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DIRECTIVE: UNEMPLOYMENT INSURANCE PROGRAM LETTER 60-86

TO: ALL STATE EMPLOYMENT SECURITY AGENCIES

FROM: DONALD J. KULICK, Administrator for Regional Management

SUBJECT: Training on Telephone Selection Techniques for UI Debts

1. Purpose. To announce the availability of two video cassette training films and materials for UI debt collection by telephone.

2. References. Resource Handbook On Overpayment Recovery; Handbook For Interstate Overpayment Recovery.

3. Background. Collection of debt in the UI program from both claimants and employers is a growing problem. For the measurement period ending March 31, 1986, tax delinquencies and outstanding benefits overpayments for all State Employment Security Agencies (SESAs) totaled approximately 1.8 billion dollars. Efforts to collect these debts have been limited in effectiveness. The dollar amount of accounts receivable has continued to increase over the years. Available information indicates that debtors to the Unemployment Insurance system often owe money to others who rely on professional assistance for collection. As a result, debt collection has become a highly competitive field.

The Internet Crossmatch System has increased our capability to detect improper payments and to locate individuals with outstanding overpayments. However, if SESAs are to be successful in collecting these debts, it is imperative that innovative and cost effective procedures be tested and implemented.

Use of the telephone for debt collection has been found to be one of the most cost effective methods. It is recommended that SESAs use the telephone as part of the regular collection program after regular collection notices have been ignored. The most important part of any collection effort is timely follow-up and the telephone is ideal for this activity.

ETA/Unemployment Insurance Service, in conjunction with the Washington Employment Security Division, enlisted the assistance of a professional debt collector to aid in the production of two 1-hour videotapes on telephone debt collection. One tape addresses telephone techniques for collection of claimant benefit overpayments; the other covers telephone techniques for the collection of delinquent employer taxes.

These tapes are available without charge to interested SESAs in either 3/4 or 1/2 inch V.H.S. An effective use of these tapes would be to incorporate them into a day of training on collection techniques.

A copy of the agenda for a one-day session covering UI Overpayment Recovery Techniques, from Pennsylvania; and, a booklet: “The Art and Science of Debt Collection, Working with the UI Claimant” to be used by each trainee, is attached. States requesting tapes will also be sent sample training handouts.

4. Action Indicated. States interested in obtaining a copy of the tapes should send request directly to:

U .S. Department of Labor
Unemployment Insurance Service Attn: TEUM IRoom 7 4 30
601 D Street NW
Washington, D.C. 20213

The request should specify which type of tape (BPC, Tax or both), and size of tape (1/4 inch or ½ inch).

5. Inquiries: Questions should be addressed to the appropriate regional offices.

6. Attachments:

- a. Agenda for training session
- b. The Art and Science of Debt Collection Working with the UI Claimant

COMMONWEALTH OF PENNSYLVANIA
BUREAU OF UNEMPLOYMENT COMPENSATION

AGENDA
UI OVERPAYMENT
RECOVERY TECHNIQUES

9:00	Opening Remarks and Introductions
9:15	Scope of overpayments, Policy Concerns and General Responsibilities
9:30	Video Presentations: OVERPAYMENT RECOVERY TECHNIQUES A. Personal Interview B. Telephone Interview C. Agreement of Restitution D. Legal Action
9:45	Discussion of Recovery Techniques
10:30	Break
10:45	Video Presentation: THE ART AND SCIENCE OF DEBT COLLECTION - WORKING WITH THE CLAIMANT A. Discussion of Personality Types B. Development of Standards of Conduct c. Summary of Initial Statements D. Claimant Responses 1. Common Excuses 2. Typical complaints
12:00	Lunch
1:00	Video Presentation (Continued) E. Overview of the Rebuttal Phase 1. How to Use Subtraction Questions 2. Developing Payment Proposals F. sample Phone call with General Responses G. Control of Incoming Calls 1. Expressing the Situation 2. Stating your Proposal 3. Giving Reasons for the Proposal 4. Stating all Intended Actions a. Developing Enthusiasm
2:30	Adding New Methods to the First Video Presentation
3:00	Break
3:15	Question and Answer Period
3:45	Closing Remarks
4:00	Adjourn

THE ART AND SCIENCE OF DEBT COLLECTION WORKING WITH THE UI CLAIMANT

PREFACE

This program has been designed to help you to become a skilled collector. Through this program, you will be able to set your own personal standards for collections, learn successful collection techniques, and develop methods for controlling incoming phone calls .

