

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Employment Services**



Public Oversight Hearing on

“The District’s Unemployment Compensation Program During the COVID-19 Pandemic”

and

Bill 23-500, “The Unemployment Compensation Employer Classification Amendment Act of 2019”

**Testimony of
Dr. Unique Morris-Hughes
Director**

**Before the
Committee on Labor and Workforce Development
Council of the District of Columbia
The Honorable Elissa Silverman, Chairperson**

September 16, 2020

10:00 a.m.

Virtual hearing via Webex
John A. Wilson Building
1350 Pennsylvania Avenue, NW
Washington, D.C. 20004



Good afternoon, Chairperson Silverman, councilmembers, and staff of the Committee on Labor and Workforce Development. I am Dr. Unique Morris-Hughes, Director of the Department of Employment Services (DOES), and today I am going to speak to you about the current state of unemployment benefits and the unique challenges facing the District.

As an initial matter, I will speak to the importance of Bill 23-500, the Unemployment Compensation Employer Classification Amendment Act of 2019. The bill, as proposed, is technical in nature and designed to bring the District of Columbia's unemployment compensation law into compliance with federal law. Specifically, the proposed legislation amends the District of Columbia Unemployment Compensation Act to expand the definition of employment to include service in the employ of states or their political subdivision, federally recognized Native American tribes, and certain agents of those jurisdictions. The legislation would also provide government entities and agents with the ability to make payments into the District Unemployment Fund, in lieu of contributions otherwise required under the DC Unemployment Compensation Act. The need for this conforming legislation was discovered when a former employee of a state university was unable to receive unemployment benefits after losing his position in the District. The amendment is necessary to allow all eligible District workers to receive benefits and to ensure that all eligible employers are appropriately contributing to the unemployment trust fund. I urge the Council to pass the legislation.

Now, I will move on to the economic challenges and impacts of the current public health emergency on our unemployment compensation system. As you know, the global health pandemic has brought along with it an economic crisis. While the District's preliminary July job estimates showed an increase of 15,700 jobs, for a total of 754,400 jobs, we are still facing significant economic challenges. Fortunately, a positive sign is that our seasonally adjusted preliminary

unemployment rate was 8.4 percent in July, down from the highest peak in April of 11.1 percent. While the District is unique in that the majority of our unemployment claimants are from other states, their job losses have been spread out across all eight wards and impact employees from a variety of industries. The hardest hit industries are restaurant, hotel, and day care center employees.

As a result of these significant economic changes, the District has seen a momentous increase in unemployment claims. In a typical year, we receive 30,000 to 40,000 claims. Since March 13, 2020, we have received over 142,000 claims, an increase of over 250% in a matter of months.¹

Along with this significant increase of claims, the new federal laws created to address the unprecedented impacts of COVID-19 have created an alphabet soup of new programs and guidance. The Coronavirus Aid, Relief, & Economic Security, or CARES Act, created three completely new programs to assist unemployed Americans: (1) the Pandemic Unemployment Assistance Program, or PUA; (2) Pandemic Emergency Unemployment Compensation, or PEUC; and (3) the Federal Pandemic Unemployment Compensation, or FPUC. The first two of these programs, PUA and PEUC, necessitated the creation of completely new applications and all three required significant upgrades and changes to our benefit system. Since their implementation, we have also begun the Extended Benefits program as a result of the high rate of unemployment in the District. The Extended Benefits program provides an additional 13 weeks of payment after claimants have exhausted both their traditional unemployment and the 13 weeks of PEUC benefits.

In collaboration with the Committee, we also launched the Shared Work Unemployment Insurance Program (Shared Work), a voluntary program that provides an alternative to layoffs for employers confronted with a temporary decline in business. Since the start of the pandemic, 77

¹ Data is current as of September 8, 2020.

employers have applied and 52 plans have been approved with 32 fully executed.² As a new program, DOES staff have worked hard to ensure compliance with federal requirements, provide comprehensive information and guidance to interested employers, and provide benefits to participating employees.

Our latest new program to implement is the federal Lost Wage Assistance grant, which the District applied for in early September and received approval for on September 8. The program will allow us to provide an additional \$300 to eligible claimants. We are currently working to implement this grant to provide payments to claimants by the first week of October.

Each of these programs has presented new challenges. Since March, the staff at DOES has been flying the plane while also building it. Throughout the process of responding to District claimants' needs, we have also faced constantly evolving federal guidance. Since March, the U.S. Department of Labor has released almost 30 different pieces of unemployment guidance. Each of these new guidance documents have included changes to the administration of our unemployment programs and new requirements for the agency to fulfill, including updates to our technical systems that take weeks to implement.

