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STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC
OPPORTUNITY
LANSING

SUSAN CORBIN
DIRECTOR

December 12, 2023

Doug Ringler, CPA CIA
Auditor General
Office of the Auditor General
201 N Washington Square
Lansing, MI 48933

Dear Auditor General Ringler:

I am writing today to address your team's findings on fraud, technology, financial waivers, and other well-documented issues at the UIA. The UIA's dedicated team has worked closely on multiple audits with your staff at the OAG to make sure that we identify areas where UIA agency fell short and collectively build a stronger agency to best serve people and businesses in Michigan. The fact is every pandemic-rooted issue raised by the OAG had previously been addressed by UIA — immediately and aggressively — and either has been solved or will be resolved as soon as possible. Major reform takes time.

As you recall, in the face of a global pandemic and a historic jobs crisis, Republican and Democratic leaders urged the UIA to push 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.

While unburdening innocent taxpayers who were told they had to repay federal jobless benefits during the COVID-19 pandemic (working with the Department of Labor to waive over half a billion in these overpayments), we also moved swiftly to fix the source of many of the issues you cited: A technology system implemented under Gov. Rick Snyder that was found to have a 93% error rate in making false fraud findings. Last year, we began working with Deloitte to replace the antiquated system with a \$78 million system with intuitive design and an "open system," which gives UIA easier access to its data and provides a better ability to swiftly implement changes during any future crisis. We have also worked with the Detroit Nonprofit, Civilla, to ensure our system is easier to use, less confusing, and more efficient for Michigan workers and businesses.

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Further, our work fighting fraud continues to pay off. We have established a new Legal and Compliance Bureau and hired a new Legal Advisor to continue to pursue bad actors who defrauded Michigan workers and businesses by prioritizing cases and optimizing resources. This year, 162 people have been charged, 90 have pled or been found guilty, and 68 have been sentenced. Working with the state Attorney General's office, federal prosecutors, and local law enforcement, the UIA sent an unmistakable message: If you steal money meant for Michigan workers and businesses, you will be found and punished.

The UIA is boldly transforming to become a national model for unemployment benefits, particularly in regard to clarity and access for Michigan employers and workers. 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 – including launching [first-time filer coaching sessions](#) and [claimant roadmap](#). We have also added six new advocates to the agency's Advocacy Program (which provides free legal advice to workers and employers who appeal UIA determinations) and boosted advocate pay by 30%. The forthcoming Employer Help Center will serve as a hub for Michigan employers to manage their unemployment tax and claim issues.

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 fill nearly 6 million claims, it's clear that we need to continue to work to not only fix the issues with technology, overpayments, and fraud, but build lasting reforms that can sustain any crisis and deliver for the people of Michigan.

We welcome your oversight. But I also believe Michiganders deserve to know about the agency's reforms and the resources available to them. Together, with our partners in the legislature, Attorney General's office, Department of Labor, 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