THE ART AND SCIENCE OF DEBT COLLECTION WORKING WITH THE UI CLAIMANT

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THE ART AND SCIENCE OF DEBT COLLECTION WORKING WITH THE UI CLAIMANT

INTRODUCTION

The state's Employment Security Agency was created to help people by providing unemployment compensation benefits to unemployed individuals promptly when due. A good collector knows that the collection of improper payments is necessary to effective and efficient administration of the UI program. Collection of improper payments assist in maintaining sound Financial operations to provide benefits to appropriate individuals.

A successful collector helps both the agency and overpaid individuals. As a collector, you will be required to develop unique skills. For example, you must be a communicator, a detective and a mediator every time you pick up the telephone. The job is not mastered in one day. It requires constant training and improvement, as well as the upgrading of all people-oriented skills. A good collector finds a challenge which is unavailable in any other job. It is the challenge of dealing with people and resolving their repayment problems in a way that is satisfactory to the" and to the agency.

Instructional objectives of training package:

- I. using the standards presented in the video tape a a guide, you will be able to write your own standards f or collecting overpayments by telephone.
2. Using the three phases of a telephone collection call, you will be able to conduct the collection call in the following situations:
 - A. the debtor agrees to: make payment in full and
 - B. the debtor gives "excuses" why payment in full cannot be me.de.
 - C. Given an n incoming phone call from an overpaid claimant, you will be able to efficiently control the conversation and reach a financial agreement with the caller.
 - D. You will be able to modify the methods presented tor telephone collections and use them in personal interviews .

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The key to success as a collector is to utilize and continue to develop your own personal strong points. No two collectors will handle an overpayment in the same way. You will find the style that best suits you.

A successful collector has a positive attitude - Before ever contacting an overpaid individual dual, a good collector believes it is possible to collect the overpayment.

Most overpaid people want to repay if they are able to do so. Confidence is conveyed by approaching each overpaid person -with the idea that the collector can control the repayment. The individual will realize that the collector knows the case well and can be trusted to bring it to a fair resolution.

A successful collector believes in the importance of the job. The positive attitudes expressed by skilled collectors are directly related to a belief in the importance of collecting overpayments. The recovery of overpayments is a vital function which enables your office to operate efficiently.

A successful collector anticipates the unexpected. – This ability to "think on your feet" is very important to collectors who always seem to encounter new excuses for postponing repayment. A successful collector is part psychologist and part investigator. A collector listens to the overpaid individual 's reasons for not paying, deciphers the messages contained in the replies and responds in a way that brings the conversation back to the overpayment and the collection effort .

A successful collector understands all ramifications of a case. This understanding is obtained by doing "homework" on each case. By knowing the overall picture, a collector can react in a way which best benefits the overpaid individual .

A collector should first determine that an overpayment is collectable before ever attempting to use any collection techniques. An overpayment is collectable only when waiver and appeal rights have been fully explained to the overpaid person.

A good collector is smart. "Smart" in the sense of feeling confident about the job and how it can be best accomplished . "Smart" in that each case is fully understood before ever picking up the telephone. "Smart" in that a good collector knows and believes that each individual 's dignity and self -respect must be preserved.

I . QUALITIES OF A SUCCESSFUL COLLECTOR AND YOUR PERSONALITY

SELF-TEST #1

- A . Discuss three qualities of a successful collector:
- B. How do the qualities in Item will relate to your personal strong points?
- C. Which of your personal qualities do you feel will help you most as a collector?

(The answers are found in the material you have just read.)

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II. STANDARDS OF CONDUCT

As an employee who collects overpayments, you handle a vital job, bringing in dollars which help keep the UC system running smoothly. You also help overpaid persons to relieve themselves of an overpayment and enable them to apply for future benefits with a "clean slate".

