

Program Structure Number: 020103

Program ID and Title: LBR171, Unemployment Insurance

Page Reference in the Executive Budget Supplement, Vol. I: None.

I. Introduction

A. Summary of Program Objectives

To alleviate the economic hardships that result from the loss of wage income during periods of involuntary unemployment.

B. Description of Program Objectives

1. Collection of contributions from subject employers to finance the payment of benefits.
2. Payment of benefits to eligible persons who are unemployed.

A Summary of the Objectives and Activities as Discussed in the Multi-Year and Financial Plan.

The activities to carry out the program objective to alleviate economic hardships of the unemployed are continuously monitored through federal measurements and standards. Emphasis will be placed on key components such as prompt benefit payments; elimination of deficiencies in the claims adjudication process; registration of subject employers; tax collection and reduction of tax delinquency; and strengthening management and the organization.

C. Explain how the Program intends to meet its objectives within the Biennium Budget.

The Unemployment Compensation program intends to meet its objectives by continuing to incorporate state-of-the-art technology and automation into its processes. The program will also continue to embrace the principle of making continuous improvements, with particular emphasis on improving customer services.

II. Program Performance Results

A. Discuss the performance results achieved by the Program in FY 2008.

The Unemployment Compensation program is evaluated by the U.S. Department of Labor (USDOL) for initial claims promptness as its primary performance measurement. The USDOL's standard is for the full payment of unemployment compensation to eligible claimants with the greatest promptness that is administratively feasible. The criteria used to determine whether there has been substantial compliance with this standard is that a minimum of 87% of first payments to intrastate claimants are made within 14 days of the first compensable week ending date and 93% within 35 days, and 70% of first payments to interstate claimants are made within 14 days of the first compensable week ending date and 78% within 35 days.

In FY 2007 and for the first five (5) months of FY 2008, the UI Division's performance exceeded all initial claims promptness standards. These performance results are as follows:

	< 14 days	< 35 days
Intrastate claimants		
FY 2007	89%	98%
FY 2008 (5 months)	88%	98%
Interstate claimants		
FY 2007	82%	93%
FY 2008 (5 months)	79%	95%

B. Explain how these results relate to the program's objectives and department's mission.

By achieving the USDOL's standard, eligible claimants will receive much needed financial assistance in a timely manner, thereby promoting the Department's mission of providing for the economic security and economic well-being of Hawaii's workers.

- C. Explain how the effectiveness of the Program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and discuss the performance results achieved during the past two years.

The effectiveness of the program is measured not only on how it achieves the USDOL initial claims promptness standards, but also on the accuracy of benefit payments paid to claimants. The UI Division operates a federally mandated quality control program which assesses the accuracy and appropriateness of unemployment compensation (UC) benefit payments. The accuracy measurement derived from this program is based on the premise that data from a statistically representative sample of claims can provide reliable information. Each week, a random sample of claims are reviewed using a strict methodology and an investigative process which includes in-depth interviews with the claimants, employers, unions and other parties who impact the payment of benefits. Based on the results of the reviews, the UI Division is able to produce reliable estimates and projections as to the accuracy of UC benefit payments. During the calendar year ended December 31, 2007, the results of the quality control reviews revealed that 92.8% of the benefit payments were paid correctly. Partial results for the calendar year ended December 31, 2008 indicate that 94.5% of the benefit payments were paid correctly.

- D. Discuss actions taken by each Program to improve its performance results.

In 2007 and 2008, the UI Division continued to work on prior initiatives and enhanced registration for work processes. IT security was a major priority. The UI Division upgraded its IT infrastructure with the latest technology, including replacing servers and the main switch; purchasing a degausser; and securing email transmission by screening for confidential information.

The UI Division continued to participate in a USDOL Reemployment and Eligibility Assessment pilot project for the third year in a row. This project assists unemployed individuals in their efforts to find new jobs and eliminate errors in unemployment payments. The 10,000 in-person interviews were conducted at the various One-Stop Centers by UI staff on each island to bring selected individuals to the job center to utilize job searching tools, personal planning services, training opportunities, and a library resource center.

