

**Insights
and Successes:**
American
Rescue Plan Act
Investments
in Unemployment
Insurance
Modernization





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Background



The American Rescue Plan Act (ARPA), signed by President Biden on March 11, 2021, initially provided a total of \$2 billion to the U.S. Department of Labor (the Department) with the aim of enhancing and bolstering the nation’s unemployment insurance (UI) system.¹ This amount was reduced to \$1 billion by the Fiscal Responsibility Act (FRA), enacted on June 2, 2023, though the goals of the funding stream remain unchanged.

UI provides vital partial income replacement to individuals during a socially and economically vulnerable period in their lives, and stabilizes the economy during downturns. UI also helps individuals maintain strong workforce connections by requiring that recipients search for work.² For these reasons, a resilient, well-functioning UI system is critical to the health of the U.S. economy. A 2022 study found that UI payments were the most effective economic stimulus out of the range of fiscal relief measures delivered during the COVID-19 pandemic.³

Yet, the stress imposed by the COVID-19 pandemic and its aftermath revealed major shortcomings in the UI program—following extended underinvestment prior to the pandemic.

1

American Rescue Plan Act, 2021, Public Law (Pub. L.) 117-2, Section 9032.

2

Marios Michaelides. et al., *Impact of the Reemployment and Eligibility Assessment (REA) Initiative in Nevada*, 2012, Columbia, MD: IMPAQ International, LLC.

3

Christopher Carroll et al., *Welfare and Spending Effects of Consumption Stimulus Policies*, Federal Reserve Board of Washington DC, 2023, <https://www.federalreserve.gov/econres/feds/files/2023002pap.pdf>.

The UI program is a federal–state partnership in which state agencies administer the program.⁴ State agencies particularly felt the strain of the pandemic in their technology systems. States processed historic workloads of claims, implemented new temporary unemployment programs that covered populations beyond the reach of the traditional UI program, and navigated sophisticated fraud threats on decades–old computer systems. This came with a cost to the timeliness of processing such claims and a rise in improper payments.

Reflecting the most pressing system needs, the funding provided to the Department centers on three goals, or “pillars,” of UI modernization:

detecting and preventing fraud;

promoting equitable access; and

ensuring the timely payment of benefits.

APRA’s goals are mutually reinforcing, working together to strengthen UI system integrity. A high–integrity system enables people to navigate the system with greater confidence, protecting against fraud and improper payments while ensuring equitable access to benefits. For example, equitable access efforts that target improvements to the usability and language of UI applications also facilitate claimants’ ability to accurately report their circumstances, which can help reduce improper payments. Improvements to payment timeliness, such as facilitating employers’ ability to quickly respond to required correspondence, also enhance the ability of states to promptly identify potentially fraudulent claims.

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U.S. Department of Labor, *Unemployment Compensation: Federal–State Partnership*, Office of Unemployment Insurance Division of Legislation, July 2023, <https://oui.doleta.gov/unemploy/pdf/partnership.pdf>.

The purpose of this report is to document the progress states have made to date across the three ARPA pillars of integrity, equitable access, and timeliness, using ARPA grant funding opportunities and collaborative modernization projects with the Department. ARPA represents the first time the Department has been provided major resources to work collaboratively with states to implement system improvements, including information technology-related upgrades. This report outlines concrete achievements in the two and a half years since the initial authorization of these funds and the establishment of this new transformative partnership with the states.

These accomplishments and approaches tested in partnership with states have played a critical role in informing the Department's strategy for utilizing the remaining funds. This report outlines the accomplishments in grants, product development, and assistance in the two years and a half since the American Rescue Plan Act passed. The next stage of the Department's strategy to improve the overall resilience of the UI system, as well as its ability to prevent fraud while providing equitable access to the program and timely paying benefits to eligible individuals, is spelled out in the grants and national programs announced on July 13, 2023, in UI Program Letter No. 11-23.⁵ The Department will continue to report out on the lessons learned through our ongoing joint initiatives with the states.

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U.S. Department of Labor, *Announcement of Grant Opportunities and National Identity (ID) Verification Offering under the American Rescue Plan Act (ARPA)*, UIPL No. 11-23, Employment and Training Administration, July 13, 2023, <https://www.dol.gov/agencies/eta/advisories/uipl-11-23>.

This report is based on analysis of state applications for grants awarded and quarterly progress reports submitted by states, as well as interviews with states to gain deeper insight into the many advancements they have achieved as a result of ARPA funding. This report cites examples of promising or innovative projects from each of these respective areas, with the aim of serving as a resource for future UI modernization efforts.

Key findings



The joint activities between the Department and states are fostering immediate positive changes within the UI system that address weaknesses exposed during the pandemic.⁶ This partnership is sowing the seeds of long-term transformation needed to create a more resilient UI system that is able to pay benefits in a timely manner, and provide more equitable access to populations the system has traditionally underserved. Through September 2023, the Department has delivered \$783 million in ARPA-funded grants to 52 of the 53 UI jurisdictions, spurring improvements across the country. This report outlines initial accomplishments of these grants through August 2023—states have periods of performance that go through 2028, so these are early indicators of traction that will set the stage for further modernization.

The pandemic exposed vulnerabilities in state UI systems, pointing to the need for stronger fraud protections going forward that can prepare states for the next economic crisis. ARPA funding marks a major investment in fraud prevention.

Strengthening safeguards against identity fraud:

The Department is now offering public options to states to verify the identities of applicants either online through Login.gov or in person at U.S. Postal Service locations, addressing a major pandemic-era vulnerability of fraudulent claims filed with stolen identities. These services are paid for by ARPA at no cost to states for the next two years.

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In recognition of these challenges, the U.S. Government Accountability Office in June 2022 added the UI system to its High Risk list and recommended that the Department develop a plan for transforming the system. The report and GAO's findings can be found here: <https://www.gao.gov/products/gao-22-105162>.

Enhancing the use of data analytics and system security enhancements to prevent fraud:

States have taken a major step forward in the use of system security enhancements, data analytics, and cross-matching to identify suspicious claims—an effort that includes expanding their usage of new functionalities of the UI Integrity Center’s Integrity Data Hub (supported by the Department and operated by the National Association of State Workforce Agencies (NASWA)). States with participation agreements increased from 34 states in 2020 to all states in 2023.

Data sharing with the Department of Labor Office of Inspector General (DOL-OIG):

Any state that received an ARPA-funded grant under UIPL No. 11-23 must disclose information to the DOL-OIG for the purposes of both investigating fraud and performing audits. This requirement facilitates multi-state investigations.

While UI benefits serve as a lifeline to millions every year, the UI program has long underserved workers who are part of historically less advantaged or marginalized communities. ARPA funding is helping states promote equitable access to benefits, providing first-time support for states to mitigate barriers to access for vulnerable populations, such as people with disabilities, those who speak languages other than English, workers of color, and those living in rural areas.

Plain language communications redesign:

The Department has accelerated plain language efforts through direct assistance to states and by making available a suite of resources for states to draw on to craft clearer UI communications, including a repository of plain language notices and tips for governing content strategy. Plain language enables claimants to correctly describe their circumstances which facilitates timely and accurate payments.

Providing personalized, more robust assistance to workers navigating UI:

Equity and Navigator Grants and related initiatives are helping states expand and promote customer assistance to help people—in particular those from traditionally hard-to-reach, vulnerable worker groups—navigate the UI application process, and access additional supports as needed.

Recognizing the importance of providing swift financial relief to families and communities impacted by employment loss, multiple streams of ARPA funding and technical assistance are dedicated to ensuring the timeliness of benefit payments.

Using technologies to address backlogs:

Several states are using Robotic Process Automation and enhanced Document Management Systems to streamline previously manual processes and improve timeliness of claims-processing by working through the backlogs caused by the pandemic.

Enabling stronger state adoption of information exchange tools:

The State Information Data Exchange System, or SIDES, is a tool that supports the quick, accurate, and secure exchange of UI claims information between states, employers, and employer representatives. The Tiger Teams initiative provided states with 23 state-specific recommendations around how states can implement and improve the use of this important tool.

ARPA initiatives have fostered collaborative partnerships between the Department and states, involving assessment and technical assistance around operations, as well as research, testing, and piloting of technology solutions.

The Department has provided 36 states with a voluntary no-cost assessment by multi-disciplinary experts (Tiger Teams):

The teams have provided over 344 state-specific recommendations. These states have qualified for funding to implement many of these recommended technical and operational improvements. Tiger Team recommendations additionally surface a number of key cross-state priorities. For example, approximately two-thirds of these improvements are aimed at safeguarding the system from fraud or improving payment accuracy.

The newly established **Office of Unemployment Insurance Modernization (OUIIM)** has brought product development expertise to more than half of the states to test and deploy model solutions, and to establish a new vision for technology modernization focused on modular solutions that can reduce costs and increase systems' capacity to respond to change. In particular, OUIIM is focused on improving the claimant experience for UI systems, and has partnered with states to conduct usability testing and collect user data to identify areas of improvement and track program outcomes.

The stories detailed in this report demonstrate how ARPA funding to the Department and resulting grants to state UI agencies have significantly improved the UI system's ability to serve the public. Moreover, the breadth and depth of engagements, with states of diverse geographies, sizes, and political affiliations, demonstrate a broad and continuing need for funding, resources, and guidance as states embark on their modernization journeys.

National ARPA initiatives



ARPA funding has enabled the Department to stand up new national initiatives. These national initiatives have facilitated a deep and productive technical assistance relationship between the Department and its state partners. Also, the national initiatives have driven a strategic approach to grant-making, spurred the success of grant-funded projects and enabled the development of supportive technology, and technical assistance resources for use by all states.

