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Pandemic Recovery Playbook

First Responder Kit

Unemployment Insurance Modernization

September 2020

Pandemic recovery
Beyond Normal

In the wake of the COVID-19 Pandemic, governments won't be returning to business as usual. At this moment, it's unclear how far societal changes will go and how long they'll take. In part, this will be determined by the virus, its impact and duration. But it can also be shaped by the willingness of government leaders to embrace new orthodoxies and facilitate the changes needed to go "beyond normal"— maximizing performance in a continually evolving environment, anticipating change, and acting quickly[i]. The window of opportunity is open right now, and visionary leaders can make sure the recovery leads to a brighter future.

In 2018 and, again, in 2019, we asked the question: **When the Next Recession hits, will your Unemployment Insurance (UI) program be ready?** We suggested it was time to take steps to blunt the next recession's impact: Assess your UI program's Recession Readiness; Strategically Update UI IT system components; Drive Operations Transformation; and Embrace UI as the First Responder. Many states were engaging in Recession Readiness planning, however, as noted by the National Association of State Workforce Agencies (NASWA) in 2017, "because UI funding is counter cyclical, i.e., it decreases during economic expansions and increases during recessions, UI agencies [were] at historically low staffing levels and technological modernization ha[d] not been fully realized."[ii] Then, the COVID-19 Pandemic derailed a record 128-month expansionary period, plunged the U.S. economy into recession, and created a tsunami of unemployment insurance claims never before seen in the history of the program.
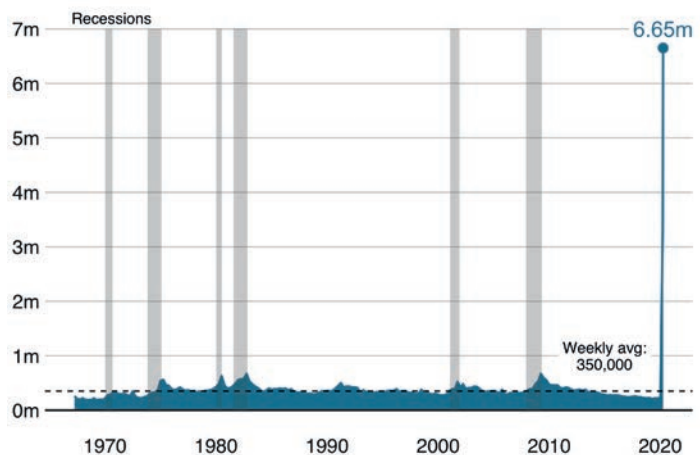
The pandemic recession

The arrival of COVID-19 in the United States abruptly ended the longest economic expansion since 1854. According to the Business Cycle Dating Committee of the National Bureau of Economic Research, "a peak in monthly economic activity occurred in the U.S. economy in February 2020. The peak marks the end of the expansion that began in June 2009 and the beginning of a recession. The expansion lasted 128 months, the longest in the history of U.S. business cycles dating back to 1854."[iii]

In March 2020, State UI programs were called upon to stabilize the economy like no other time in the history of the United States. States' governors and mayors ordered businesses to close to stop the spread of the extraordinarily contagious novel coronavirus, and new jobless workers began filing claims for UI benefits. By the week ending March 28, over 6.6 million jobless workers filed UI claims[iv] and, by June 1, 48 states' unemployment rates were so high that they all triggered on to federal-state extended benefits.[v]

US jobless claims hit new record

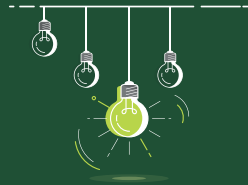Source: US Bureau of Labor Statistics — BBC

The UI system was tapped as the economic first responder and the tsunami of UI claims created monumental challenges as state and federal UI programs "crashed" due to massive demand.[vi] Many UI applicants experienced delays in the processing and paying of their UI benefit claims[vii]. In fact, at the time the Pandemic hit, UI agencies were at historically low staffing and funding levels, which had only become more acute since the National Association of State Workforce Agencies reported in 2017 that, "[i]nvestment in UI administration is at a 30-year low, and serious disruption in the delivery of UI benefits is at risk in the next economic downturn."[viii] The UI system's effort to respond to the Pandemic was like trying to evacuate millions of cars using a two-lane, pot-hole riddled roadway while the tsunami wave was crashing on land.
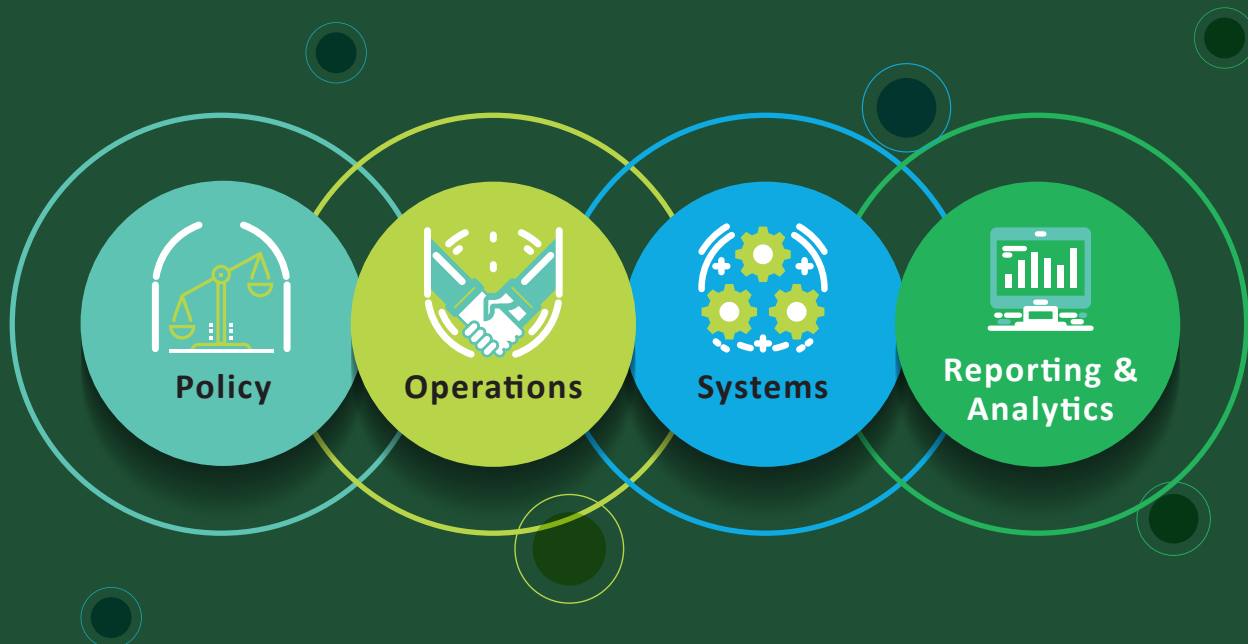
Pandemic recession insight

