

Michigan's Unemployment Insurance Solution



Michigan's Unemployment Insurance Agency (UIA) serves a population of nearly ten million people. The "great recession" hit particularly hard in industrial states like Michigan and UIA's staff and systems were stretched to the limit. However, the UIA managed to serve its clients through this tough period despite the fact that many components of its IT system were decades old. During the height of the recession in 2009, UIA paid weekly benefits to nearly 1.4 million people. At the same time it continued to serve the needs of over 200,000 employers.

Michigan's experience of using outmoded, inflexible technology during a period of very high unemployment made it clear that the agency's long-planned system modernization could wait no longer. UIA's mainframe-based system was pushed to its limit handling the workload required to serve Michigan's workers and employers. The amount of agency work became so large that processing the automated transactions generated during the workday could not always be accomplished in the overnight hours.

Undertaking the modernization of its Unemployment Insurance (UI) Tax and Benefits systems in the immediate aftermath of the most stressful period in the history of the program posed unique challenges. The UIA workforce was exhausted and its IT staff was continually challenged to keep pace with program changes prescribed by the Congress, the Federal Department of Labor and the Michigan Legislature. The agency's ability to execute a complex procurement and system implementation during a period when it was still digging out from a workload that was historically unprecedented is a feat to be lauded. They christened their new system "MiDAS" – Michigan Integrated Data Automated System.

UI Tax: Work on the tax component of MiDAS started in August of 2011. FastUI was installed within several days of the beginning of the project followed and by base configuration of the system soon thereafter. There was a period of adjustment as FAST staff and Michigan program and IT personnel settled into the iterative, collaborative methodology FAST uses in all of its projects. The pace was intense and the project's energy was consistently focused on configuring and refining the core UI tax functions described in UIA's request for proposal.

Twelve months later the new system went live. Users noticed an improvement in accuracy and ease-of-use almost immediately. The new system included reliable work management tools, real-time access to account information, and a significantly improved ability to collect delinquent taxes. An easy-to-use eServices portal permitted Michigan employers to access and update their accounts, providing accurate and understandable information 24 hours a day.

These processing improvements were key to the agency since the new system rollout coincided with the reduction in force of roughly 1/3 of the agency staff.

MiDAS Implementation Schedule



Key Benefits of an Integrated Tax/Benefits System

- Access to wage data for better claim eligibility review
- Better contested claims processing reduces protests and redeterminations
- Integrated benefit charging improves the rating process, while reducing protests and redeterminations
- A single application and a single database simplifies and streamlines the maintenance of the system by state personnel

UI Benefits: Shortly after the UI tax project implementation, Michigan and its FAST teammates turned their attention to the implementation of the benefits system. The Benefits project started in September 2012. Around that same time, UIA began upgrading the MiDAS tax system from Version 8 to Version 9 of the core FastUI software—which had been released in the interim. This way, both the tax and benefits systems would be on the same FastUI version. Michigan's objective was to have a state-of-the-art integrated tax and benefit system operating by October 1, 2013.

The legacy system was shut down during the last weekend of September 2013. The new benefits system went live on October 1 -- on time and on budget. While the rollout had its challenges, all-in-all it went smoothly—especially when compared to similar rollouts of benefits systems in other jurisdictions in the previous few months. The project staff supplied desk side support for the first few weeks after the rollout as hundreds of UIA staff moved from the legacy benefits system to MiDAS. The new system training paid important dividends for those staff who took full advantage of it. For others, the learning curve for the new system was steeper.

The claimant web portal worked smoothly following the rollout. In its first full week of operation, MiDAS processed 10,909 initial claims and 103,554 continuing claim certifications.

Before and After

A modern, fully integrated tax and benefits system provides significantly improved performance for agencies able accomplish the transition. In general, new systems are designed to address specific shortcomings in the systems they replace and can produce dramatic changes in the way an agency does business. In a project like MiDAS, those changes can be profound, affecting not just key performance indicators but the day-to-day work life of those who rely on the system to do their jobs.