Enhancing coordination with new Office of UI Modernization

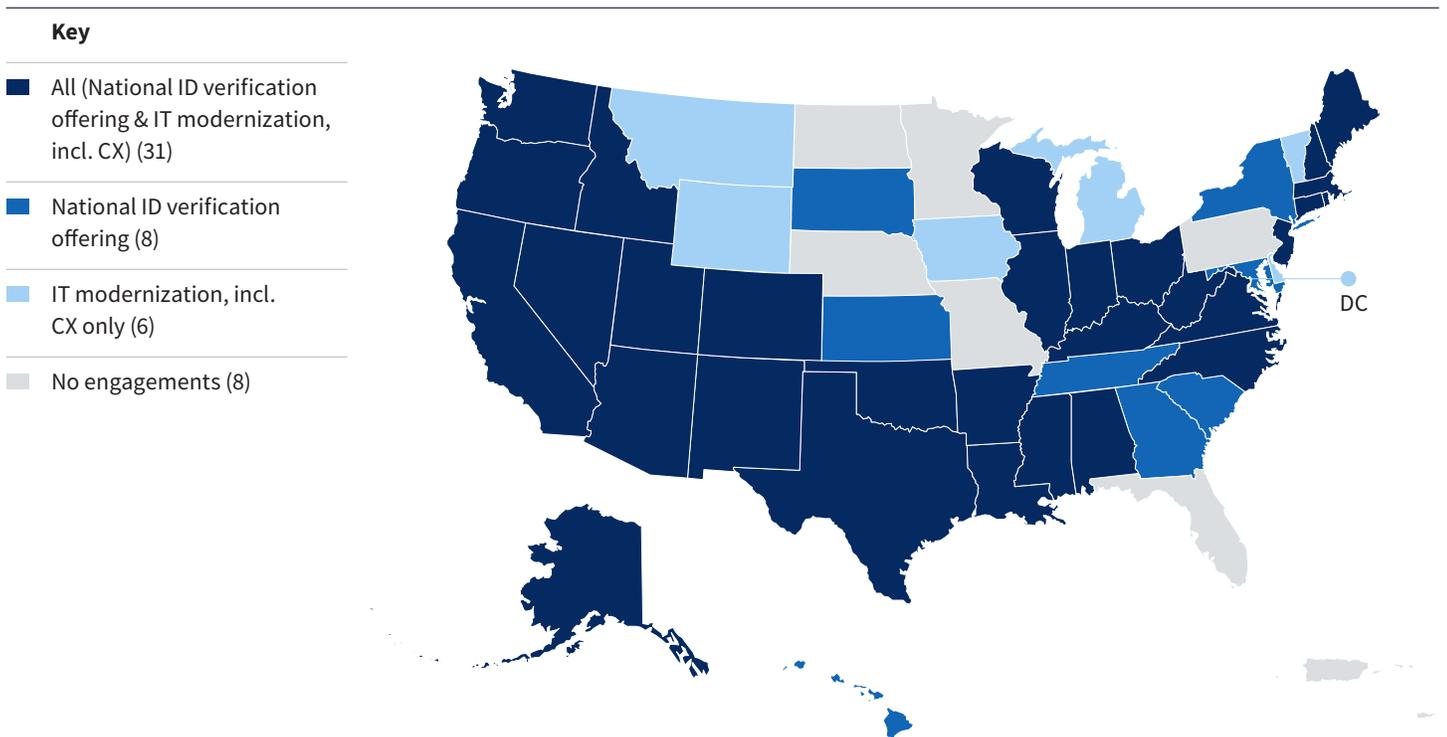
Addressing the severe challenges revealed by the pandemic while achieving the potential of UI modernization under ARPA required a novel coordinated approach, and new technology capacities within the department. Thus, the U.S. Secretary of Labor Marty Walsh in 2021 created the **Office of Unemployment Insurance Modernization (OUIM), reporting directly to the Secretary**, to provide strategic oversight and resource management of modernization resources under ARPA, as well as strategic policy direction for these UI modernization efforts.

Since its creation, OUIM has coordinated work with the Employment and Training Administration's Office of Unemployment Insurance (OUI) and the Department's Office of the Chief Information Officer (OCIO) to invest in system-wide infrastructure that will improve UI operations over the long term, supporting states as they recover from the backlog of work left in the pandemic's wake. In addition, OUIM has assembled a product development team drawn from the public and private sectors to work alongside UI subject matter experts to test and deploy model solutions with states.

The product development team has worked with more than half of states on projects across all three APRA pillars, catalogued at the UI Modernization reference site.⁷

The team has also led the development of a new technology strategy for the Department and its state partners. As demonstrated by Figure 1, all but eight states have already worked collaboratively on one of the Department’s product development efforts by May 2023, such as fraud prevention through identity verification, or other product development efforts.

Figure 1
Product development partnerships with states



⁷ U.S. Department of Labor, *Unemployment Insurance modernization*, Employment and Training Administration, <https://www.dol.gov/agencies/eta/ui-modernization>.

New dimensions of the federal-state partnership

The ARPA funding sparked a productive new wave of collaborations between the Department and its state partners, aimed at learning from the pandemic's lessons as we build a more resilient UI system for economic challenges ahead.

To kickstart this collaboration, the Department has provided states a voluntary, consultative assessment with a team of multi-disciplinary experts. The initiative was announced as the **Tiger Team initiative** through Unemployment Insurance Program Letter (UIPL) No. 02-22 in November 2021.⁸ Following the consultation, Tiger Teams provided states with recommendations as well as funding to implement targeted projects in the short term centered on improvements in equity and accessibility, timeliness and backlog processing, and fraud prevention and detection.

As of August 2023, the Department's Tiger Team initiative has collaborated with 36 states, 32 of which have completed their assessment and received recommendations for improvements.⁹ The assessments identify immediate needs and issues to improve technical and operational processes and customer experiences (CX), while also proposing solutions to address fraud and support equitable access for eligible claimants. As illustrated by Figure 2, states from every region across the nation participated in the Tiger Team initiative.

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U.S. Department of Labor, *Grant Opportunity to Support States Following a Consultative Assessment for Fraud Detection and Prevention, Promoting Equitable Access, and Ensuring the Timely Payment of Benefits, including Backlog Reduction, for all Unemployment Compensation (UC) Programs*, Employment and Training Administration, UI Program Letter 02-22, November 2, 2022, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-02-22>.

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U.S. Department of Labor, *Tiger Team updates*, Employment and Training Administration, June 2023, <https://www.dol.gov/agencies/eta/ui-modernization/tiger-teams>.

States can use Tiger Team recommendations and lessons learned during the consultative assessment around engaging with stakeholders and mapping/analyzing business processes to guide future projects beyond the life of grant-funded initiatives.

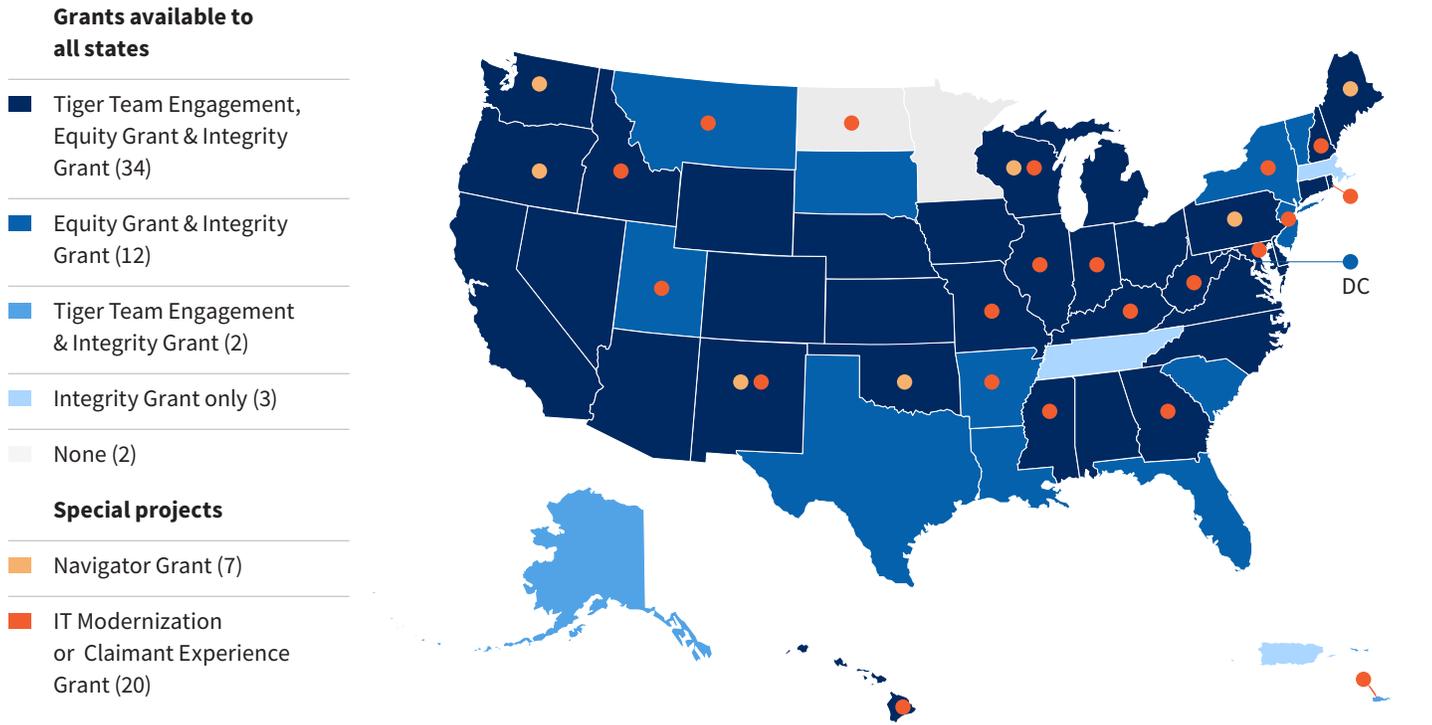
ARPA grants awarded

ARPA grants help fill critical administrative funding shortfalls. The systematic challenges exposed by the pandemic evolved over decades and will take years to remedy, but the investments under ARPA mark one of the most ambitious efforts to date to drive such change. As provided in statute, states rely on grants from the federal government for the daily administration of their UI programs. Before the pandemic, funding provided by these grants was at record lows and was not sufficient to support improvements for operations and technologies of state programs.

