

Arkansas Employment Security Department

2003 Annual Report



AESD is a Proud Member of America's Workforce Network

From The Director

From unemployment insurance to administrative support, the Arkansas Employment Security Department encountered many changes during calendar year 2003.

The most significant involves AESD's relationship with the Arkansas Workforce Investment Board. Also a provider of employment services, the board and AESD joined together in 2003 and integrated staff in certain units in order to streamline services and provide a uniform workforce system to Arkansas' employers and jobseekers.

Staff integration occurred primarily in the Employment Assistance and Labor Market Information units. This allows both agencies to provide better employment opportunities to jobseekers and labor

market data to employers and the general public.

As employees from both agencies work together, we will continue to offer customer-focused services and provide new technology for Arkansas' workforce.

AESD's services during calendar year 2003 are highlighted in this annual report. Integrated units will be included in the AWIB's upcoming annual report.

I am excited to be involved in providing services for the citizens of Arkansas.



Artee Williams
Director

Senior Staff

Hugh Havens — Assistant Director, Unemployment Insurance

Bryan Hicks — Assistant Director, Financial Management

Roger Harrod — General Counsel

Tom Bohannon — Chief Information Officer

Margaret Meads — Chairman, Board of Review

Bert Dickey — AESD Administrator, New Hire Registry

Unemployment Insurance

Workers who have sufficient earnings in covered employment can qualify for weekly benefits, which help them to withstand the financial and emotional impact of unemployment. The table to the right is a summary of regular unemployment insurance benefits claimed and paid.

Regular UI Benefit Claims	
	2003
Initial Claims	236,247
Weeks of Unemployment Claimed	1,904,029
Weeks of Unemployment Compensated	1,446,285
Amount Compensated	\$323,300,776
Monetary Determinations	139,323
Nonmonetary Determinations	74,684
Appeals Decisions	16,804

There is a minimum and maximum weekly benefit amount. By statute, these amounts change each fiscal year. The table to the right shows the minimum and maximum benefit amounts.

Weekly Benefit Amount	
	2003
Minimum Weekly Benefit Amount	\$62 & \$63
Maximum Weekly Benefit Amount	\$345
<i>The minimum and maximum weekly benefit amounts change for benefit years beginning on July 1 of each calendar year (hence two minimum weekly benefit amounts). Minimum benefit amounts are 12 percent and maximum benefit amounts are 66 2/3 percent of the previous year's average weekly wage. Legislation required that the maximum weekly benefit amount remain at \$345 for all of CY 2003.</i>	

Issues may arise that result in the postponement or elimination of unemployment insurance benefit payments. When an issue is discovered, AESD gathers facts from the claimant and employer to determine whether a claimant is eligible to receive benefit payments. This process is called the nonmonetary determination process. The table to the right shows the number of nonmonetary determinations issued and the total disqualifications by issue.

UI Nonmonetary Determinations	
	2003
Total Single Claimant Determinations*	74,684
Total Disqualifications	56,915
Disqualifications By Issue	
Availability	7,843
Voluntary Quit	16,184
Misconduct	19,249
Refusal to Work	461
Remuneration and Miscellaneous	13,178
*Regular unemployment insurance	

Nonmonetary determinations can be appealed to the Arkansas Appeal Tribunal and Board of Review. The table to the right shows the number of appeals processed at each level.

Unemployment Benefit Appeals Decisions	
	2003
Total Single Claimant Appeals Processed	16,804
Appeal Tribunal (Lower Authority)	14,116
Board of Review (Higher Authority)	2,688

Viewers are invited to click on the following link to view unemployment insurance statistical data from 1945 through 2003: www.arkansas.gov/esd/General/annrpt2004.htm.

The table to the right provides claim and benefit information for two federal UI programs. The Unemployment Compensation for Federal Employees program is for federal civilian employees, and the Unemployment Compensation for Ex-Service members program is for those who have been honorably discharged or released from serving active military duty.

