



**Rethinking How the State Delivers
“Safety Net” Services to Floridians in Need**

November 2020

Introduction

- The COVID-19 pandemic has forced more Florida families to turn to government “safety net” programs for assistance.
- Application surges during the COVID-19 pandemic have exposed the shortcomings of the current state-administered, federal safety net programs, especially the Reemployment Assistance (Unemployment Insurance) program.
- Increased caseloads, coupled with limited and strained state resources, have created backlogs and delayed the provision of services to those in need.
- Exposing these shortcomings presents opportunities for the state to innovate, modernize, and improve accountability in order to more efficiently deliver safety net programs and services to Floridians in need.
- Now is the time for innovative solutions for the efficient implementation of safety net programs during emergencies like the COVID-19 pandemic.

The Number of COVID-19 Cases & Unemployed Floridians Skyrocketed in Late March 2020 and Remained at Elevated Levels Until the State's Recovery Plan Was Implemented

● KEY— The red dot on each of the following charts represents March 27, when the daily case count exceeds just 600, shutdowns swing into full effect statewide, and the onslaught on the social programs begins

Fig. 1. Unemployed Floridians

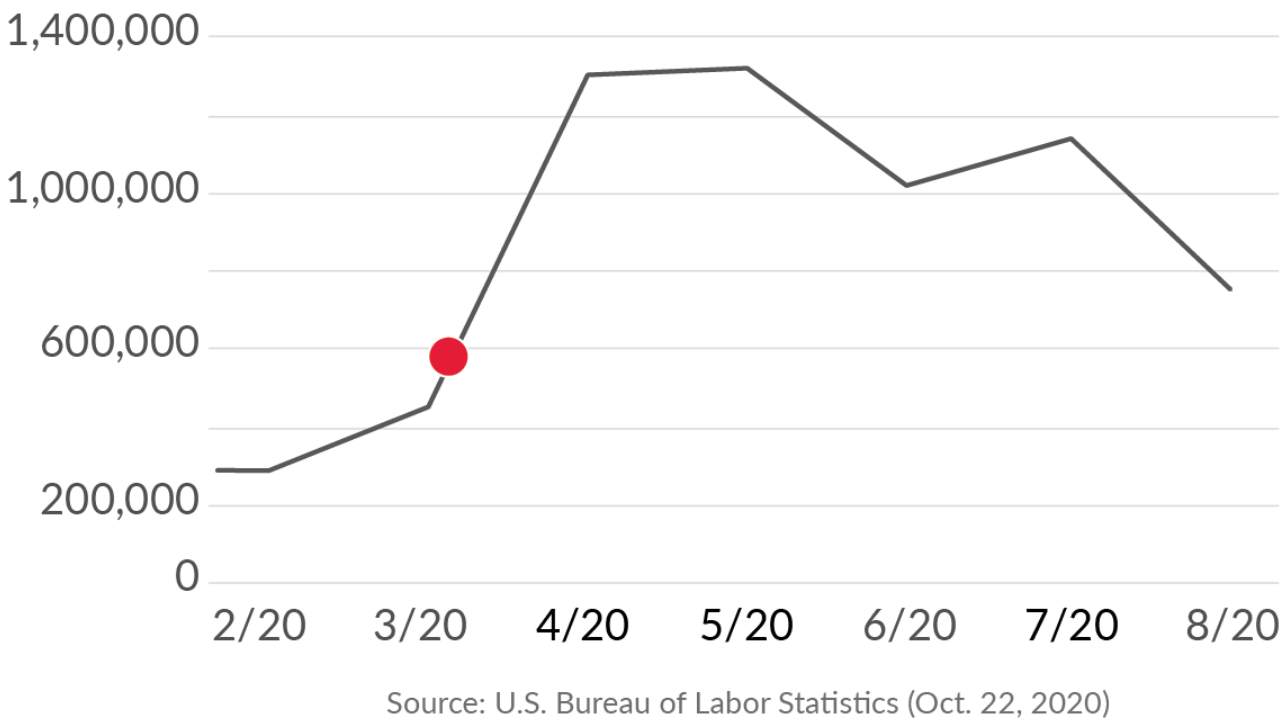


Fig. 2. Florida Reemployment Assistance Claims



Fig. 3. COVID-19 Daily New Cases in Florida

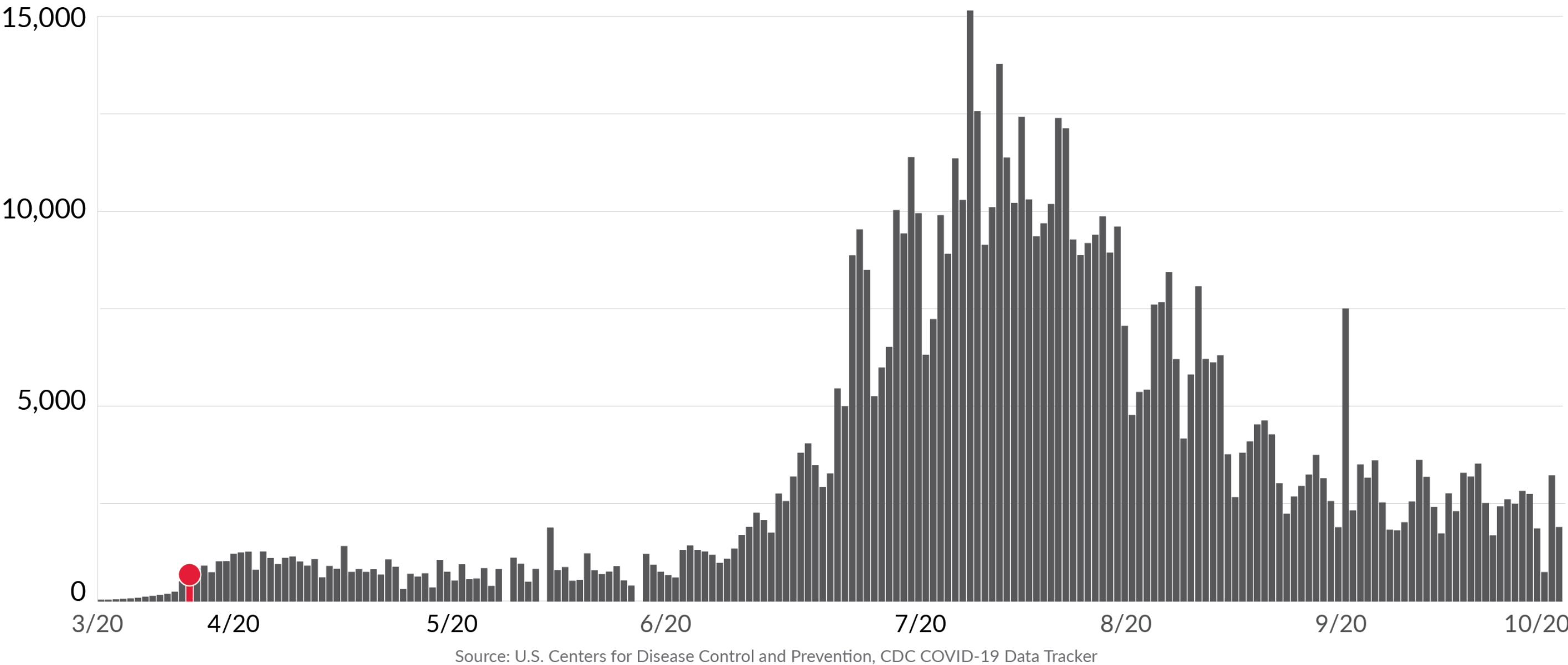
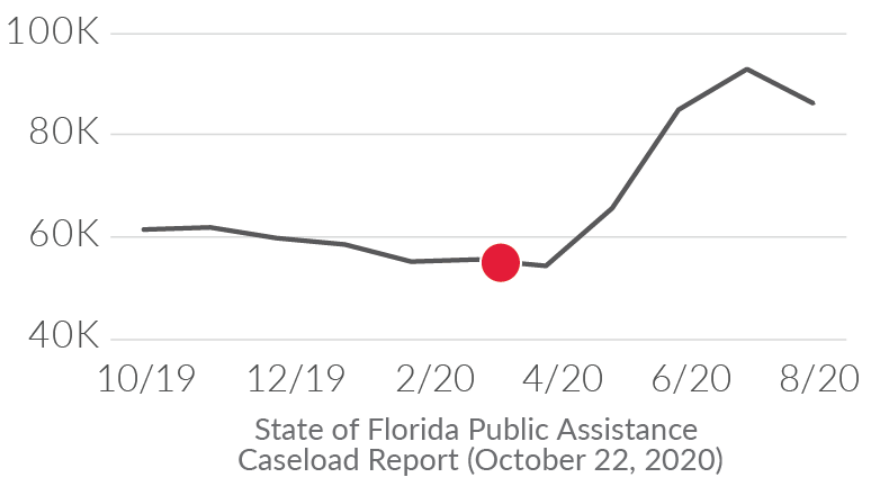
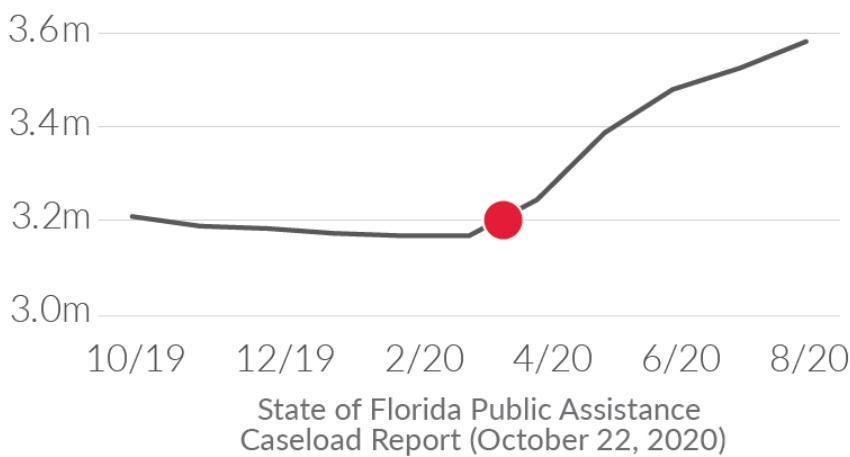
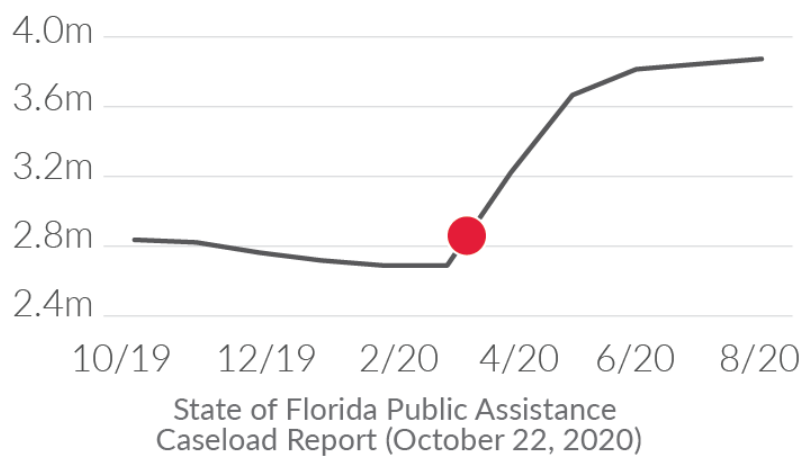


