

Colorado Proposes Tightening Unemployment Insurance Benefit Requirements

November 18--On Monday, the Colorado Department of Labor and Employment (CDLE) held a rulemaking hearing to discuss proposed changes to current regulations regarding eligibility requirements for laid-off workers actively seeking work while receiving unemployment insurance (UI) benefits.

CDLE's proposed changes are based on its discovery of a large number of improper payments that have been issued to individuals claiming unemployment insurance benefits who may not be following current work-search requirements.

The proposed changes include the following:

- Include clear definitions and guidelines in the CDLE handbook, which is issued to all UI claimants, to describe a proper work search.
- Tighten up current rules by requiring claimants to maintain a written record of contacts they made while seeking work and define the length of time the record must be maintained; and
- Adopt new rules allowing the UI Division to issue formal warnings to claimants that fail to meet work-search requirements. Once the warning is issued, the claim is flagged for future auditing and potential suspension of benefits.

The Department took testimony at the hearing and plans to adopt the proposed regulations within the next few weeks.

Last month, Ellen Golombek, CDLE Executive Director told the CACI's Labor and Employment Council that the state made improper payments totaling \$305 million to individuals claiming unemployment insurance benefits during the three-year period 2008-2010. During this period, \$2.3 billion was paid out in benefits.

Golombek said she discovered the problem last May. She said that Colorado is the sixth worst state in the nation for improper payments. Colorado's amount of improper payments ranges from 17 percent to 18 percent of total payments made to claimants. Of that amount, four percent of improper payments are fraud related. That national average for improper payments is 12 percent and the federal acceptable rate is 10 percent. Of the \$305 million, Golombek said, the UI Division has recovered 43 percent and will seek to recover the rest from benefit recipients.

Golombek explained that, historically, there has been pressure on the UI Division to quickly issue payments, which led to mistakes being made by staff. There has also been less attention paid to compliance requirements for claimants due to the large number of claims and the extension of benefits from 26 weeks to 99 weeks.

The largest percentage of improper payments has been found to be in the work-search program. Currently, claimants are required to search for work five times each week and then report those five work searches through CDLE's automated-phone system. A small percentage of individuals are audited to determine whether or not they have complied with the program. For the vast

majority of claimants, it is unknown whether or not compliance is being met, and the Department continues to issue payments.

In October, Governor John Hickenlooper issued an Executive Order directing the CDLE to reduce the state's improper payment to below the "acceptable federal benchmark of 10 percent." For more on this issue, read "Colorado had \$305 million in improper unemployment payments over three years" by Howard Pankratz of *The Denver Post*.

http://www.denverpost.com/search/ci_19100939

Golombek told CACI that the Unemployment Insurance Division plans to increase the number of audits of claimants, and, if an individual fails to comply with the work-search program, the individual will be issued a warning and will be monitored closely. If that individual continues to fail to comply, then consequences will be administered.

Golombek also discussed the Department's involvement in a pilot project with other states initiated by the U.S. Department of Labor. The goal of the project is to develop strategies for reducing improper payments across the nation. Golombek discussed steps the Division will take to mitigate the problem through the pilot project as well as through departmental administrative changes. Such efforts include:

- Increasing audits on claimants and issuing warnings for non-compliance of work-search program;
- Increasing staff for adjudication of claims;
- Increasing staff to answer calls from claimants;
- Increased training of staff handling UI claims;
- improving communications on CDLE's website and phone messages regarding claims;
- Collecting funds owed through state and federal tax refunds and gaming proceeds; and
- Aligning state data with the National Database of New Hires so that Colorado is alerted when an individual starts a new job.

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