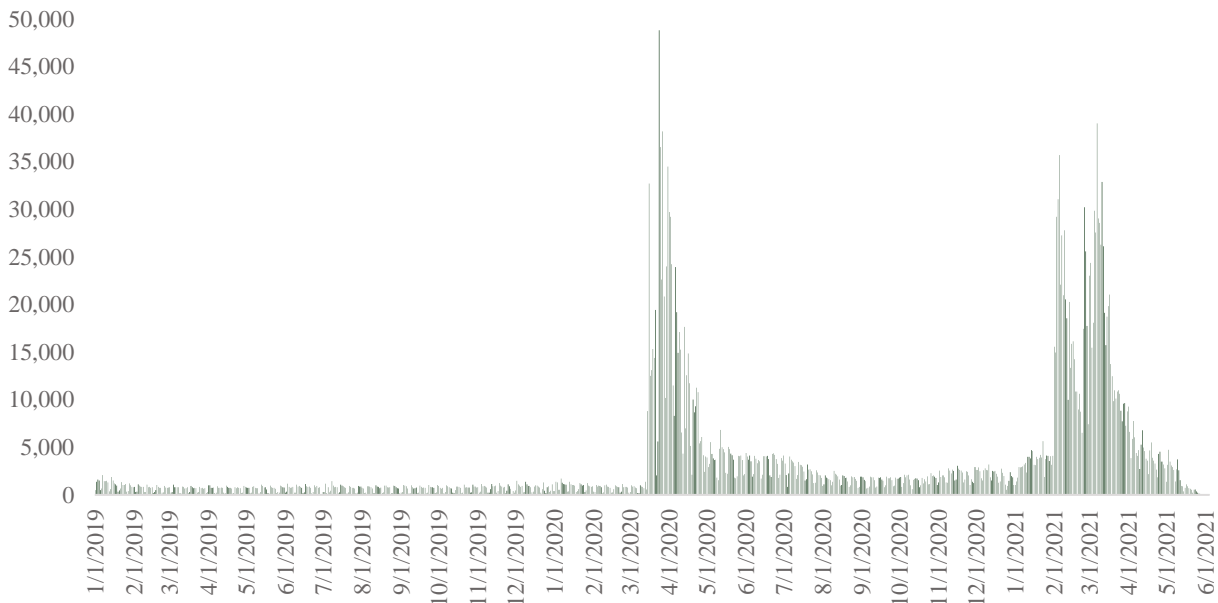
Note 2: The 'Initial & Additional Claims' spike in 2021 was part of a process to screen a certain type of fraud.

Knowing the types of issues which are most common can allow the Department to train more individuals within their staff to handle the resolution process. Further, seeing how the volume of issue type shifted during the COVID-19 pandemic can assist ODJFS when responding to future large scale unemployment events.

In addition to understanding the volume of issue type over the course of a year, it is important for the Department to know when spikes in total volume occur. The chart below shows the count of issues created by OJI by day between January 2019 and June 2021. There are three noticeable spikes in volume associated with the COVID-19 pandemic. They represent, chronologically:

- Initial pandemic volume;
- A large blitz of attempted fraudulent applications seen in early 2021; and
- A spike in claims once the benefit year of the initial pandemic applicants rolled over in April 2021, effectively necessitating a new claim.

January 2019–June 2021 Total Volume of Issues Created by OJI

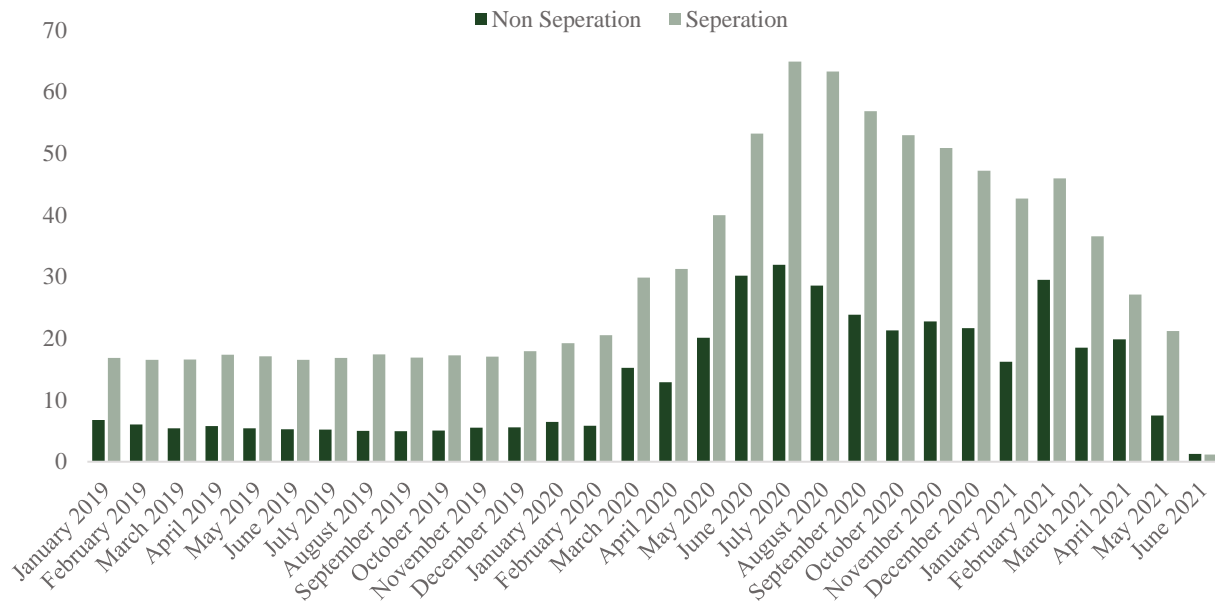


Source: ODJFS - OUIO

Due to the volume of issues created during these spikes, it is difficult to see the seasonal changes in volume. However, there are peaks which occur during winter months, due to increased claims volume associated with regular labor trends in the state. While the volume of issues created during the peak of the pandemic is unprecedented, understanding the seasonal volume changes will allow the Department to more efficiently manage human resources.

ODJFS also has data on the amount of time, on average, it takes to resolve issues created by OJI. The chart below shows, for every month, the average number of days that elapsed between the application and decisions. The chart splits out Non-Separation Issues (green) and Separation Issues (grey).

January 2019–June 2021 Average Number of Days Between Application for Benefits and Issue Resolution by Issue Category



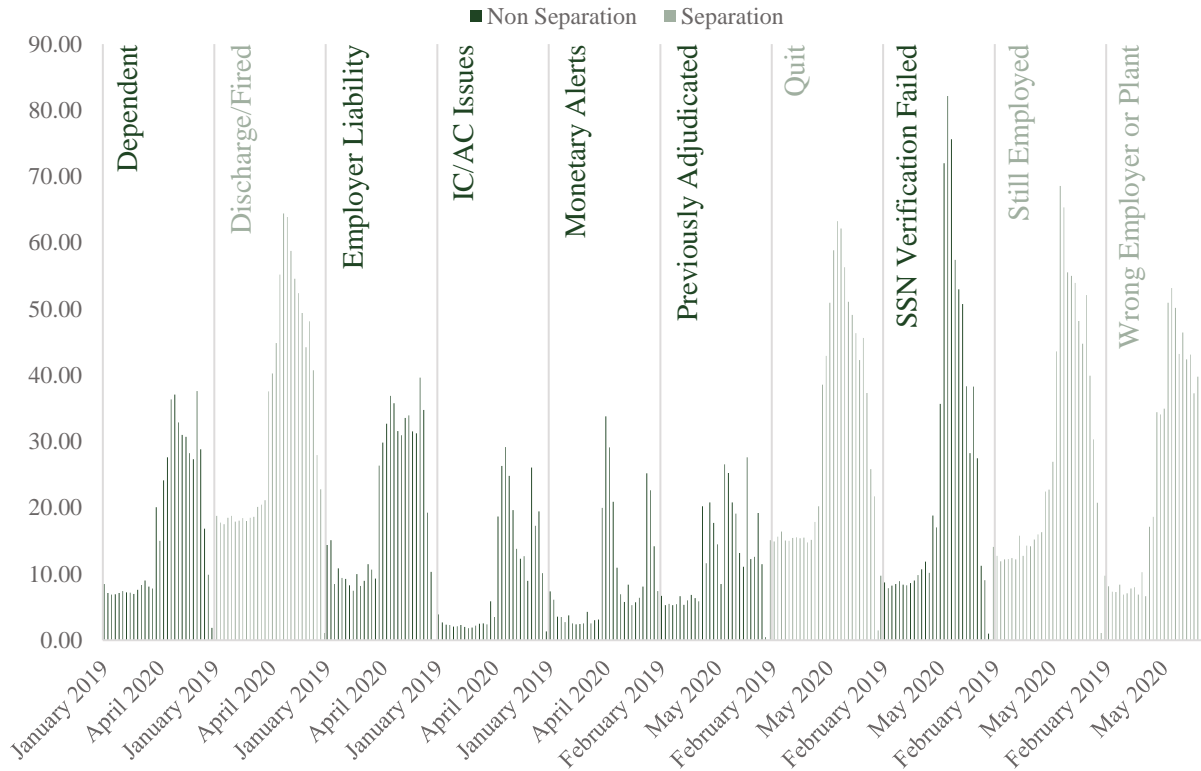
Source: ODJFS - OUIO

Separation and non-separation issues experienced pandemic-related processing slowdowns beginning in the same time period (March 2020). The worst months for processing time were July and August 2020. Separation issue data shows a pattern of steady improvement following the worst months; while the evidence for non-separation improvement is more mixed.

It is also worth noting that the data validates the Department’s perception that separation issues take longer to process than non-separation issues, and attaches precise quantitative magnitudes to the difference, which is between 2.5-3.0 times as long.

As noted before, the volume of issues by type varies significantly with a few types encompassing the vast majority of all issues created. On the following page is a chart showing the number of days between application and decision for those claims with one of the ten most common issue types. This chart follows the same color coding as the one above with separation issues in grey and non-separation issues in green.

January 2019–June 2021 Average Number of Days Between Application for Benefits and Issue Resolution by Issue Type



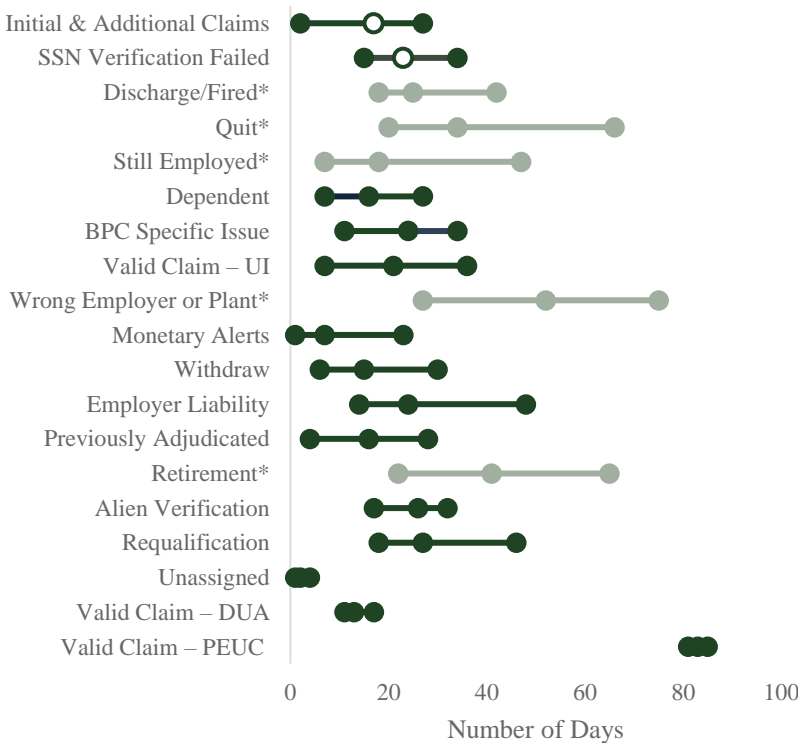
Source: ODJFS - OUIO

There are three notable takeaways from this chart. First, separation issues take over twice as long to resolve during normal operations (more intensive fact-finding). Second, the pronounced spike in the days elapsed at the start of the pandemic period. Third, that the spike in processing time occurs across all categories; it is not confined to any particular subset of issue types.

In addition to identifying the average timespan necessary to resolve issues, ODJFS also has the ability to identify the range of response timeframes for each type of issue. So, for example, while the average timespan may be 14 days, there may be some instances where an issue is resolved in fewer than 14 days and some instances where an issue requires more than 14 days to obtain a resolution. The chart on the following page shows the number of days elapsed between application and issue resolution for each issue type. Percentiles are shown to provide a sense of the range of days elapsed for each issue type.

There is a wide range of outcomes in the number of days it takes to resolve any given issue type. Consider the range of the inner two quartiles (the difference between the 25th and 75th percentile) there is a 2 to 3 week spread in most of these issue types.

January 2019–June 2021 Distribution of Days Between Application for Benefits and Issue Resolution by Issue Type



For the 19 most common issue types, there is variation both between issue type and within issue type. This chart shows the number of days required to resolve issues once they have been identified.

The range represented by the line reflects the middle 50 percent for each issue type, with the middle dot representing the median. While some individual issues will take a shorter or longer period of time to resolve, this chart conveys a resolution time for issues generated between January 2019 and May 2021.

Source: ODJFS – OJI

Note: Non-separation issues are denoted by a gray color.

This type of data could be used to identify the root-cause of the variation. In conjunction with personnel data, the Department could identify what the Adjudicators that are achieving the 25th percentile are doing differently than those who are achieving the 75th percentile of resolution speed. It may also be that there are patterns in application profiles that are driving the difference between the 25th and 75th percentiles.

Another practical use of the previous table would be to consider the non-separation issues that are resolved in 1-2 days at the 25th percentile. Taking the example of IC/AC issue, the median or 50th percentile is taking over 2 weeks longer than the 25th percentile. By investigating the 25 percent of IC/AC issues that were able to be resolved in 2 or fewer days, there may be lessons that could be applied to the remaining issues of this type to improve overall performance.