As the Primary Economic Safety Net in the United States, the UI program should have consistent and stable administrative funding, so that it is ready to respond in times of economic downturns. As economic first responders, state and federal UI officials should be at the forefront of policymaking when facing large disruptions to the economy. When Governors and local officials contemplate future stay-at-home and shut down orders, both UI and Workforce officials must have the financial resources and flexibility to be able to quickly respond, as they do on a smaller scale when informed of mass layoffs or major business closures.

Now that businesses are incrementally reopening, the economic and social challenges wrought by the COVID-19 Pandemic remain real and dire. As such, UI and public workforce officials need to work with governmental officials and business stakeholders to engage in bold planning efforts that build-in flexibility and capacity during these utterly unprecedented economic times. The Pandemic has shown that UI and public workforce officials must be ready to serve and execute on a scale akin to the Great Depression. When the nation was in the grips of the Great Depression and 15 million workers became unemployed in one year - approximately 25 percent of the workforce - the public workforce system registered 12.5 million individuals for work as UI programs were being stood up across the United States.

This Pandemic Recovery Playbook offers insights gained from the sudden onslaught of the Pandemic Recession and suggestions to guide recovery in four primary areas – Policy, Operations, Systems, and Reporting and Analytics - as state workforce agencies deal with on-going increased UI claims volumes and the public's demand for employment services to be delivered with speed and innovation.

Policy

Operations

Systems

Reporting & Analytics

Policy: Prepare for rough waters

As UI programs navigate the Pandemic recession, those unfamiliar with the mandatory legal requirements built into the UI and the public workforce social safety net programs routinely call out governmental officials for a failure to respond in ways that meet private sector service delivery standards. During this Pandemic Recession, the gap between service expectations and actual performance has been especially acute, leading to widespread public exasperation.

Importantly, UI and the public workforce system are quasi-judicial programs with due process implications for jobless workers, employers, and their representatives. Those who do not regularly interact with such programs during expansionary periods, therefore, are easily frustrated by the mandatory protocols that must be followed to ensure fairness, impartiality, and integrity in the distribution of UI benefit payments, workforce services and programs, and the appellate process.
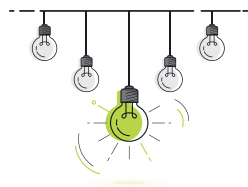
Pandemic recession insight

Engage top communications, legislative, & policy experts to assist in developing Proactive UI and Workforce Briefing and Messaging Materials.

Governmental officials who are responsible for the administration and delivery of UI and the public workforce social safety net programs are encouraged to develop a proactive communications action plan, which includes clear and concise messaging to address the predictable frustrations expressed by those unfamiliar with the eligibility requirements and integrity controls designed into these programs. Proactive briefing and messaging materials must address both program stakeholders, such as employers who pay UI contributions and jobless workers, using messaging tailored to their unique needs. For stakeholders, such as state executives and legislators, prepare briefing materials setting out the public policy pillars and legal requirements that under gird the U.S. economic security programs.

Stakeholders

Executive Branch: Governors, Mayors
Legislative Branch: Federal, State
Interest Groups: Legal Aid, Chambers of Commerce

Human-Centered Messaging

Jobless workers
Persona-Based Proactive Communication
Social Media Monitoring and Messaging

This is because stakeholders and jobless workers alike do not always appreciate the fact that UI requires job attachment and is not poverty-level driven. States are encouraged to draft proactive communications, weaving in the fundamentals of UI and the public workforce programs for jobless workers based on insights gained from the Pandemic.