Workers adversely affected by foreign competition may be eligible to participate in the federally-funded Trade Adjustment Assistance program and may receive Trade Readjustment Allowance payments. The table to the right is a summary of Trade Act program activities.

Employers pay contributions based on their payrolls and the difference in the amount they have contributed and the amount of benefits charged to their account in the past. The amount of each employee's pay that was subject to taxation was \$9,500. The table to the right provides basic contribution rate information.

Federal UI Programs — UCFE & UCX

	<u>2003</u>
Federal Employees (UCFE)	
Initial Claims	490
Weeks of Unemployment Claimed	8,149
Weeks of Unemployment Compensated	9,058
Amount Compensated	\$2,362,755
Ex-service members (UCX)	
Initial Claims	219
Weeks of Unemployment Claimed	8,780
Weeks of Unemployment Compensated	9,368
Amount compensated	\$3,301,764

Trade Readjustment Allowances

	<u>2003</u>
Active Companies, End of Period	68
Number of Newly Eligible Individuals	545
Weeks of Unemployment Compensated	14,112
Amount Compensated	\$4,856,091

Unemployment Contribution Rates

	<u>2003</u>
New Employer Rate ¹	3.6%
Range of Rates ¹	.8% to 8.7%
Average Tax Rate	2.4%
Active Employers, December 31	60,416

¹ Includes a 0.7% stabilization tax in 2003.

USDOL Tier 1 Performance Measures — Oct. 1, 2002 - Sept. 30, 2003

	<u>DLA</u>	<u>AR</u>	<u>NA</u>
% of 1st Payments within 14/21 days: IntraState UI, full weeks	87	92.6	89.6
% of 1st Payments within 35 days: IntraState UI, full weeks	93	97.5	96.5
% of 1st Payments within 14/21 days: InterState UI, full weeks	70	78	80.3
% of 1st Payments within 35 days: InterState UI, full weeks	78	94.1	92.5
% of Separation Issues determined within 21 days of Detection Date	80	68.1	67.4
% of Nonseparation Issues determined within 14 days of Detection Date	80	60.5	64.5
% of Separation and Nonseparation Determinations with Quality Scores >80 points	75	85.3	71.5
% of Lower Authority Appeals decided within 30 Days of Filing	60	89.4	54.8
% of Lower Authority Appeals decided within 45 Days of Filing	80	97	73.5
% of Higher Authority Appeals decided within 45 Days of Filing	50	85.2	68.1
% of Higher Authority Appeals decided within 75 Days of Filing	80	95.4	88.3
% of Higher Authority Appeals decided within 150 Days of Filing	95	98.6	97.5
% of Lower Authority Appeals with Quality Scores at least 85% of potential points	80	93.7	94.9
% of New Status Determinations within 90 days of Quarter End Date	60	77.7	82.3
% of New Status Determinations within 180 days of Quarter End Date	80	81.9	89.8

DLA = Desired Level of Achievement; AR = Arkansas; NA = National Average
 Blue = First Payments; Red = Nonmonetary Determinations; Green = Appeals; Dark Red = Tax

Employment Services

Employment Services provided under the Wagner-Peyser Act include matching qualified job seekers with employers.

In CY 2003, employers placed 43,432 job orders with AESD. More than 215,556 applicants went to one of AESD's 31 offices and registered for work. The result was 37,792 job openings filled.

The Hope Migrant Farm Labor Center provided residential and employment services for 27,098 people.

Employment Services

	<u>2003</u>
Job orders	43,432
Job openings filled	37,792
Applicants	215,556
AESD employees providing employment services	83
AESD offices	31
Residential and Employment Services	27,098

Information Technology

The Information Technology Unit maintains the computer network for AESD and AWIB, develops new software programs and ensures the timely processing of unemployment insurance checks.

The division is comprised of two main sections: The Application Development Section and the PC Support Section.

The Application Development Section is primarily responsible for software solutions that simplify the way people do business and empowers users to get their jobs done more easily and accurately. It also provides maintenance support for existing legacy and Web/client-based applications.