The next table shows the impact of the pandemic on the timeliness of the most common Issue Subtypes. Median days elapsed between application and issues resolution is shown for time periods:

- The pre-pandemic baseline (January 2019-February 2020);
- The worst performing month of pandemic (July 2020); and,
- The overall pandemic period (March 2020-May 2021).

It is notable that just 17 of the 63 Issue Subtypes represent 89 percent of the overall issues generated. ODJFS can use this as a starting point of a pareto-analysis⁶⁰ to drill down into workflow to determine if and where processing time can be trimmed.

January 2019–June 2021 Median Days Elapsed Between Application and Issue Resolution by Issue Subtype

Issue Subtype	Issue Type	Median Number of Days Elapsed		
		Jan 2019- Feb2020	July 2020	Mar 2020- May 2021
Reconcile Employee Account Number	IC/AC Issues	1	11 (11.0x longer)	10 (10.0x longer)
Hours Reduced	Still Employed*	16	50 (3.1x longer)	20 (1.3x longer)
No Dependent SSN	Dependent	8	26 (3.3x longer)	20 (2.5x longer)
Personal Reasons	Quit*	18	60 (3.3x longer)	46 (2.6x longer)
Absence from Work or Tardiness	Discharge/Fired*	19	57 (3.0x longer)	44 (2.3x longer)
Quit for Other Employment	Quit*	13	50 (3.8x longer)	33 (2.5x longer)
Claimant Never Worked for Employer	Wrong Employee*	22	77 (3.5x longer)	54 (2.5x longer)
Not Unemployed at the Time of Filing	Valid Claim – UI	10	28 (2.8x longer)	21 (2.1x longer)
Working Part-time (No Change in Hours)	Still Employed*	18	61 (3.4x longer)	38 (2.1x longer)
SSN Verification Needed	BPC Specific Issue	24	85 (3.5x longer)	36 (1.5x longer)
Violation of Company Policy	Discharge/Fired*	19	60 (3.2x longer)	46 (2.4x longer)

⁶⁰ A Pareto-analysis is a ranking of occurrences, from high to low, as a way to identify and triage potential improvements for maximum impact relative to the time spent analyzing.

Issue Subtype	Issue Type	Median Number of Days Elapsed		
		Jan 2019- Feb2020	July 2020	Mar 2020- May 2021
Unsatisfactory Work Performance	Discharge/Fired*	18	53 (2.9x longer)	40 (2.2x longer)
Date of Birth does not Match File	SSN Verification Failed	14	77 (5.5x longer)	34 (2.4x longer)
Failed to Provide Specific Facts	Quit*	20	73 (3.7x longer)	57 (2.9x longer)
No Wages Found on IBIQ - IB-4 not Sent	Monetary Alerts	2	5 (2.5x longer)	17 (8.5x longer)
UI IC Withdrawn	Withdraw	8	47 (5.9x longer)	19 (2.4x longer)
Working Conditions	Quit*	18	55 (3.1x longer)	41 (2.3x longer)

Source: ODJFS – OJI

Note: * issues denote a separation category

The difference between the pre-pandemic median and July 2020 is at least two weeks in the case of most Issue Subtypes. The difference for separation issues between these two columns is closer to averaging three to four weeks. This indicates that relying on adjudicator staff augmentation alone is never going to be sufficient to handle caseload surges of the magnitude seen in 2020. It took ODJFS five months of hiring since first learning of the pandemic for the performance decline to bottom out and begin reversing course.

The table raises many other questions where finding an explanation could yield insight into potential performance improvements to the system and adjudication process. For example, the last column shows the difference in pandemic processing time as a multiple of the pre-pandemic median. There is a wide spread among the issue subtypes as to how badly performance was affected in the pandemic period, e.g. ‘Reconcile employer account number’ took ten times the amount of days to process whereas ‘SSN Verification Needed’ took 1.5 times the amount of days to process.

Conclusion

Extracting data from OJI to capture key business performance metrics and to run root-cause type of analyses is cumbersome and in some instances impossible due to a lack of association between database tables. The functionality of OJI is such that obtaining this type of data is a manual process requiring custom queries and input from multiple ODJFS business units. Auditors required an extensive amount of back-and-forth to procure a very basic dataset containing only Issue Types and associated dates to calculate time lapse. This basic information should be readily available in standard reports; and leadership should also have the ability to generate custom ad-hoc reports without initiating burdensome IT staff projects.

Efficient • Effective • Transparent

Further, OJI does not contain any functionality that allows for the tracking of Adjudicator *time* spent on task. While we can extract raw counts of issues, we do not know exactly how much time each kind of Issue Type takes Adjudicators to work through. In absolute measure and relative to one another. Contact Center reporting is the model here.

Finally, real-time leadership dashboards are lacking within the claims processing (adjudication) operation. Dashboards such as this would provide information to leadership to help strategically deploy limited resources toward pressing Agency priorities.

Recommendation 5: Website Improvements

The current system does not allow an applicant to easily see the status of a claim. The Department should increase transparency and information visible to applicants on the website following their initial application. Allowing the applicant to see date estimates for application approval & issues generated during adjudication will reduce the amount of calls to the contact center, a large number of which are simply checking their status or making updates to their applications that could be done in a ‘self-service’ model.

Impact

Analysis in [Section 4: Customer Service](#) showed that applicants curious about their claim status was a substantial driver of call volume to the contact center and inbound email. Pushing key application status information directly to the applicant via the website has the potential to reduce staff-hours and wait times at the call center as well as increase customer satisfaction.

Background

The starting point for all Ohioans wanting to file an unemployment claim is unemploymenthelp.ohio.gov. The website provides information regarding eligibility for the traditional UI program, a link to the website application, contact information for customer service, and a link to report fraud.

When a website visitor clicks the link to “get started” applying for benefits, they are next given a brief list of questions to determine whether they are likely to be eligible for traditional UI or PUA. At that point the applicant is directed into either a PUA or UI application based on their response.⁶¹ The process for entering application data is similar for both programs, applicants are prompted to create a login, enter identification and contact information, information on earnings and work history, and the cause of their separation from employment.

After an initial claims application is complete, an applicant has access via their login to an individual portal that will display limited application status information as well as the link to file continuing claims if the initial claim is allowed. The applicant portal also contains an inbox to receive communications, some of which are automatically generated by the system as well as those generated by an adjudicator.

⁶¹ As of September 4, 2021, PUA is no longer available, and as such, website operations have changed.

Methodology

Analysis involved documenting a claimant’s experience interacting with Ohio’s UI website through the entire lifecycle of an application. Information on what this process looks like was obtained in two main ways.

First, information regarding the website and the back-end systems used to run the website was obtained from ODJFS. Secondly, auditors filed claims on the website with outside credentials and documented each step of the process.

Having obtained information to thoroughly document the website application process, analysis sought to identify gaps in the customer experience that could be addressed within the website.

Analysis

The application process for submitting a new initial unemployment claim through the Department’s website is very linear from the claimant’s perspective. As such, in evaluating opportunities for website improvement this section of analysis will document the process and highlight certain findings. Accompanying screenshots of the various steps are provided in [Appendix G](#).

After clicking on the link to file a claim, Ohio’s UI website [ohio.unemployment.gov] prompts prospective claimants with several basic questions before any accessing the actual information. These questions relate to previous unemployment claims activity, recent employment history, and reason for becoming unemployed. Based on the responses to these prompts, the system will then tell the claimant whether they likely qualify for regular unemployment benefits, PUA benefits, or do not qualify.

Applicants are then taken to the web application where they can begin registering by entering personal information. The web application does not let a claimant proceed without providing all required fields. After entering demographic data such as birthday, social security number, and address, the system sends a temporary passcode (expiration in 5 minutes) to the phone number provided. When entered on the application page, registration is complete.

At this point, after successful registration, the system will assign the claimant a temporary PIN number either via email or mail (depending on option selected on registration screen). This 8-digit PIN along with the applicant’s social security number will then be used on the “Login Screen” to begin filing for benefits.

After logging in with PIN claimant is taken to the Main Menu.

- Here, the option is given to file a new claim. The option to file a weekly claim is greyed out until new claim is completed.
- Also gives option to see Claim Summary/ Payment History, Update personal information and PIN, and links to a correspondence inbox.

Upon clicking the File new Claim link, claimant is then led through a series of screens⁶² which requires the submission of additional detail regarding demographics, eligibility, dependents, employment history, payment preferences, contact information, and certification of information.

Once a claim has been submitted, the Claim Summary link from the main menu displays only very basic information such as benefit year end date, beginning date, and benefits payable. The claimant is not able to see information relating to the steps being taken by OJI and OUIO employees relating to the actual processing of an individual claim. Additionally, a claimant is not provided with any information relating to an estimated timeframe for claims processing. Customer service data shown in [Section 4: Customer Service](#) indicate that these are the very types of questions that generate a large number of customer inquiries.

Conclusion

The claimant does not have visibility into what information the system is waiting on to render a decision. Nor is the claimant provided with any clear estimate or deadline for when an approval/disapproval decision will arrive. As a result, claimant may feel compelled to contact the Department’s call center help line or email for a basic application status update.

Also note that to this point there has been no clear instruction in the system regarding the weekly claim filing process. That is, after completing the initial application, the website itself does not explain that the claimant will need to log back in after the next scheduled filing date to file a weekly claim in order to get paid. It is assumed that the claimant will infer that initial claim and weekly claim are separate activities they need to carry out.⁶³

⁶² A picture of each screen is shown chronologically in [Appendix G](#).

⁶³ It should be noted that the system will email a claimant a notice to their personal email inbox that a “new claim instruction sheet” PDF has been uploaded to their inbox within the OJI portal. This document provides instructions on filing weekly claims and important deadline dates, but its appearance is subsequent to the initial claim application process on the website.

Recommendation 6: Fraud Prevention Measures

Due to the unprecedented number of unemployment claims that were fraudulently submitted to the Department during the COVID-19 pandemic, the Governor spearheaded the creation of a public-private partnership (P3 Team) to quickly implement fraud detection and mitigation procedures. This partnership instituted several programs based on industry leading practices that are able to quickly identify these types of fraudulent claims. ODJFS should synthesize the ‘stop-gap’ fraud measures implemented by the P3 Team into permanent business operations and the new claims processing system. These measures have successfully reduced system fraud by adding perimeter defenses, identity proofing, and risk-based fraud scoring to mass-adjudicate fraudulent applications without human review. Additionally, ODJFS should periodically complete cost-benefit analyses on its fraud-mitigation efforts with respect to fraudulent payouts avoided.

Impact

Due to the mitigation efforts undertaken by ODJFS and the P3 Team, system controls are now in place to block the majority of methods used to perpetrate fraud throughout 2020. Many of the new defenses were procured as short-term subscriptions, and large parts of these implementations have been managed by an outside consulting entity. A commitment to permanently integrate these fraud defense solutions within ODJFS operations and staying abreast of industry best practices will ensure the agency is better positioned against costly future attacks. Permanently integrating the P3 Team’s fraud stack will also ensure the Department’s capabilities do not regress once the partnership ends and the P3 Team consultants exit from daily operations.

Background

Beginning early in the pandemic and continuing through 2021, ODJFS and other state UI systems began experience a record amount of fraudulent claims, mainly in the PUA program. As of August 2021, Ohio has reported over \$400 million in fraudulent claims paid. Early fraud mitigation efforts were undertaken internally by ODJFS before the agency ultimately entered a public-private partnership in early 2021. One of the highest priority goals of the P3 Team was to leverage the expertise of insurance and finance industry practitioners to adopt leading industry practices against fraud.

The public private partnership initiative consisted of private sector executives and subject matter experts who ODJFS tasked with developing and managing the agency’s fraud mitigation strategy, as well as providing consulting services to help manage the claims backlog and call center operations. Throughout the engagement, the P3 Team has formally reported out milestones during scheduled update presentations. The Department and the P3 Team attribute the reduction in UI fraud seen in 2021 to actions taken as a result of the P3 Team.

Methodology

Subsequent to the beginning of the performance audit engagement ODJFS retained consulting services from a public private partnership whose top-priority mandate was to implement measures to mitigate fraud. Audit work documented the fast-moving implementations and the reported successes and performance metrics related to fraud. Rather than fully scoping fraud into the audit plan, this section sought to document the evolution of the Department’s fraud integrations since the beginning of the pandemic in order to target recommendations toward decisions ODJFS will face when the P3 engagement ends.

Analysis

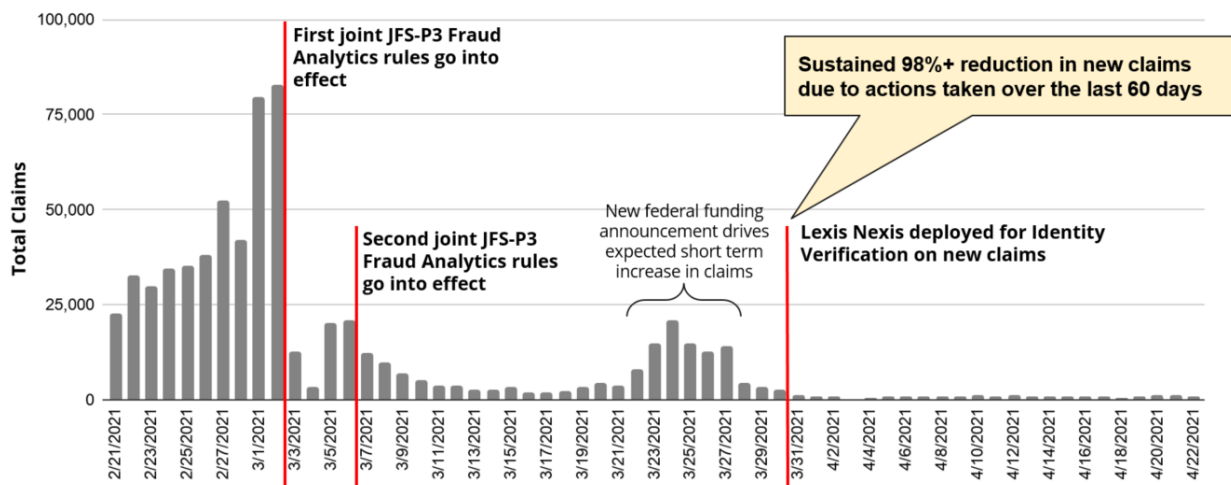
The P3 Team’s initial fraud diagnostic indicated OUIO was lacking defenses across the spectrum of fraud prevention, detection, and response. Within the area of prevention the team identified weaknesses in identity proofing, blacklisting, and firewall; within fraud detection, they identified weaknesses in alert generation, real-time reporting, and to a lesser extent data access and analytics; and within fraud response, they identified weaknesses incident reporting, automation, and system rules that could initiate automatic holds on activity flagged as suspicious.