Table 1, below, summarizes ARPA grant funding opportunities provided to states, including each grant's solicitation and purpose, as well as awarded and available funding to date. Including awarded grants and recently announced funding opportunities, the Department is delivering \$782.9 million to states to assist efforts within each of the three ARPA pillars.

Figure 3 illustrates the need and demand for these grants across the country. All UI jurisdictions except for one (Minnesota) have received at least one ARPA-funded grant. While states in the Midwest and West Coast regions are especially engaged, states in every region are participating, with most states engaging with at least three grant categories.

Figure 3
ARPA UI modernization grants by state



Grant	Solicitation (Issue Date)	Purpose	Awarded (millions)	Status	States
Fraud Detection / Prevention	UIPL 22-21 (08-11-2021)	To support states with fraud detection and prevention, including identity verification and overpayment recovery activities, in all UI programs.	\$133.86	Activities underway	50
Integrity	UIPL 11-23 (07-13-2023)	To support states in taking immediate steps to protect the UI program from fraudulent activity and to increase resources dedicated to overpayment recovery, by strengthening ID verification and implementing recommended and required fraud prevention and overpayment recovery strategies.	\$93.04	Recently awarded	49
Claimant Experience	TEN 16-21 (12-02-2021)	To support iterative development of modular, claimant-facing websites that connect to existing state systems and processes as needed to provide new claimants with an improved user experience.	\$1.05	Activities underway	3
IT Modernization	UIPL 11-23 (07-13-2023)	To help states develop resilient UI IT systems that can continuously adapt to changing conditions and integrate evolving fraud prevention technologies. Grantee states must focus efforts around at least one of three categories that support modular and evidence-driven modernization approaches: a) cloud migration; b) modular and application programming interface (API)-driven approaches; or c) measurable improvements in program performance and CX.	\$204.21	Recently awarded	19
Tiger Teams	UIPL 02-22 (11-02-2021)	To support states following consultative assessments of their UI program by a multi-disciplinary team of experts.	\$37.8	Activities underway	36 states in total have received funding
	UIPL 11-23 (07-13-2023)	To provide additional funding for states to implement negotiated Tiger Team recommendations.	\$75.57	Recently awarded	See above
Equity	UIPL 23-21 (08-17-2021)	To support states with efforts to promote equitable access to UI, which include eliminating administrative barriers to benefit applications, reducing state workload backlogs, improving the timeliness of UC payments to eligible individuals, and ensuring equity in fraud prevention, detection, and recovery activities.	\$219.3	Activities underway	46
Navigator	UIPL 11-22 (01-31-2022)	To help workers learn about, apply for, and, if eligible, receive UI and related services, and to support state agencies in delivering timely benefits to workers—especially individuals in groups that are historically underserved, marginalized, and/or adversely affected by persistent poverty and inequality.	\$18.02	Activities underway	7

Total

\$782.89

Illustrating ARPA's impact in the states



The remainder of this report is structured around the three major ARPA pillars of fraud detection and prevention, equitable access to benefits, and timeliness and backlog; a fourth section highlights cross-cutting efforts to modernize state IT systems. The examples highlighted, which reflect efforts through August 2023, are not exhaustive; rather, they are intended to showcase examples of innovative and effective projects from each of these respective areas, highlighting efforts that lay the groundwork for system transformation. The examples in this report convey the geographic reach and substantive breadth of activities underway in states.

As states continue to move ahead with implementation of ARPA-supported projects and take up the new grant funding opportunities, the Department will continue to survey their progress. With the goal of system transformation, the Department expects to provide updates of states' efforts, focusing on especially promising efforts, as we have done here.

Fraud detection, prevention, and overpayment recovery

ARPA investments have funded a major step forward in the capacities that states have to deflect incoming fraud attempts, while resourcing needed recovery activities after the pandemic period. ARPA fraud prevention and program integrity grant funding focuses on providing assistance and support to states in identifying potential fraud, addressing and investigating fraudulent claims, and recovering overpayments. These grants focus on payment accuracy and reducing the number of fraudulent payments as well as overpayments that are committed due to non-fraudulent errors.

Any state that received an ARPA-funded grant must disclose information to the DOL-OIG for the purposes of both investigating fraud and performing audits. This requirement facilitates multi-state investigations. This authority has assisted with efforts to bring criminals perpetrating UI fraud to justice. As of June 2023, the DOL-OIG's work has led to more than 700 successful prosecutions and over \$900 million in monetary results.¹²

States reported successes and best practices in several areas supported by ARPA funding in fraud detection and prevention. As of March 2023, eight states have completed their projects and spent all funding awarded by the first wave of funding provided by the Fraud Prevention and Detection Grants. In addition, states continue to use Tiger Team grants to support additional fraud prevention and detection projects recommended through their Tiger Team assessment. States have also received a second round of ARPA-funded integrity grants.

States are using ARPA funding and technical assistance to reduce their fraud investigation backlogs and ongoing accumulation of fraud cases, strengthen ID verification, enhance data management and analytics capabilities, improve cross matching with other public data sources to flag potential fraud, and increase the collection and recovery of overpayments.

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Office of Inspector General for the U.S. Department of Labor, *Semiannual Report to Congress*, October 1, 2022–March 31, 2023, <https://www.oig.dol.gov/public/semiannuals/89.pdf>.

Identity verification

A significant success highlighted by several states has been the implementation of identity (ID) verification mechanisms to counter fraudulent UI claims. This was a significant vulnerability for states exposed during the pandemic and a key driver of pandemic-era fraud.

States must balance the need for UI systems that provide an easy and convenient way to file claims with safeguards against fraud, including a way to ensure that the name and social security number (SSN) used to establish eligibility for UI actually belongs to the individual filing the claim. The Department encourages states to employ different fraud prevention and ID verification strategies at different points throughout the life of the claim. The strongest method to achieve this is to conduct evidence-based ID verification. Verification activities include an individual presenting ID documents (i.e., official government-issued documentation, control over a device, account or address known to be associated with an identity, or biometric information) at a physical location, through a virtual platform, or through other state-developed processes or procedures that validate or verify an individual's identity. Recognizing resource constraints, at a minimum, states must use a risk-based approach to determine which claims should be subject to evidence-based ID verification. A risk-based approach involves states using cross-matches and data analytics to identify suspicious activity that may be indicative of fraud. States must prioritize the investigation of claims having the greatest risks, and where appropriate, require the completion of evidence-based ID verification. The practice of rigorous ID verification has served as a robust deterrent to fraudulent activities, ensuring that UI claims are authentic and effectively preventing unauthorized claims from being processed.

Strengthening ID verification processes and systems have been a priority for states applying for support from Fraud Prevention and Integrity Grants. As a result, 34 states are now using grant funding for digital ID verification services, and 10 states are using it for manual verifications. The Department's Tiger Team initiative is also supporting 27 states implementing recommendations related to ID verification.

Multiple states have reported to the Department that implementation of ID verification has resulted in significant reduction in the number of fraudulent claims. Reported benefits of ID verification include reducing the volume of bot attacks, enabling faster and automated processing of legitimate claims, and clearing the backlog of unprocessed suspicious cases. For example, both Maryland and Mississippi report that ID verification has reduced fraudulent claims filed by half. Florida reported that ID verification was effective at detecting fraudulent claims that escaped other detection tools. North Carolina reported that ID verification also prevented bot attacks which previously overwhelmed the UI application system.

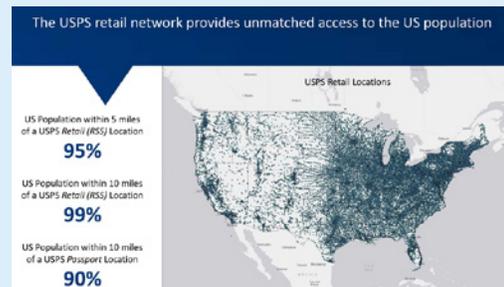
State Spotlight:

National ID verification offering through Login.gov and USPS – Arkansas and beyond

Approach:

The Department has taken leadership in providing a national ID verification offering to states to assist with the task of ID verification. One of the first modernization pilots through ARPA was testing the federal General Service Administration’s Login.gov service for digital ID verification in UI programs. Login.gov was developed to provide a single username and password for individuals across federal programs, and has fraud prevention and identity verification capabilities. The Department is working with states to offer both in-person and remote digital ID verification options to improve accessibility of the service.

For individuals who might find the digital ID verification process challenging, the Department is also partnering with USPS to provide in-person proofing at its retail locations.¹³ Using ARPA funds, the Department developed a web application that refers individuals to a local post office, where a postal service employee can review and verify their identity within minutes. Once processed, the result of this verification goes back to the state for appropriate follow-up, with the assurance that benefits are paid to the correct individuals



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Akanksha Sharma, *New ID Proofing Options Expand Equity in Accessing Benefits*, U.S. Department of Labor Blog, June 23, 2023, <https://blog.dol.gov/2023/06/23/new-id-proofing-options-expand-equity-in-accessing-benefits>.