Employees in this unit offer more than 100 years of application development experience from legacy applications written in COBOL to Web and client server applications written for various platforms.



Charles Graves is the lead programmer/analyst in the IT Application Development Section. Graves is a project leader and is responsible for the agency's Web site.

This section maintains the agency's Web page, the interface to the state's accounting systems (AASIS), and makes enhancements to existing software applications to ensure

that the unemployed citizens receive their benefits checks.

This section also works with other state and federal agencies and private vendors to provide enterprise solutions for AESD and its clients.

The PC Support Section is responsible for the repair and maintenance of computer equipment and the agency Help Desk.

The PC Support Section provides support to more than 700 AESD and Arkansas Workforce Investment Board staff by maintaining and troubleshooting 1,200 PCs in 46 locations around the state.

The AESD Help Desk staff receives questions and inquiries that range from restoring simple dial-tone service to solving complex network connectivity problems.

The unit also participates in the PCs for Schools program with the Arkansas Department of Education. In 2003, AESD donated 86 used computers to this program.



David Melugin is a systems coordination analyst in the PC Support Section. Melugin troubleshoots PC problems and assists callers with computer problems.

Legal

The year 2003 was one of the busiest for Legal. The Legislature was in session, and the agency's legislative package was shepherded through committees and passed.

Act 353 of 2003 increased the wage base on which employers pay UI taxes and provided that the maximum weekly benefit paid to a worker would be frozen at \$345 per week until July 1, 2005.

Act 1223 of 2003 solved many UI issues. A few are as follows:

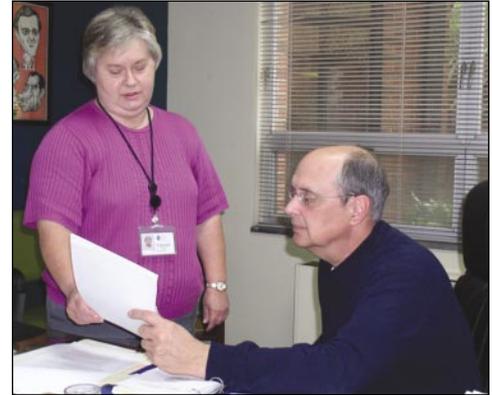
- Persons on leave under the provisions of FMLA are not entitled to UI benefits.
- Persons volunteering to be laid off, following an announcement that some employees must be laid off, will be entitled to UI benefits.
- The act liberalizes the sharing of information with law enforcement agencies.
- Sick pay must be treated the same as vacation pay.
- A unanimous decision by the

Tribunal is no longer necessary to file an appeal.

- A leasing company cannot transfer employees to another company to secure lower UI tax rates.

One of Legal's goals is to aggressively combat unemployment insurance fraud. The unit's efforts can be seen in the table below. The upcoming implementation of the Benefit Audit, Reporting and Tracking System (BARTS) will greatly facilitate efforts in this endeavor.

BARTS is an automated overpayment detection and establishment system for monetary overpays. BARTS automates more than 50 percent of overpaid audit cases. The anticipated completion date is by Oct. 20, 2004.



Earlean Taylor, an administrative assistant in Legal, and Allan Pruitt, an associate general counsel, review some legal documents.

Legal Summary

	<u>2003</u>
Cases appealed to Court of Appeals	410
First contacts to recover overpayments	247
People arranged to repay overpayments	47
Overpay complaints filed by Legal	99
Bankruptcy cases	444
Amount recovered	\$57,167.51
Delinquent taxes collected	\$127,500.00
<u>Bankruptcy collections</u>	<u>\$53,863.05</u>
Total:	<u>\$238,530.56</u>

New Hire Registry

The Arkansas New Hire Registry began on Sept. 30, 1997. All employers are required by the Work Opportunity Reconciliation Act of 1996 to report basic information within 20 days regarding new employees to a designated state agency.

The new hire information is used to locate noncustodial parents who owe child support in Arkansas. It is also used to detect and prevent unemployment insurance fraud, workers' compensation fraud and other types of public assistance fraud.