Fig. 4. Floridians Receiving SNAP Benefits (Food Stamps)



The State's Response to the Surge in Safety Net Program Applications Can Best Be Characterized as “All Hands on Deck”

- More than 2,000 untrained state employees were redirected from their normal duties, expeditiously trained, and assigned to call centers to help DEO manage the increased call volume and process the surge of new reemployment assistance applications.
- Paper applications were created for those who do not have internet access or who could not access the CONNECT site, or who contacted the call center only to be placed on hold for hours.
- Computer processing speed and capacity were significantly beefed up on the CONNECT site. Additional (72) internet servers increased capacity for the website from 60,000 to 120,000 simultaneous connections by individuals filing claims.
- More than \$100 million was spent to enter into emergency contracts with four outside contractors to provide temporary staffing help handle the calls. Contracts with two of the four contractors were subsequently terminated for poor performance.
- The Department of Children and Families (DCF), which administers the SNAP program, reassigned 1,300 state employees to its call center to help manage the increased call volume and process the surge of new applications.

The State's Ability to Meet the Emergency Needs of Out-of-Work Floridians Was Hampered by Several Factors

- Outdated federal rules and policies have historically guided the state's administration of the safety net programs including Medicaid, SNAP, TANF, and reemployment assistance (unemployment insurance).
- The red tape and delays that were onerous before the outbreak have become a nightmare for hundreds of thousands of Floridians who have lost their jobs and associated benefits because of the pandemic.
- Outdated reemployment assistance / unemployment insurance technology resulted in the collapse of Florida's online automated reemployment assistance program (CONNECT).
- Burdensome public hiring processes and requirements make it difficult to: (a) hire a sufficient number of highly-skilled trained state employees quickly to accommodate the increased demand for safety net services; and (b) terminate them when they are no longer needed.

Outdated Federal Rules

- Federal rules governing state administration of safety net programs that were put into effect almost 80 years ago require the use of merit system personnel to administer safety net programs, which seriously undermines states' ability to rapidly respond to emergencies such as COVID-19.
- Recently, the federal government revised its interpretation of these rules and requirements to allow states to determine the most appropriate staffing method for administering these programs (as long as the employees continue to meet the established requirements of the merit system, such as appropriate skill sets).
 - In November 2019, the federal Office of Personnel Management (OPM) issued a memorandum clarifying that states may use contractors, consistent with any applicable state law requirements in the administration of federally-funded, state-administered, grant-in-aid programs.
 - Unless the authorizing statute for a grant-in-aid program explicitly states that federal or state employees are to perform a specific purpose, states may satisfy merit system principles by determining an appropriate staffing approach, including the use of contractors, consistent with state law.
 - With this clarification, a contractor that complies with merit system principles may be retained by a state agency and considered state agency personnel as the contractual agreement extends the scope of compliance.

Red Tape and Delays

- Florida's reemployment assistance program was apparently designed to limit benefits so state officials could show lower unemployment numbers, thereby reducing unemployment taxes paid by Florida businesses.
- Weekly payouts are limited to \$275, which is among the lowest in the U.S.
- Florida's reemployment assistance program excludes workers in the "gig economy" (e.g., Uber drivers, freelance workers, etc.), as well as people who are self-employed or who are employed part-time.
- Contrary to state law, applicants for reemployment assistance were required to sign in using their social security numbers.
- Applicants were required to re-certify every two weeks that they were still unemployed.
- Applicants were deemed "ineligible" for benefits without explanation why or how to proceed.
- Applicants were routinely kicked out of the system during the application process and were unable to reach anyone by phone who could help them.

Outdated Reemployment Assistance Technology

- Applications for reemployment assistance are routinely filed online using CONNECT, the state's \$77 million automated reemployment assistance program operated by the Department of Economic Opportunity (DEO).
 - The original contract was amended 14 times, increasing the total award from \$40 million to \$77 million.
- CONNECT has never worked as intended. The most recent (2019) Auditor General audit confirmed negative findings contained in previous audits. Governor DeSantis has ordered an investigation by his Chief Inspector General.
 - State of Florida Auditor General, "Department of Economic Opportunity Reemployment Assistance Claims and Benefits Information System (CONNECT)," Report No. 2019-183, March 2019.
 - State of Florida Auditor General, "Department of Economic Opportunity Reemployment Assistance Claims and Benefits Information System," Report No. 2017-039, November 2016.
 - State of Florida Auditor General, "Department of Economic Opportunity CONNECT, Information Technology Operational Audit," Report No. 2015-107, February 2015.
- CONNECT collapsed under the additional load of reemployment assistance applications. The state's call center, which functions as a back-up to CONNECT, was unable to accommodate the number of callers for assistance.

Burdensome Public Hiring Processes and Requirements

- Florida's state agency employment process makes it difficult to hire state employees quickly.
- The state's hiring process involves a number of time-consuming steps, including:
 - Completing and submitting a comprehensive employment application
 - Screening and interviewing the most-qualified applicants
 - Background / criminal history checks
 - Drug testing (for designated "sensitive" positions or positions of trust / responsibility)
- Florida's state agency employment process makes it difficult to terminate state employees quickly.
 - After a specified period of satisfactory performance, rank-and-file state employees have rights and processes for grievances and to appeal dismissal.