UI requires

Job attachment

+

UI is not tied to

Poverty level

| Stakeholders	Jobless workers
Educate on programmatic fundamentals: UI requires job attachment, so it has different eligibility requirements than the safety net programs of TANF, SNAP and Medicaid, i.e., UI's eligibility requirements are not poverty-level driven.	**Refresh UI agency websites** to clearly distinguish UI eligibility requirements from other social safety net programs and create user-driven pathways based on answers to eligibility questions.
Reflect the interconnectivity of social safety net programs: Craft regular and sequenced messaging across multiple media sources, including social media, television, and news outlets, regarding the interconnectivity of the social safety programs and the demand for services. E.g., as UI claims increase, the demand on other social safety net programs may also increase, so food banks/pantries, appeals tribunals, local social services agencies, and non-profit organizations, should be alerted as a part of a comprehensive communications plan. Importantly, the plan should include agencies providing assistance for housing, domestic violence, suicide hotlines, health care, etc.	**SMS texting and email campaigns** should be routinely used to alert jobless workers regarding action/inaction and the claim status as it moves from step-to-step in the process. Proactive UI Claims status alerts could work like the alerts Amazon customers receive when their packages have been shipped and are out for delivery. Proactive SMS Text alerts are also well suited to situations where a claim has been filed, but no weekly certifications have been made. Email or SMS text reminders should also be sent to jobless workers urging them to file their weekly certification if they are still unemployed and to nudge jobless workers into applying for open positions for which they meet job qualifications.
Address legal and legislative input: Monitor and proactively provide legislative and policy guidance, backed by data, relative to legislative efforts targeted at reforming UI and UI trust fund financing.	**Chat bots for FAQs** should be considered so that State Workforce Agency websites will have a more user-driven experience based on user answers to user questions.
Proactively communicate key program requirements and dates: When new programs, eligibility requirements, and dates are announced or on the near horizon, execute proactive messaging across multiple channels the impact of the new programs, etc. UI agencies should be crafting PSAs, messaging across social media, and working with Congressional staffers and other legislative stakeholders well in advance of program expirations date relative to potential extensions. E.g., The Pandemic Unemployment Assistance (PUA) program is scheduled to expire in December.	**Proactively message key expiration dates and program requirements:** When new programs, eligibility requirements, and dates are announced or on the near horizon, begin messaging the impact. States should draft succinct Public Service Announcements (PSAs) and use social media channels to begin proactively messaging work search requirements to jobless workers along with how to meet those work search requirements. E.g., Identify and proactively communicate with jobless workers receiving regular state UI who are nearing exhaustion and who may then be eligible for Pandemic Emergency Unemployment Compensation (PEUC).
Provide internal policy/training guide updates: Communications professionals can also provide messaging support to edit existing desk aids and training materials or work with UI and social safety net policy experts to craft new ones. This is especially important as new state and federal laws are enacted or expire that change program policies and requirements. Messaging materials must be crafted in a way for jobless workers and stakeholders, who are unfamiliar with UI, to understand and consume.	**Nudging principles,** reflected in communications and system design, should be used to help guide UI and public workforce system users along paths that are intuitive and suitable to their specific needs, compliant with program requirements, and leading to quicker/improved job opportunities and career paths.
Social media monitoring: Monitor social media to quickly identify and respond to system issues or unforeseen user experience concerns. This is particularly helpful when deploying new programs into production for public use.	**Social media blasts:** Many state workforce agencies are using various social media platforms to mass communicate. This should continue and be accomplished in a regular, consistent, and targeted fashion depending on the social media channel(s).
Regularly convene legislative, business & labor stakeholder groups: To maintain a pulse and encourage regular communication on UI and public workforce programmatic and system challenges and demands, governmental leaders must regularly convene stakeholder groups. Many states have established advisory groups that actively engage and support the efforts of UI and public workforce leaders to maintain the efficacy of their state's primary economic safety net.	**Self-guided claims filing/job website registration:** State Workforce Agency UI and public workforce systems should be integrated enough to provide a seamless user-driven, self-service experience. E.g., jobless workers should be able to file their UI claims in a manner that pre-fills responses based on answers provided, and then, guides them to the public workforce system for job registration and referrals, also based on already-provided answers.

Operations: Drive operations transformation

While technology will certainly help alleviate bottlenecks during times of high demand, driving transformational change in UI and public workforce operations, business processes, and service delivery is a crucial component for ensuring technological modernization efforts are optimized and sustainable.

Track & optimize funding

It is well established that inadequate UI administrative funding has been a long-standing issue[ix]. However, during economic downturns, UI funding increases. Right now, therefore, while administrative allocations, above-base contingency funding, and grant opportunities exist, state UI officials should take all measures necessary to optimize funding while also planning to increase staffing capacity by scaling-up differently. The Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 and subsequent Unemployment Insurance Program Letters (UIPLs) also provide opportunities and actual grant application documents to seek additional funding. It is crucial that all such funding opportunities be timely acted on to bolster the program during the lean, expansionary times. This also means closely monitoring activities that impact the Resource Justification Model so that funding in future years is maximized, and as a good practice, states should consider any remaining funding opportunities.
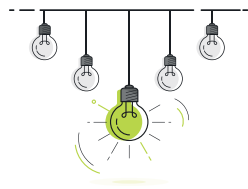
Pandemic recession insight

UI officials are stewards of state and federal UI trust funds, which are employer funded, and have fiduciary responsibilities. Similarly, UI officials must closely monitor expenditures and optimize administrative funding opportunities to ensure adequate funding when above-base funding ends.

For example, when convening employer stakeholder groups, governmental officials should gauge interest in Short-Time Compensation (STC) or shared work programs which have successfully been implemented as a layoff aversion strategy, or in the Pandemic Recession, potentially as a "back-to-work" strategy. STC allows for workers that may not be eligible for poverty-level driven social safety net programs to bridge the income gap with a partial reduction in pay while maintaining work-related benefits like health care. Currently, twenty-seven states have established STC programs in state law and may want to truly exercise those programs as full-federal funding for STC benefits is available through 2020. For states that have not enacted STC programs in state law, special administrative grant funding is available through 2023.

Similarly, now is the time, while in the legislative spotlight, to consider a dedicated state-specific funding stream. Some states have established UI administrative funds, financed by collections of UI penalties and interest monies[x], while other states have successfully established separate funds to be used to upgrade technology[xi]. Additionally, the U.S. Department of Labor's 2020 budget proposal would "allow States to retain up to 5 percent of UI overpayments for program integrity use and require States to use penalty and interest collections solely for UI administration."[xii]

Stage staffing/Scale-up capacity plans

As the demands of the Pandemic Recession illustrated, state UI programs since the 1990s have experienced a significant outflow of experienced, tenured UI staff in unprecedented numbers due to retirements, early buy-out incentives, and decreasing administrative funding. Moreover, automation of rote functions and the transition from in-person claims to telephone and internet filing has also resulted in a smaller UI workforce.

Pandemic recession insight

UI staff are critical economic first responders. As the UI program transformation continues, to effectively support economic security, it is even more important for leaders to develop a strategy to forecast, leverage, and pursue innovative ways to scale up and down depending on demand, using automation as well as augmenting and cross-training staff.

State UI and public workforce officials should consider deploying intelligent process automation (IPA) or bots to augment staff capabilities. During the Pandemic Recession, some states immediately deployed bots to help resolve basic UI claims questions and handle repetitive tasks to free up staff time to resolve more complex matters.

Some states also brought back retirees and trained state workers who were not being fully utilized (e.g., administrative and support staff) to serve as basic UI claims takers. While this may be more efficiently executed in states without Collective Bargaining Agreements, it can still be negotiated or potentially addressed with union leadership in states with unionized staff. This may be accomplished through executing a Memorandum of Understanding/Agreement which is triggered, for example, when the state's unemployment rate or unemployment claims hit a certain threshold.