As a result, OUIO and the P3 Team began implementing a range of measures to fill these gaps in defenses and bring OUIO’s fraud capabilities in line with industry leading practices. The solutions implemented ranged from subscriptions to third-party cybersecurity products, to running data validations against outside governmental databases, to designing new rules for risk-based fraud scoring. Vendors that were integrated into OUIO’s new fraud stack include Google, F5 Networks, Experian, LexisNexis, and IBM.⁶⁴

As a result of these implementations, the P3 Team and ODJFS have been able to claim a substantial amount of fraud reduction in the system. The following visual displays a timeline of several mitigation efforts that resulted in a 98 percent reduction in PUA claims. The P3 Team states the associated dollar-value of these fraudulent claims avoided was over \$350 million as of May 2021.

⁶⁴ Due to the sensitive nature of active security measures, the names of specific products and their associated functionalities are being withheld from this report.

PUA Initial Claims Fraud Prevention Results



Source: ODJFS Unemployment Insurance Public-Private Partnership

The focus on these fraud efforts through early 2021 was focused on speed of implementation to quickly address the unprecedented volume of known fraudulent claims. Many of the different solutions and integrations have happened outside the OJI system and have been patched on.

Several integrations were also applied to PUA only and not OJI. Due to the lack of an employer verification step in the PUA application process, it was a riper target for fraud than the traditional UI program. For this reason P3 prioritized rolling out certain interventions for PUA first. As the PUA program is scheduled to end in the second half of 2021, OUIO should determine which anti-fraud integrations & processes are cost-effective to keep in the continuing Traditional UI operation.

The focus on the temporary PUA system and the fact that fraud mitigation operations are being driven by external consultants through the P3 Team raises several concerns about business continuity going forward. The RFP to OJI's replacement did not specify many of the stop-gap anti-fraud measures implemented during the pandemic. The Department, in its systems development, will need to find a way to rigorously evaluate the effectiveness (including cost-effectiveness) of the new components of the P3 Team's fraud stack and ensure that those measures meeting the effectiveness threshold are made permanent in any new system build.

Conclusion

The Department, with the help of the P3 Team, has substantially reduced system vulnerability to fraud by incorporating industry leading practices in the areas of fraud prevention, detection, and response. That these leading practices were not in place prior to the pandemic indicate weaknesses in the Department's in-house fraud capabilities and staffing. To maintain the current level of anti-fraud performance, ODJFS must prioritize a permanent knowledge-transfer from the

P3 Team as well as permanently integrating many of the new tools which were quickly stood up in 2021.

Issue for Further Study 5: Benefit Overpayments

As of August 2021, ODJFS has reported nearly \$3.4 billion in overpayments to claimants since March 2020 that have been deemed as non-fraudulent. The breakdown between the two programs is as follows:

- \$586 million in overpayments to non-fraudulent claims for traditional unemployment
- \$2.8 billion in overpayments to non-fraudulent claims in the PUA program

The Department should conduct root-cause analyses to determine the profile of overpayment cases and explore mitigation strategies. In particular, it should review weaknesses in the system which may have resulted in individuals entering inaccurate employment data, leading to the overpayment of benefits.

Client Response Letter

Audit standards and AOS policy allow clients to provide a written response to an audit. The letter on the following page is the Department's official statement in regards to this performance audit. Throughout the audit process, staff met with ODJFS officials to ensure substantial agreement on the factual information presented in the report. When the Department disagreed with information contained in the report and provided supporting documentation, revisions were made to the audit report.



September 15, 2021

The Honorable Keith Faber
Auditor of State
88 East Broad Street, 5th Floor
Columbus, OH 43215

Auditor Faber:

On behalf of the Ohio Department of Job and Family Services (ODJFS), I would like to thank you and your audit team for the thorough work in conducting the pandemic response performance audit as commissioned by House Bill 614. The audit team was professional, detailed, and quickly learned the complex world of unemployment. Their work has provided us with useful recommendations to affect long term changes to improve our system and prepare us for unforeseen future challenges.

As indicated in your performance audit, the impact of the COVID-19 pandemic on Ohio's unemployment system was unprecedented. Ohio's unemployment rate increased from 4.7% in February 2020 to a peak of 17.4% in April 2020. And, unlike the great recession, the resulting unemployment claims rose overnight. We went from approximately 7,000 initial applications filed the week ending March 14 to 196,000 claims filed the week ending March 21, with another 275,00 initial claims the week after that. As your report rightly points out, we were not fully prepared, in great part due to an antiquated claims-processing system, which is already slated for replacement, and historically low staffing levels due to a period of low unemployment that preceded the pandemic.

These challenges were only amplified by the federal government's implementation of four entirely new unemployment programs. But, thanks to the hard work, ingenuity, and adaptability of ODJFS employees, contractors, and private sector partners, we have spent the last 18 months working through historic numbers of claims, while fighting historic amounts of fraud. At the time of this writing, nearly 6.6 million initial applications have been filed for traditional unemployment and Pandemic Unemployment Assistance combined. As a result, we have distributed \$23.8 billion in benefits to more than 2.4 million claimants over the last 18 months. Much work remains but we are confident in the improvements we have already made throughout this process and future work being planned.

Your report will play a part in our efforts going forward. Please accept these initial responses to those areas highlighted in your report.

Administrative Funding

Your report accurately reflects the multiple revenue streams Ohio utilizes to administer and pay unemployment benefits. We agree that maximizing our share of federal resources will play an important part in reducing the burden on Ohio taxpayers and employers.

30 East Broad Street
Columbus, OH 43215
jfs.ohio.gov

Claims Processing

We understand that data limitations can impact our ability to make real-time decisions and provide valuable information to inform future decisions. We believe that the new claims processing system currently being built will provide better and more readily available data analytics.

Staffing

As indicated in your report, the processing and adjudication of unemployment benefit claims requires a significant number of human resources, due in no small part to Department of Labor regulations. This increased workload necessitated augmenting permanent staff with intermittent and contracted staff. The flexibility we have achieved through the strategic staffing mix is helping us work through the processing and adjudication of claims, and we will seek to leverage existing data to improve upon our strategic staffing plan, which we continuously adapt to changing needs.

Customer Service

Our customers, particularly those hurting due to disruptions in their ability to work, are at the center of all we do. We understand and empathize with the frustration experienced by those customers. We remain committed to applying our full resources to improving our customers' experiences – both claimants and rate payers – by continuing to address pain points in our claims processing.

Technology Systems

Prior to the pandemic, ODJFS had identified the need to replace its antiquated unemployment insurance systems and had contracted with a technology vendor to do this. The explosion of claims and new federal unemployment programs highlighted the inadequacies of the system, but also slowed the implementation of its replacement as the pandemic response required “all hands-on deck” to maintain operations. Improvements in technology are critical, and that better use of data can help inform the development of our new unemployment insurance system.

The pandemic created many challenges, but also offered opportunities for innovation. I am proud of the work our employees did, and continue to do, and appreciative of the partnerships that were forged. We consider you and your audit team one of those partners and I thank you for the meaningful part you are playing in our continuous improvements.

Sincerely,



Matt Damschroder
Director

30 East Broad Street
Columbus, OH 43215
jfs.ohio.gov

Appendix A: Purpose, Methodology, Scope, and Objectives of the Audit

Performance Audit Purpose and Overview

Performance audits provide objective analysis to assist management and those charged with governance and oversight to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

Generally accepted government auditing standards (GAGAS) require that a performance audit be planned and performed so as to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. Objectives are what the audit is intended to accomplish and can be thought of as questions about the program that the auditors seek to answer based on evidence obtained and assessed against criteria.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Scope and Objectives

In order to provide the Department with appropriate, data driven, recommendations, the following questions were assessed. These scope areas were developed to include the 18 questions included in HB 614.

Summary of Objectives and Conclusions

Objective	Recommendation
Funding	
How are state and federal funds received and spent for administering claims for benefits in Ohio?	Rec. 1, IFFS 1, IFFS 2, and IFFS 3
Staffing	
What opportunities exist to improve the efficiency and effectiveness of claims processing staffing and workload?	Rec. 2
Claims Processing and Processing Times	
What opportunities exist to improve the efficiency and effectiveness of claims processing and processing times?	No Recommendation. We calculated 3 measures to determine timeliness of claims processing: First Payment time lapse, Nonmonetary Determinations time lapse, and Appeals time lapse.

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Customer Service	
What opportunities exist to improve the customer experience when filing a claim for benefits?	Rec. 3 and IFFS 4
Technology Systems	
What opportunities exist to improve the efficiency and effectiveness of the systems used to process claims for benefits?	Rec. 4, Rec. 5, Rec. 6, and IFFS 5

Although assessment of internal controls was not specifically an objective of this performance audit, internal controls were considered and evaluated when applicable to scope areas and objectives. The following internal control components and underlying principles were relevant to our audit objectives⁶⁵:

- Control Environment
 - We assessed the Department’s exercise of oversight responsibilities in regards to RJM funding submissions (**See Rec. 1**).
- Risk Assessment
 - We considered the Department’s activities to assess internal and external fraud risks.
- Information and Communication
 - We considered the Department’s use of quality information in relation to its financial, staffing, claims processing, customer service, and systems data.
- Control Activities
 - We considered the Department’s compliance with applicable laws and contracts.

Audit Methodology

To complete this performance audit, auditors gathered data, conducted interviews with numerous individuals associated with the areas of the Department’s operations included in the audit scope, and reviewed and assessed available information. Assessments were performed using criteria from a number of sources, including:

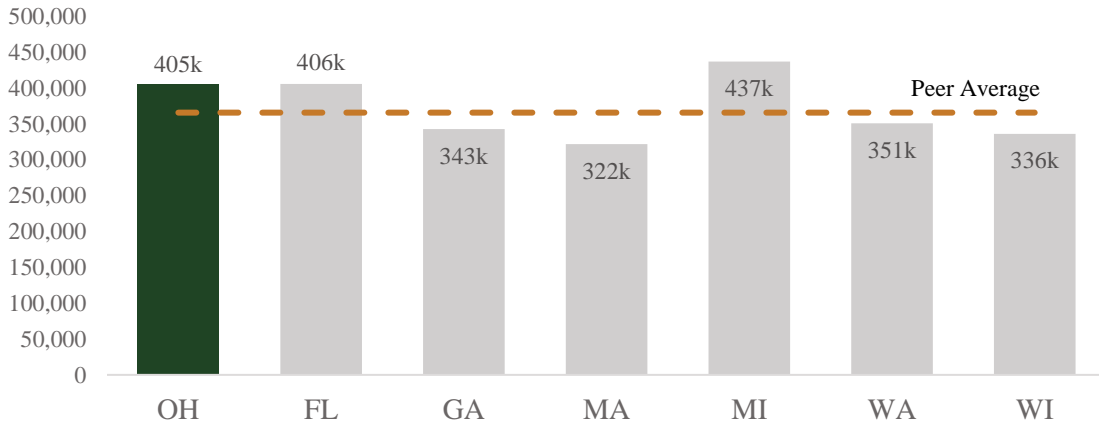
- Peer States;
- Industry Standards;
- Leading Practices;
- Statues; and,
- Policies and Procedures.

In accordance with the language included in HB 614, we selected states that processes a similar number of claims, on average, as Ohio, to form the peer group for comparisons contained in this

⁶⁵ We relied upon standards for internal controls obtained from *Standards for Internal Control in the Federal Government* (2014), the U.S. Government Accountability Office, report GAO-14-704G

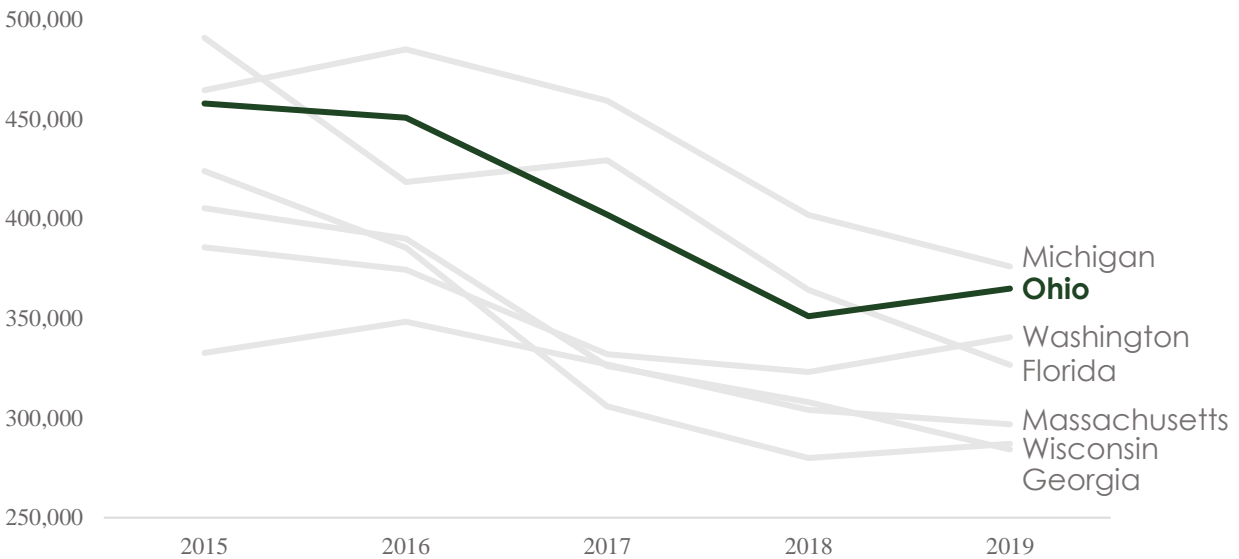
report. These peers are identified as necessary and appropriate within the section where they were used. The charts below shows a five-year average of initial claims activity for the peer states. These peers were identified calculating a five-year average of initial claims for all states, and then filtering to include plus or minus 25 percent from Ohio's five-year average.