A good collector brings in the most money while adhering to legal and moral principles. The standards of conduct discussed in the video tape include:

(Describe)

List some of your personal standards:

NOTE: Remember that you must determine that an overpayment is collectable before you can put any collection techniques into use .

An overpayment is considered collectable when waiver and rights have been explained through a written notice and, if necessary, orally.

III. COLLECTION CALL

Once you are familiar with the basic standards of conduct for a good collector, you are ready to pick up the phone and start collecting money.

A collection call is divided into three phases•

1. Statement
2. Response
3. Rebuttal

A. Statement Phase

The statement phase is what you say to the overpaid Individual. While preserving human dignity (yours and the Overpaid person's), your goal is always PAYMENT IN FULL.

Explain each of the following in the statement phase:

1. Identify the overpaid person
2. Identify yourself
3. Create urgency - ask for payment in full today
4. Solve the problem.
5. Follow-up on time

You will probably modify each of these steps, somewhat, to fit your own collection "style" and will use what works best for you.

SUMMARY OF STATEMENT PHASE:

Identify the overpaid person. You should give the individual's full name and address, if possible.

Example: "Hello is this Fred L. Smith who lives at 111 Willow Road?"

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- If the individual indicates that you are speaking to the right person, you have completed this step.
- Identify yourself. Give your name and state that you are from the State Unemployment Compensation Agency. Never deal with an overpaid person on a first name basis. Remember that you are working to resolve a business matter.
- Ask for payment in full today. Create a sense of urgency. Convey the idea that nothing less than full payment will suffice. Example: "Mr. Jones, you agreed to repay the \$200 overpayment which you received. I expect you to put your Check in the mail today."

If the individual indicates that he can't pay in full today, solve the problem by asking, "How much are you SHORT?" Be persistent.

- o Follow-up. Specify exactly how much money should be sent and when the payment is expected.

B. Response Phase

This phase of the collection telephone call involves the overpaid individual's response to your call. You are probably familiar with many excuses, such as those which follow:

- I'm going through a divorce.
- I'm unemployed.
- I'm sick or I just got out of the hospital.
- I have too many bills.
- I can't even feed my family on my income.
- I have too many medical bills;
- I've already spent that money (the overpaid amount).
- My expenses keep going up and you stopped my check.
- Death in the family or died last night.
- I'm entitled to benefits; I've paid in for years.
- The overpayment was not my fault.
- If I wasn't entitled to the checks, you shouldn't have sent them to me.
- The overpaid person has mental problems. O I filed for bankruptcy.
- The employer lied.
- I dropped out of school and don't have a job. O I'm still in school and have no income.
- Employment Security has made a mistake.

Add any other frequently recurring excuses:

Familiarizing yourself Which these common excuses will enable you to effectively resolve the problem in the third phase of the Collection call, the Rebuttal Phase.

B Rebuttal Phase

The Rebuttal Phase is what you say to an overpaid person after hearing his or her excuses. Your goal is to circumvent the individual's response and collect maximum dollars in minimum time. Your rebuttal should be in the form of:

- Subtraction Questions, and
- Payment Proposals.

A subtraction question can never be answered simply with "yes" or "no". Any answers which you receive should provide valuable data.

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Subtraction questions start with:

- Who
- What
- Where
- Why
- When
- How

Using the excuse indicated by the instructor, develop your (4) subtraction questions which could be asked.

By listening carefully to the individual's answers, you will be able to develop a payment proposal.

Setting a payment plan that is satisfactory to both of you may require some negotiating. However, remember that, although you want to recover as much money as quickly as possible, you are working with the individual to set up a workable plan. If you set monthly payments at too high a level, you may receive nothing and will fail to solve the problem.

NOTE: Many of the excuses with rebuttal remarks are listed in Appendix II.

IV. TALK-OFF

TALK-OFF is something you say to talk the claimant off of what he wants to talk about, and back on to what you want to talk about, which is payment of the balance.

Example:

Claimant - "I just got out of the hospital."

Collector - "I'm sorry you aren't feeling well Mr. Smith, and I do hope you get better, but our job now is to work out payment of your balance."

The objective is to control the conversation and keep it simple and short. You want to avoid "pen pals on the telephone" and stay on the subject which is payment of the balance.