The CARES Act further provides staffing flexibility through the end of 2020, so UI leaders have the discretion to strategically scale and virtually deploy staff to "hot spots." Some states, for example, successfully leveraged workers hit hard by the Pandemic, who had the core customer service and soft skill background from their work in commercial hospitality and insurance industry call centers, to be quickly deployed to field UI PIN reset calls, take basic UI claims and answer basic UI questions, which freed up experienced UI adjudicator staff to process claims.[xiii]

Review and revise core operational processes and policies

The Pandemic Recession has clearly illustrated that today's jobless workers and stakeholders have different service expectations than in the past, particularly, in this new digital era. As a result, the UI program's operational processes and procedures should also be reviewed and modernized.

Again, however, the UI program is designed to serve many different parties and interests during highly emotionally fraught times, such as this Pandemic, and during mass layoffs, strikes, lockouts, and natural disasters. Accordingly, state UI officials must take the time, now, to review and revise policies and processes, including forms, and procedures while memories are fresh. Application forms or documents, for example, should be updated and converted into "PDF-fillable" formats so that they can be used when there are system outages rather than relying on the hard copy, paper versions. Correspondence and other documents should also be easily readable by intelligent optical character recognition (IOCR) to lessen the load on scanning and indexing staff who were hit hard by the massive wave of paper correspondence and documents.

Additionally, agencies should proactively plan for Mass Unemployment Events (MUE) and Disaster Unemployment Assistance (DUA) which arise from natural disasters. A timely and proper response is tough enough during economically stable times. During a recession, especially this Pandemic recession, it presents overwhelming challenges. There were states, for example, that declared disasters out of severe storms and flooding events,[xiv] and, recent hurricanes presented additional strain on workforce and safety net programs.
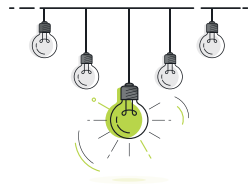
Pandemic recession insight

As the Pandemic Recession turns to recovery, plan now for System Outages and Mass Unemployment Events, such as Natural Disasters, and how to timely and properly respond while maintaining current UI service levels and performance.

A recent study concluded, "State UI agencies are ill-prepared to maintain the continuity of their operations and to manage the operational requirements of an MUE. The deficiencies will significantly impede the state UI agencies from the timely and efficient completion of their unemployment insurance functions in a disaster."[xv] This same study recommended that, "the state UI community must change its perception from a "self-sustained" to a "cooperative assistance" view. State UI agencies must plan to utilize resources from "assisting states" to meet emergency operational requirements. For resource sharing to occur efficiently and effectively, the UI community must institutionalize the process between agencies and upgrade the infrastructure of the agencies to deliver shared resources expeditiously."[xvi]

In the aftermath of the Pandemic, states should consider how they will quickly mobilize and respond to MUEs during this recession. While some states have worked with "assisting states," all states are under extreme stress right now processing Pandemic UI-related workload. Therefore, states must innovatively plan for MUEs right now, in ways that include cooperative arrangements with other states and tapping into the vendor community much like they did for help implementing the Pandemic Unemployment Assistance (PUA) program.

Understand the integration of social safety net programs and drive innovation

In recent years, leaders across all levels of government have grappled with the social safety net's perceived and real inefficiencies relative to service delivery expectations in the 21st Century. As the U.S. economy "reopens" and goes through COVID-19 Pandemic change, social safety net leaders must understand programmatic purpose, design, and integration in the execution of service delivery across programs.

Without this basic understanding, changes implemented in one program may have immediate or downstream unintended consequences on other programs. Specifically, while states were pushing to implement the new Pandemic UI-related programs to quickly stabilize the economy, because they were operating on inflexible, outdated technology, they experienced great challenges in quickly responding and interfacing with similarly outdated, inflexible technology. UI systems across the nation experienced difficulties interfacing with other dependent programs like child support, downstream appeals tribunals, the Interstate Connection Network (ICON), Social Security Validation, and more, which all suffered similar outages and performance issues. These challenges are as avoidable as fortifying physical infrastructure in danger of breach or failure, but the investment and commitment must come now, when the UI program has been under tremendous strain and administrative funding has increased.

Pandemic recession insight

Government leaders should understand the interconnectivity of the social safety net programs when creating, administering, and delivering Pandemic Recession and Recovery programs.

Additionally, UI and public workforce leaders should explore more aggressive integration of data sources, reemployment services, and job search programs across the social safety net right now, while businesses are grappling with Pandemic-driven challenges and seeking innovative solutions to address their staffing needs. By acting now, before expected seasonal workload spikes, UI and public workforce leaders must embrace their fiduciary responsibilities and drive more efficient and effective deployment of constrained workforce resources while also closely managing and optimizing funding streams.

Pandemic recession insight

Workforce leaders should drive innovative approaches to Pandemic Recovery reemployment services across the social safety net to meet 21st Century demands and reduce the strain on safety net programs.

The COVID-19 Pandemic of 2020 has wrought unprecedented chaos to our economy and economic future because of its implications on our health and ability to socially interact, professionally and personally. With over 40 million UI claims filed since March we are experiencing the greatest challenge to employment since the Great Depression and, therefore, our economic security and stability.

Now is the time, therefore, for workforce leaders to drive investment in innovative approaches to workforce development. Virtual case management, job referrals, and training options should be aggressively explored and become just as ubiquitous as the Pandemic virtual world of work for those who are not serving in emergency, essential, or front-line positions. While case management has been traditionally accomplished in offices and in-person, virtual options should be explored especially because they can be more efficient and nearly as high-touch as in-person interactions. Moreover, virtual apprenticeship programs and experiences for in-demand sectors like IT and some healthcare positions may work well in an on-line environment.

Unemployment claims surged due to coronavirus
2.1 million Americans filed initial claims for unemployment benefits in the week ending May 23.

2,123,000 claims
last week (May 17 – May 23)

40.7 million claims
over the last 10 weeks

Note: Seasonally adjusted
Source: US Department of Labor
Graphic: Tal Yellin, CNN

Further, workforce leaders are encouraged to explore new methods and tools, such as assistive behavioral "nudges" targeted by predictive analytics, into reemployment services to provide more customized and improved work search experiences and results. This could reduce UI duration and exhaustion rates and resultant draw on UI trust funds, by matching jobless workers with tailored and customized work opportunities more quickly than traditional job-matching methods. In sum, UI and public workforce leaders are encouraged to explore new and innovative ways to accurately match qualified jobless workers with job opportunities faster, through all economic cycles.

Operations and technology:
Prepare for the continuation of virtual work[xvii]

UI and Workforce Staff, along with many virtual workers, will likely continue to telework or work from home

As essential economic first responders, UI and social safety net workers may continue to telework for their health and safety, but government leaders may want to explore options, costs and benefits, for the future of work post Pandemic. The private sector has embraced teleworking models for much of its workforce, and the Pandemic has shown government, too, can effectively telework. The experience of work itself, however, is highly influenced by and dependent upon the effectiveness of technology – the goal is to help people be more successful, productive, and engaged; ultimately creating value and delivering critical work outcomes.
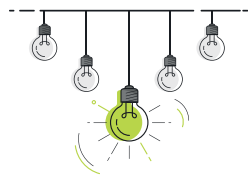
Pandemic recession insight

UI, Public Workforce, and IT leaders should assess teleworking technology to continuously improve the effectiveness of technology thereby driving opportunities for productive and engaging human experiences.

Accordingly, UI, public workforce and IT leaders are encouraged to review and reassess current teleworking technology and take measures to upgrade and adapt UI and social safety net programmatic technology. Further, assessment should include the following:

The Deloitte workforce and workplace insights

designed to facilitate that data gathering and provides a unique opportunity to quickly, but efficiently capture workforce sentiment around the following ciritical questions

Are there new **norms or ways of working** that can be explored as a result of the recent shift in the workplace?

What **concerns will workers have** when they return to the workplace or remain working virtually long-term?

Is our workforce **productive and effective** while working virtually?

- **Digital Documentation:** Upgrade by transitioning physical documentation of processes into digitally, easily distributed, standard operating practices
- **Organizational Network Analysis:** Gain visibility into virtual collaboration tool usage and which tools are the most effective. Pinpoint staff not effectively engaging in virtual collaboration and develop strategies to increase engagement
- **Telework Infrastructure:** Provide employees with equipment and devices equipped with VPN or other security components that allow them access to complete work in a secure, remote environment. Also, make certain UI staff have the necessary upgrades, e.g., enhanced internet, and accessories such as monitors, headsets, etc., to improve the teleworking arrangement
- **Virtual Collaboration Tools:** Identification and implementation of tools to enable enterprise and team collaboration, synchronous and asynchronous communication, task management, and collective intelligence
- **Onboarding Virtual Tools:** Ease the introduction of new tools by standing up virtual help desks that provide employees the needed resources to enable productive and efficient telework
- **Synergies:** Implement and teach new technology that allow employees to work collaboratively rather than independently
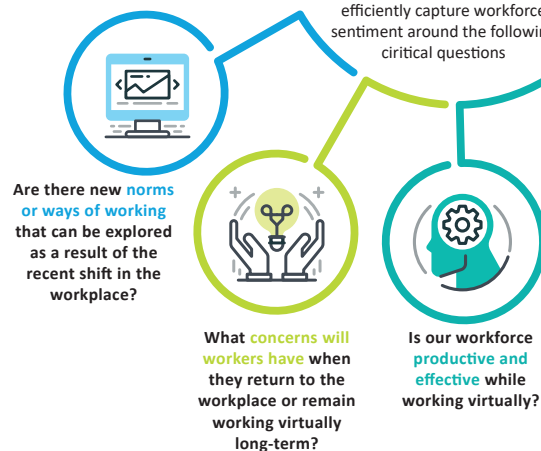
Systems: Strategically Augment UI IT Components | Capacity to Quickly Scale Up and Down

Augment UI IT systems and deploy digital smart technology

In 2010, over 90 percent of states reported running their UI programs on outdated mainframe systems, of which the average age was 23 years.[xviii] Seven years later, according to Information Technology Support Center (ITSC), out of the 53 UI programs in the U.S., only 14 had successfully completed full tax and benefit system replacement efforts or 26.4 percent and, conversely, 39 UI programs have failed to successfully complete full tax and benefit system replacement efforts.[xix]

It should have been no surprise, therefore, that UI IT systems, which were never designed to intake and process such a massive volume of UI claims in literally days, crashed, seized up and were strained beyond their existing capacity through March, April and May 2020. Moreover, brand new UI programs were enacted before the end of March 2020. According to U.S. Department of Labor Inspector General Dahl, "the inability of states to quickly ramp up staffing, and to modify IT systems to address limitations and institute program changes, are two overarching weaknesses identified in past audits that exacerbate the challenges noted and that contribute to states' inability to pay claims timely. To meet the requirements of the CARES Act, states must have sufficient staffing and system resources to manage the extraordinary increases in the number of claims and payments."[xx]

With nearly three quarters of state UI programs still operating part of their UI program on outdated technology, now is the time to strategically augment UI IT system components and modules moving to a more digital and smart technology platform to help with scalability and increased demand.
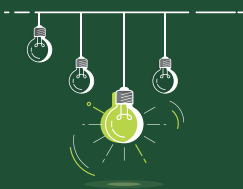
Pandemic recession insight

UI technology modernization is a persistent challenge that must be addressed, urgently, and incrementally, because a "big bang" modernization is not realistic for most states.

Divert stress on in-person mail operations by encouraging jobless workers to submit verification documents online while pre-indexed documents **increase processing efficiency.**

User visibility into submitted documents **reduce duplicate document submissions.**

Divert stress on call center volume by offering easy access to benefit information and to recover user IDs and passwords.

Offline accessible FAQs help jobless workers navigate access to "normal" as well as "COVID-specific" services and reduce call center transfers.

Improving direct communication with jobless workers via secure messaging, push notifications, and alerts to keep them up to date on the latest policy updates.

Jobless worker enrollment in eNotices **saves costs incurred** for mailing one-time correspondence updates.

Innovatively increase call center resiliency

During the immediate surge of UI claims on the heels of Pandemic "stay-at-home" orders, many UI agencies recognized their call centers were a crucial choke point in ways they could have never predicted. States immediately looked for innovative ways to virtually add capacity for fielding UI calls and resolving UI questions.
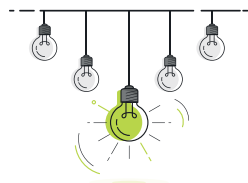
Pandemic recession insight

UI Call Centers remain key contact points for jobless workers, therefore, states must build and maintain capacity to address surges through smart technology and innovative staffing models.

A recent study indicated that there are "110 UI call centers being operated in 47 states [that] remain a very strong and frequent point of contact for UI customers. Call center staff are involved in virtually all functions related to establishing claims for benefits and maintaining eligibility."[xxi] Most states UI Call Centers were immediately overwhelmed with calls in March 2020, so they used the Pandemic UI-related grants of increased administrative funding and staffing flexibility to stand-up "Surge UI Call Centers."[xxii]

Governmental leaders must maintain an open and innovative mindset, especially now, because the need to immediately add capacity does not allow for a long onboarding and training process. It is time for governmental officials to reimagine training, desk aides, workflow and call routing along with how to quickly add staffing capacity. In the early days of the Pandemic, for example, many states engaged vendors and cadres of individuals, including insurance adjusters, call center service agents, in addition to state and local government staff in lower-demand areas, to field UI PIN resets calls, take basic UI claims and answer basic UI questions, which frees up experienced UI adjudicator staff to process claims.[xxiii] These individuals can be quickly deployed, in a counter-cyclical pattern, to handle the simplest of tasks when demand increases. Further, states should create short, online videos navigating screen flows to quickly prepare surge staff.

Pandemic recession insight

Make self-service smarter and use Artificial Intelligence to provide a more satisfying and efficient customer experience.
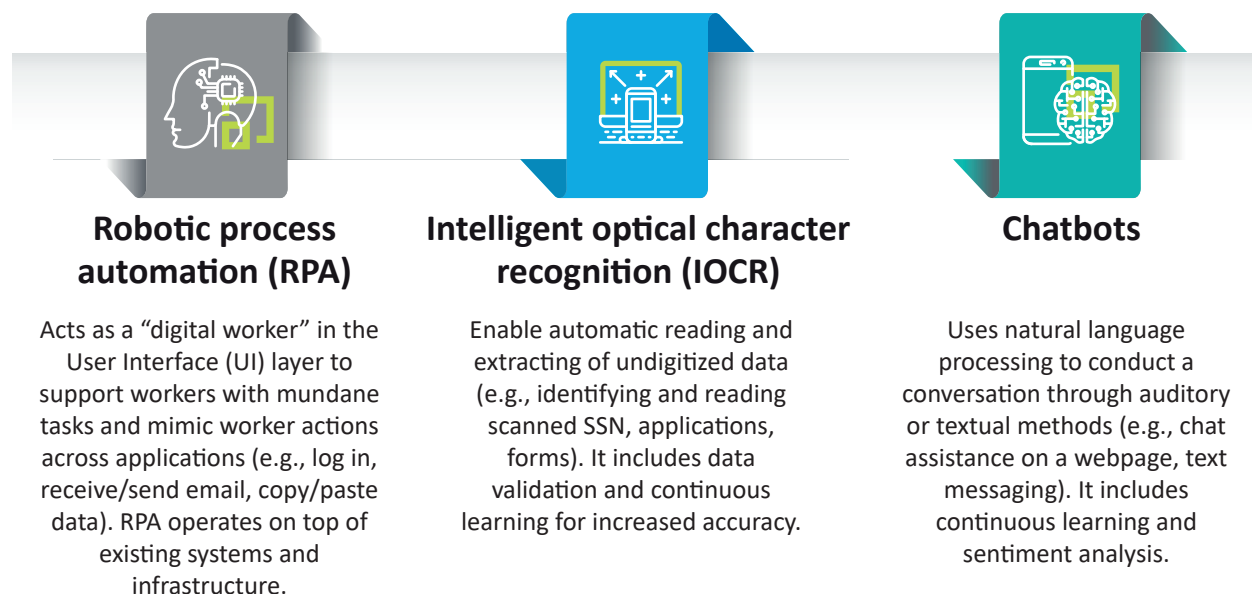
Smart technology, such as predictive analytics, paired with chat bots and avatars, can be used to triage easy and predictable customer service inquiries, and resolve basic customer questions via self-service channels, including both IVR/Call Center and Web. Right now, it is critical to design, develop and deploy intelligent process automation while insights are fresh and the claims volume is relatively stable, but more specifically, before expected seasonal upticks and a possible second wave of Pandemic layoffs.[xxiv]

To assist with the surge of Pandemic UI claims, several UI agencies[xxv] quickly deployed chat bots, which use natural language processing to conduct a conversation through auditory or textual methods
(e.g., chat assistant on a webpage, text messaging) that helped UI claimants reset PINs and answer FAQs without human intervention. Chat bot technology also includes continuous learning and sentiment analysis, which means chat bots can detect when a user is using emotionally-charged language and will transfer the conversation to the next available live chat or call center agent for resolution. As we all know, chat bots can work 24/7 to process rote, tedious tasks so that crucial staff time can be directed to resolve more complex issues and matters requiring higher-touch interaction. Chat bots were deployed to resolve the most common, simple, and repetitive, inquiries including:

- **Self-Guided FAQs:** revised and updated for the Pandemic, jobless workers' easy questions were quickly answered through IPA or self-guided FAQ flows without requiring jobless workers to wait in long call center queues to speak to a staffer.
- **Jobless workers seeking verification** they correctly filed and the status of the claim: quickly confirmed jobless worker claims were filed and, in process, often providing an expected benefit payment date.
- **Jobless workers seeking confirmation** of their first UI benefit payment date.
- **Jobless workers asking how to navigate** single-sign-on processes, reset their personal identification number (PIN), or update banking direct deposit information to file their continued claims.

Further, UI agencies should look to augment claims processing capacity through Intelligent Optical Character Recognition (IOCR). IOCR enables automatic reading and extracting of undigitized data (e.g., identifying and reading scanned SSNs, applications, correspondence, and forms), and importantly, includes data validation and continuous learning for increased accuracy. Innovative states quickly deployed IOCR and RPA to read specific fields on submitted documents and move those forms into the appropriate processing queues saving the state significant time and staff work.

Additionally, cognitive analytics, machine learning, augmented reality (AR), and artificial general intelligence (AI), commonly thought of as "software that learns," are now commercially viable. For example, "software that learns" is already being used to identify anomalies in data mining, diagnose skin cancer, and improve decision-making in human resources, legal and other corporate functions.[xxvi]

Robotic process automation (RPA)

Acts as a "digital worker" in the User Interface (UI) layer to support workers with mundane tasks and mimic worker actions across applications (e.g., log in, receive/send email, copy/paste data). RPA operates on top of existing systems and infrastructure.

Intelligent optical character recognition (IOCR)

Enable automatic reading and extracting of undigitized data (e.g., identifying and reading scanned SSN, applications, forms). It includes data validation and continuous learning for increased accuracy.

Chatbots

Uses natural language processing to conduct a conversation through auditory or textual methods (e.g., chat assistance on a webpage, text messaging). It includes continuous learning and sentiment analysis.

Reporting & Analytics: Data driven forecasts | Head off the "Integrity Whipsaw"

It has been said the Pandemic has accelerated everything,[xxvii] and when it comes to UI reporting and integrity, it is no different. In June 2020, the U.S. had been in this Pandemic Recession for just four months, and already, states were being audited, mountains of documents subpoenaed, the U.S. Department of Labor Office of Inspector General testified before Congress,[xxviii] and fraudsters boldly targeted UI agencies across the nation in large imposter schemes.[xxix] Further, UI agencies were still be required to submit mandatory reports to the U.S. Dept. of Labor and respond to government officials seeking data and forecasts.

Accordingly, UI and IT officials should execute a multi-faceted, layered approach to fortify IT systems and programs to further uphold the integrity of the UI program. These efforts should include: cyber security, forensic fraud analytics, "nudging" through behavioral science and analytics, random internal audits, enhanced staff training on program integrity, and additional benefit payment control resources to run, monitor, and process the results of traditional integrity cross-matches.

States have more data available than ever before, but the speed, intensity, and vast impact of the Pandemic Recession has driven a need for more precise data gathering, filtering and analysis to develop user-friendly dashboards for officials to use to make well-informed, data-driven decisions and quickly foil fraudsters. As more data is amassed and analyzed, state agencies are encouraged to implement AI to assist staff decision-making too. Specifically, UI programs have employed software that identifies patterns in fraud detection, but it can also be applied to assist UI workers with adjudication or hearing officers in making quicker, better, and more consistent determinations.
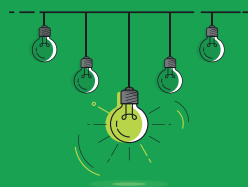
Pandemic recession insight

UI integrity efforts must be deliberate and focused across multiple channels: Cyber Security, Forensic Analytics, Traditional Cross Matches, and regular Internal Audits.

Moreover, because of the massive UI claims volume and brand new PUA program, the Pandemic Recession will certainly produce a record number of improper UI benefit payments. However, even prior to the Pandemic Recession, according to US DOL Inspector General Dahl, "the UI program has historically had some of the highest improper payment rates among all federal programs. The UI program paid approximately $27 billion in benefits over a one-year period ending June 2019. Of this, the Department estimated almost $3 billion were improper payments, making the improper payment rate more than 10 percent."[xxx]

Predictive analytics and "nudging" through behavioral science should be a considered option as they brought greatly improved integrity performance for the state of New Mexico. New Mexico's improper payment rate was 22.6 percent, on average, for the time period of July 1, 2009 to June 30, 2012.[xxxi] For comparison purposes, the U.S. average improper payment rate for the same period of time was 11.47 percent.[xxxii] New Mexico's UI agency employed "intelligent data collection and data validation"[xxxiii] and combined predictive analytics with behavioral insights to nudge UI claimants into compliant behavior. By Calendar Year 2018, therefore, New Mexico logged an impressive 3.992 percent improper payment rate and,[xxxiv] in 2019, New Mexico received a U.S. Department of Labor's Performance Excellence in Integrity award.[xxxv]

In sum, even though many states' UI programs have not been able to fully modernize their UI IT systems, there are incremental and smart technology options, which can be relatively quickly designed, developed, and deployed, to help your state handle the increased demands the Pandemic Recession is placing on your UI programs. The New Mexico story, above, is a successful example of targeted "nudging" while AI in fraud detection continues to get faster and more accurate. It is important, however, to take a considered approach to predictive analytics and behavioral science because not doing so could result in a longer claims processing time for jobless workers posing a risk of backlog and scale during times of high demand[xxxvi] or inaccurate results.

Pandemic recovery
Beyond normal

The Pandemic has disrupted everything. It has accelerated and intensified the demand on the UI and Public Workforce programs to serve as economic first responders and stabilizers by providing partial income replacement for jobless workers unemployed through no fault of their own and matching them with open positions. Government leaders must take this rare opportunity to advance digital innovation, embrace human-centered service delivery, and boldly drive U.S. economic security during these "beyond normal" times.

For questions regarding Unemployment Insurance Modernization:
Pandemic Recovery Playbook | First Responder Kit September 2020,
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End notes

i "Transforming government post COVID-19: How flipping orthodoxies can reinvent government operating models," Deloitte Insights, A Report from the Deloitte Center for Government Insights, (June 11, 2020), p. 20

ii "Unemployment Insurance Administrative Funding," (June 2017), NASWA, Jim Van Erden PhD, Julie Squire, Hillary Hewko

iii NBER Determination of the February 2020 Peak in Economic Activity, that U.S. in a recession, (June 8, 2020)

iv "Coronavirus: US jobless claims hit 6.6 million as virus spreads," BBC News, (April 2, 2020)

v Employment Security Amendments of 1970 established a permanent federal-state extended benefits program

vi See, e.g., "Unemployment Websites Are Crashing Across The Country," NPR (March 18, 2020), "Fired Americans Send Unemployment Websites Crashing Down," Bloomberg Economic News (March 25, 2020), "Frustration mounts as unemployment website crashes during COVID-19, State audit report shows Gov. Ron DeSantis knew about the state's broken unemployment website last year and did nothing to fix it," News 4 JAX (April 2, 2020), "Michigan unemployment website crashes again, delaying state update on expanded," Detroit Free Press (April 13, 2020)