Five-Year Average Initial Claims (2015-2019)



Source: DOL

Initial Claims (2015-2019)



Source: DOL

Note: Peers identified here fall within 25% +/- of Ohio's five-year average initial claims.

Appendix B: USDOL Data Validation

States are required to file a series of standardized reports on their unemployment insurance operations with the Employment and Training Administration (ETA) of the U.S. Department of Labor (USDOL). These are referred to the Unemployment Insurance Required Reports (UIRR) and are used for gathering economic statistics, allocating UI administrative funding, measuring state performance, and accounting for fund utilization.

The issue of comparability among state reports has emerged since state programs differ within established parameters and states use a variety of accounting and data processing arrangements. The UI Data Validation (DV) program was established in an attempt to identify and address discrepancies in reported numbers. In the DV program, the states validate their data and report the results of the validation to the ETA. The purpose of the DV program is to verify the accuracy of the UIRR system data.

States are required to validate reported data every third year, except for data elements used to calculate Government Performance and Results Act (GPRA)⁶⁶ measures, which must be validated annually. Items that do not pass validation must be revalidated the following year. States that fail DV or do not submit their DV results must address these deficiencies through the State Quality Service Plan (SQSP)⁶⁷.

The Data Validation program has two components: Report Validation (RV) and Data Element Validation (DEV). Data that passes RV and DEV are considered accurate.

- **Report Validation (RV):** The data validation methodology involves reconstructing the count of transactions reported during a specific period. The DV software automatically retrieves and loads the reported counts from the national UI reports database and calculates the difference between the validation and reported counts and calculates an error rate. The reports pass validation if they fall within an established tolerance of plus or minus one percent for groups that include data used in Government Performance (GPRA) measures and plus or minus 2 percent for all other groups. The software then produces a summary that provides error rates for groups of report cells and a pass or fail score for the population.
- **Data Element Validation (DEV):** The DV program draws samples from the reconstruction file and then validators use source documentation, such as the database screens, to test the accuracy of the data. There are 18 random samples among all benefits

⁶⁶ Enacted in 1993, GPRA was designed to improve program management throughout the Federal government. Agencies are required to develop a five-year strategic plan outlining its mission, long-term goals for the agency's major functions, performance measures, and reporting results.

⁶⁷ The State Quality Service Plan represents an approach to the UI performance management and planning process that allows for an exchange of information between the Federal and state partners to enhance the ability of the program to reflect their joint commitment to performance excellence and client centered services.

populations (including first payments and nonmonetary determinations) and these samples pass with an error rate of 5 percent or less.

Data from the USDOL ETA reports were used within this audit to evaluate Ohio’s processing times and the impact the COVID-19 pandemic had on timeliness. This data was also used to compare Ohio’s processing times to peer states. Ohio passed the most recent data validations within all populations used in the analyses of this audit. There were, however, instances where some peer states either failed a population in the data verification or did not submit the validation for 2020.

It is important to note that the claims processing comparisons to peer states within this audit did not lead to direct conclusions nor did they impact the recommendations throughout this report. Instead, these comparisons provide a holistic overview of claims processing timeliness using data available from the USDOL.

Below is a summary of the 2020 validation results for Ohio and the peer states in the four benefit populations used in the comparative analysis within this audit. Further information on the DV process and validation results are posted on the USDOL’s website.⁶⁸

Ohio and Peer States Data Validation Results (2020)

	Payments (ETA 9050)	Nonmonetary Determinations (ETA 9052, 207)	Appeals Decided, Lower (ETA 9054)	Appeals Case Aging, Lower (ETA 9055L)
Ohio	Passed 2020	Passed 2018, next validation due 2021	Passed 2020	Passed 2020
Florida	Not Submitted 2020	Passed 2019	Passed 2018, next validation due 2021	Passed 2018, next validation due 2021
Georgia	Not Submitted 2020	Failed 2020	Failed 2020	Passed 2019
Massachusetts	Not Submitted 2020	Not Submitted 2020	Failed 2020	Failed 2020
Michigan	Passed 2020	Passed 2020	Passed 2018, next validation due 2021	Passed 2018, next validation due 2021
Washington	Passed 2020	Passed 2018, next validation due 2021	Failed 2020	Passed 2018, next validation due 2021
Wisconsin	Failed 2020	Passed 2019	Passed 2020	Passed 2019

Source: USDOL

Note: The *Payments* population is validated every year because the elements are used for the Government Performance Results Act (GPRA). The *Nonmonetary Determinations* and *Appeals* populations are validated every three years.

⁶⁸ <https://oui.doleta.gov/dv/>

Appendix C: AOS Response to HB 614

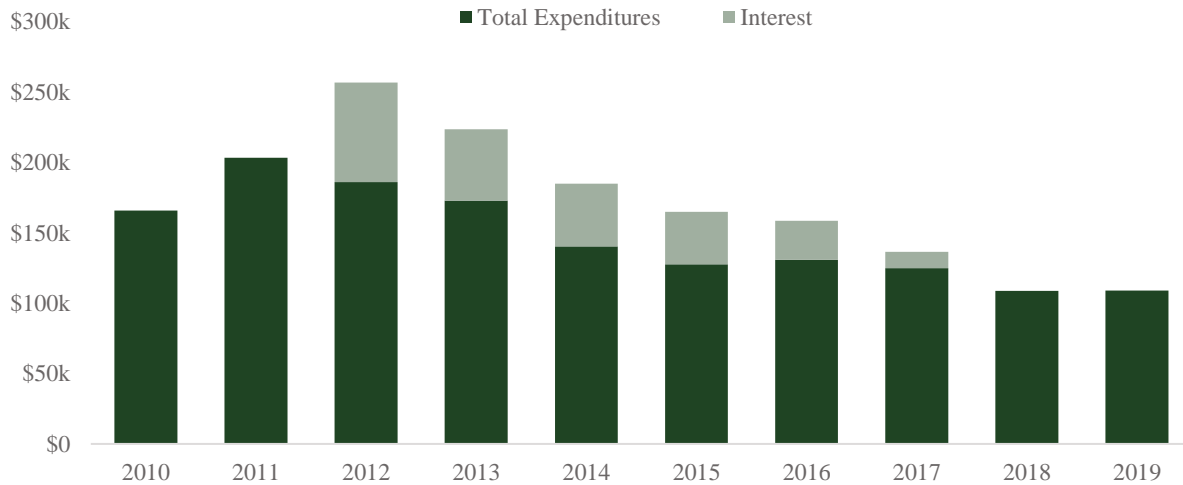
This audit was performed as a result of HB 614 of the 133rd General Assembly. This legislation identified 18 questions that were to be answered by AOS in the course of a performance audit. The official response to these questions can be found here: [HB 614 Response](#).

Appendix D: Administrative Funding

While the analysis contained in this report largely focuses on financial data available from the USDOL, we also reviewed information available from OAKS. This data, as seen below, is reported on a SFY basis. It was not used as a basis of comparison to peers and is presented for informational purposes.

In particular, this chart shows the amount of total expenditures by year reported in OAKS. Within this chart, the lighter color seen in SFY 2012 through SFY 2017 represents the amount of money spent on interest for loans taken out by the State to pay for benefits during a period of increased unemployment claims.

SFY 2010-19 OUIO Unemployment Compensation Expenditures Reported in OAKS

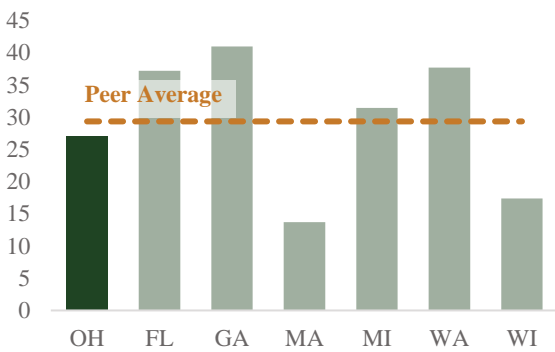


Source: OAKS

Appendix E: Staffing

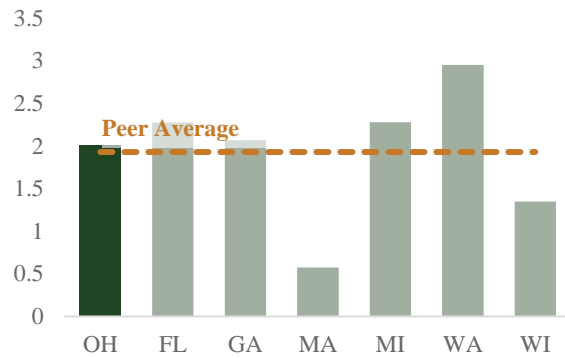
One of the HB 614 requests was a staffing comparison to peer states. Because we did not receive responses to requested staffing data from all peers, we instead conducted a comparison based on information submitted through the RJM. The RJM contains workload and workhour data that was used to estimate the efficiency of staffing. However, due to differences in how data may be reported to USDOL, these estimates cannot be used for comparison purposes.

Initial Claims – MPU



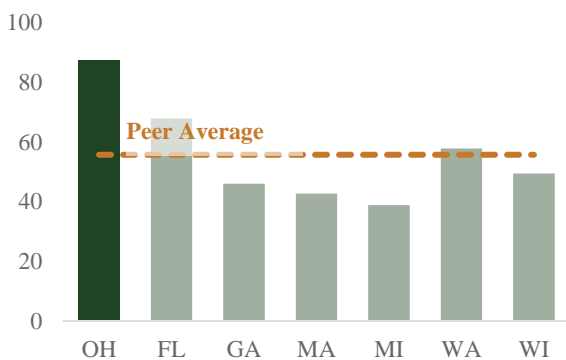
Source: RJM

Weeks Claimed – MPU



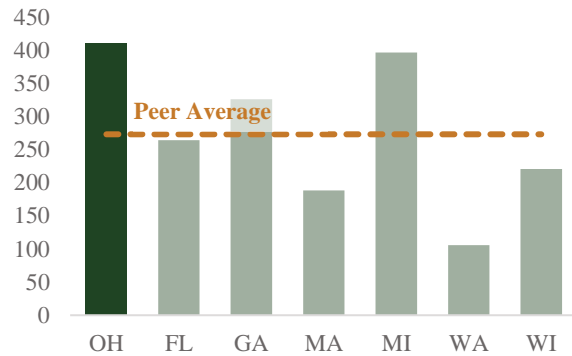
Source: RJM

Non-Monetary Determinations – MPU



Source: RJM

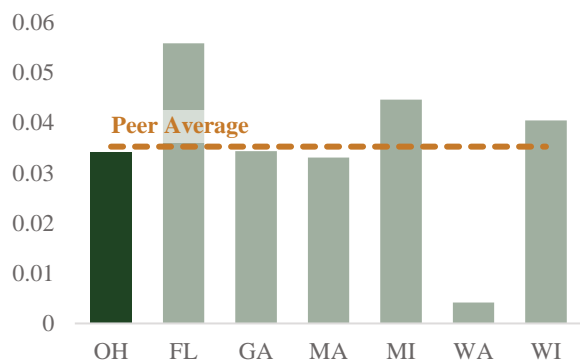
Appeals – MPU



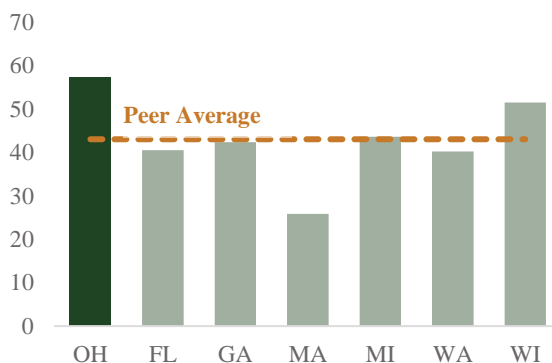
Source: RJM

Wage Records – MPU

Tax – MPU



Source: RJM



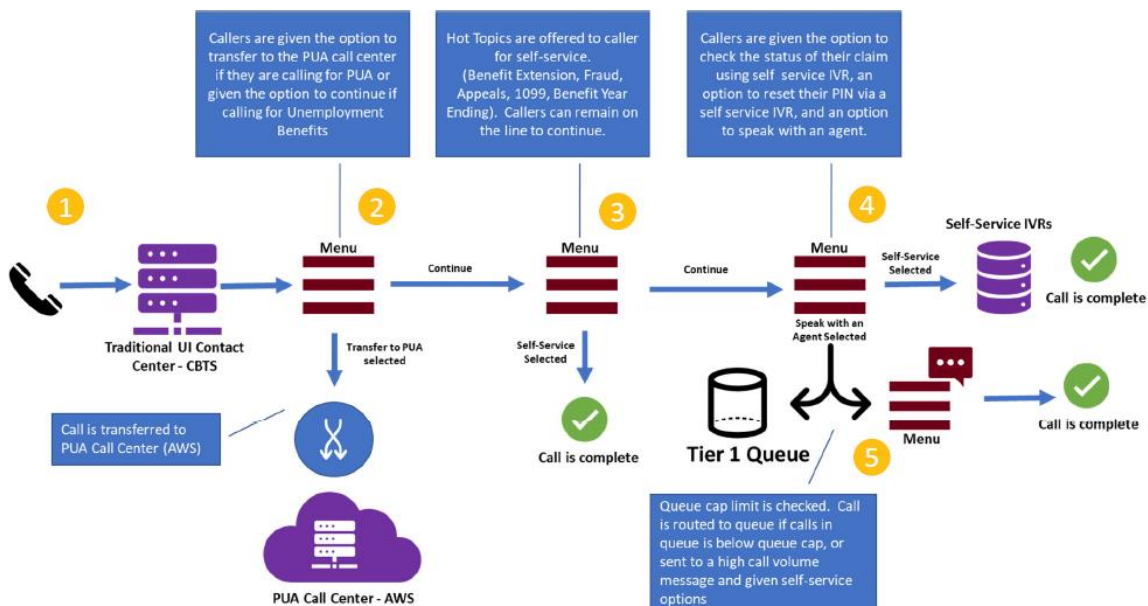
Source: RJM

Appendix F: Customer Service

Call Center Process Map

In 2019, OUIO implemented a call structure which focuses on self-service for claim intake so customer service representatives could focus on more complex matters. The routing structure has seen improvements/additions throughout 2020 and 2021 as problems have become more evident with the increased call volume. The routing structure below is for traditional UI claimants and includes the tier system. If the caller's question is more complex than what a tier 1 agent can handle then the caller can be transferred to the appropriate tier dependent on the tier queue caps.

