Employer Interactions with Unemployment Insurance Systems

How workforce agencies can make smart investments in digitizing employers' experiences

Policy Memo | US Digital Response | June 10, 2021

Summary: Employers play a key role in the ultimate disbursal of Unemployment Insurance funds; whenever someone files a new application for UI benefits, their former employer is notified and given the opportunity to challenge that claim. The data that employers contribute is assumed to be "more correct" than whatever the employee had originally provided and so has a lot of power in determining whether someone is in fact eligible for benefits, and if so, how much. How effectively employers interact with UI systems has a direct impact on the timeliness of payouts to legitimate claimants and could also indirectly reduce fraud.

Background: In January and March 2021, we conducted 14 one-on-one, hour-long interviews with human resource professionals who handle unemployment claims for their companies. The goal of the interviews was to create a baseline understanding of their experiences in three key areas:

1. Submitting claims on behalf of their former employees when applicable
2. Being informed of claims filed by former employees and of any subsequent decisions made
3. Disputing and/or appealing decisions about a former employee's claim and providing documentation/keeping up with the adjudication process

The sample was national, with participants based in 10 states: California, Georgia, Illinois, Massachusetts, New Mexico, New York, Pennsylvania, Texas, Virginia, and Washington State; however, most participants managed UI claims in multiple states. Interviewees worked for companies that ranged from dozens of employees to over 10,000 employees, in many different sectors: regional public transit, catering, health care, software development and more. Some of the companies experienced regular, seasonal layoffs that resulted in regular and predictable interactions with workforce agencies. A few of the companies whose representatives we interviewed were "reimbursable" employers, who were responsible for covering 100% of the benefits their former employees used; the rest of the employers were "taxable," meaning that their payroll tax rate was determined by how heavily their former employees used the system.

Key Findings:

- Paper mail-based systems broke down when people were no longer regularly in the office
- Delays occur in benefit disbursal when the claimant files for UI under a different name than the employer has on record, which happens much more frequently for people with non-English name patterns.

- HR employees who worked at companies with a presence in multiple states either had to use a Third Party Administrator (like ADP or Equifax) or build their own internal processes to manage claims across the disparate systems.
- Even in states where the workforce agency made online claim management possible, employers still had challenges keeping up with new claims and providing the necessary information to respond to a claim.
- There is no one way that employers think about their employees receiving UI benefits; some see it as a key part of their business model and thus do their best to help their former employees receive benefits, and on the other end of the spectrum, some employers have an institutionalized antagonistic relationship with former employees over receipt of UI.
- Employers dispute initial claims, in particular surrounding reasons for "job separations," but rarely dispute decisions

Key Recommendations:

- ***More flexible forms.*** In the form or questionnaire provided to employers to respond to a claim, they should be given the ability to mark likely fraud and the space to provide more information about their perspective on a claimant's situation. (Here is an example of a form from Washington State.)
- ***Effective digital portals.*** Workforce agencies should all have a digital portal for all employers to at least learn about and respond to new UI claims, if not follow them through any appeals processes. (This digital portal should:
    - Support multiple log-ins for a single employer, with easy processes for creating new accounts
    - Support mass uploads and downloads of many claimants' information at a time
    - Let portal users opt into email notifications for new claims and newly scheduled hearings
    - Let portal users change or update their previously submitted answers to questions when they learn new information.
- ***Enable communication between employer and claimant.*** Increase transparency between employer and claimant so that simpler issues could be resolved more quickly
- ***Serve employers separately from claimants.*** Have accessible, prompt, and employer-specific customer service options, for example:
    - Dedicated phone lines with staff knowledgeable about the employer experience, that do not solve claimant issues or even redirect claimants to the correct line (while extreme, some states have found this useful in keeping the phone line as clear as possible)
    - Creating FAQ and other online support content for employers to self-solve their issues
- ***Audit and fix UI systems' English biases in name-matching.*** Learn more in this report.

Further reading: To see more detail on the findings and key recommendations, read the two research reports: Landscape of the Employer Experience (Jan. 2021) and Employer Experience: Digital Interactions (Mar. 2021). To see more about the way the current system of interacting with employers affects workforce agency processes staff, see the Employer Interaction section of the UI Journey Map.