Outcomes:

The Department worked with the State of Arkansas to use Login.gov as the state’s first digital ID verification option, which offers people an alternative to verifying in person at one of the state’s workforce centers. The Department developed and tested software to facilitate the integration of this tool with Arkansas’s systems. Since its inception, more than 16,000 of the state’s claimants have had their identities verified.

Regarding the in-person USPS approach, the Department has successfully rolled out this option in Arkansas (228 locations), Oregon (10 locations), and Oklahoma (283 locations). UI claimants in participating states can also verify their identity at over 19,000 USPS retail locations nationwide, allowing claimants who have moved or work in one state but reside in another to use the closest post office location. In addition to assisting with fraud prevention, this option will ensure equity in fraud detection by better serving rural populations and those without internet or mobile phone access, as ninety-five percent of the U.S. population live within five miles of a USPS retail location.¹⁴

The Department announced the national availability of these two offerings for up to two years at no cost to states in UIPL No. 11-23, and will bring interested states on throughout FY2024. The Department will closely track the success of this initiative for consideration as a long-term part of the UI program. Funding will be needed beyond this ARPA investment to continue this effort beyond the currently planned two years.

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United States Postal Service, *Delivering for America: Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence*, March 19, 2021, https://about.usps.com/what/strategic-plans/delivering-for-america/assets/USPS_Delivering-For-America.pdf.

Hawaii

State Spotlight:

Hawaii –
Accelerating
ID verification
options in a crisis

Approach:

The wildfires in Maui in August 2023 caused an immediate and unexpected increase in demand for UI benefits in the state of Hawaii. Hawaii needed a way to securely process applications for both state and federal unemployment benefits available to wildfire victims and secure government funds from potential fraud by those seeking to take advantage of the disaster situation. The state had already expressed interest in the Department's public identity verification offerings through Login.gov and USPS, but the deployment of these ARPA funded services was not scheduled to occur for another month.

The Department moved quickly to accelerate the launch of these two identity proofing services. The Department worked hand-in-hand with state staff to complete all the necessary technical integrations and testing needed to launch the services on August 24 – the day that Disaster Unemployment Assistance benefit applications became available. Claimants were able to verify their identity within two weeks of the declaration of the FEMA emergency on August 10.

Outcomes:

Through this national offering, individuals applying for UI received instructions from their state agency outlining the necessary documents to verify their identity. This allowed them to apply for both regular state UI benefits and for Disaster Unemployment Assistance, which covers segments of the non-standard workforce during disasters. Claimants can choose to either bring these documents to a participating USPS retail location, where a postal employee will provide in-person ID verification services, or remotely verify their identity through Login.gov.

The Department was able to successfully respond to Hawaii with the kind of flexible and remote solutions needed during an emergency because it had already been investing ARPA funds in partnerships with key federal agencies, helping to bring scalable technological solutions to states.

Data analytics, cross matching, and system security enhancements

States are also using data analytics and cross matching to bolster their fraud prevention activities. ARPA funding allowed the wide adoption of data analytics and behavioral insights to optimize the detection of suspicious claims and ID theft activity through risk scoring. Fraud risk scoring uses sophisticated risk analytics to assign a risk-based score to claims to detect suspicious activity that may be indicative of fraud. States use the scores to prioritize claims for investigation and streamline their investigative workloads. These tools and strategies have greatly enhanced early fraud detection capabilities and have been particularly effective in blocking “brute force” attacks that aim to compromise the system, further fortifying the security framework surrounding the UI system.

The Department has increased engagement with the UI Integrity Center’s Integrity Data Hub (IDH) funded by the Department and hosted by National Association of State Workforce Agencies (NASWA). The IDH is a unique, secure, multistate data system with advanced data cross-matching and analysis capabilities that detect and prevent potential UI fraud and improper payments. With strong encouragement from the Department, all states are now connected to the IDH system, compared to 34 before the pandemic, and the Department has supported additional functionality within the IDH including an ID verification solution and Bank Account Verification (BAV) service. Of the completed engagements, Tiger Teams delivered 26 state-specific recommendations to participating states on ways to improve the use of the IDH.

For example, both Kentucky and Wisconsin are actively working with NASWA to streamline their state-data transmission and results in the form of a web-service application for real-time results. These states are working to integrate IDH's web service into their existing platforms, allowing their existing fraud management/case management solutions to ingest IDH data such as ID verification scores and BAV data. This type of integration will promote a centralized repository of fraud prevention and detection information for state investigators and will strengthen the methodology used to assign a fraud risk score and prioritize claims for review. Several additional states, including Alaska, Connecticut, New Hampshire, Oklahoma, and Oregon, report using ARPA grant funding on projects that have utilized fraud risk scoring analytics to stem losses from potentially fraudulent activity.

System security enhancements, such as Multifactor Authentication (MFA), have also been implemented in several states, helping to fortify state systems. In Rhode Island, a combination of Single Sign On and MFA reduced the number of claims fraudsters can make in an hour during “brutal force attacks” from 400-plus to 50. Similarly, Florida reports a significant decline in fraudulent activity from implementation of MFA.

States are reporting that the combination of ID verification and data analytics is proving effective at intercepting criminal activity in the post-pandemic environment. For example, Idaho reports that employing a multi-pronged approach to fraud prevention, which includes leveraging queries, enhanced software, and ID proofing,¹⁵ has successfully stopped almost all ID fraud cases. Similarly, North Carolina reports that combining data analytics and ID verification has reduced the number of suspicious activities by tenfold.

While the ever-evolving nature of fraud will require states to remain vigilant in monitoring data, revising their integrity plans, and implementing new tools, ARPA funding has gone a long way to shoring up vulnerabilities exposed during the implementation of pandemic programs.

Resources towards overpayment recoveries and fraud investigations

Through implementation of ARPA-funded projects, states also report an emphasis on fostering collaborations with the Department's Office of Inspector General (OIG), state Attorneys General (AG), and local judicial and law enforcement agencies to prosecute fraud cases. These multi-agency collaborations have significantly enhanced the capacity to bring offenders to justice, thereby deterring potentially fraudulent activities as well as enhancing the recovery of overpayments.

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As defined by the National Institute of Standards and Technology (NIST), ID proofing is the process by which a credentialed service provider (CSP) collects, validates, and verifies information about a person to establish that an individual is who they claim to be. NIST SP 800-63 defines a CSP, as a trusted entity that issues or registers subscriber authenticators and issues electronic credentials to subscribers. A CSP may be an independent third-party or issue credentials for its own use.

Idaho reported sending close to 1,000 cases for prosecution while Louisiana reported success in identifying large overpayments and fraud schemes, referring several major cases to the OIG; these investigations were supported by ARPA funds. Several additional states reported that grant funding enabled them to exceed their targets for overpayment recoveries and referrals to prosecutions.

Moreover, several states have used ARPA grants to pioneer innovative ways for overpayment recovery, such as partnering with banks and financial institutions to allow online repayment by credit card. Allowing claimants to pay online by credit card has helped Louisiana recover overpayments in addition to existing methods of payment by check, wage garnishment, and tax return interceptions.

ARPA funding also enabled an increase in staffing and technological resources to tackle the backlog of cases for investigating potential fraud and determining and collecting overpayments. States are expanding their workforces, creating new positions, and retaining both general and specialized technical staff; such efforts have been pivotal in addressing case backlogs.

ARPA funding has also enabled states to prioritize continuous training and process improvements to boost system efficiency and foster greater collaboration within agencies. Moreover, increased staffing has allowed some states to dedicate resources to supporting victims of ID theft. Meanwhile, technology investments have stream-lined processes and enhanced the efficiency of Benefit Payment Control operations.

Kentucky reports that Fraud Prevention and Integrity Grant funding has enabled the state to work with multiple vendors to build seamless workflow solutions from prevention, adjudication, and addressing ID theft activity.

This enables the state to work through their backlog and expand their fraud investigation to a broader set of eligibility fraud issues. Meanwhile, Arkansas reports that grant funding allowed them to increase staffing in the Fraud Unit, which has been critical in successfully stopping fraudulent unemployment claims, processing police reports filed by victims, conducting investigations to identify perpetrators, and making referrals for prosecution.

Montana has used ARPA grant funding to provide staff to support a fraud hotline so the public can contact the agency quickly, and speak to a person, about potential fraud-related matters. The grant funding also enabled the agency to maintain staffing levels for fraud investigations and to hire a dedicated research and data analyst who created a fraud dashboard without adding burden to the agency's IT staff. Additionally, Iowa, Oregon, Virginia, West Virginia, and Wyoming and several other states report using ARPA funding to hire more staff and provide training in fraud detection, prevention, and overpayment recovery.

State Spotlight:

Ohio – Protecting victims of ID theft and unearthing fraud risk

Approach:

The State of Ohio has made significant strides in enhancing its fraud detection capabilities, particularly in the wake of the pandemic. Two primary dashboards have been developed to help staff identify potential bad actors in both pandemic-related and regular UI claims contexts. The introduction of these dashboards illuminated previously undetected fraud, emphasizing areas requiring immediate attention and spotlighting suspicious activities.

Ohio's proactive stance capitalizes on high-risk indicators. The state implemented a user scoring system to monitor operational anomalies. The Benefit Payment Control dashboard, tailored for identity fraud claims, optimizes data queries and offers a geographical representation, enabling precise tracing of claim origins. This data-driven strategy unveiled a concerning \$45.8 million in fraudulent activities.

Ohio launched an ID protection portal in anticipation of an increase in ID fraud reports from individuals who received a form 1099-G for unemployment benefits. Many people who experience unemployment ID fraud only find out when they get something in the mail, like a notice from a state unemployment agency or a state-issued 1099-G tax form reporting unemployment benefits paid to them that they never requested or received.