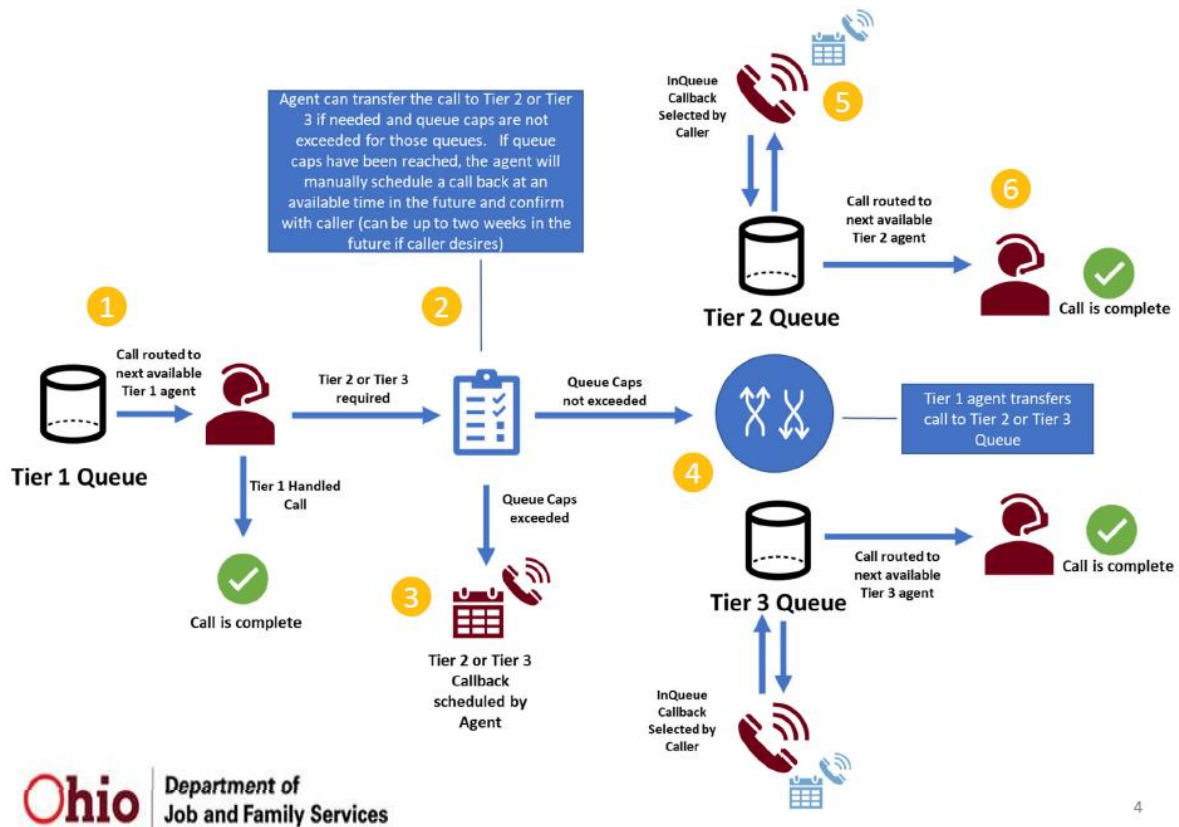
1. Call Routing Structure - Traditional UI Contact Center



Once a caller reaches a tier 1 agent but requires additional help, the caller will have options for to schedule a callback if the needed. The callback option may be offered to a caller at this point for one of two reasons. A Tier 1 agent can schedule a callback for claimants when Tier 2 and Tier 3 queue caps have been exceeded. Generally most callbacks are scheduled and completed within the same day but can schedule up to 14 days out. The other option would be the system offering the callback option rather than wait in queue if the wait is greater than 10 minutes.

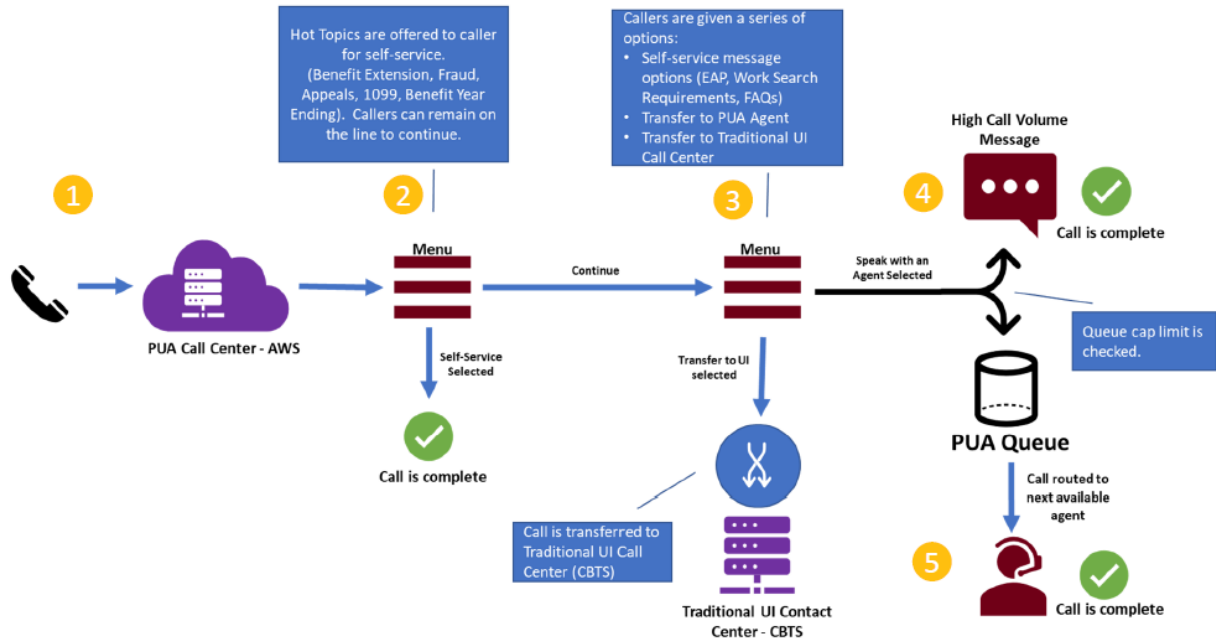
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1. Call Routing Structure - Traditional UI Contact Center continued



The PUA system was stood up in May 2020 and is separate from the traditional UI system until June 2021. Below is the routing structure for PUA claimants. The improvements made to the traditional UI call routing structure did not translate to the PUA system due to the use of two distinct systems. For example, the PUA system did not have a callback option. Also, the tier agent system was not used within PUA since it was created as a temporary contact center staffed with less experienced agents.

1. Call Routing Structure - PUA Contact Center



Tier List and Queue Cap Information

In late 2019, a tiered approach to call center workflow was adopted by OUIO. This was to allow for development of UI experts moving from entry level claim inquiries up to more complex matters which may prepare agents for a future in claim adjudication. The higher the tier, the more complex issues the agent is trained to handle which is shown in the table below:

Tier 1: Capabilities and Responsibilities	Total FTEs
Agents handle basic Unemployment Insurance related FAQs and support complexity problem resolution.	265
Resolve simple Issues - Is the claimant able and available for work	
Manage PIN Reset for Traditional UI	
Taking an Initial Claim	
Enter weekly Continued Claims	
Entering Fact Finding and Reviewing Claimant Correspondence	
Help Claimant with Additional and Reopen Applications or Break in Claim	
Handle Fraud complaints	

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Tier 2: Capabilities and Responsibilities

Total FTEs

Agents support everything Tier 1 does + handle complex issue resolution	465
Claim Payment held investigation	
Pending claim investigation	
Handle vacate-backing out of an issue set on a claim	
Handle Shared Work Ohio claimant issues and applications	
Clear issues related to: Earning, Deductible income, End dating, Additional re-open, break in claims	

Tier 3: Capabilities and Responsibilities

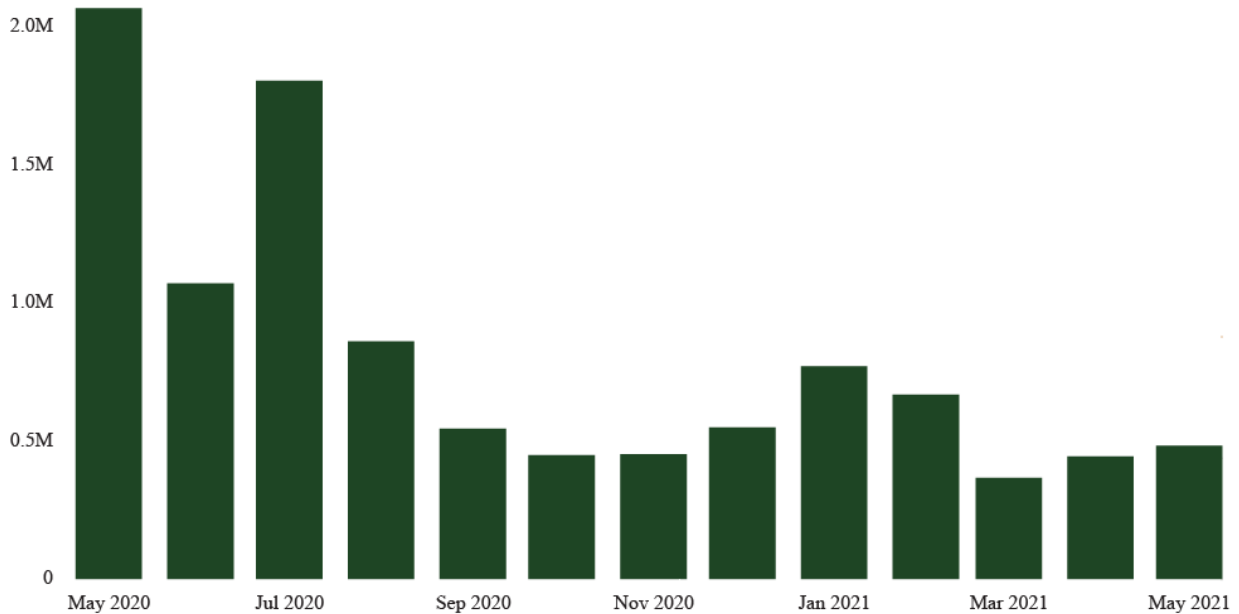
Total FTEs

Agents handle claimant inquiries related to pending claims, review claims and make decision on program eligibility and approve or deny claims	20
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PUA Contact Center

The PUA call center is separate from the Traditional UI system until recently June 20, 2021. Established in May 2020, the monthly average of total calls to the contact center for the remainder of 2020 was 976,107 calls. The PUA call center is experiencing a decrease overall in total calls on average between the two years similarly to traditional UI.

PUA Total Monthly Calls



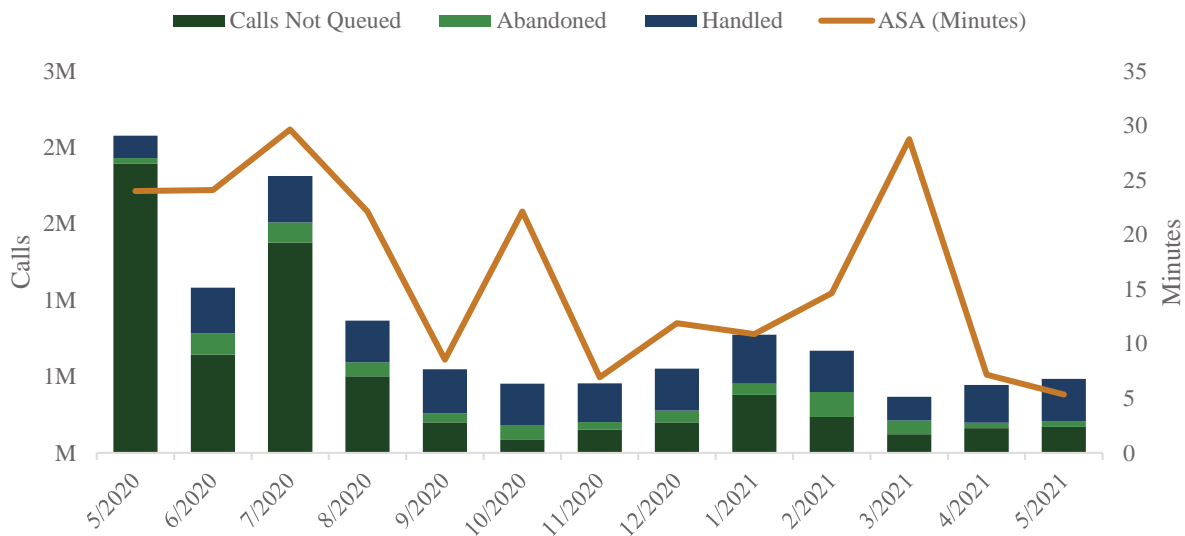
Source: ODJFS

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Between 2020 and 2021, for PUA, the average speed to answer (ASA) has improved. In 2020, 63 percent of the months had an average speed to answer between 20-30 minutes and 37 percent of the months was less than 20 minutes. In 2021, 5 months of data was analyzed, 60 percent of the months (3) had an average speed to answer less than 10 minutes. The average speed to answer for 40 percent of the months was between 10 and 30 minutes long.

The average speed to answer captures the time a caller spent waiting in the queue to speak to an agent. However, a caller may not be sent to a queue if the amount of callers at the time of the call exceeded the queue cap for PUA or the caller didn't select the option to speak to an agent. Unlike the traditional UI system, data on why a caller wasn't sent to a queue was not collected within the AWS system.

