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Division of Employment Security Discusses Unemployment Benefits with Senate Committee

RALEIGH — Today, Lockhart Taylor, assistant secretary of the North Carolina Department of Commerce Division of Employment Security (DES), briefed the Senate Committee on Commerce and Insurance on the division's work over the last two months to get relief to North Carolinians who have lost their jobs as a result of the COVID pandemic.

In the past 64 days, nearly 900,000 people have filed for unemployment, and as of May 18, 2020, DES has paid out over 2 billion dollars to more than 500,000 unemployed workers. Those figures are more than the whole of 2009 during the Great Recession, which totaled 1.2 million claims; more than the last 6 years combined.

In total, the surge recorded by DES exceeded 5,000 percent. To meet that need, DES has focused on upgrading systems, strengthening the division's workforce and process improvement. Claims that have had the longest delays are prioritized first and the call center has scaled from handling 6,000 calls a day to 42,000 calls a day.

By the end of this week, the Division's call capacity will be 65,000 calls per day.

The following are the full prepared remarks delivered by Lockhart Taylor, assistant secretary of the North Carolina Department of Commerce Division of Employment Security, to the Senate Committee on Commerce and Insurance on May 18, 2020.

Good afternoon.

My name is Lockhart Taylor, and I am the Assistant Secretary for the North Carolina Department of Commerce Division of Employment Security, where I have worked for the past 27 years.

In that time, we have helped North Carolinians through major hurricanes and deep recessions. None of those events compare to what we are experiencing right now.

In the past 64 days, nearly 900,000 people have filed for unemployment.

DES has now paid out a total of nearly \$300 million to more than 187,000 people for unemployment claims effective as of March 15.

As of today, we have paid out over 2 Billion dollars to more than 500,000 unemployed workers who have lost their jobs as a result of the COVID pandemic.

To give you an idea of what we're facing... in the last 64 days, we've taken more claims than we did for the whole year of 2009 during the Great Recession, when we took 1.2 million claims. We have also taken more claims in the last 64 days than we have taken in the last 6 years combined.

Many of you have business experience and know what a challenge it is when you have a sudden surge in customer volume.

Our surge has been 5-thousand percent, and we are working nights, weekends, and holidays to process and pay benefits.

Recently, Governor Roy Cooper used executive authority to implement positive reforms, which the General Assembly codified in legislation...Such as waiving the waiting week required before a first check is sent, suspending work search requirements, and certifying that payments will not be charged back to employers. We were also granted the ability for employers to file claims on behalf of their employees.

Those steps will help the state claim as much as \$30 million in federal funds to help process claims in a timely manner.

Like other states around the country, we started off ill-equipped to handle so many claims in such a short period of time. But we remain focused on processing these claims and getting benefits to those whose lives depend on it, while protecting the integrity of the unemployment system.

Our administrative budget is 100% federally funded and based on our workload from the previous year. Before COVID-19, the economy was strong, claims were low, and we were operating with a small staff and decreased funding.

In February, I presented to the Joint Legislative Oversight Committee on Unemployment Insurance and discussed the concerns we had about the impact of federal funding. In the last 5 years, our federal funding has been reduced by 20%, and therefore, our staffing reflects those cuts.

We've had to ramp up significantly to address this surge of claims and issue payments as quickly as possible.

To do that, we've focused on three major areas:

1. Upgrading our systems
2. Strengthening our workforce; and
3. Improving our processes.

First, we began upgrading our technology systems to handle the influx of claims and customer phone calls.

We added server capacity and network bandwidth to support our online benefits system.

We contracted with Amazon Web Services and a private call center to increase our capacity to answer more calls.

We recently added a chat feature on our website as another customer service tool.

In addition to communicating by phone or online, we also mail important documents to claimants and employers.

By adding in-house equipment and working with private vendors, we tripled our ability to print and mail the millions of documents we are statutorily required to send.

All the while, we have been programming our benefits system to administer the three new federal programs that were part of the Federal CARES Act.

Our second area of focus is Strengthening our Workforce to process claims.

Before COVID-19, DES had a staff of about 500 people.

Today we have nearly 2,600 people working on unemployment claims, which is a combination of DES employees, Division of Workforce Solutions staff, temporary employees and private call center representatives.

We are providing expedited training to new employees, and we have cross-trained existing employees to help in the areas of greatest need.

Our staff is working evenings, weekends and even holidays because of the increased workload, and I'm grateful for their commitment to finding solutions for North Carolina.

As they do this, we have implemented measures such as social distancing and teleworking options to help protect our employees, while ensuring we can keep administering the benefits people need right now.

With better systems and staffing levels in place, our third area of focus is Improving our Processes.

We have automated some tasks in our benefits system to help speed up claims processing.

And we have assigned more staff to review and resolve issues that can't be automated and are holding up a claim.

For claims that have been held up, we are working to prioritize those that were filed first.

We are making improvements to provide better communication with claimants about the status of their claim from the time it is filed to the time payment is made.

And we are implementing an easier way for claimants to check the status of their claim, anytime, without having to speak to a call center agent.

We are aware that we still have significant problems meeting the needs of North Carolinians.

As you know, our call center has been completely overwhelmed.

Many people have been on hold for hours, disconnected because the hold queue is full, or dissatisfied with the service the agent was able to provide.

This is unacceptable to me, to Secretary Copeland, and to Governor Cooper. And we are fixing it.

With added staff and extended hours, we have improved, but we're not where we need to be to help everyone who needs assistance with their claim.

We're not done fixing this problem.

We continue to refine our call flow, provide more advanced training to new agents and improve our communication with claimants through alternate methods.

We have gone from being able to handle 6,000 calls a day to 42,000 calls a day. By the end of this week, we will be able to answer 65,000 calls per day.

We expect to keep getting better, not just in the call center but in all areas of our operation.

We know that people are relying on these benefits to pay their bills or feed their families. And we are committed to making sure all claimants receive the assistance they need in a timely manner.

To every person here today, to every person you Senators have tried to assist with a claim, and to anyone who has been waiting to get the benefits they deserve, I am sorry. You have my commitment to work every day to ensure that we can meet the demand of every North Carolinian who files a claim, has a question, or needs help of any kind.

We will be there for you.

I thank the Chairs and the members of the Committee for the opportunity to provide this information to you today, and I'm happy to address any follow up questions you may have.

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