Ohio's portal was developed to help people easily report ID fraud. The state was able to use the information provided by those individuals to strengthen the state's data analytics. This allowed Ohio the ability to more quickly identify patterns of suspicious activity and stop claims earlier to prevent large improper payments due to fraud. Information provided by victims of ID fraud was also used to provide ID protection services to the actual victims of UI ID fraud. To ensure widespread awareness and uptake of these important services, notifications regarding the availability of the ID protection services were strategically placed on the state's official channels.

Outcomes:

By standing up the identity fraud support system and identity fraud reporting portal, the state was able to better identify identity fraud, shut down fraud claims more quickly based on victim reports, and improve their data analytics significantly to identify patterns of fraud. The dashboard initiative's success has catalyzed enhanced inter-departmental collaboration. Data from sectors like rehabilitation, corrections, and health are now integrated, enriching the dashboard's utility. Its versatility is evident as the state's finance department leverages it to work with banks for overpayment recovery. Moreover, it serves as a crucial tool for law enforcement, emphasizing its broader policy implications and the need for continued investment in such initiatives.

South Dakota

State Spotlight:

South Dakota –
Identifying
suspicious patterns

Approach:

South Dakota utilized ARPA funding to roll out several fraud prevention measures. One key measure the state implemented is digital fingerprinting to better track individuals applying for UI benefits. In 2022, the state switched its UI authentication system over to a single sign-on system (SSO), or a way for users to log in to multiple applications and websites with one set of credentials, which enabled the state to utilize digital fingerprinting.

South Dakota implemented a vendor's cloud-based single sign-on solution, which collects metadata about the user. Through this, staff were able to identify patterns in suspicious claims and take action to investigate potentially fraudulent activity.

In addition to the single sign-on solution, the state incorporated the UI Integrity Center's IDH as well as bank account information into their systems to immediately cross-check data for potential fraud when a claim is filed.

Outcomes:

Before these changes, South Dakota deployed a team for manual fraud review. Armed with access to users' transactions across all systems using the platform, this team now has a useful tool for investigating potential fraud.

“As soon as a claim hits our mainframe system for possible payment, our team is able to get all this information back from NASWA right away,” said Pauline Heier, Director of Reemployment Assistance in the South Dakota Department of Labor & Regulation. **“They have all the info right at their fingertips. That's probably been one of our biggest successes.”**

Equitable access to benefits

While serving an essential role for millions of unemployed and underemployed people every year, the UI program has long underserved workers who are part of historically less advantaged or marginalized communities. For example, a U.S. Government Accountability Office (GAO) analysis of data from the U.S. Census Bureau’s COVID-19 Household Pulse Survey found that in early 2021 approximately 80 percent of white applicants received some kind of UI benefit, including regular state UI or federal pandemic UI, compared to 73 percent of Black applicants.¹⁶ Further, longer-term decline in UI reciprocity suggests the program may be reaching fewer people across the population more generally. Recently, the share of unemployed workers receiving UI has been at historic lows, hovering between 25.0 and 30.0 percent, including in 2019, the last full pre-pandemic year, and more recently, in the first part of 2023.¹⁷

ARPA investments in states and technical assistance tools such as the UI Equitable Access Toolkit¹⁸ helps states better understand access disparities, and identify and implement solutions that help address these long-standing program needs. In fact, every Tiger Team state has received a recommendation promoting activities to improve service to marginalized communities, to collect data to provide deeper understanding of such individuals, or to enhance their engagement.

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U.S. Government Accountability Office, *Management Report: Preliminary Information on Potential Racial and Ethnic Disparities in the Receipt of Unemployment Insurance Benefits during the COVID-19 Pandemic*, June 17, 2021, <https://www.gao.gov/products/gao-21-599r>.

17

U.S. Department of Labor, *Unemployment Insurance Data*, Employment and Training Administration, accessed September 13, 2023, https://oui.doleta.gov/unemploy/data_summary/DataSum.asp.

18

WorkforceGPS, *Unemployment Insurance Equitable Access Toolkit*, April 2023, https://www.workforcegps.org/resources/2023/04/UI_Content/Public_Equitable_Access_Toolkit.

With ARPA funding, the Department in partnership with NASWA has also developed a new online training intended to promote awareness of equitable access issues amongst state agency leadership and staff, identify barriers and possible solutions, and create a dialogue to further identify and address equitable access barriers within state UI programs.¹⁹

In designing their Equity Grant projects, states had broad flexibility to develop state-specific strategies to promote equitable access within their jurisdiction, as long as they developed project metrics that are capable of tracking change or improvements, in addition to meeting all other grant requirements.

Equity Grant projects target a variety of strategies, including but not limited to translation, plain language communication, staff-led customer assistance and outreach, enhanced data reporting and analysis, and equity-advancing process improvements. Many of these activities have the added benefit of supporting payment accuracy and reducing improper payments by facilitating information flow between claimants and states. To date, many of the states' project activities are intended to help—among others—individuals with no or limited English proficiency, individuals with lower educational attainment, Black and Hispanic/Latino workers, individuals with disabilities, and workers residing in rural areas. Reflecting important intersections of marginalized identities, projects aimed at one population are likely to benefit other groups as well.

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U.S. Department of Labor, *Training and Employment Notice No. 06-23*, Employment and Training Administration, September 1, 2023, <https://www.dol.gov/agencies/eta/advisories/ten-06-23>.

Plain language, translation, and mobile accessibility

ARPA funding and assistance are strengthening UI access by supporting various improvements to program communications and digital interfaces. Three consistent areas of action for which states are using ARPA support are: plain language in critical claimant communications, expanded translation services and language support, and mobile phone accessibility. Often states are coupling plain language and translation efforts, which makes the translation process easier and the translated content accessible to a broader audience.

Plain language—or writing that is actionable, welcoming, accurate, jargon-free, and easy to understand—is central to successful UI operations. Reflecting 2016 guidance (UIPL No. 02-16²⁰) aimed at helping states comply with their legal obligations to ensure access to UI, states are strongly encouraged to “ensure vital documents are written at the 8th grade reading level.”²¹ This reduces the chances a claimant will abandon the process, preserving their access to vital UI payments during an economically vulnerable time; it also reduces claimant and agency errors that cause some improper payments.

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U.S. Department of Labor, *State Responsibilities for Ensuring Access to Unemployment Insurance Benefits*, Employment and Training Administration, UIPL No. 02-16, October 1, 2015, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-02-16>.

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To learn more about plain language efforts in government, please visit www.plainlanguage.gov.

The Department has accelerated plain language efforts by developing resources for states to craft clearer UI communications, including a repository of plain language notices and tips for governing content strategy.²² In addition, Tiger Team assessments have helped states examine areas of improvement in their communications with customers and 33 recommendations center activities to improve and simplify language. The Department has also provided direct assistance to several states, including Alabama, Illinois, Kentucky, Louisiana, Montana, New Jersey, and Rhode Island. The Department helped these states scope their plain language efforts, provided templates to guide content revisions, as well as offered hands-on technical assistance focusing on initial application questions, notices, handbooks, and UI website content.

Working collaboratively with Rhode Island, the Department demonstrated how to structure and simplify a notice of determination as a result of a disqualification based on the circumstances of the claimant's separation. Reviewing these notices against accepted rubrics and standards, as well as the state's statutory requirements, the Department identified several opportunities for improvement to promote clear communication. As highlighted on the UI Modernization site, the Department's assistance led to revisions of a notice that had obscured the most important message into three distinct messages clearly labeled for the reader: a notice of denial, overpayment, and appeal.²³

22

U.S. Department of Labor, *Plain language repository*, Employment and Training Administration, <https://www.dol.gov/agencies/eta/ui-modernization/language-portfolio/plain-language-repository>.

23

U.S. Department of Labor, *Use plain language for claimant notices*, Employment and Training Administration, <https://www.dol.gov/agencies/eta/ui-modernization/claimant-notices>.

The Department has also conducted a series of workshops for Indiana and Kentucky (including Plain Language Foundations, Content-Focused Research, and Your Organization's Voice and Tone) to help these states develop a stronger, more consistent communication style. The ultimate goal is for states to incorporate plain language into their ongoing communications work, and, if necessary, to have the capacity to select and manage vendors to support plain language work.

States are also improving program accessibility by **incorporating translations services** more comprehensively through the UI claimant journey, and throughout their technical infrastructure. Many states are translating vital documents, such as claimant notices and handbooks, into several languages beyond English, as well as incorporating additional languages into instructional videos, customer-facing web pages, and phone system scripts. Some states, like Ohio and Oklahoma, are also looking to incorporate real-time translation capabilities, as well as hiring multilingual staff. State Equity Grant projects as of August 2023 cite 39 unique languages, with the predominant language being Spanish; however, several projects also include Chinese, Vietnamese, and Korean.

Virginia is adding languages beyond English and Spanish to its internet voice response (IVR) system, which is the system claimants use to file weekly certifications, with the goal of including nine new languages by the project's completion. Equity Grant funding has provided New Mexico the resources to hire two Navajo speakers for its frontline staff. New York, a state with over 5.7 million residents who speak a language other than English, including many with limited English proficiency, is in the planning phases of an ambitious translation project. With the help of an external vendor, the state is starting to review vital UI documents to ensure they are human-centered, written in plain language, and understandable and actionable by the state's broad customer base—including claimants and employers—with the goal of translating into 12 languages.

Lastly, recognizing that mobile phones are the primary means of internet access for many claimants, particularly low-wage claimants, states are improving the **mobile responsiveness of their websites and claimant portals**. To date, 46 states have incorporated mobile responsiveness into aspects of their UI claims intake process, and DOL has strategically worked with states to ensure that all 53 jurisdictions have mobile phone functionality or a plan to do so. Further, several states, including Maryland, West Virginia, and Wyoming, are using Equity Grant funding to develop new or enhance existing mobile phone applications.

Montana

State Spotlight:

Montana –
Plain language
communications
project

Approach:

Montana used Equity Grant funding to support the Plain Language Communications Project, with a goal to make the UI application and claims decision process easier for underserved populations—particularly those with lower levels of educational attainment—to understand. The UI program’s current documentation is not accessible to people who may only have a primary school education, which is more common in rural parts of the state.

Montana worked with the Department’s Plain Language team to improve the readability of its claimant notices. Informed by the Department’s best practices, Montana worked to reduce the high volume of letters sent to claimants tailored to their specific needs. Many of these template letters (725 in total) were antiquated and difficult to understand. This increased unnecessary call volume due to claimant confusion.

“There was a big problem with ‘I got a letter, what the heck does this mean?’” said Paul Martin, the Unemployment Director for the Montana Department of Labor. **“The program as a whole struggled to communicate in layman’s terms with customers. Every work unit in the Department has been impacted by plain language in a positive way.”**

Outcomes:

Montana’s template letter process has been streamlined and embedded in a new more automated system expected to go live in October 2023, reducing the number of possible letters sent by the Montana Department of Labor to 175. The efficacy of the new letter system will be measured by monitoring call volumes related to comprehension and timeliness of first benefit payments, and by conducting user surveys.

Staff-led customer assistance and outreach

Even as increasing shares of UI transactions are handled online, there remains a need for hands-on assistance for individuals who lack consistent digital access or struggle to navigate complex benefits systems. States have used Equity and Navigator Grants to strengthen connections to traditionally hard-to-reach and/or vulnerable worker groups by funding efforts to expand and promote individualized, staff-led customer assistance in career centers and conduct targeted outreach. States with relatively dispersed or large rural populations are also deploying mobile units to reach claimants who might live a significant distance from an agency service center and/or have limited internet access in their homes.

Specifically, states are using Navigator Grants to better leverage the expertise, networks, and services of community-based organizations. This groundbreaking pilot program aims to help the Department and states understand the many benefits of partnership with community-based organizations. The engagement of multiple stakeholders has provided an additional layer of support, helping applicants to better understand and navigate the complexities of the UI process, and connect to additional support as needed.

With initial funding from the state, Maine's Peer Workforce Navigator program has supported provision of robust culturally competent supports to laid-off French- and Lingala-speaking workers throughout the state. The New Mexico agency's partnership with their state's Department of Health means that individuals who have not previously reached out to the agency for help will now receive information on UI and associated workforce services. In partnership with the Oasis Project, a North Tulsa organization, Oklahoma is embedding agency representatives in a local grocery store to better inform community members of the availability of UI and career services.

In June 2023, the state announced that it is expanding this effort, and adding 13 new locations, including libraries, community centers, and other state government offices.²⁴

Pennsylvania and Alabama are expanding the reach of vital in-person services, by staffing up their career centers with qualified counselors (sometimes called Ombudspeople or Navigators) who can help individuals resolve a variety of application and filing challenges. In Pennsylvania, Equity Grant funding helped re-establish in-person services through creation of a new Workforce Representative position, following a period of in-person service suspension due to the pandemic. Due to their reported popularity with system stakeholders, including claimants, advocates, and other career center staff, the state has committed to continuing these services once the grant funding ends as part of a state-funded program called UC Connect. Since launching in May 2022, the program has served approximately 50,700 UI claimants through 50-plus career center locations; 72 Workforce Representatives and 10 supervisors support these centers. The state also reports conducting over 100 in-person workshops, designed for individuals able to navigate the state's self-help features. Though the in-person services are universal in their reach, they have disproportionately served individuals who have limited English proficiency or lack internet access or adequate technology resources in their homes.

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Oklahoma Employment Security Commission, *OESC Expands Access Across Oklahoma*, June 1, 2023, <https://oklahoma.gov/oesc/about/newsroom/2023/june/press-release-2023-06-01.html>.

Given the crucial emphasis on fraud prevention, states are also mindful that measures, such as ID verification, may inadvertently create hurdles for more vulnerable worker groups seeking UI benefits. An Equity Grant project in Idaho has incorporated training for state staff acting as customer navigators to assist claimants with the ID verification process, an area many Idaho claimants reportedly struggle with, as part of a broader effort to more effectively assist the state's rural and lower educated workforces. The state has hired and trained an additional three UI Navigators, as well as purchased computer tablets for its mobile locations to facilitate claims-filing and weekly certifications. The state boosted their efforts with a marketing campaign that uses radio, print, and social media spots in both English and Spanish to inform the public that Navigators are available to help them file for UI and avoid delays.

Alabama

State Spotlight:

Alabama –
UI Ombuds to aid
understanding
and strengthen
benefit connections

Approach:

The State of Alabama used Equity Grant funding to launch the UI Ombuds project, which provides hands-on support to people seeking UI assistance. This project helps promote equitable access by providing a dedicated staff member within Alabama’s career centers to assist claimants who might struggle with more traditional means of UI filing.

Applying for UI can be a challenging process for people from traditionally vulnerable populations. Alabama’s Ombuds project aims to help close this gap by providing in-person support to navigate the claims process, most recently ID verification issues, and troubleshoot system errors that people may encounter.

Outcomes:

Through access to Equity Grant funding, Alabama launched the program by hiring and placing 27 trained ombudspeople in career centers across the state. The ability to place many of these individuals in more rural locations increases their ability to assist more underserved populations, promoting greater equitable access to UI benefits for eligible workers.

Reflecting on the quality of insight gained from in-person connections, Miriam Patterson with the Alabama Department of Labor said, **“There’s no replacement for seeing what they see and putting themselves in that person’s shoes.”**

Enhanced data reporting and analysis to understand disparities

Historically, a lack of appropriate state-level data has made it difficult to understand which workers have challenges accessing UI benefits and the potential barriers that workers and communities may face in accessing UI in a timely manner. Equity Grant funding is supporting a variety of data projects designed to help states gain deeper insight into patterns of inequity, formulate more targeted solutions, and, ultimately, improve service delivery to more vulnerable or underrepresented communities. An estimated 23 of 46 states receiving Equity Grant funding are embarking on data-related projects.

States are approaching this work in a number of ways. As part of a multi-year modernization initiative, Kansas is adding demographic data collection capabilities to its new platform to support deeper insight into equity barriers. Other states, like New Mexico, are conducting equity-focused customer journey analyses to identify process pain points, particularly among groups disproportionately affected by unemployment. States, such as Mississippi, are also developing business analytics tools to monitor and track changes in outcomes for individuals in specific demographic categories.

Improved customer service and refined workflow

Marginalized communities are often the most impacted by burdensome customer experience as they often lack the time and resources to navigate complex claims-filing processes. To address these challenges, states are also executing various equity-advancing technology and process improvements, helping to reduce the burden on applicants and streamlining service delivery. Investments, which vary in their scope, include one-time technology upgrades (Idaho and Oklahoma); document uploading functionality, to assist claimants when asked to provide verification documents (e.g., proof of employment) (Utah, Wisconsin); call system enhancements (Texas); a streamlined process of information-gathering to determine claimant eligibility, also known as fact-finding (Idaho and New Mexico); virtual service expansions (Oklahoma); greater self-service capacity (Mississippi); more interactive communications platforms to aid claimant understanding (Mississippi); and staffing resources (Wisconsin, Missouri).

Delaware, the first state to access its full Tiger Team grant for implementation, has deployed a more accessible call center menu, enabling UI claimants to more effectively navigate available resources (with less reliance on call center staff), and more easily request the specific resources needed. Changes include programming the system to allow scheduled call backs, removing long messaging at the front end, removing duplicative information, offering the ability to have options repeated, and allowing for accommodations for those with disabilities or language barriers. This project will better equip claimants for self-service, will offer quicker, targeted assistance to populations that require the most assistance, and will improve the efficiency of existing call center staff.

States like Idaho and New Mexico are streamlining claimant fact-finding. A project in New Mexico, for example, is customizing the fact-finding process by incorporating dynamic questions tailored to individuals' responses; other improvements include enhanced mobile-friendliness and availability in both plain English and Spanish. Following a relatively rigorous process of revision and testing, New Mexico plans to deploy the top 36 forms, in both English and Spanish, by the end of calendar year 2023.

Since most inquiries and calls to state workforce agencies from claimants are about the status of their payments, another important area of work aims to provide clearer, more consistent information to claimants seeking this information, such as through a claim status tracker. Proactively and accurately answering these questions is key to states' managing claimant satisfaction and call center volume. The Department has developed a playbook²⁵ for states seeking to improve how to communicate statuses to claimants. The Department also hosted a May 2023 webinar, which drew high attendance and representation from across states.

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U.S. Department of Labor, *Communicate status to claimants*, Employment and Training Administration, <https://www.dol.gov/agencies/eta/ui-modernization/claims-status>.

Timeliness and backlog

The surge in UI claims during the pandemic, coupled with shortages of experienced staff and IT challenges, caused severe backlogs and extended wait times for UI benefits in states across the nation. Backlogs include appeals or adjudications that have taken longer than the standard times to resolve. Such delays created significant financial hardship, with research from the pandemic showing sharp spending reductions among workers who faced wait times of more than a month compared to those who waited for shorter periods.²⁶ Meanwhile, first payment and adjudication timeliness declined drastically, and still more than three years later have not recovered to acceptable levels.

Providing swift financial relief to families and communities impacted by job loss is the central purpose of UI programs. Multiple streams of ARPA funding and technical assistance are dedicated to streamlining processes, reducing backlogs, and accelerating the disbursement of these essential benefits. ARPA funding, and specifically Tiger Team grants to states, have been a key part of the Department's overall strategy to return the UI system to acceptable levels of timeliness. The Department has set an Agency Priority Goal of increasing first payment timeliness by 10 percentage points towards the 87 percent federal standard by September 30, 2025.²⁷

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Farrell, Diana, et al., *Consumption effects of unemployment insurance during the covid-19 pandemic*, JP Morgan Chase & Co, 2020, <https://www.jpmorganchase.com/institute/research/labor-markets/unemployment-insurance-covid19-pandemic>.

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Brent Parton and Jim Garner, *Strengthening America's Safety Net for Workers*, U.S. Department of Labor, Performance.gov, <https://www.performance.gov/agencies/dol/apg/goal-2/>.

In addition to tools and strategies outlined in previous sections, states are adopting automation of certain non-discretionary tasks. States are also expanding their use of interactive communications systems that make information retrieval from stakeholders easier. Lastly, states are committing resources directly to resolving pandemic-induced backlogs.

Robotic Process Automation

Robotic Process Automation (RPA) has been a consistent theme of the Department's modernization work on benefit timeliness. RPA is a form of business process automation technology that can significantly improve operational efficiency by handling manual, non-discretionary tasks quickly and without error. By integrating RPA into their workflows, states can reduce backlogs, minimize errors, accelerate claimant benefit receipt, and free up staff resources for more mission-critical work. RPA has been particularly important to state efforts to streamline repetitive tasks within the appeals process that often hinder backlog reduction. RPA does not replace people—rather, it allows existing staff to focus on tasks that require more complex reasoning and judgment.

Several states are using RPA to automate non-discretionary tasks across a range of claims processes, including appeals, adjudication, and fraud investigations. One such state is Virginia, which automated the process of mailing of appeal decisions, a cumbersome task that was consuming disproportionate staff time and hindering timeliness during a period when the state had one of the longest appeals backlogs in the country. On the first day of the automation tool's deployment in April 2023, approximately 600 decisions had been mailed, more than twice the number mailed in a day at maximum capacity under the prior manual arrangement.

Colorado recently introduced automation into their employer fact-finding process. The state’s “Claims Processing Bot” performs a daily review of pending issues requiring additional employer information, including information on a claimant’s separation pay (like severance) or potential supporting documentation, and automatically requests it from the employer. By embedding this function within the state’s system, Colorado has taken on no new costs. This process also ensures that staff members have the necessary information to process claims in a timely manner.

Additionally, the Department has been an important resource for states considering adopting RPA tools or looking to further develop existing use. The RPA Toolkit,²⁸ which was informed by state Tiger Team engagements, gives states actionable tips for incorporating automation into their workflows. It features additional background on RPA, interviews with states using it, demonstration videos, and change management support, among other tools and resources. The Department has promoted RPA through presentations to stakeholders. The Department is also helping pilot the use of RPA in selected states (including New Hampshire and Virginia) to better understand the viability of particular use cases, along with the technical infrastructure states may need to prepare for more successful automation efforts in the future.

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WorkforceGPS, *Robotic Process Automation (RPA) Toolkit*, August 2023, https://www.workforcegps.org/resources/2023/04/UI_Content/Public_RPA_Toolkit_Landing_Page.

Information exchange with stakeholders

To support integrity and combat fraud, states need to retrieve information accurately and efficiently from employers. ARPA funding and assistance is enabling stronger state adoption of critical information exchange tools.

One such tool is SIDES, or State Information Data Exchange System, a web-based platform that supports a quick, accurate, and secure exchange of UI claims information between states, employers, and employer representatives. NASWA administers the SIDES program for all states with funding from the Department, through an annual appropriation from Congress. Specifically, SIDES allows electronic transmission of information requests from state agencies to employers and/or Third-Party Administrators, as well as transmission of employer responses back to agencies for the requested information. SIDES consists of a variety of functional offerings, or modules, designed to help states improve the quality and efficiency of their claims-processing routines. A number of modules are centered on particular areas of claims processing, including separation information, earnings information, and additional fact-finding. Based on Tiger Team engagements, several states have deepened their SIDES engagement. Such efforts have strengthened payment timeliness while making states more vigilant against fraud.

The Department and its state partners are turning to ARPA funds to improve the implementation of SIDES. Overall, among the completed engagements, the Department's Tiger Team initiative has provided participating states with 23 recommendations centered on optimizing states usage of the SIDES components (also known as exchanges) to enhance program integrity. These recommendations provide states with an actionable plan to: 1) streamline employer information-sharing through the adoption of additional SIDES exchanges that gather different types of information from employers, as well as Single Sign-On between state agency websites and the SIDES system; and 2) leverage behavioral insight techniques to promote targeted outreach to increase employer participation rates in SIDES. As a follow up to a Tiger Team recommendation, the Department is also directly assisting the state of Alaska with the computer programming needed to unlock the full functionality of SIDES.

Connecticut

State Spotlight:

Connecticut – Getting timely, accurate information from employers

Approach:

Connecticut used Tiger Team grant funding and engagement to maintain their use of SIDES. Using SIDES to reduce the amount of time both claims adjudicators and employers spend validating claims enables the state to more effectively combat fraud and improve payment timeliness.

Traditionally, information exchange with employers was a paper process, with forms mailed to employers via USPS. This approach is sub-optimal due to low response rates, employer confusion about how to respond or how to deal with potentially fraudulent activity, and lingering pandemic-induced USPS delays.

Outcome:

Connecticut's use of Tiger Team grant funding helped them avoid disrupting employers' use of SIDES to report separation information during their transition from a legacy UI system to modern infrastructure. Ensuring the stability of SIDES is critical to strengthening timeliness and preventing fraud. Juliet Manalan with the Connecticut Department of Labor (CTDOL) explained that SIDES also strengthens **“the trustworthiness of the system, [and] the trustworthiness of the agency. [SIDES] really helps people understand that there are multiple levels of fraud prevention happening.”**

The state is also using Tiger Team funds for targeted employer outreach, focusing on “heavy hitters” who are receiving a large number of separation requests via paper. Caroline Pratt with the CTDOL explains that employers **“[will] be a lot more open to listening to us if they can respond digitally.”** The state also reports success engaging less frequent users of the system, including employers with fewer separations. Reflecting more broadly on the Tiger Team engagement, CTDOL's Daryle Dudzinski called the return on investment **“tremendous.”**

Document processing and knowledge base management

State UI agencies must store and process a large volume of documentation from multiple channels. Providing states with tools and strategies to help them manage documents and extract information more efficiently is an important dimension of efforts to accelerate timely payment of benefits.

As a result of Tiger Team engagements, selected states are adopting more efficient, intelligent document processing systems. The State of Illinois kicked off their project to automate and modernize their system through intelligent document processing. To date, the state agency has performed functional and architectural assessments of their current document management processes. The goal is to identify and automate as many touchpoints as possible by digitizing their forms; creating prompts for recognizing, indexing, and routing documents; and providing access to documents to staff based on their role.

In addition, Nevada's state agency is upgrading from a process of manually indexing information contained in claimant files received via USPS or digital fax, which can take up to 30 minutes per document, to an automated process that relies on Optical Character Recognition (OCR) to scan, index, and route the relevant information. The OCR project is currently underway.

States are also making strides in knowledge base management. For example, Wisconsin's UI agency stores a wealth of documents and other materials on its existing content platform to offer employees a central information repository. But, state employees find it difficult to locate specific documents and are forced to expend extra time and effort searching multiple folders to find the materials relevant to their job, taking time away from claims processing and other core UI tasks. While the challenges with their current solution affect all agency staff, call center staff members especially need to be able to access documents quickly.

Following a Tiger Team consultation, Wisconsin procured a more efficient file storage solution from a vendor. Following a period of training and an introduction to the tool, initial feedback has been positive, with staff calling the new solution easy to navigate. This transition ensures the state can process claims more quickly, avoiding lengthy delays that can cause significant hardship for people and families affected by job loss.

Resolving appeals backlogs

Selected states are also committing Tiger Team and Equity Grant resources directly to resolving pandemic-induced appeals backlogs. Benefit appeals surged during the pandemic, in part because claimants and employers were unable to reach state agencies, overwhelmed by the sheer volume of claims.

Pennsylvania used Equity Grant funding to expand the staff committed to addressing appeals. With the additional resources, the state effectively eliminated the backlog of pending Pandemic Unemployment Assistance (PUA) appeals as of August 2023 by reducing the number of appeals from approximately 40,000 to 1,200. Further, recognizing that phone hearings can efficiently address appeals, the state is exploring ways to expand the use and flexibility of virtual hearings in the future.

South Dakota used ARPA funding to hire additional staff, including attorneys, to conduct UI appeals hearings. The state found the resulting delays disproportionately affected Native Americans and women. Between June 2022 and March 2023, the state greatly reduced its backlog of traditional UI appeals by 89 percent and essentially eliminated its PUA appeals backlog.

Iowa also used ARPA funds to retain two Administrative Law Judges (ALJ), as well as hire an additional ALJ. These staffing increases led to reductions in its appeals backlog and improved performance. Between May 2022 and March 2023, the number of cases declined by just over 75 percent, from approximately 6,000 to 1,400; further, the average case age dropped from over 50 days to under 30 days.

Other states, like Colorado and Alabama, are taking proactive efforts with their Tiger Team grant funding to reduce additional backlog from accruing. Colorado implemented an appeals check-in process and adopted email reminders to parties regarding their upcoming hearings. The new check-in process has resulted in dismissed appeals dropping from 64 percent to 30 percent, eliminated inefficiencies, and allows staff to spend time on other appeal functions. Alabama recently updated their system to prevent duplicate appeals from being filed and is currently working on updating their portal to allow claimants and employers to upload and view documents, as well as check the status of their appeal(s). Such self-service-enabling efforts helped the state meet the UI system's performance standard for the timeliness of lower authority appeals.