PUA Total Call Breakdown



Source: ODJFS

Survey

A survey was conducted in order to gain insight into the overall customer experience received from OUIO for those who filed for unemployment benefits during 2020. The total population of 2020 claimants was approximately 3.9 million people. In order to analyze a random sample of respondents which would be statistically significant at a 95 percent confidence level and 5 percent margin of error, a total of 385 respondents were required. Expecting a response rate of 20 percent, the survey was ultimately sent to 2,141 random individuals from the population of 2020 claimants. A link to the survey, to be completed using Survey Monkey, was emailed to the sample. The survey link was active for approximately two weeks. We received responses from 230 claimants, creating a response rate of 10.7 percent. Ultimately, 230 respondents is not a statistically significant sample size to extrapolate the results to the total population of individuals

who filed benefits claims in 2020. Of those who responded, the results of the survey can be viewed in the following tables:

In 2020, when did you first apply for unemployment compensation?

224 Respondents (6 Skipped)

Answer Choices	Responses	Percentage
January 2020	10	4.46%
February 2020	6	2.68%
March 2020	85	37.95%
April 2020	39	17.41%
May 2020	28	12.50%
June 2020	23	10.27%
July 2020	10	4.46%
August 2020	6	2.68%
September 2020	4	1.79%
October 2020	7	3.13%
November 2020	3	1.34%
December 2020	3	1.34%

Have you filed for unemployment compensation before your claim in 2020? (Please select all that apply)

230 Respondents (0 Skipped)

Answer Choices	Responses	Percentage
Yes, prior to 2010	46	20.00%
Yes, between 2010 and 2015	34	14.78%
Yes, in 2016	12	5.22%
Yes, in 2017	9	3.91%
Yes, in 2018	11	4.78%
Yes, in 2019	13	5.65%
No, I have not filed for unemployment compensation before 2020	127	55.22%

Did you experience an issue with your 2020 application/claim, such as an eligibility issue or missing documentation, etc., which required follow-up from ODJFS staff?

230 Respondents (0 Skipped)

Answer Choices	Responses	Percentage
Yes	143	62.17%
No	87	37.83%

Did you need any assistance from ODJFS staff in the process of filing your claim? (select all that apply)

227 Respondents (3 Skipped)

Answer Choices	Responses	Percentage
Yes, I talked to ODJFS staff on the phone	139	61.23%
Yes, I used the chat bot automated feature	20	8.81%
Yes, I emailed ODJFS	44	19.38%
No, I did not need any assistance from ODJFS staff	74	32.60%

How much time overall did you spend on your initial application and any customer service arising from it (including phone wait-times on active hold)?

228 Respondents (2 Skipped)

Answer Choices	Responses	Percentage
<1 hours	49	21.49%
1-2 hours	63	27.63%
2-4 hours	42	18.42%
5-10 hours	23	10.09%
10-20 hours	22	9.65%
20+ hours	29	12.72%

How did you file your unemployment compensation claim?

228 Respondents (2 Skipped)

Answer Choices	Responses	Percentage
Website	216	94.74%
Telephone	12	5.26%

Was your claim for unemployment compensation ultimately approved or denied?

230 Respondents (0 Skipped)

Answer Choices	Responses	Percentage
Approved	168	73.04%
Denied	35	15.22%
In Progress	27	11.74%

Which of the following best describes your employment type?

224 Respondents (6 Skipped)

Answer Choices	Responses	Percentage
I have an employer and receive a W-2 at the end of the year (traditional employee)	168	75.00%
I work for myself (self-employed)	41	18.30%
I work as an independent contractor for on-demand business (gig worker)	15	6.70%

Overall, how satisfied or dissatisfied are you with the unemployment compensation claims experience?

227 Respondents (3 Skipped)

Answer Choices	Responses	Percentage
Very Satisfied	57	25.11%
Somewhat Satisfied	39	17.18%
Neither Satisfied nor Dissatisfied	18	7.93%
Somewhat Dissatisfied	43	18.94%
Very Dissatisfied	70	30.84%

How easy was it to file your 2020 application for unemployment compensation benefits?

230 Respondents (0 Skipped)

Answer Choices	Responses	Percentage
Extremely Easy	30	13.04%
Moderately Easy	85	36.96%
Neither Easy nor Difficult	47	20.43%
Moderately Difficult	35	15.22%
Extremely Difficult	33	14.35%

How easy was it to file weekly claims for unemployment compensation in 2020?

227 Respondents (3 Skipped)

Answer Choices	Responses	Percentage
Extremely Easy	92	40.53%
Moderately Easy	83	36.56%
Neither Easy nor Difficult	29	12.78%
Moderately Difficult	8	3.52%
Extremely Difficult	15	6.61%

Please rate the clarity of correspondence sent to you regarding your claim for unemployment compensation benefits.

229 Respondents (1 Skipped)

Answer Choices	Responses	Percentage
Extremely Clear	37	16.16%
Moderately Clear	64	27.95%
Slightly Clear	57	24.89%
Not Clear at All	68	29.69%
Not Applicable	3	1.31%

Did you experience any issues with any of the following? (select all that apply)

194 Respondents (36 Skipped)

Answer Choices	Responses	Percentage
Personal Identification Number	32	16.49%
Call-back System	29	14.95%
Mismatched social security numbers	5	2.58%
Name changes through marriages or misspellings	3	1.55%
Unreasonably long telephone wait time	143	73.71%
Unreasonably long email response wait time	60	30.93%
Delay in receiving payment	105	54.12%
Determining eligibility	106	54.64%
Checking on the status of your claim	69	35.57%
Checking on the status of your appeal	60	30.93%
Difficulty in reporting fraud	7	3.61%

Staff consistently acts in a courteous and professional manner

228 Respondents (2 Skipped)

Answer Choices	Responses	Percentage
Strongly Agree	86	37.72%
Somewhat Agree	52	22.81%
Neither Agree nor Disagree	31	13.60%
Somewhat Disagree	19	8.33%
Strongly Disagree	14	6.14%
Not Applicable (I did not have any interaction with staff during my claims process)	26	11.40%

Staff has the knowledge to answer my questions

230 Respondents (0 Skipped)

Answer Choices	Responses	Percentage
Strongly Agree	50	21.74%
Somewhat Agree	56	24.35%
Neither Agree nor Disagree	15	6.52%
Somewhat Disagree	35	15.22%
Strongly Disagree	45	19.57%
Not Applicable (I did not have any interaction with staff during my claims process)	29	12.61%

Staff provides assistance and is helpful in resolving problems

229 Respondents (1 Skipped)

Answer Choices	Responses	Percentage
Strongly Agree	57	24.89%
Somewhat Agree	41	17.90%
Neither Agree nor Disagree	26	11.35%
Somewhat Disagree	35	15.28%
Strongly Disagree	42	18.34%
Not Applicable (I did not have any interaction with staff during my claims process)	28	12.23%

Payment of my claim occurred in a timely fashion

230 Respondents (0 Skipped)

Answer Choices	Responses	Percentage
Strongly Agree	67	29.13%
Somewhat Agree	44	19.13%
Neither Agree nor Disagree	23	10.00%
Somewhat Disagree	25	10.87%
Strongly Disagree	60	26.09%
Not Applicable	11	4.78%

Information I need is easy to find on the Unemployment Insurance website

230 Respondents (0 Skipped)

Answer Choices	Responses	Percentage
Strongly Agree	33	14.35%
Somewhat Agree	51	22.17%
Neither Agree nor Disagree	47	20.43%
Somewhat Disagree	45	19.57%
Strongly Disagree	48	20.87%
Not Applicable	6	2.61%

What is your highest level of education achieved?

229 Respondents (1 Skipped)

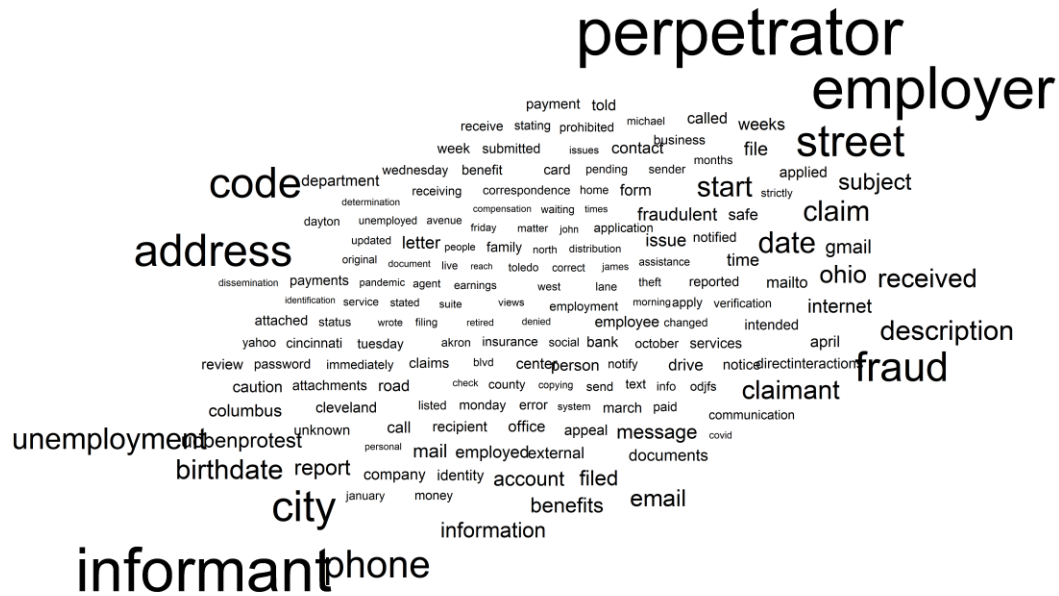
Answer Choices	Responses	Percentage
Less than High School Diploma or Equivalent	6	2.62%
High School Diploma or Equivalent	72	31.44%
Some College, no Degree	77	33.62%
Associate's Degree	22	9.61%
Bachelor's Degree	34	14.85%
Master's Degree or higher	18	7.86%

Email Wordcloud

OUIO's use of emails may allow for people to easily message the Department about any inquiries. However, the email format does not follow any uniform structure. This may lead to inefficiencies and slower response times. One option for improvement may be to standardize the inquiries. Insight on what information to include based on the emails analyzed can be derived from a Wordcloud that displays the number of words that are common among UCBenProtest mailbox.

The most common words are the ones that may be used within a standardized reporting structure. The results of this analysis, found on the following page, could be used to develop a standardized form for customer inquiries.

WordCloud: Unemployment Compensation
BenProtest Mailbox



Source: ODJFS; UC BenProtest mailbox

Email Moving Averages, top five email boxes

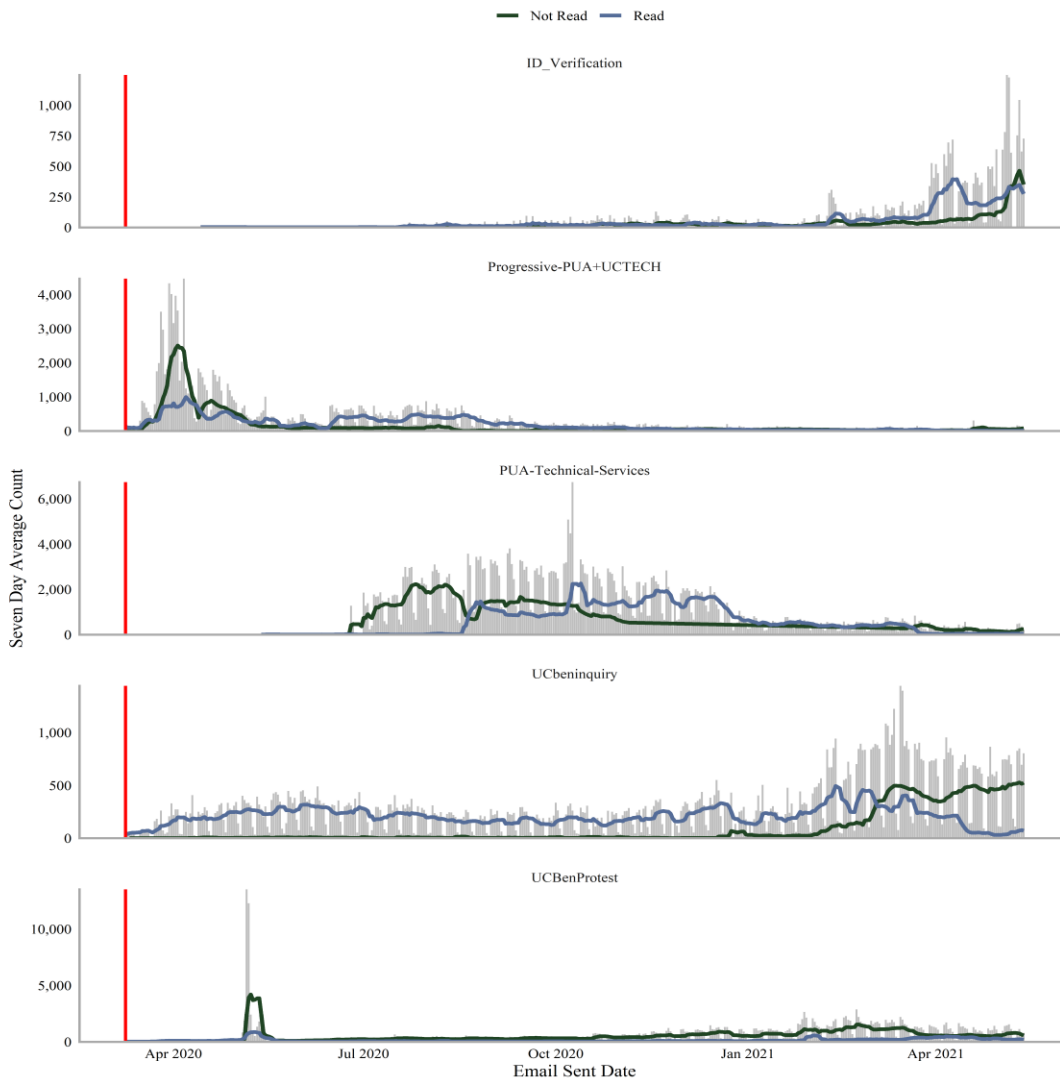
The top five accounts with the highest average volume between March 9, 2020 and May 13, 2021 were analyzed. The top five public facing mailboxes and their purpose are:

- **PUA Technical Service:** Inquiries from claimants regarding their PUA claim.
- **Unemployment Compensation Benefits Protest (UC BenProtest):** Report fraud and tips
- **Unemployment Technician (UCTECH):** Emails from the field offices and employers as related to Mass Layoff support.
- **Unemployment Compensation Benefits Inquiry (UC BENINQUIRY):** Inquiries about appeals related claims for claimants and employers.
- **ID Verification:** ID verification for ID theft victims in PUA

A seven-day moving average of unread and read emails based on the date received was used. The status of read or unread were as of the date of analysis which was June 2021. In other words, the emails indicated in the graphs to be unread were sent on date indicated on the x axis and were still unread as of June 2021.