Select two excuses from your list and, write a simple talk-off for each.

- 1.
- 2.

Listed below are some general phrases which can be used frequently for responding to an overpaid individual's complaints or objections about your collection efforts.

- We may be able to work out an acceptable monthly installment agreement. You must understand, I'll need complete and straight forward answers concerning your financial situation. We will determine the amount of your monthly payment based on this information. If this is not done properly, the people who okay these requests won't approve it.
- I want to work with you so your monthly payments won't cause you undue financial hardship.

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- I'm here to help you. If you're short of funds, we'll work something out, but you must work with me. How much are you short?
- We're past arguing the merits of how or why the overpayment occurred. We need to work together to get this paid off on time.
- This is a legal obligation owed by you to the government .
- We must see that all tax monies are spent correctly. It has already been determined that these benefits were not spent correctly and that you are liable for repayments .
- Our policy is to help you as much as we can , but you must understand that money owed to the government belongs to all citizens and must be returned .

List any additional phrases which you believe would be useful in resolving the matter:

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V. CONTROLLING; INCOMING CALLS

Incoming calls must be handled somewhat differently than outgoing calls. In this case, you will probably be unprepared and the call may be an interruption.

This procedure should be followed to effectively handle an incoming call :

Listen and take notes. This will allow you time to mentally review the facts and the circumstances of the overpayment

Express the caller 's position. Reassured when you repeat what piggyback on the "yes".

The individual will feel he or she has told you .

3 .Express your position. Tell the overpaid person where you stand using SPRA as described below:

- Situation - The problem as you see it .
- Proposal - State your proposal.
- Reason - Explain Why it is advantageous from the caller ' s point of view to follow your proposal .
- Action - An explanation of exactly what you will do and what the caller will do as soon as the call is over .

4. Write the commitments. Immediately write down the caller's commitments and your own, as agreed upon.

5 . Follow-up on your written commitments. The call is not over when you hang up, but rather when the problem is solved. For example, if the payments do not arrive as promised , call the overpaid individual. Obtaining a verbal agreement may not mean the problem is solved .

Write down a common complaint incoming call. Then, express your position using "SPRA"

III. CONCLUSION

Successful collectors bring enthusiasm to their jobs. They understand the importance of their jobs and continually work towards self-improvement .

The "ABC 's of enthusiasm are as follows:

Action	As you use the techniques presented in this program, you will develop your own special techniques for action that work best for you.
Belief	As the techniques begin to work, you believe you can collect more dollars.
Conviction	When you believe in your collection techniques, you become convinced they will work. Others will approach you to find out where your success comes from.
Dedication	You become dedicated to being the best .
Enthusiasm	This process leads to enthusiasm . You have set up your own program of self - development. As you succeed and others within your influence succeed, you become enthusiastic.

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SELF TEST # 2

Follow the instructions for each item by indicating your responses in the space provided.

- A. Explain the three phases of a collection call :
- B. Define "subtraction questions":
- C. What are the four steps which make up the "SPRA" procedure?

Note : The correct answers are found in Segments III, IV, and V.

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APPENDIX I - READY REFERENCE TABLE

This appendix lists some of the situations that you will encounter as a collector, giving a general outline of the appropriate facts and questions that should be part of your dialog. This information may be used in a flip chart format, allowing you to quickly find the data that should be obtained each time you communicate with an overpaid individual.

FIRST TELEPHONE DEMAND

Statement Phase

Identify overpaid individual full name and address".

Identify yourself (name and affiliation with State Employment Security Agency),

Demand payment in full today (create urgency).

Response Phase

Listen to excuses Rebuttal Phase

Ask subtraction questions to obtain information (who, what, where, when, why, how).

Make a firm payment proposal.

Follow-up

Repeat instructions. Have individual read back your address and the terms of the agreement.

INCOMING CALL

- Listen and take notes (interrupt kindly, if necessary).
- Express the caller's position (repeat the individual's Story).
- Express your position:
 - Situation - From your point of view.
 - Proposal - Your proposal.
 - Reason - Why your proposal should be followed (From the caller's point of view).
 - Action - Explain exactly what you will do and what the caller will do when you hang up.
- Follow-up - make sure individual fulfills commitment.