Florida's Response Exposed Numerous Shortcomings

- COVID-19 has exposed numerous shortcomings of the current state-administered, federal safety net programs, especially the Reemployment Assistance program.
- During the first 4-6 weeks of the COVID-19 pandemic:
 - Tens of thousands of Floridians unable to work due to COVID-19 were denied benefits;
 - More than 40% of more than 800,000 verified claims submitted were declared ineligible; and
 - Many of those determined to be ineligible received no guidance on why their claims were denied or how to move forward.
- The state's response addressed the symptoms and did not address the root cause of the problems.
- Exposing these shortcomings presents opportunities for the state to innovate, modernize, and improve accountability in order to more efficiently deliver safety net programs and services to Floridians in need.
- Innovation and modernization are necessary to get unemployed Floridians back to work as quickly as possible to aid in Florida's economic recovery.

More Flexible Staffing Provisions Will Help States Respond Faster and More Effectively

- The outdated federal rules requiring the use of merit system personnel to administer federal safety net programs seriously undermine states' ability to rapidly respond to emergencies such as COVID-19.
- The immediate response of the state agencies administering the safety net programs was to reassign untrained state agency personnel who are not necessarily skilled for the task and train them as quickly as possible to staff the call centers.
- Under current law, states cannot use private contractor staff to make eligibility determinations, process claims, conduct recertifications, etc. This makes it extremely difficult for states to “ramp up” their ability to provide safety net program services and benefits to those in need during emergencies like COVID-19.
- Congress recognized this problem when it included provisions in the CARES Act (Section 2106) to provide additional emergency flexibility to hire temporary staff or to take other temporary actions to quickly process unemployment assistance applications and claims.
 - States would not be required to hire private contractors, but they would have the option.
 - States using private contractor staff would still need to meet all current merit system requirements contained in law.

Shifting the Focus to Getting Assistance to Those in Need as Quickly as Possible Will Help States Respond Faster and More Effectively

- Shift the focus away from preventing claimants from receiving incorrect benefits to getting assistance to those in need as quickly as possible.
 - Cut through the red tape and bureaucratic delays that applicants for safety net programs experience to make enrollment easier and faster.
 - Eliminate denials based on red tape and bureaucratic requirements.
 - Authorize safety net program benefits first and then verify program eligibility. State and federal agencies have considerable resources (e.g., Internal Revenue Service) to identify and recover improper benefit payments.
 - Relax requirements (e.g., weekly or bi-weekly reporting of employment status, in-person interviews, etc.) to reduce administrative burdens and free up more time to process applications and claims.
 - Borrow best practices from other federal programs, such as Social Security, that deliver benefits with minimal administrative burdens and fraud.
 - Use administrative data from one safety net program (e.g., SNAP or TANF) to make enrollment in other safety net programs (e.g., reemployment assistance) easier and faster.

Florida Should Stop Constantly Trying to “Fix” the Outdated and Obsolete CONNECT Website

- CONNECT has never worked as intended and it is unlikely that it ever will, absent the expenditure of considerable additional state funds.
- Instead of constantly trying to “fix” the outdated and obsolete CONNECT system:
 - Moving the state’s Reemployment Assistance program to the cloud can reduce the costs of maintaining and managing this technology platform.
 - Outsourcing both the reemployment assistance technology and business processes, when properly procured, can permit the Reemployment Assistance program to scale up during emergencies like the COVID-19 pandemic without having to purchase expensive equipment or hire new employees, and then scale back down as the demand diminishes.
 - Through proper outsourcing, a private contractor can apply “best-of-breed” technologies as needed to improve business processes and overall customer outcomes.
 - Having state employee data stored in the cloud ensures that it is backed up and more secure.

Outsourcing Business Processes Can Help Overcome Delays Caused by Burdensome Public Hiring Processes and Requirements

- Rather than hiring additional agency employees, state and local agencies can outsource core business processes, such as eligibility determinations and processing claims, to a private contractor that:
 - Has program knowledge and experience managing federal needs-based programs. Many of these companies hire employees from the federal agencies that establish and interpret the requirements for these programs.
 - Employs a workforce that complies with the merit system principles and requirements contained in current law.
 - Has superior technology. Many outside companies can perform these business processes using more modern (best-of-breed) hardware and software.
 - Has the staffing flexibility to scale up (or down) comfortably. Many private contractors have the capacity to bring in additional trained staff when needed to process claims and applications on a 24-hour a day, 7-day a week basis to reduce or eliminate backlogs.
 - Better manages and shares the risk. Providing more highly-skilled and highly trained workers and best-of-breed technology helps minimize risk to the state and improve customer service.
- State and local governments use contractors for a variety of purposes (e.g., building roads and schools, etc.), so using contractors to make eligibility determinations and process claims is nothing new.