Mailbox usage amongst the top five has varied with peaks at different points of time. PUA Technical Services experienced the greatest volume of email and UCBenProtest experienced the greatest single spike in email volume. On average, there has been more unread emails than read. The top five most common mailboxes with a seven day moving average can be viewed below.

Five Common Public Facing Mailboxes
Seven Day Moving Average

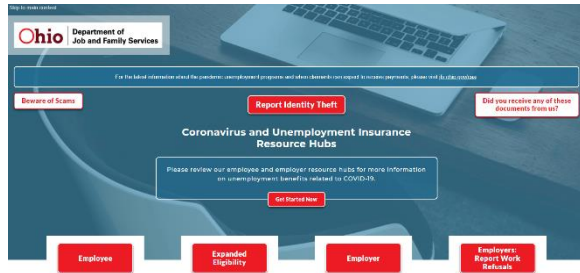


Source: ODJFS; Public Email Inbox MetaData
Red vertical line indicates when Gov Dewine declared a state of emergency

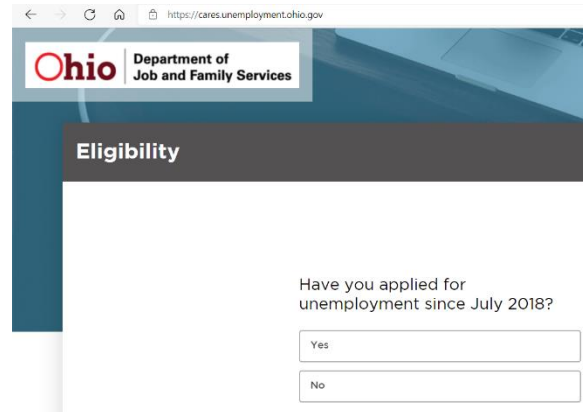
Appendix G: Technology Systems

This appendix contains the visuals of the UI website referenced throughout [Section 5: Technology Systems](#). Visuals in the appendix are presented chronologically in relation to the order of screens an applicant experiences during the process of filing a claim.

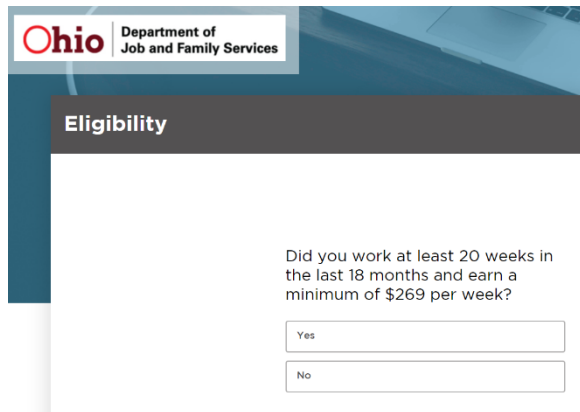
Splash Page



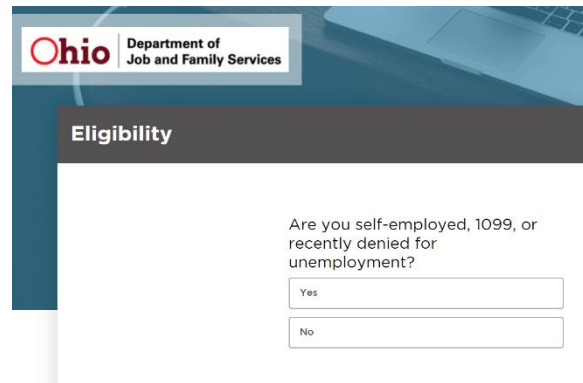
Post-Splash Forking Q1



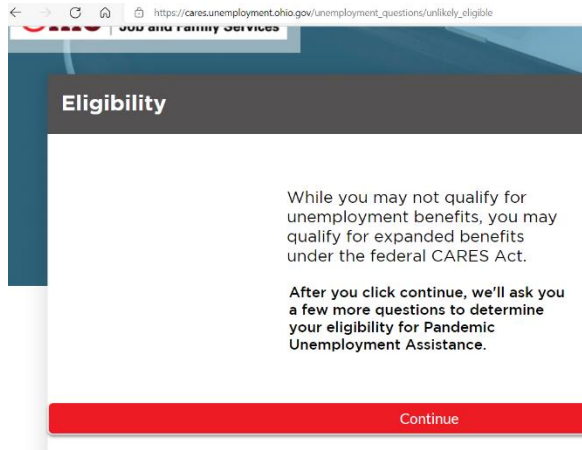
Post-Splash Forking Q2



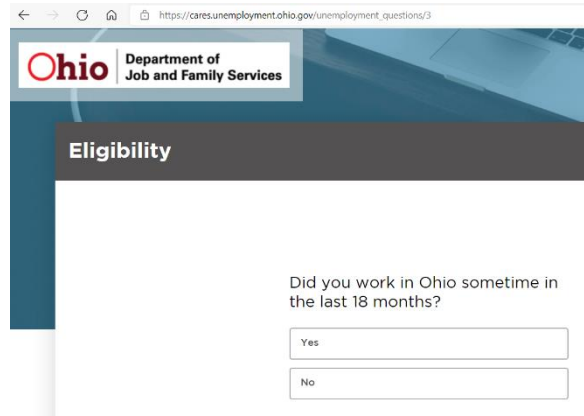
Post-Splash Forking Q3



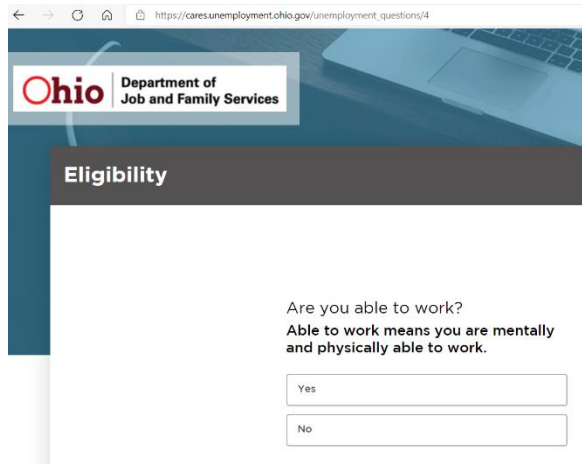
Post-Splash PUA Result



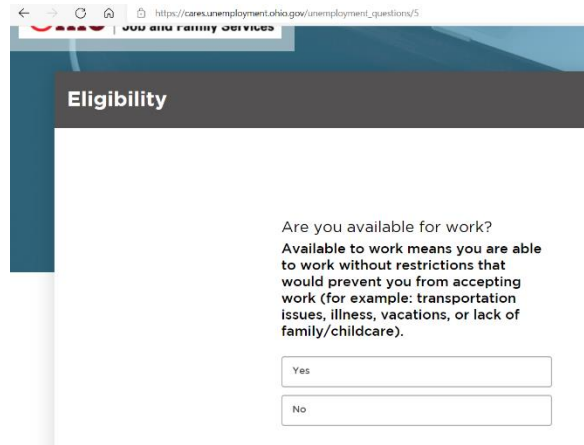
Post-Splash Forking Q4



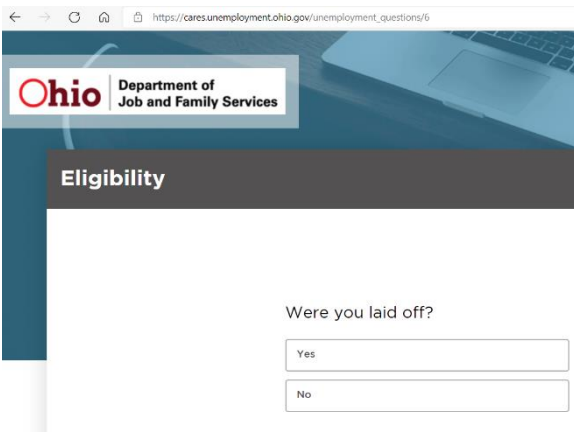
Post-Splash Forking Q5



Post-Splash Forking Q6



Post-Splash Forking Q7



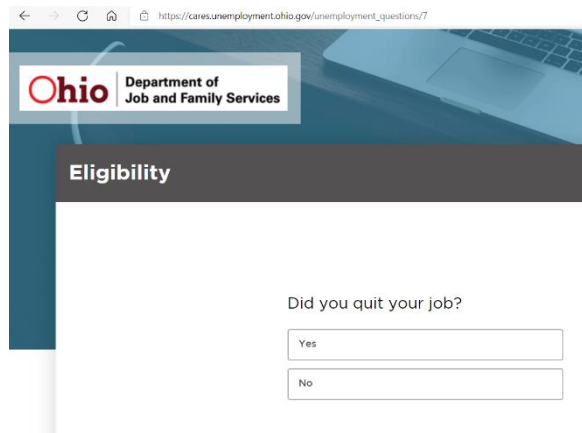
https://cares.unemployment.ohio.gov/unemployment_questions/6

Ohio Department of Job and Family Services

Eligibility

Were you laid off?

Post-Splash Forking Q8



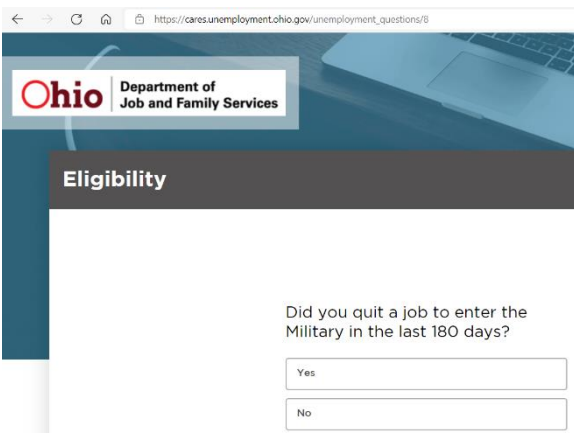
https://cares.unemployment.ohio.gov/unemployment_questions/7

Ohio Department of Job and Family Services

Eligibility

Did you quit your job?

Post-Splash Forking Q9



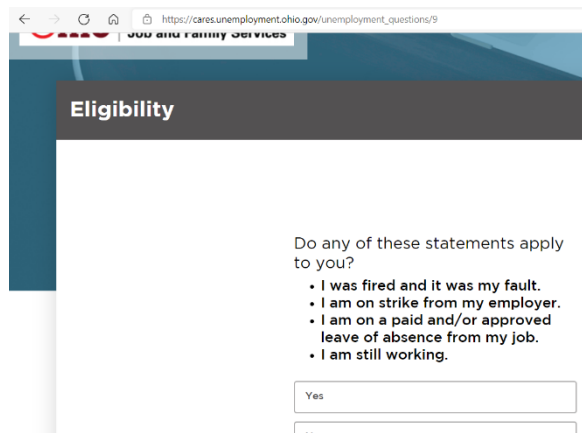
https://cares.unemployment.ohio.gov/unemployment_questions/8

Ohio Department of Job and Family Services

Eligibility

Did you quit a job to enter the Military in the last 180 days?

Post-Splash Forking Q10



https://cares.unemployment.ohio.gov/unemployment_questions/9

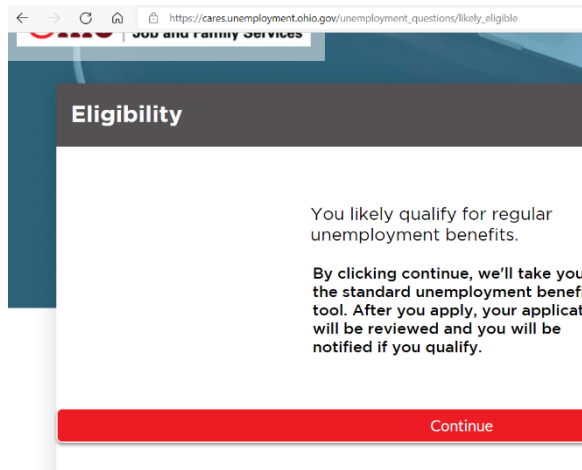
Ohio Department of Job and Family Services

Eligibility

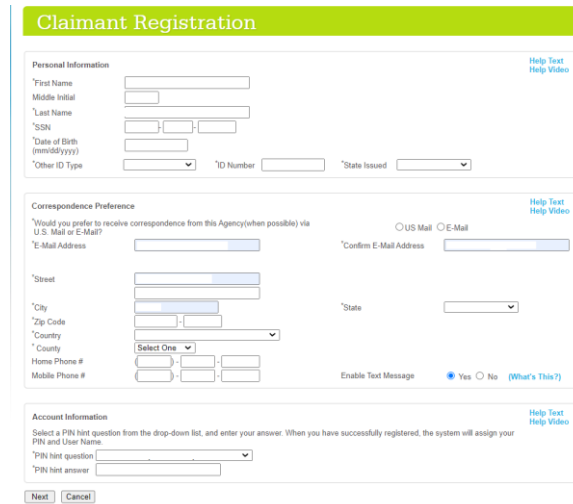
Do any of these statements apply to you?

- I was fired and it was my fault.
- I am on strike from my employer.
- I am on a paid and/or approved leave of absence from my job.
- I am still working.

