

PROGRAM FACT SHEET

Arizona Department of Economic Security Division of Employment and Rehabilitation Services— Unemployment Insurance Program

Services:

The Department of Economic Security (Department) provides temporary financial assistance to workers who lost their jobs through no fault of their own. The Division of Employment and Rehabilitation Services (Division) operates the Unemployment Insurance (UI) program. Employers meeting certain criteria pay state and federal UI taxes. State UI tax revenues fund UI benefits that are paid out to qualifying claimants, and federal UI tax revenues fund the administrative costs of the state UI program. State statutes establish the eligibility requirements for the payment of UI benefits. The UI program involves two major functions:

- **UI Call Centers**—Determining UI program eligibility and authorizing benefit payments to eligible unemployed workers.
- **UI Employer Tax Administration**—Collecting unemployment taxes, determining tax liability and tax rates for employers, and obtaining employee wage information from employers. The UI program also collects the job training tax, which funds the Arizona Job Training Program administered by the Department of Commerce.

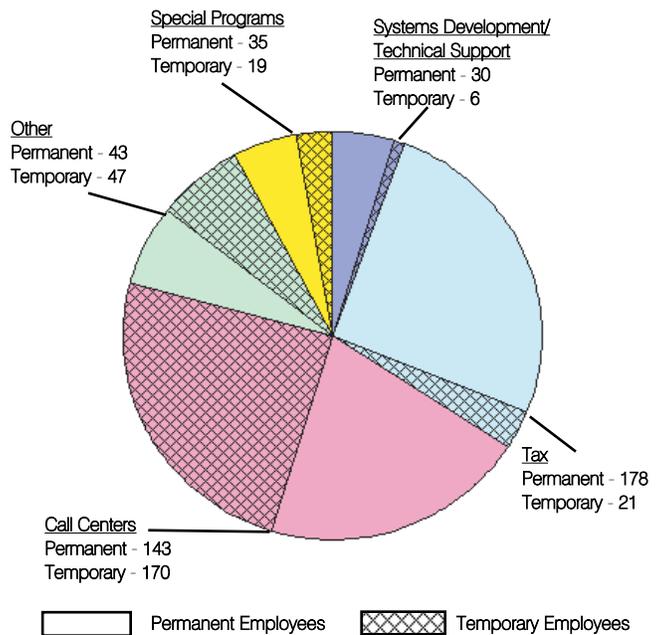
Facilities and equipment:

The Division uses office space at 17 locations state-wide to administer the UI program. Twelve locations are leased by the Division, including two call centers located in Phoenix and Tucson, and an adjudications office in Yuma. The total monthly cost of leases associated with the UI program is \$109,752, and the monthly operating costs, such as utilities and landscaping, total \$11,661. The remaining five locations are state-owned.

The Division owns a variety of standard office equipment that is used to administer UI functions, such as computer equipment, furniture, copiers, and fax machines. The Division also operates several mainframe computer systems to administer

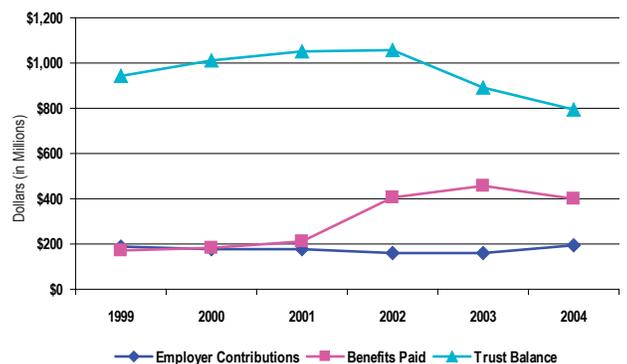
Program staffing:

692 FTE as of August 2004 (including 253 vacancies)



Program activity:

Years ended June 30, 1999 through 2004



Facilities and equipment (concl'd)

the collection of UI taxes and the distribution of UI benefits, as well as a voice response system that was implemented in the UI call centers. In addition, the UI program uses 22 vehicles, which are department-owned.

Mission:

The mission of the UI program is *“to collect taxes from covered employers and to pay benefits to eligible unemployed workers.”*

Goals:

The UI program has adopted the following goals:

1. To increase the degree of timeliness in paying UI benefits.
2. To improve efficiency and recovery of fraud overpayments.
3. To ensure that sufficient funds are available to meet UI payment needs.

Adequacy of goals and performance measures:

The UI program's goals and performance measures appear to be generally aligned with its mission. However, auditors found opportunities to improve the program's performance measures.

Although the UI program has established measures for ensuring the timeliness of administering certain UI services, the Division should also consider establishing measures that address the quality of UI services. The United States Department of Labor has established measures that are intended to ensure that claimants and employers receive high-quality UI services. The Division should consider incorporating some of these measures, such as benefit payment accuracy, into its goals and performance measures.

Finally, the UI program should consider establishing some customer satisfaction measures.

Source: Auditor General staff compilation of audited information from the *State of Arizona Comprehensive Annual Financial Report* for the years ended June 30, 1994 through 2003; audited financial schedules prepared by the Department for the year ended June 30, 2004; and unaudited information obtained from the Department's UI program Web site; the Department's UI program strategic plan for state fiscal years 2005 through 2007; department occupancy information reports as of August 31, 2004; the Department's annual report for state fiscal years 2002 and 2003; the U.S. Department of Labor's *UI PERFORMS* annual report for calendar year 2002; Arizona Revised Statutes; and other information provided by the Department, including FTEs as of August 19, 2004.