Federal grants have assisted the UI Division to detect potential overpayments and ensure proper payments. In July 2007, programming

was completed to import National Directory of New Hires (NDNH) data records from all states to cross match against Hawaii's benefit file. The UI Division is also working on modifications to the UI tax system to prevent employers from practicing illegal schemes to avoid paying higher unemployment taxes. Prosecution of cases resulted in two (2) convictions of UI fraud in 2007.

A new cost accounting system developed by the department's Administrative Services Office and UI staff to streamline purchasing and time distribution functions through online processing was completed in early 2008. Automation of these processes has resulted in less paperwork with more accurate and timely reports.

- E. Identify all modifications to your program's performance measures and discuss the rationale for the modifications.

None.

III. Problems and Issues

- A. Discuss Problems and Issues Encountered If Any.

None.

- B. Program Change Recommendations to Remedy Problems

None.

- C. Identify any program issues or problems that have affected or will affect the implementation of the programs, and the corrective measures or remedies established or planned.

None.

IV. Expenditures for Fiscal Year 2008-2009

	Acts 213/07,158/08 FY 2008 - 2009	Collective Bargaining	* Transfers Restriction	Available Resources	Est. Total Expenditures
Pos. Count	207.50			207.50	207.50
Personal Svcs	\$ 12,887,827	\$ 714,494		\$ 13,602,321	\$ 13,602,321
Current Exp	168,538,498			168,538,498	168,538,498
Equipment					
Motor Veh					
Total	\$ 181,426,325	\$ 714,494	\$ -	\$ 182,140,819	\$ 182,140,819
Less:					
Pos. Count					
Special Fund	166,626,650			166,626,650	166,626,650
Pos. Count	207.50			207.50	207.50
Federal Fund	14,799,675	714,494		15,514,169	15,514,169
Pos. Count					
Other Funds					
Pos. Count					
Gen. Fund					

*No Transfers In/Out

A. Explain all transfers within the Program ID and its impact on the Program.

None.

B. Explain all transfers between Program IDs and its impact on the Program.

None.

C. Explain all restrictions and its impact on the Program.

None.

V. Biennium Budget Request for Fiscal Year 2010-2011

	Budget Request FY2009-2010	Budget Request FY2010-2011	Biennium Budget FY2010-FY2011
Pos. Count	207.50	207.50	207.50
Personal Services	\$ 13,787,003	\$ 13,787,003	\$ 27,574,006
Current Expenses	362,938,498	362,938,498	725,876,996
Equipment			
Motor Vehicles			
Total	\$ 376,725,501	\$ 376,725,501	\$ 753,451,002
Less:			
Pos. Count			
Special Fund	361,026,650	361,026,650	722,053,300
Pos. Count	207.50	207.50	207.50
Federal Fund	15,698,851	15,698,851	31,397,702
Pos. Count			
Other Funds			
Pos. Count			
Gen. Fund			

A. Workload or Program Request

1. Description of request, reason for the request, and desired outcomes or objectives to be accomplished.

Request to increase the special fund appropriation in each year of the biennium by \$194,400,000 for unemployment benefit. The unemployment rate is projected to increase from 3.1% to 5.5%.

2. Listing/description of positions requested, and funding requirements by cost category and source of funding.

Other Current Expenses

(7200) Unemployment Benefit Payments

MOF B

FY2009-2010 \$194,400,000

FY2010-2011 \$194,400,000

3. For all lump sum requests, please provide a breakout indicating specific purposes for all planned expenditures.

None.

- B. For all position count reductions, please specify whether the positions were filled, or vacant.

None.

- VI. Identify restrictions carried over from FY 2008-2009 as well as additional reductions due to the Department of Budget and Finances budget ceilings for FY 2010-FY 2011.

- A. Description of the reduction, the reasons for the reduction, and the impacts to the objectives to be accomplished by the program.

None.

- B. Listing/description of the positions cut including source of funding; please specify whether the positions were filled or vacant.

None.

- VII. Capital Improvement Request for FY 2010-FY 2011

None.

- VIII. Proposed Lapses of Capital Improvement Program Projects

None.