



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
UNEMPLOYMENT INSURANCE AGENCY
DETROIT

JULIA DALE
DIRECTOR

December 14, 2022

Doug Ringler, CPA, CIA
Auditor General
Office of the Auditor General
201 N. Washington Square, Sixth Floor
Lansing, MI 48913

Dear Mr. Ringler,

Thank you for the cooperation and professionalism over the past 19 months as our teams have worked together on your audit of claims processing by the Unemployment Insurance Agency. I have no doubt that we share a commitment to taking every opportunity to improve government services, especially when it comes to unemployment insurance, which provides a lifeline to Michiganders in times of need.

At the same time, I feel it is my obligation to my hardworking staff and partners to put the 93 page-report into perspective. Your team's findings on fraud, technology, financial waivers, and other well-documented issues at the UIA under past leadership misses the mark in two important respects: It ignores the reforms the agency has made to resolve them and lacks the context behind what caused these problems. I am writing to set the record straight.

In the face of a global pandemic and a historic jobs crisis, Republican and Democratic leaders urged the UIA to move heaven and earth to get benefits to the millions of Michiganders thrust into unemployment by the pandemic. As UIA worked to quickly implement programs created by Congress, doing so exposed not only issues around changing federal guidelines, but also shortcomings with UIA's decade-old technology system. This resulted in overpayments mistakenly made to thousands of Michiganders and an agency vulnerable to fraudsters who exploited the crisis for personal gain.

So far in 2022, the UIA has waived \$555 million in overpayments on 76,000 state claims by Michiganders unjustly caught in the bureaucratic maze caused by the COVID-19 pandemic. Though technically beyond our jurisdiction, we persuaded the U.S. Department of Labor to suspend collections from nearly 400,000 Michiganders who were told they had to repay federal jobless benefits.

While unburdening innocent taxpayers, we moved swiftly to fix the source of many of the issues you cited: A technology system implemented under former Gov. Rick Snyder that was found to have a 93% error rate in making false findings. Just this fall, we selected Deloitte to replace the antiquated system with uFACTS, a \$78 million system with intuitive, human-centered design

and an “open system,” which gives UIA easier access to its data and provides a better ability to swiftly implement changes.

Finally, we fought fraud wherever we found it. Our zero-tolerance policy is evidenced by the numbers: 109 search warrants executed, 90 people charged, 94 pending cases, and another 28 who have pled and 15 who were sentenced. Working with the state Attorney General’s office, federal prosecutors, and local law enforcement, the UIA sent an unmistakable message to bad actors: If you steal money meant for deserving Michigan workers, you will be found and punished.

The UIA’s dedicated team has worked closely on multiple successive audits with your staff at the OAG to make sure that we identify where we fell short and collectively plan to do better going forward. While many of your latest findings and assertions are old news – surfaced in prior audits and in media reports – the pain and suffering felt by Michiganders during the pandemic is fresh on our minds and in our hearts. Because of that, we are doubling down on reforms.

To better serve Michigan workers, the UIA is boldly transforming to become a national model for unemployment benefits: We rebuilt the UI Trust Fund to \$1.8 billion (and growing), reassigned staff and resources to reduce case backlogs, overhauled our website to make it easier to access, and implemented a new ethics and security clearance policy.

The UIA has had 11 directors in as many years over multiple administrations, each with their own priorities. Add to that a global pandemic forcing 3.5 million Michigan workers to file nearly 6 million claims and it’s no wonder your audit rehashes issues with technology, overpayments, and fraud. We welcome the oversight.

But I also believe the people of Michigan deserve to know there’s new leadership at the UIA, and with it, an unrelenting spirit of reform and accountability. Together, with our partners in the legislature and under the leadership of Governor Whitmer, we will make our state a national model for fast, fair, and fraud-free service.

Sincerely,



Julia Dale
Director, Unemployment Insurance Agency
Michigan Department of Labor and Economic Opportunity

cc: Susan R. Corbin, Director, Department of Labor and Economic Opportunity