Since its inception, the Arkansas New Hire Registry has processed 5,568,581 new hires.

For the calendar year Jan. 1 through Dec. 31, 2003, the registry has entered 1,029,633 new hires. The Office of Child Support Enforcement has cross-matched these noncustodial parents who are in arrears with their child support obligations and have matched 67,415 persons who have been court ordered to pay child support but have either failed to do so or are in arrears.

Employers may submit employees' information three ways: electronically, by mail or by fax. This calendar year the registry received its information 74 percent electronically, by mail 11.17 percent, and by fax 12.08 percent. The



Bert Dickey is the Arkansas New Hire Registry administrator.

increased use of the Internet and the registry's user-friendly Web page has greatly increased the employers' compliance.

Employers may register on the home page at: www.ar-newhire.com or call 1-800-259-2095.

Human Resources

The Arkansas Employment Security Department remains a diversified agency with dedicated full-time and intermittent staff. Likewise, the staff of Human Resources is dedicated to providing quality service to its customers, both internal and external.

The overall staffing level remained relatively constant during calendar year 2003 with an average of 700 full-time and intermittent employees.

HR provided assistance and advice to department management and staff on various issues (i.e., performance appraisal, promotion, discipline, classification and compensation, and the vacancy announcement process, etc.).

The unit coordinated the biennial budget process for positions and salaries. Moreover, the unit continues to process numerous job applications for full-time and intermittent position vacancies and facilitates the new hire, promotion and resignation/termination processes.

Training helps AESD staff stay on the cutting edge of new technology and builds additional skills needed for job growth and development.

The agency has a training project manager who ensures employees receive the necessary training for their jobs. Staff are enrolled in various types of training, including computer software, customer relations and management development.

AESD and AWIB staff participate in three manager training programs offered by the Arkansas Public Administration Consortium (UALR, ASU and U of A): the Certified Employment Manager Program, Arkansas



Audrey Brandon, a personnel officer, reviews the agency disciplinary manual. Human Resources issues new personnel policies and procedures and provides advice on other personnel issues, including discipline.

Governmental Manager Program and Certified Public Manager Program.

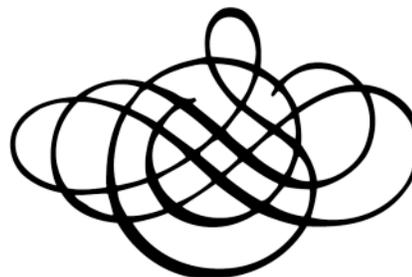
CEM requires the completion of nine two-day courses and successfully passing a final exam. CEM is one of five nationally accredited certificate programs dealing with workforce development professionals. In 2003, 18 AESD/AWIB employees graduated from this program. (See all graduates' pictures on Page 8.)

AGM requires the completion of six two-day courses and a project plan. In 2003, two AESD/AWIB employees graduated from this program.

CPM is the national certification. It requires the completion of AGM and five additional courses, 146 contact hours and passing the national exam. Graduates are eligible for fellow status in the American Academy of Certified Public Managers. In 2003, four AESD/AWIB employees graduated from this program.



Kaye Lewis is the AESD training project manager. She enrolls all AESD and AWIB employees in the proper training, whether its software or personnel training.



Financial Statement

Administrative Income & Expense Summary

January 2003 - December 2003

		<u>2003</u>
Fund Source:	Federal Grants	\$42,737,228
	Penalty & Interest Fund	<u>\$174,479</u>
Total:		\$42,911,707
Expenses:	Personnel Costs	\$29,051,852
	Operating Expenditures	\$13,499,791
	Capital Outlay	<u>\$360,064</u>
Total:		\$42,911,707
	Employment Service (ES)	\$8,388,895
	Workforce Investment Act (WIA)	\$3,125,131
	Labor Market Information (LMI)	\$1,505,514
	Unemployment Insurance (UI)	\$25,601,940
	Miscellaneous Projects	<u>\$4,290,227</u>
Total:		\$42,911,707

During the 2003 calendar year, the agency received \$42,737,228 from federal grants and \$174,479 from the Penalty and Interest Fund to total \$42,911,707.