PARTIAL PAYMENTS

- If you are convinced that payment in full is impossible, resort to taking partial payments.
- Do not set payments so high that the overpaid person cannot keep the arrangement.
- Clearly inform the individual of the exact arrangement,
 - amount due each month.
 - date due each month.
 - address where the payment should be sent.
- Review the folder each month to make sure the payments arrive on time.

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BROKEN PROMISE

- Verify all the information the individual originally gave you.
- Why didn't the individual let you know he couldn't pay?
- Ask for payment of past due amount today.
- Before accepting another promise, inform the overpaid person of the consequences of not repaying the debt (e.g., withholding of future benefits, referral to Legal Division and the additional interest charges).

OVERPAID INDIVIDUAL EVADES COLLECTION EFFORT

- Call third parties to determine when the overpaid person can be reached. You must be persistent if the individual is never home. Good collection times are around dinner time and during holidays.
- Establish with whom you are speaking.
- Ask questions to determine when you can reach the overpaid individual.
- Develop all possible information about the individual:
 - Job and telephone number
 - Type of work
 - When individual will be home
 - Who would know the individual's whereabouts
- Do not divulge overpayment information to a third party. Say it is regarding an "Unemployment Compensation Matter."
- Stress urgency of call and leave a message for the individual to call you.

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APPENDIX II - LIST OF COMMON EXCUSES

This appendix lists many common excuses that you will hear as a collector. Also, included are a few of the subtraction questions which can be used in your rebuttal.

I AM UNEMPLOYED

- When did you last work?
- Where did you work? What department? How long? Where does your spouse work?
- Who supports your family?
- Which other family members are working?
- Which of your friends or relatives could help you pay back this overpayment?

I'M SICK

- What type of insurance do you have? Medical? Disability? How much is covered?
- What's the nature of your illness? How long have you been sick?
- Where are you working?
- How are you paying your medical bills?
- Who could help you repay the amount you owe us?
- When did you last work? When will you be able to return?

I HAVE TOO MANY BILLS

What is the total of your monthly bills?

- To whom do you owe the money? (Bills may be unusually high for one month only, such as when paying off holiday gifts. If the individual has high medical bills, get specifics: hospital name, doctor name, amounts owed, length of illness, etc.)
- How many people are you supporting on your income? Where are you employed?
- Which of your friends or relatives could help you repay this overpayment?
- How much are you short?

I CAN'T EVEN FEED MY FAMILY ON MY INCOME

- What is your monthly income? What sources? When are you paid?
- How much are you short?
- What are your monthly expenses? To whom do you owe money?
- How many people are you supporting?
- Is anyone else helping to support your family? How much is that person contributing each month?

I'VE ALREADY SPENT THAT MONEY (THE OVERPAYMENT)

- When did you spend it?
- What did you spend it on? Can the item be returned or resold?
- How much are you short?
- What is your total monthly income? Expenses? Where do you work?
- When are you paid?

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MY EXPENSES KEEP GOING UP AND YOU STOPPED MY CHECK

- When was your last payment? (verify case information)
- Why are your expenses increasing? (general inflation , or some specific reason, such as a major purchase , medical bills , etc.)
- What do your expenses total? Who do you owe money to?
- What are your total monthly sources of income? When are you paid?

THE OVERPAYMENT WASN 'T MY FAULT , YOU SHOULDN 'T HAVE SENT IT

- Be sensitive.
- Stress the positive aspect of repaying now so deductions won't be made on future benefits . Payment in full today.
- How much are you short?
- What is your total monthly income? Expenses?

I DROPPED OUT OF SCHOOL AND DON'T HAVE A JOB

- What type of income do you have? How much? When does it arrive?
- Where are you living?
- Which of your friends or relatives could help you repay this overpayment?
- What are your plans for the future? Are you going to return to school?
- Have you applied for any jobs?

I 'M IN SCHOOL AND HAVE NO INCOME

- Where do you get your spending money from ? How much each month?
- Who pays your living expenses?
- What kind of financial aid are you receiving? (specific type and amount)
- What are your total monthly expenses? When are you graduating?