

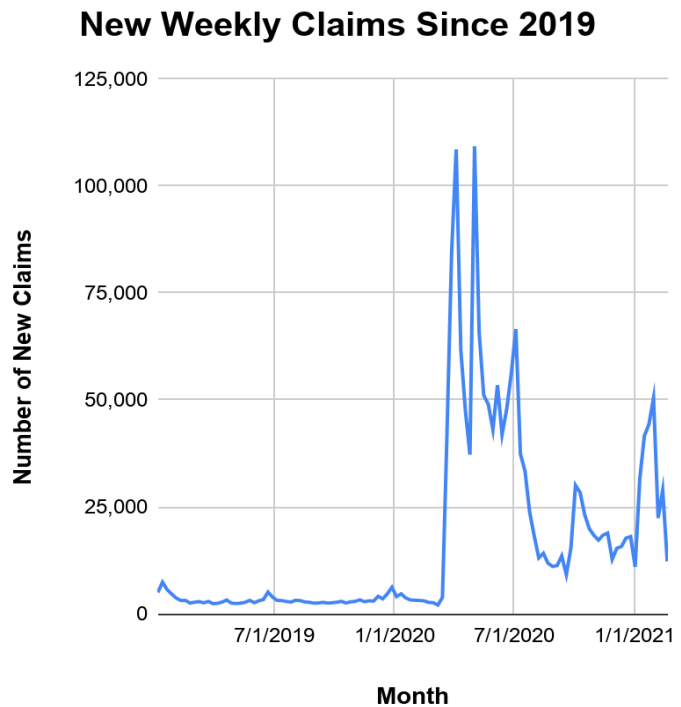
**Maryland Department of Labor
Fiscal Year 2022 Operating Budget
Response to Department of Legislative Services Budget Analysis**

**Appropriations Committee
Education and Economic Development Subcommittee
Delegate Ben Barnes
March 4, 2021**

**Budget and Taxation Committee
Education, Business and Administration Subcommittee
Senator Craig J. Zucker
March 4, 2021**

The Department greatly appreciates the thoughtful and thorough analysis from Ms. Emily Haskell. Her analysis highlights some of the unprecedented demand for department services and the excellent work being done in our agency.

The economic consequences of the COVID-19 pandemic resulted in a substantial increase in the volume of new unemployment insurance claims filed in Maryland. In 2019, the department received 171,429 new claims. In comparison, **over 1.4 million new claims were filed from March to December of 2020, which is an increase of over 814%**. There were several times in 2020 that the department received over 100,000 new claims in just one week. For comparison, the highest number of new claims we received during the Great Recession was 6,000. As the chart shows, the surge in new claims was not only unexpected, but also truly unprecedented. This volume has continued in 2021 with over 240,000 new claims being filed in just two months for a total of over 1.6 million new claims filed since the beginning of the pandemic.



As noted in the DLS key observations, the department has hired more than 1,000 claims agents to assist Marylanders file for unemployment benefits, and has paid out over \$10 billion in benefits. Also noted in

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the analysis, the Department’s nationally recognized Layoff Aversion Program paid out over \$30 million to 1,200 eligible businesses, saving more than 21,000 jobs. The Department’s Reemployment Services and Eligibility Assessment (RESEA) program served more than 41,000 customers in 2020, compared to 10,000 in 2019.

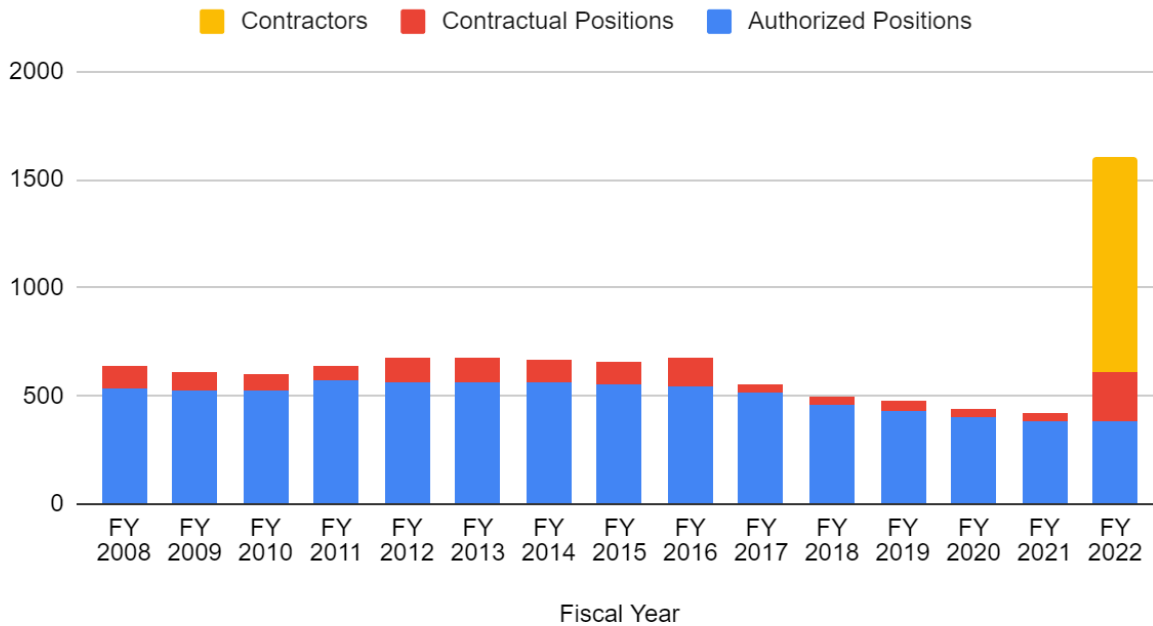
DLS Recommendations:

1. The department should comment on ongoing efforts to add staff to support the Office of Unemployment Insurance, including identifying benchmarks for the success of these two contracts in reducing call center wait times and clearing the backlog of cases pending adjudication.