The agency expended that amount to cover personnel costs, operating costs and capital outlay. (The table to the left shows 2003 data.)

The \$42,911,707 was distributed among different departments and projects. Unemployment Insurance received the largest share at 59.7 percent, followed by Employment Service with 19.6 percent. Miscellaneous Projects received 10.0 percent, Workforce Investment Act received 7.2 percent and Labor Market Information followed with 3.5 percent.

The Arkansas Employment Security Department's funds are audited annually by an independent auditing firm. AESD was audited by the independent accounting firm of BKD, LLP for the year ended June 30, 2003. There were no findings or questioned costs, and the auditors issued an unqualified opinion in their report.



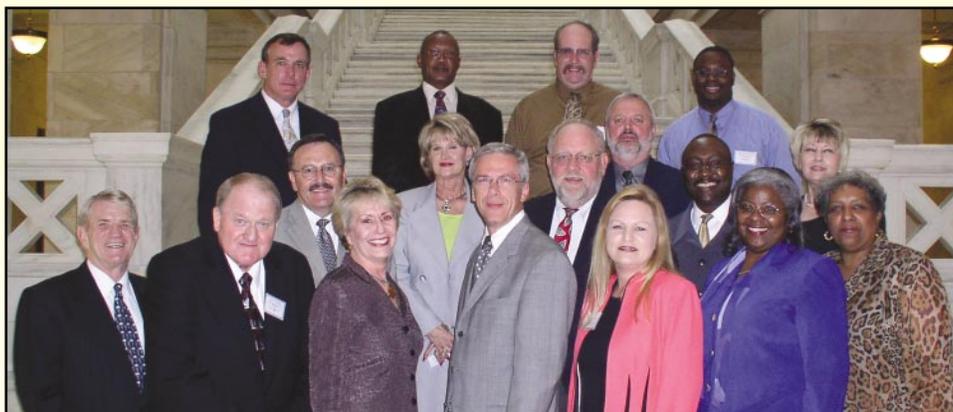
Levern Johnson, an administrative assistant in Financial Management, works on a letter. In 2003, Financial Management handled about \$42.9 million.

AESD Unemployment Insurance Trust Fund

December 31, 2003

Balance, Beginning of Year	\$117,079,582
Revenues	
Unemployment Insurance Contributions	236,853,280
Reimbursements From Other States	19,067,687
Reed Act Distributions	-0-
Interest Income	<u>5,529,165</u>
Total Revenues	261,450,132
Expenditures	
Unemployment Benefit Payments	319,868,353
Reed Act Withdrawals	<u>3,432,423</u>
Total Expenditures	323,300,776
Excess (Deficiency) of Revenues Collected Over Expenditures	(61,850,644)
Balance, End of Year	\$55,228,938

AESD/AWIB Employee Recognition



2003 CEMP GRADUATES— (front row, l to r) Jim Howard, Jerry Vandiver, Rebecca Trammell, Skeet Morse, Patti Gillioun, Wilma Gill and Leona Walton; (second row, l to r) Doyce Hill, Sherry Russell, Ron White, Sam Pack, William Campbell and Judy Buffington; (third row, l to r) Art Richards, Ron Lawson, Steve Short and Pat Strickland. Not pictured, Carolyn Chambliss.



2003 CPM GRADUATES — (first row, fourth and fifth from left) Jessie Cain and Elsie Rogers; (second row, third from left) Robert Mantione. Not pictured, Judy Thompson.



2003 AGM GRADUATES — (second row, second from left) Robert Mantione; (second row, second from right) Al Crumby.

Arkansas Employment Security Department
#1 Pershing Circle
North Little Rock, AR 72114
www.accessarkansas.org/esd
“An Equal Opportunity Employer”