The District is certainly not alone as all states have faced similar challenges and resulting delays. One common challenge has been the need to alter our existing unemployment technology infrastructure to accommodate each of the new programs we are implementing. The creation of the PUA application and the necessary changes to make payments under the program required significant new programming and IT resources. Similarly, our team had to update our system to accommodate the FPUC payment and update the weekly certification application to account for new federal requirements. Prior to COVID-19, DOES was already in the process of upgrading our

² Data is current as of September 8, 2020.

unemployment IT system—an undertaking we began with our tax modernization and that will move forward into 2021 and 2022 with benefit modernization. However, even with a recently modernized system, the complex changes required by the CARES Act would still have taken time to implement.

Throughout the public health emergency, our unemployment team has been dedicated to handling every claim as efficiently and accurately as possible. Most of our team members are working ten to fourteen-hour days, seven days a week to review claims, clear issues, and adjudicate information until the minute that the unemployment system shuts down each night. Notably, members of our unemployment team and our call center workers have been in the office every day, not working remotely. As economic first responders, our DOES team never switched to fully remote work and had even worked many holidays throughout the pandemic. In addition, to manage the new challenges we face with responding to economic impacts of COVID-19, we have created 53 new positions in the Office of Unemployment Compensation.

Historically, DOES receives between 80,000 to 90,000 calls a year related to unemployment. We had nine staff prior to the pandemic to handle these calls. This year, since March 16, we have received over 428,000 of these calls. At the start of the pandemic, when we were receiving about 2,000 new unemployment claims each day, the average wait time for individuals who called our main line was between four and five hours. In response to these unprecedented numbers, DOES employees from every corner of the agency stepped in to answer calls and respond to claimant questions. Along with DOES staff, we also welcomed and trained volunteers from other agencies and organizations as well as contractors to assist. We are grateful to all of our volunteers, including Councilmember Silverman, for their work with our UI team to

get just in time training and learn how to access and navigate the complex unemployment IT systems.

At the height of physical distancing, DOES had a cadre of 286 call takers, which included 209 volunteers and 77 contract workers. Since many of the volunteers could not work a full eight hours, even with the additional help, an average of 3,000 to 4,500 calls a day could mean up to 40 calls per call taker. Through hard work, we have been able to get average wait time down to less than a half hour on a recent day. While staffing up our call center, we have also seen a record number of email inquiries. In response to the pandemic, DOES created a dedicated email address—COVID19.UI@dc.gov—for claimants to reach out with questions. Just since June 7, we have received over 48,176 emails, with an average of about 518 per day, excluding emails to our Legislative Affairs staff.

As I mentioned earlier, DOES claims examiners are working non-stop. The agency strives to disburse all benefits payments within 21 days of filing an initial claim for unemployment benefits. However, some claims require additional time to make a determination. Over the past few months, a few common issues have arisen that have resulted in delays and confusion among our claimants. First, given the District's significant crossover with our neighbors in Maryland and Virginia, we have seen many individuals incorrectly file for unemployment in the state where they reside rather than where they worked. Another common issue we have seen is with the filing of weekly certification forms. The weekly certification form is a federal requirement for receiving unemployment benefits. If a claimant does not certify for a given week, then they are not eligible to receive benefits for that week. As of mid-August, over 8,400 claimants either stopped certifying or never certified their unemployment claim. The final common issue that I would like to highlight is the need for DOES to verify and receive wages earned by a claimant from other states. Since

many claimants worked in multiple jurisdictions, most commonly Maryland and Virginia, DOES must work with those states to receive wages. DOES staff have made every effort to resolve these cases as quickly as possible, but these other states are also processing a record number of claims and may be delayed in responding to DOES inquiries.

I would also like to take this opportunity to correct the record on two points. Contrary to claims made on social media, DOES has been paying out both PUA and traditional UI back weeks. The process is ongoing, but we are working to provide these back weeks as quickly as possible. Similarly, while we are as eager as the members of this Committee to ensure that every eligible District worker receives benefits, our team also has an affirmative duty to investigate each claim to ensure compliance with District and federal law. Our team works to conclude these investigations as efficiently as possible, but must be thorough, even if it requires additional time, in order to protect the unemployment trust fund and other federal grant funds.

We understand the pain and frustration of our District workers and are working as hard as we can to resolve every claim quickly and expeditiously. I am personally committed to doing everything in my power to ensure that all eligible claims are paid. I am also extremely grateful for the work of my staff at the Department of Employment Services, who come to work every day determined to assist as many District claimants as possible. This concludes my testimony. I am happy to address any questions that you may have at this time.