Department of Labor Responses:

The Department has continued to increase staffing as fast as possible throughout the pandemic. The following chart shows the number of authorized positions in the Unemployment Division, the number of contractual staff, and the number of contractors employed by the division from present back to FY2008. As the chart below indicates, the number of authorized positions and contractual staff had fallen in recent years as a direct result of a combination of record low unemployment and the administrative funding model used by USDOL. Given the federal funding model, this meant our program was funded and staffed at record low numbers going into the pandemic.

Authorized Positions, Contractual Positions and Contractors



Added 97 Contractual Employees

The increase in the request for contractual staff in UI is a direct response to the economic impact of COVID19 on Marylanders. The program has been responding to an unprecedented increase in claims filed and anticipates the need for the increase in contractual staff will continue into FY 22.

Emergency Contracts

In response to the unprecedented demand on the unemployment system, the Department sought vendors to augment call center staff and adjudication services, assist claims agents, and leaned on Sagitec to devote more resources to support the BEACON system.

Alorica Contract

The Department's contract with Alorica was an emergency procurement for staff augmentation services for assistance with the adjudication backlog that runs through November 9, 2021. The Department received two proposals and used an emergency competitive sealed proposal process to select the vendor. The initial contract added 575 contract staff for up to \$44.7 million, and includes an extension modification for 6 months and up to an additional 100 staff for up to \$26.2M. The initial contract included a performance metric of adding 25 employees per week.

While the contract was awarded in November, Alorica did not officially start making calls until the end of December (needed multiple partnerships with vendor and state agencies - DPSCS and DoIT).

As of February 12, 2021, Alorica has **230 staff members, has made a total of 48,463 outbound telephone calls and resolved a total of 14,143 cases.**

Accenture Contract

As of March 2, 2021, Accenture has a total of 810 agents working for the department and expects to have 1,000 agents working as of the week starting March 8.

- Original Statement of Work 200 staff and \$19.5M (BPW approved)
 - Mod #1 added 75 staff and \$2.8M (BPW approved)
 - Mod #2 added 300 staff and \$32.8M
 - Mod #3 added 700 staff and \$47.0M
 - This totals up to 1275 staff and up to \$102.1M
- We plan to complete the phase in of staff to the 1275 level by March 29
- This is a not to exceed contract that runs through August 31, 2021
- From April 2020 through February 18, 2021 there have been nearly 22 million calls received by the Department via our Accenture-Virtual Call Center. Many of those calls are repeat callers (claimants using auto dial), which can clog the phone lines. For example, the week ending February 18, 1 out of every 5 calls was a repeat caller and this number can vary from week to week. The Department has implemented several ways to contact us through our Accenture vendor, including a live chat, Salesforce, and virtual agent.

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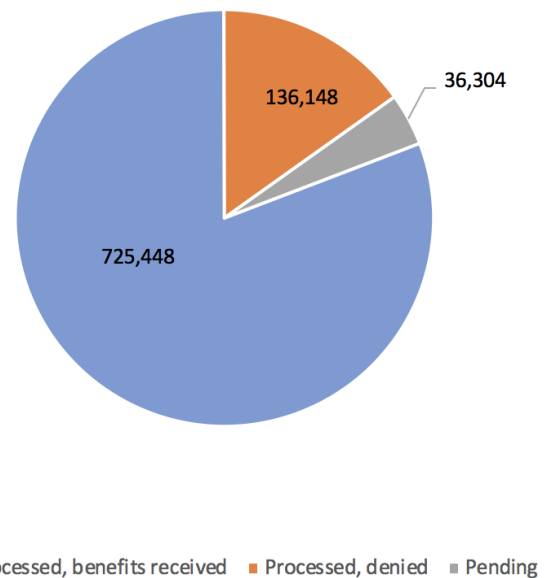
- **3,850,052 total conversations with claimants**
 - **812,712 calls handled**
 - **2,914,868 virtual conversations**
 - **122,472 live chat conversations**
- **Accenture and Alorica are making outbound calls on a daily basis.**
 - **48,463 Alorica outbound telephone calls**
 - **340,715 Accenture call backs**
- **60,385 Salesforce cases resolved and closed**
- **Our UI staff also communicates through a constituent's BEACON portal.**

Over 96% of Claims Processed

Our emergency staffing increases during the COVID-19 pandemic have allowed the department to process unemployment insurance claims in a faster and more efficient manner. As of the week ending February 20, our department has paid over \$10,000,984,421 in state and federal unemployment insurance benefits. Of the 897,900 complete claims filed, 861,596 (96.0%) claims have been processed with 725,448 (80.8%) claims receiving payment and 136,148 (15.2%) claims being denied. 36,304 (4.0%) claims are pending and nearly all of the pending claims are disputed and pending further investigation. These claims cannot be processed until they are investigated due to conflicting information provided by the claimant and the claimant's previous employer.

Claimant Benefits Processing

(March 9, 2020 - February 20, 2021)



Office of Workforce Development (OWD)

The Office of Workforce Development (OWD) has numerous federal workforce grants in which staffing is required to accomplish the goals of these formula funded programs. In addition, with COVID19 and the dramatic increase in the number of unemployment insurance claimants, staff is required to connect unemployed workers to businesses seeking qualified workers. Post completion services must be provided to reemployment customers to assist in ensuring they are ready for available job openings. These workforce positions are critical for the COVID-19 economic recovery response effort. In addition, as Labor applies for and receives new discretionary grant funds, it is critical to be able to hire staff to implement these grants which bring much needed funds to Maryland for workforce development efforts and to ensure proper usage of funds per policies developed by the state.