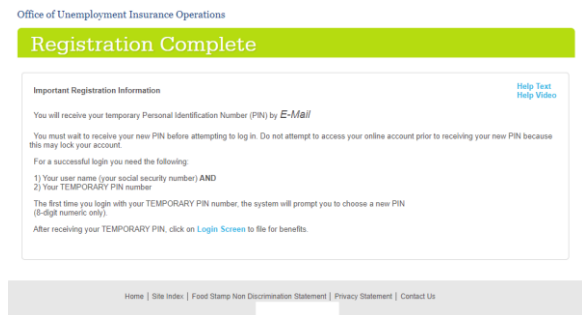
Post-Splash Traditional UI Result



Registration



Registration Complete



New Pin



Main Menu



Demographic Information



Eligibility [Part 1/2]

This screenshot shows the first page of the eligibility questionnaire. It includes sections for 'Eligibility Questions' and 'Additional Eligibility Questions'. The 'Eligibility Questions' section contains several yes/no questions about unemployment benefits, work history, and military service. The 'Additional Eligibility Questions' section asks about business ownership, child support obligations, and dependent status. A 'Next' button is located at the bottom left.

Eligibility [Part 2/2]

This screenshot shows the second page of the eligibility questionnaire. It includes sections for 'Eligibility Questions' and 'Additional Eligibility Questions'. The 'Eligibility Questions' section asks about current receipt of benefits and details of previous employment. The 'Additional Eligibility Questions' section asks about former employers, school enrollment, and union membership. A 'Next' button is located at the bottom left.

Dependents

This screenshot shows the 'Dependent Summary' page. It features a table with columns for 'First Name', 'Last Name', 'SSN', 'Date of Birth', and 'Relationship'. Below the table are buttons for 'Add a Child', 'Add a Spouse', 'Edit', and 'Delete'. A 'Next' button is located at the bottom left.

Spouse

This screenshot shows the 'Spouse Information' page. It asks if the user has a spouse and provides fields for 'Spouse First Name', 'Last Name', 'Spouse SSN', and 'Date of Birth'. A 'Next' button is located at the bottom left.

Mass Layoff

This screenshot shows the 'Enter Mass Layoff/Buyout ID Number' page. It asks if the user was provided with a Mass Layoff/Buyout Identification Number and provides a text input field for the ID number. A 'Next' button is located at the bottom left.

Employment History

This screenshot shows the 'Employment History' page. It asks if the user worked for more than one employer since 01/01/2020. A 'Next' button is located at the bottom left.

Job Matching

Ohio Department of Job and Family Services
Register for Job Matching

Veteran Status

Did you serve on active duty in the Military for a period of more than 180 days, or were you activated for any length of time under Title 10 and released with other than a dishonorable discharge? Yes No

Are you eligible for Veterans Preference as a spouse of a Veteran? Yes No

If any of the following are true, answer "Yes," otherwise answer "No."
 Are you the spouse of a veteran who was killed in action?
 Are you the spouse of a veteran who was captured or interned during war?
 Are you the spouse of a veteran who died with a service connected permanent disability?

Wage Information

What is the lowest acceptable hourly wage that you will accept? per hour

For what type(s) of work are you available? Full-Time Part-Time

What shift(s) do you prefer? First Second Third

Please select the type of Driver's License you have:

Occupational Details

Please select up to 2 occupations in which you would like to work, and enter the months of experience you have for each.

(1) Occupation: (Occupation Lookup) Months of Experience:

(2) Occupation: Months of Experience:

List the skills you have that qualify you to work in the jobs selected above.

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Job Matching – Occupation Search

Ohio Department of Job and Family Services
Occupation Search

Selected Occupations	Code	Title
1	13-2011.01	Accountants
2	13-2031.00	Budget Analysts

Search for Occupations

Title Search for an occupation by selecting a search method, entering the search criteria, and then clicking the Search button.

Description Search Criteria:

Search Results

Occupations	Occupation	Title	Description
<input type="radio"/>	43-3031.00	Bookkeeping, Accounting, and Auditing Clerks	Compute, classify, and record numerical data to keep financial records complete. Perform any combination of routine calculating, posting, and verifying duties to obtain primary financial data for use in maintaining accounting records. May also check the accuracy of figures, calculations, and postings pertaining to business transactions recorded by other workers.
<input type="radio"/>	13-2011.01	Accountants	Analyze financial information and prepare financial reports to determine or maintain record of assets, liabilities, profit and loss, tax liability, or other financial activities within an organization.
<input type="radio"/>	13-2031.00	Budget Analysts	Examine budget estimates for completeness, accuracy, and conformance with procedures and regulations. Analyze budgeting and accounting reports.
<input type="radio"/>	25-1011.00	Business Teachers, Postsecondary	Teach courses in business administration and management, such as accounting, finance, human resources, labor and industrial relations, marketing, and operations research. Includes both teachers primarily engaged in teaching and those who do a combination of teaching and research.
<input type="radio"/>	43-3021.00	Billing and Posting Clerks	Compile, compute, and record billing, accounting, statistical, and other numerical data for billing purposes. Prepare billing invoices for services rendered or for delivery or shipment of goods.

Occupation1: Occupation2:

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Debit Card Fee Disclosure [Pt 1/2]

Ohio Department of Job and Family Services
Debit Card Fee Disclosure

U.S. Bank ReliaCard® Pre-Acquisition Disclosure

You have options as to how you receive your payments, including direct deposit to your bank account or file prepaid card. Ask your agency for available options and select your option.

Monthly fee	Per Purchase	ATM withdrawal	Cash reload
\$0	\$0	\$0 in-network \$1.50 out-of-network	N/A
ATM Balance Inquiry (in-network or out-of-network)		\$0	
Customer Service (automated or live agent)		\$0 per call	
Inactivity (after 365 days with no transactions)		\$1.50 per month	

We charge 3 other types of fees.

See the accompanying Fee Schedule for free ways to access your funds and balance information.

No overdraft/credit feature.
Your funds are eligible for FDIC insurance.

For general information about prepaid accounts, visit cfpb.gov/prepaid. Find details and conditions for all fees and services inside the card package or call 1-855-254-9198 or visit usbankreliacard.com.

Debit Card Fee Disclosure [Pt 2/2]

All fees	Amount	Details
Get cash		
ATM Withdrawal (in-network)	\$0	This is our fee per withdrawal. "In-network" refers to the U.S. Bank or MoneyPass® ATM networks. Locations can be found at usbank.com/locations or moneypass.com/atmlocator .
ATM Withdrawal (out-of-network)	\$1.50	This is our fee per withdrawal. "Out-of-network" refers to all the ATMs outside of the U.S. Bank or MoneyPass ATM networks. You may also be charged a fee by the ATM operator even if you do not complete a transaction.
Teller Cash Withdrawal	\$0	This is our fee for when you withdraw cash off your card from a teller at a bank or credit union that accepts Visa®.
Information		
ATM Balance Inquiry (in-network)	\$0	This is our fee per inquiry. "In-network" refers to the U.S. Bank or MoneyPass ATM networks. Locations can be found at usbank.com/locations or moneypass.com/atmlocator .
ATM Balance Inquiry (out-of-network)	\$0	This is our fee per inquiry. "Out-of-network" refers to all the ATMs outside of the U.S. Bank or MoneyPass ATM networks. You may also be charged a fee by the ATM operator.
Using your card outside the U.S.		
International Transaction	3%	This is our fee which applies when you use your card for purchases at foreign merchants and for cash withdrawals from foreign ATM. It is a percentage of the transaction dollar amount, after any currency conversion. Some merchant and ATM transactions, even if you and/or the merchant or ATM are located in the United States, are considered foreign transactions under the applicable network rules, and we do not control how these merchants, ATMs and transactions are classified for this purpose.
International ATM Withdrawal	\$1.50	This is our fee per withdrawal. You may also be charged a fee by the ATM operator even if you do not complete a transaction.
Other		
Card Replacement	\$0	This is our fee per card replacement mailed to you with standard delivery (up to 10 business days).
Card Replacement Expedited Delivery	\$10.00	This is our fee for expedited delivery (up to 3 business days) charged in addition to any Card Replacement fee.
Inactivity	\$1.50	This is our fee charged each month after you have not completed a transaction using your card for 365 consecutive days.

Your funds are eligible for FDIC insurance. Your funds will be held at U.S. Bank National Association, an FDIC-insured institution, and are insured up to \$250,000 by the FDIC in the event U.S. Bank fails. See <https://www.fdic.gov/deposit/positions/prepaid.html> for details.

No overdraft/credit feature.
Contact Cardholder Services by call 1-855-254-9198, by mail at P.O. Box 551617, Jacksonville, FL 32255 or visit usbankreliacard.com.

For general information about prepaid accounts, visit cfpb.gov/prepaid. If you have a complaint about a prepaid account, call the Consumer Financial Protection Bureau at 1-855-411-2372 or visit cfpb.gov/complaint.

Efficient • Effective • Transparent

Payment Preferences

Ohio Department of Job and Family Services

Payment Preference Details

You may select to receive your benefit payments by direct deposit to your bank account or by debit card. In order to participate in direct deposit, please make the selection and provide the requested information. Click here for additional debit card information.

Direct Deposit
 Direct Deposit Debit Card

* If you do not choose to receive your benefits by direct deposit to your account, you will automatically be enrolled to receive payments by debit card.

Bank/Branch Name: _____
 Address: _____
 City: _____
 State:
 Zip Code: _____
 Bank Account Number: _____
 Account Type:
 Bank Routing Number: _____
 (Hint: The Bank Routing Number is the 9 digit number that appears in the lower left corner of your checks.)

Next

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Certification

Ohio Department of Job and Family Services

Certification

I certify that I am unemployed, and I hereby register for work and make application for determination of my benefit rights. Further, I certify that the information provided by me in this application is true and correct. I know that the law provides penalties for false statements to obtain benefits.

I agree to all of the above and want my claim submitted for processing.
 I do not agree and want to cancel this claim.

*Upon clicking the 'next' button, if you've agreed to submit your data for processing, your claim will be filed. This process can take up to 30 seconds, please do not refresh this page or close out this window!

Next

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Confirmation [Part 1/2]

Ohio Department of Job and Family Services

Claim Confirmation - Page 1

You have successfully filed your claim for unemployment benefits!

Your claim Confirmation Number is: _____

Please write this number down or print out this page for your records. You may contact this agency at 1-877-644-6562. If you have any questions regarding your claim, please have your Confirmation Number available when making inquiries about your claim. If additional information is needed.

You will receive a new or additional claim instruction sheet in the mail that describes your rights and responsibilities associated with your benefits. Please review the packet and follow the instructions carefully to avoid any possible delay in the processing of your claim. If you are required to reply to any information in the packet, please complete the information and fax or mail it to the OCJFS office indicated on the form. Failure to reply timely to any request will cause your claim to be processed based on the information in your file, which could result in a denial of your benefits. You have been given a PIN number for filing your weekly claim for benefits. Keep your PIN and instructions in a safe place for future reference. DO NOT give your PIN to anyone. If you believe someone knows your PIN or you forget your PIN, please contact your claims processing office. If you do not receive your instruction sheet within 5 working days, please call 1-877-644-6562. In the future, please feel free to access our website at <https://www.unemploymentohio.gov> for immediate service. Service is available 24/7. Your application has now been completed and has been submitted for processing.

Next

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Confirmation [Part 2/2]

Ohio Department of Job and Family Services

Claim Confirmation - Page 2

You will be registered with OhioMeansJobs (OMJ), the state's premier job-matching system, and a temporary resume will be created for you. If you already have an active OMJ account, this account and any previously created resume will remain the same. Continue to use your pre-existing OMJ username and password. If you forget your password, contact OMJ by email at OMJ-help-desk@jfs.ohio.gov or phone 1-888-296-7541 (select option #2 and follow the prompts for job seekers and password resets).

If your current application is for a new unemployment benefit account, you will receive a "New Claim Instruction Sheet" within a week of filing this application. Read the instructions carefully. **IMPORTANT: deadline dates will appear in the Re-employment Activity portion of the "New Claim Instruction Sheet".** Failure to complete these activities by the deadline dates can cause your unemployment benefits to STOP until the activity is completed. Even if you return to work before a deadline date and later reopens your unemployment account, you must meet these requirements. When you **reopen** your account after a period of employment, you will receive an "Additional Claim Instruction Sheet" showing which re-employment activity deadlines still need completed before your benefits can resume. (NOTE: Re-employment activities are no longer required if, at any time while claiming benefits, you are **re-hired** from seeking work with at least two employers each week.)

If you are new to OMJ, you can log on to your OMJ account after you receive two separate notices: (1) Notice of OhioMeansJobs Username and (2) Notice of OhioMeansJobs Password. The Notice of OhioMeansJobs Password will be sent only by U.S. Mail, regardless of your correspondence preference, and both notices will be sent within a week of filing this application.

Click this link to go to [OhioMeansJobs.com](https://www.unemploymentohio.gov) for more details about required re-employment activities. For future access, a link to OMJ is also provided on your [unemploymentohio.gov](https://www.unemploymentohio.gov) account's Main Menu.

Next

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Main Menu [Post Initial Claim]

Ohio Department of Job and Family Services

Ohio Unemployment Benefits - Main Menu

New Claims
 No New Claims can currently be filed.
 Information about Federal Extended Benefits

Weekly Claims
 No Weekly Claims can currently be filed.
 Your next scheduled filing date is 06/29/2021.

Claim Details
 View Claim Summary/Payment History
 View Unemployment Reemployment Summary

Work Search
 Visit OhioMeansJobs (What's This?)

Personal Information
 Update Personal Information
 Update Payment Preference Details
 Change PIN
 Change Your PIN
 Change Your PIN Hist Question

View Correspondence Inbox
 View Notices and Determinations

Re-employment Activities
 View Re-employment Activities

Next

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Claim Summary

Ohio Department of Job and Family Services

Claim Summary (Payment Summary)

Claim Summary				
Benefit Year End Date	06/11/2022	Waiting Week Credited	No	Help Text
Benefit Year Beginning Date	06/13/2021	Overpayment Principal Balance	\$0.00	
Weekly Benefit Amount	\$0.00	Fraud Penalty Balance	\$0.00	
Total Benefits Payable	\$0.00	Overpayment Interest Balance	\$0.00	
Remaining Balance	\$0.00	Penalty Week Balance	0 week	

Payment History
 Search Result(s): 0 Found

Week Ending Date	Status	Amount Paid	Disbursement Date	Determination	Confirmation	Help Text
View Pay Stub Main Menu						

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OHIO AUDITOR OF STATE KEITH FABER



OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 9/23/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov