



September 15, 2021

The Honorable Keith Faber
Auditor of State
88 East Broad Street, 5th Floor
Columbus, OH 43215

Auditor Faber:

On behalf of the Ohio Department of Job and Family Services (ODJFS), I would like to thank you and your audit team for the thorough work in conducting the pandemic response performance audit as commissioned by House Bill 614. The audit team was professional, detailed, and quickly learned the complex world of unemployment. Their work has provided us with useful recommendations to affect long term changes to improve our system and prepare us for unforeseen future challenges.

As indicated in your performance audit, the impact of the COVID-19 pandemic on Ohio's unemployment system was unprecedented. Ohio's unemployment rate increased from 4.7% in February 2020 to a peak of 17.4% in April 2020. And, unlike the great recession, the resulting unemployment claims rose overnight. We went from approximately 7,000 initial applications filed the week ending March 14 to 196,000 claims filed the week ending March 21, with another 275,00 initial claims the week after that. As your report rightly points out, we were not fully prepared, in great part due to an antiquated claims-processing system, which is already slated for replacement, and historically low staffing levels due to a period of low unemployment that preceded the pandemic.

These challenges were only amplified by the federal government's implementation of four entirely new unemployment programs. But, thanks to the hard work, ingenuity, and adaptability of ODJFS employees, contractors, and private sector partners, we have spent the last 18 months working through historic numbers of claims, while fighting historic amounts of fraud. At the time of this writing, nearly 6.6 million initial applications have been filed for traditional unemployment and Pandemic Unemployment Assistance combined. As a result, we have distributed \$23.8 billion in benefits to more than 2.4 million claimants over the last 18 months. Much work remains but we are confident in the improvements we have already made throughout this process and future work being planned.

Your report will play a part in our efforts going forward. Please accept these initial responses to those areas highlighted in your report.

Administrative Funding

Your report accurately reflects the multiple revenue streams Ohio utilizes to administer and pay unemployment benefits. We agree that maximizing our share of federal

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resources will play an important part in reducing the burden on Ohio taxpayers and employers.

Claims Processing

We understand that data limitations can impact our ability to make real-time decisions and provide valuable information to inform future decisions. We believe that the new claims processing system currently being built will provide better and more readily available data analytics.

Staffing

As indicated in your report, the processing and adjudication of unemployment benefit claims requires a significant number of human resources, due in no small part to Department of Labor regulations. This increased workload necessitated augmenting permanent staff with intermittent and contracted staff. The flexibility we have achieved through the strategic staffing mix is helping us work through the processing and adjudication of claims, and we will seek to leverage existing data to improve upon our strategic staffing plan, which we continuously adapt to changing needs.

Customer Service

Our customers, particularly those hurting due to disruptions in their ability to work, are at the center of all we do. We understand and empathize with the frustration experienced by those customers. We remain committed to applying our full resources to improving our customers' experiences – both claimants and rate payers – by continuing to address pain points in our claims processing.

Technology Systems

Prior to the pandemic, ODJFS had identified the need to replace its antiquated unemployment insurance systems and had contracted with a technology vendor to do this. The explosion of claims and new federal unemployment programs highlighted the inadequacies of the system, but also slowed the implementation of its replacement as the pandemic response required “all hands-on deck” to maintain operations. Improvements in technology are critical, and that better use of data can help inform the development of our new unemployment insurance system.

The pandemic created many challenges, but also offered opportunities for innovation. I am proud of the work our employees did, and continue to do, and appreciative of the partnerships that were forged. We consider you and your audit team one of those partners and I thank you for the meaningful part you are playing in our continuous improvements.

Sincerely,

Matt Damschroder
Director

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