Improved Contracting Can Produce Better Outcomes and Greater Accountability

- Including “guardrail” provisions in vendor contracts for safety net programs will help to ensure that:
 - Eligibility determinations are based upon clear and objective criteria.
 - Contractors are not subject to the limitations contained in federal law and regulations (e.g., IPA of 1970) as long as the contractor certifies that its employment policies and processes reflect the merit system principles and requirements established in Title 5 CFR, Part 900, Subpart F.
 - The timeframes for handling determinations/appeals are reasonable, and penalties for failure to meet those timeframes are expressly clear and understood.
 - Contractor compensation is not tied to specific goals or objectives associated with the award or denial of benefits.
 - Contractors have no direct or indirect financial interest in any company that could benefit in any way from any decisions made under the program administered by the contractor.

Overhauling Florida's Procurement System Will Help to Avoid Problems Like Those Experienced With CONNECT

- Reform Florida's procurement system to ensure that all contracts for large-scale IT projects such as CONNECT:
 - Designate an Executive Sponsor who has complete responsibility for the project and the authority to make the right decisions, build support, commit resources, resolve disputes, and enforce contract terms and conditions.
 - Include a project plan that includes, at a minimum:
 - A well-developed and logical project concept;
 - A well-defined scope of work;
 - Well-defined roles and responsibilities of key stakeholders;
 - Detailed project workflows and realistic and achievable project schedules;
 - Well-defined resource needs and allocations;
 - Well-defined training needs and a process for training stakeholders and end users;
 - A well-defined and detailed process for communicating and managing change; and
 - A clear and detailed structure to be used to govern the project.
 - Divide the project scope of work into discrete increments which will permit the final product to be delivered, tested, and accepted incrementally to increase the likelihood of success.
 - Address what happens at the end of the agreement. The state's expectations with respect to its ownership of the intellectual property or its rights to use or modify the intellectual property under any license from the vendor should be expressly clear and understood.

Additional Measures Will Be Required to Help Make Sure That Large-Scale IT Projects Like CONNECT Are Successful

- Reform Florida's procurement system to ensure that, for every large-scale IT project such as CONNECT:
 - Key stakeholders are identified, their input is solicited during the planning phase of the project, and their commitment to make the project a success is secured.
 - A project management team is established that is responsible for the day-to-day management and maintenance of the project.
 - A competent and skilled project manager should be appointed who has received the Project Management Professional (PMP), Florida Certified Contract Manager (FCCM), Florida Certified Contract Negotiation (FCCN), or comparable professional certifications.
 - Skilled and experienced contract negotiators with (at a minimum) Florida Certified Contract Negotiation (FCCN), or comparable professional certifications, are assigned to negotiate the state's agreement.
 - A multi-year financial model, with funding that spans a number of state budget cycles and covers the entire project life cycle, is developed and maintained.
 - Stakeholders and end users are trained and educated on the value of the product and the new operating procedures.

Conclusions and Recommendations

- Using contracted expert service providers can, if properly procured, provide flexibility, competent workers, and best-of-breed technology that will improve customer service.
- When properly procured, contractors can bring new technologies, skilled staff, more efficient business processes, and (ultimately) more accountability.
- State agencies must be careful to partner with outside vendors that have the resources and scalability to manage the risk and be accountable for quality outcomes, secure client data, and lower costs.
- The state must hold vendors accountable for quality outcomes, secure client data, and lower costs.
- Outsourcing public business processes, such as eligibility determinations or unemployment insurance claims, has the potential to permit Florida to implement more efficient and cost-effective business processes, thereby reducing the size of government, saving the taxpayers money, and improving service delivery to needy Floridians.
- Florida should encourage Congress to extend CARES Act “staffing flexibility” for reemployment assistance beyond the end of calendar year 2020 and extend similar provisions for SNAP. As an alternative, Florida can leverage the OPM November 2019 guidance to retain contractors that comply with merit system principles providing the state with the flexibility to better administer programs.