Improving non-monetary (non-mon) processing was a key objective of MiDAS. The project team used FastUI case functionality to apply Michigan law relating to non-mon fact finding. The software facilitated processing non-mons accurately and consistently across all issues and circumstances. Real-time online access using FastUI eServices allowed employers and claimants to respond in a timely and comprehensive way to targeted fact finding. Combined, these tools greatly increased UIA's non-mon determination efficiency. In the fourth quarter of 2012, Michigan's legacy system processed 58,864 non-monetary determinations and redeterminations. In the same quarter of 2013, after MiDAS was implemented, a total of 120,531 determinations were issued, an increase of 105%.

Similarly, in its last year of operation the legacy system processed 38% of its intrastate separation decisions within the federal prescribed time of 21 days. In MiDAS' first 11 months of operation, 53% of separation decisions met the timeliness standard. The performance for non-separation decisions was even better, moving from 38% timely under the legacy system to 69% timely with MiDAS.

UIA quickly realized the benefits of a modernized and integrated system. Increased non-monetary determination efficiency led to \$9 million additional above-base federal funding for the first three quarters using MiDAS. This additional funding has allowed UIA to reinforce its focus of providing excellent service to the employers and citizens of Michigan by adding back staff throughout the customer service departments.

Under the legacy system, overnight batch processing often took many hours, in some instances not finishing within the time available. Under MiDAS, batch processing usually lasts no more than four hours, consuming fewer staff resources and reducing operating expenses.

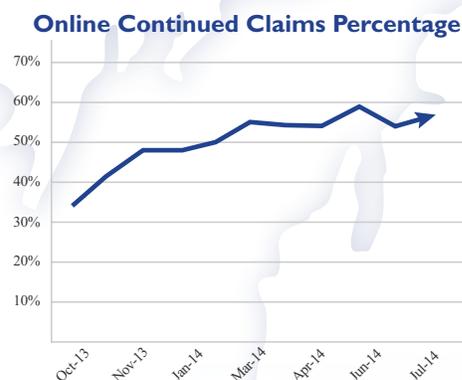
IMPROVEMENTS IN THE EMPLOYER PORTAL

Michigan saw the implementation of an integrated system as an opportunity to modernize some of its laws and statutes as well. One area of significant improvement was employer tax report filing requirements. The move to MiDAS allowed Michigan to create a combined quarterly tax and wage report that could be filed online using FastUI eServices and processed directly into MiDAS. (Submitting wage records and filing taxes had been separate processes for employers in the legacy system.) Michigan named its portal the Michigan Web Account Manager, or MiWAM. Online data entry allowed for automated calculating and rule checking prior to submission. These checks allowed employers to submit clean returns that processed directly to their UIA accounts without staff intervention. The first quarter traditionally being the busiest, UIA saw 144,823 report filing errors in 2013 in the legacy system. That number was reduced to 55,869 for the first quarter of 2014, a decrease of 61%. This reduction in filing errors has allowed UIA to reorganize its operations to provide improvements in employer customer service.

Lockbox paper return processing in legacy was becoming increasingly expensive and batch errors were costly to address. With MiDAS, Michigan was also able to implement an electronic filing mandate for employers which helped with quick employer adoption of MiWAM. Before rollout, over 29,000 employer customers utilized the legacy online portal. As of July 2014, over 101,000 employer customers have active MiWAM accounts. Beginning in 2015, all non-exempt employers will be required to file quarterly reports through MiWAM.

IMPROVEMENTS IN THE CLAIMANT PORTAL

Claimants have also shown a high level of interest in self-service claims on the modernized eServices portal. MiWAM offers claimants the ability to file new and additional claims from start to finish. This applies not only to traditional intrastate claims but also to combined wage claims (CWC), claims of former military service personnel (UCX) and claims from laid off federal employees (UCFE). MiWAM's step-by-step guidance and targeted eligibility



questions allow for more information to be gathered up front and reduces the processing time for an eligible claim. Since October 2013, 48% of claims were filed through MiWAM.

The number of continued claims is also trending upward (see graph) as more claimants are realizing the benefits of the modernized eServices portal.

Claimants are not limited to filing claims on MiWAM. They can also submit work search contacts, respond to fact finding questions, file continued certifications, designate payment method preferences, update name and address information, and much more. UIA's commitment to fully utilize eServices functionality has improved self-service capabilities and has helped free up staff resources to assist in the other areas of customer service.