IT modernization

Both the Government Accountability Office (GAO) and the Department's Office of Inspector General (OIG) pointed to the condition of state UI IT systems as reasons that states struggled to pay benefits accurately and in a timely manner during the pandemic.²⁹ Technology systems struggled to scale effectively to meet the increased levels of claims, launch new programs, and adapt to new fraud threats. The Department's long-term vision for UI modernization has centered on helping states improve resilience, so they are better positioned to respond to future crises and more easily adopt new technologies and ways of working. The Department has defined IT modernization as the continual process of adapting systems to unmet needs, as an alternative to efforts to install a particular new technology system at the state or national level.

Supported by ARPA funding, the Department, with expert guidance from newly hired staff, has worked collaboratively with states to research, test, and pilot potential technology solutions. These technology projects, described in more detail below, aim to make specific improvements that enhance the flexibility and performance of state systems, while serving as possible model solutions for the federal-state system more broadly. Recognizing that IT upgrades and modernization are not accomplished overnight, states are achieving progress through iterative and incremental changes in a collaborative process with the Department and other states.

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Office of Inspector General, U.S. Department of Labor, *COVID-19: States Struggled to Implement CARES Act Unemployment Insurance Programs*, May 28, 2021,

<https://www.oig.dol.gov/public/reports/oa/2021/19-21-004-03-315.pdf>;

U.S. Government Accountability Office, *DOL Needs to Further Help States Overcome IT Modernization Challenges*, July 2023, <https://www.gao.gov/assets/gao-23-105478.pdf>.

Key factors characterizing a modern UI system include an agile and human-centered design and development, early and frequent user feedback, and efficient service delivery. ARPA has already led to promising improvements in state technologies, including many of the examples cited above related to fraud prevention, equitable access to benefits, and timeliness and backlog.

The Department is deepening its commitment to this vision through specific IT modernization state grants worth \$200 million, as announced through UIPL No. 11-23. The goal of these grants is to help states develop resilient IT systems that can continuously adapt to changing conditions and integrate evolving fraud prevention technologies.

Technology product pilots

The first Department pilots were launched in partnership with New Jersey and Arkansas in the spring of 2022, with the goal of improving customer experience and identity verification (as described above). These pilots were aimed at testing a centralized claimant intake service developed and maintained by the Department that would enable claimants to apply for UI and verify their identity as part of a single and cohesive digital experience. The results from testing in both states were used to inform future iterations of the claimant intake experience, as well as additional centralized services the Department would make available to states. Moreover, the projects supported through the claimant experience pilot became the basis of the department's vision and further investments in IT modernization, as outlined in UIPL No. 11-23.

In working with states, the Department adopted a “product management” approach, starting with discovery and defining the problem, to rapid prototyping testing with states and users and iterative improvements, and documentation and review of key insights gained from the product development.

The Department has launched a public-facing representation of insights on UI Modernization for states and the general public, that includes artifacts of successful ARPA projects, model materials, and source code for use by state.³⁰

Claimant experience

The Department has been particularly focused on improving the claimant experience with the UI system, bringing industry standard CX approaches to the UI space.

With ARPA support, the Department is for the first time defining guiding principles and core metrics for CX in the UI program and pairing these with the \$200 million in IT modernization grants, announced through UIPL No. 11-23. Identifying customer experience is one of three areas for which states can receive IT modernization funding. Previously, CX was largely undefined for the UI program, despite earlier GAO recommendations, and the fact that online systems have become the primary way in which people interact with and experience the UI program.

Among the claimant experience projects referenced throughout—including plain language efforts, work to make state websites easier to use on mobile devices, and creation of a claim status tracker for workers waiting for benefits—the Department has also demonstrated how states can collect user feedback through surveys to improve operations.

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See footnote 7.

The Department has partnered with Illinois to evaluate more than 85,000 survey responses and user data to identify areas of improvement within Illinois' system. Product specialists within the Department and Illinois worked together to redesign a new UI claims satisfaction survey that will be more representative of the claimant's experience and allow responses to be more easily translated into system improvements. The Department is currently working with Illinois to develop user testing protocols with potential UI applicants to explore pain points in various areas.

Looking ahead, the Department is creating resources to support states that receive grant funding for CX projects to improve their customer experience. Specifically, the Department is working to provide additional recommendations for how states can improve customer experiences in line with existing federal standards, such as the 21st Century Integrated Digital Experience Act (IDEA ACT). The Department has offered five principles that ensure a better experience for UI claimants and reduce administrative waste for state agencies – mobile usability, accessibility thresholds, non-digital support offerings, plain language, and effective wayfinding.

To help states practically apply these principles, the Department will provide direct instruction and assistance to states via a series of workshops and webinars. This includes providing strategies on how to identify and understand pain points within a UI system, how to implement usability testing and continuous feedback mechanisms so the possibility for improvement continues after any given change, and how to define and measure CX metrics, such as time to complete a UI application.

As best practice recommendations are developed, the Department plans to issue additional guidance to states on how to deliver better customer experience and how states can measure their IT system against these measurements. The Department will also continue to explore additional areas of guidance related to state IT system performance, such as system security enhancements and downtime.

New Jersey

State Spotlight:

New Jersey –
Better claimant
experience
by design

Approach:

The State of New Jersey, in collaboration with various state and federal entities, has embarked on a holistic transformation of its UI service, with the claimant experience at its core. The Department teamed up with New Jersey to enhance the user-friendliness and accessibility of the UI application for claimants.

The Claimant Experience Pilot's grant funding empowered the New Jersey Department of Labor and Workforce Development (NJDOL) to adopt contemporary, human-centric design and software development techniques. The goal was to craft a more intuitive online application, which was then refined through user-testing. This initiative, fostered in tight-knit collaboration with the department and the U.S. Digital Service, resulted in a significant reduction in application completion time for claimants, saving them over 30 minutes.

Outcomes:

Encouraged by the success of the revamped application, NJDOL is now focusing on refining the self-service claims status tool and exploring back-end enhancements to further elevate the claimant experience. Concurrently, NJDOL is overhauling both electronic and paper notifications dispatched to claimants. The state's agency is also championing a mainframe modernization strategy, rooted in agile methodologies. This approach aims to equip claims agents with a streamlined data pipeline from the mainframe, while also minimizing the number of screens agents navigate to process claims.

Many of these changes are going live in New Jersey later this year. The Department and NJDOL are working together to align metrics to evaluate impact, with the goal of showing the value of these approaches and helping other states move towards them.

Income verification

Changes in the structure of the economy have led to increases in the share of workers who labor outside of traditional employment relationships. When an economic crisis strikes, these workers are particularly vulnerable to hardship. Recognition of this labor force shift is one reason why Congress created the PUA program. However, states lacked the means to automatically verify prior employment, which left the program vulnerable to improper payments and fraud. Congress belatedly introduced employment verification in December 2020, but states struggled to meet this requirement without access to official records.

Beyond the pandemic, Disaster Unemployment Assistance (DUA), which was enacted to aid those who lose their jobs due to natural disasters but are usually ineligible for regular UI, faces similar verification challenges as PUA, especially when trying to access tax records for income verification.

Following GAO recommendations to improve the capacity of the UI system to respond to future emergencies, the Department is actively exploring solutions. The Department conducted research with various UI stakeholders, including department subject matter experts, state workforce agencies, NASWA, legal experts, claimant advocacy groups, and federal agencies facing similar verification challenges.

The Department created specifications and developed best practices for the use of document uploaders to ease income verification for states.

Summary and conclusion



Through various grants provided by the Department to our state partners, ARPA has been instrumental in advancing the integrity, equity, and timeliness of state UI programs.

ARPA funding has facilitated improvements in the UI system to better prevent fraud and abuse, directly addressing a central challenge exposed by the pandemic. Advancements in technology, such as data analytics and system security enhancements measures, enable states to identify and prevent fraudulent claims more effectively. Improved identity verification processes protect eligible claimants and ensure that benefits are being disbursed to the rightful recipients. ARPA funding has also allowed the Department to outline a strategic vision towards the modernization of UI technology infrastructure, that will allow it to robustly respond to challenges like novel fraud attempts and unanticipated economic crises without the kind of rise in improper payment activity seen during the pandemic.

ARPA funding has also been used to address barriers, biases, and disparities in UI program access and delivery. Investment in language access and customer service improvements have helped to make the UI system more accessible to diverse groups of claimants. ARPA funding has been used to modernize and streamline the UI application and claim-processing systems, reducing backlogs and ensuring timely delivery of benefits and appeals decisions. By leveraging ARPA funds, UI programs can operate more smoothly and responsively, thereby providing swift and much-needed support to those affected by unemployment and allowing states to pay benefits with fewer errors.

ARPA provided a needed infusion of federal funds, especially at a time when core administrative funding has not kept pace with demand. States have taken the additional resources provided by ARPA to hire additional staff to cut into backlogs of work left by the pandemic, whether it be in fraud investigations and overpayment recovery or benefit appeals—but states will not be able to retain this extra capacity if base administrative funding does not keep pace. ARPA funding has added new dimensions of partnership between the Department and states and spurred a wave of critical technology and operational improvements. Especially after the reductions enacted by the Fiscal Responsibility Act, additional investments will be needed to transform the momentum from ARPA into lasting systematic change of the UI program.

Overall, ARPA funding to the Department and the resulting grants to state UI agencies have significantly improved the ability of UI programs to serve the American public. As illustrated in the success stories and best practices featured in this report, the comprehensive approaches supported by ARPA grants reinforce the shared commitment of the Department, the federal government, and state UI agencies to making this essential program more accurate, secure, efficient, accessible, and fair.



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