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ix See, statement in 1989 by the U.S. General Accounting Office: (1) although employer-paid federal taxes initially completely funded states' administration of unemployment insurance, budgetary and appropriation cutbacks have decreased federal funding of states' administrative costs; (2) states have increasingly used their own funds to help cover administrative costs and have made managerial adjustments involving increased automation and reduced staffing to contain costs and maintain service; (3) most state unemployment insurance trust funds have inadequate reserves; (4) the Department of Labor's allocation system used outdated information that did not accurately reflect states' administrative costs; and (5) serious disruptions in services and increases in claims processing errors could occur if unemployment rates rise suddenly

x See, Ohio Rev. Code 4141.11, and Mass. General Laws Chapter 151A, Sections 14N, 14O

xi Kentucky's Service Capacity Upgrade Fund, established in KRS 341,243, signed Apr. 10, 2018, Colorado's Employment Technology Support Fund, C.R.S. 8-77-109, Oklahoma's UI technology fund's purpose is to "modernize business processes and technology that will not impose hardship on employers in the state," see, Oklahoma Security Commission law, Title 40 Article 3-109.3 (2017), and Pennsylvania's UI "service and infrastructure fund," established Nov. 14, 2017

xii *National Unemployment Insurance Program Update,* Gay Gilbert, Administrator, USDOL/ETA, June 26, 2019, National UWC UI Issues Conference, and Prepared Testimony before the US Senate Comm. on Finance, "Unemployment Insurance during COVID-19: The CARES Act and the Role of Unemployment Insurance during the Pandemic," Scott S. Dahl, Inspector General, US DOL OIG, June 9, 2020

End notes

xiii   For example, one state quickly stood up a UI Call Center comprised of hospitality industry staff who were trained and fielded basic UI claims questions, another state trained insurance industry professionals to process Pandemic Unemployment Assistance claims, while another state formed a Call Center to handle UI PIN resets and take basic UI claims

xiv   For example, in April and May 2020, AR, OH and MI all experienced severe storms and flooding events leading to disaster declarations separate and apart from the COVID-19 Pandemic emergency declaration

xv   Information Technology Support Center's Report, "National Unemployment Insurance (UI) Disaster Preparedness Effort," at ES-3.

xvi   Id., at ES 3-4

xvii   See, e.g., "Transforming government post COVID-19: How flipping orthodoxies can reinvent government operating models," Deloitte Insights, A Report from the Deloitte Center for Government Insights, (June 11, 2020) and "COVID-19 and the virtualization of government: Responding, recovering, and preparing to thrive in the future of work," Deloitte Insights, Deloitte Center for Government Insights, (April 27, 2020)

xviii   "A National View of UI IT Systems," (July 2010), NASWA, CESAR and ITSC

xvix   "Status of State UI IT Modernization Projects," ITSC, (June 2017)

xvxi   Prepared Testimony before the US Senate Comm. on Finance, "Unemployment Insurance during COVID-19: The CARES Act and the Role of Unemployment Insurance during the Pandemic," Scott S. Dahl, Inspector General, US DOL OIG, June 9, 2020

xxi   "Unemployment Insurance Call Center Study and Final Report," prepared by Coffey Consulting for the U.S. Dept. of Labor, ETA, OUI, Jan. 27, 2017.

xxii   For example, one state quickly stood up a UI Call Center comprised of hospitality industry staff who were trained and fielded basic UI claims questions, another state trained insurance industry professionals to process Pandemic Unemployment Assistance claims, while another state formed a Call Center to handle UI PIN resets and take basic UI claims

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xxiv   "Workers are getting laid off for a second time, as the virus's surge puts reopenings on hold," Washington Post, (June 30, 2020)

xxv   For example, New Mexico, Ohio, and Louisiana

xxvi   Tech Trends 2018, "Exponential Technology Watch List: Innovation Opportunities on the Horizon," Deloitte Insights, (Dec. 5, 2017)

xxvii   See, e.g., "Seven Technologies and Trends the COVID-19 Pandemic Will Accelerate," siliconangle.com, (May 24, 2020)

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xxix   "Frustrations rise over 340K frozen jobless claims, Michigan's lack of answers," Bridge: Michigan's Nonpartisan, Nonprofit News Source, (June 10, 2020), "States scramble to deal with potential spikes in unemployment fraud, prompting Democrats to demand answers," the Washington Post, (June 8, 2020), "State Department of Labor warns New Yorkers of unemployment fraud" WBNG.com (June 9, 2020), and "Fraud plagues Washington state as bogus claimants steal unemployment benefits," Seattle Times, (May 16, 2020), and "Feds Suspect Vast Fraud Network Targeting U.S. Unemployment Systems," New York Times, (May 16, 2020)

xxx   Prepared Testimony before the US Senate Comm. on Finance, "Unemployment Insurance during COVID-19: The CARES Act and the Role of Unemployment Insurance during the Pandemic," Scott S. Dahl, Inspector General, US DOL OIG, June 9, 2020

xxxi   U.S. Dept. of Labor website, Unemployment Insurance Improper Payments, CY 2018 Data

xxxii   Id

xxiii   "New Mexico Successfully Launches New Unemployment Insurance Tax and Claims System," New Mexico Dept. of Workforce Solutions Press Release, (Jan. 9, 2013)

xxiv   Id

xxv   U.S. Dept. of Labor, Public Announcement at 2019 National Association of State Workforce Agency's Workforce Summit & UI Directors' Conference with IT/Legal Issues Forum in Boston, MA, (Sept. 11, 2019), and See, also, https://oui.doleta.gov/unemploy/performance/awards.asp

xxvi   Indiana has found similar performance improvement success integrating behavioral insights and requiring frequent affirmations throughout the claims process into its modernized UI benefits system. Indiana logged a staggering 49.2 percent improper payment rate from July 1, 2009 to June 30, 2012, but after integrating behavioral insights, Indiana's improper payment rate improved to 9.7 percent in the period after launch, i.e., 2014 to 2017, and 10.4 percent for FFY 2017. However, "Indiana's new integrated claims application process takes longer for jobless workers to complete and resulted in a significant increase in the number of issues requiring staff work," per Indiana's UI Director, Apr. 12, 2018, NASWA UI Integrity & SIDES Symposium