

2015 Technology Innovation Showcase

Georgia Department of Labor: Automatic Clearinghouse for UI Overpayments Georgia Work Opportunity Tax Credit Online System Implementation

Repaying an overpayment for unemployment insurance can be a time-consuming, manual process for both claimants and Georgia Department of Labor (GDOL) staff. For years, repayment by check or money order was the only option available to claimants. GDOL sought a way to provide a more convenient method for claimants to satisfy their overpayment debts while developing a more automated process for posting payments to overpayment accounts. The solution is GDOL's **Automatic Clearinghouse (ACH)**, an electronic funds transfer process that allows claimants to transfer funds directly to GDOL at no cost.

Before ACH, claimants were required to send payment to GDOL by mail or bring a check or money order to a nearby career center, and staff forwarded payments to the central office for processing. The use of postal and interoffice mail caused delays in processing and posting payments. To enter and process manual payments, staff were required to review each payment to identify the claimant, determine if an overpayment existed, enter the payment in the system, and submit payments to the Finance Unit for review and deposit. Payments also had to be documented and verified for reconciliation purposes. At times, payments were not posted because they could not be linked to a particular claimant or matched to an overpayment.

Thanks to ACH, claimants can now repay overpayments online through a bank draft from a checking or savings account. A payment can be made from anywhere the claimant can access the Internet. Payments can be made for all or a portion of an overpayment 24 hours a day, 7 days a week. Since payments are directly tied to the claimant's account, there's no chance of a payment getting lost in the mail or not being matched to the correct account. In addition, claimants with no overpayment balance cannot make a payment, thereby eliminating erroneous payments that result in a refund being owed to the claimants. Payments are posted quickly, and overpayment balances are updated within 24 hours.

ACH has increased the recovery of overpayments. At the same time, inquiries from claimants about the status of their payments have been significantly reduced due to faster processing times. A reduction in manual payments has resulted in fewer phone calls to overpayment staff and less traffic at career centers. Staff have more time to focus attention on customers requiring other services and on other ways to improve the unemployment insurance program. Meanwhile, GDOL is working on the next phase of the project – accepting payments by credit and debit cards.

The **Work Opportunity Tax Credit (WOTC)** is a federal tax credit incentive provided to private-sector businesses for hiring individuals from 12 target groups who have consistently faced significant barriers to employment. The main objective of the project is to enable the targeted groups to move gradually from economic dependency to self-sufficiency as they earn a steady income and become contributing taxpayers. Participating employers are able to reduce their federal income tax liability. In times of economic slow-down, such tax credits are a significant boost to an employer's ability to expand his/her workforce and Georgia's labor force.

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WOTC applications were previously entered manually by a team of permanent and temporary data entry staff. With more than 5,000 paper applications received monthly, a backlog could extend for months and delay an employer's tax credit. The previous WOTC application was written 15 years ago and supported a paper-based process. Few changes were made over time, and the ability to receive data and process applications electronically meant a new system was necessary.

GDOL modified an existing application in conjunction with the state of Kentucky. To ensure success, the agency evaluated and modified its business processes as needed at every step. The new web-based system enables businesses to submit electronically the documentation required to process WOTC applications. It reduces the time and paperwork required and the need for GDOL to hire additional staff.