



**“UI Transformation – SIDES  
Modules Update, Benefit  
Charges, Audit Issues and  
Solutions Roundtable”**

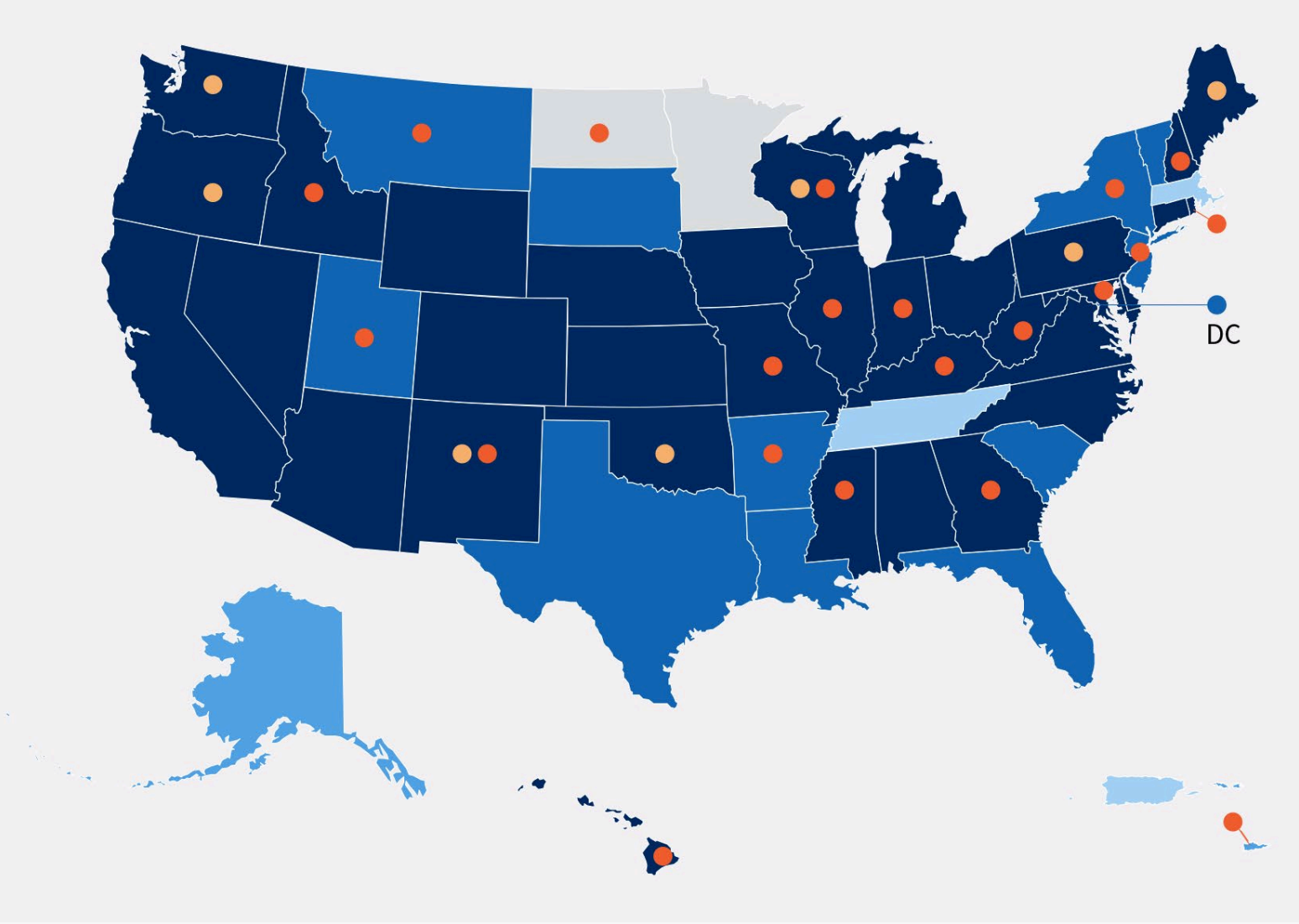
**2024 National Unemployment  
Insurance Issues Conference**

**Spokane, WA**

**Claire McKenna – June 27, 2024**

# ARPA grants reach nearly every state

- Grants available to all states**
- Tiger Team Engagement, Equity Grant & Integrity Grant (34)
  - Equity Grant & Integrity Grant (12)
  - Tiger Team Engagement & Integrity Grant (2)
  - Integrity Grant only (3)
  - None (2)
- Special projects**
- Navigator Grant (7)
  - IT Modernization or Claimant Experience Grant (20)



# Building Resilience: A plan for transforming unemployment insurance



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# Plan details path forward in seven critical areas

1. Adequately funding state **UI administration**
2. Delivering high-quality **customer service**
3. Building resilient and responsive **state IT systems**
4. Bolstering state UI programs against **fraud**
5. Ensuring **equitable access** to robust benefits and services
6. Rebuilding and stabilizing the **funding** of state UI benefits
7. Strengthening **reemployment** and connections to suitable work

# 1. Adequately funding state UI administration

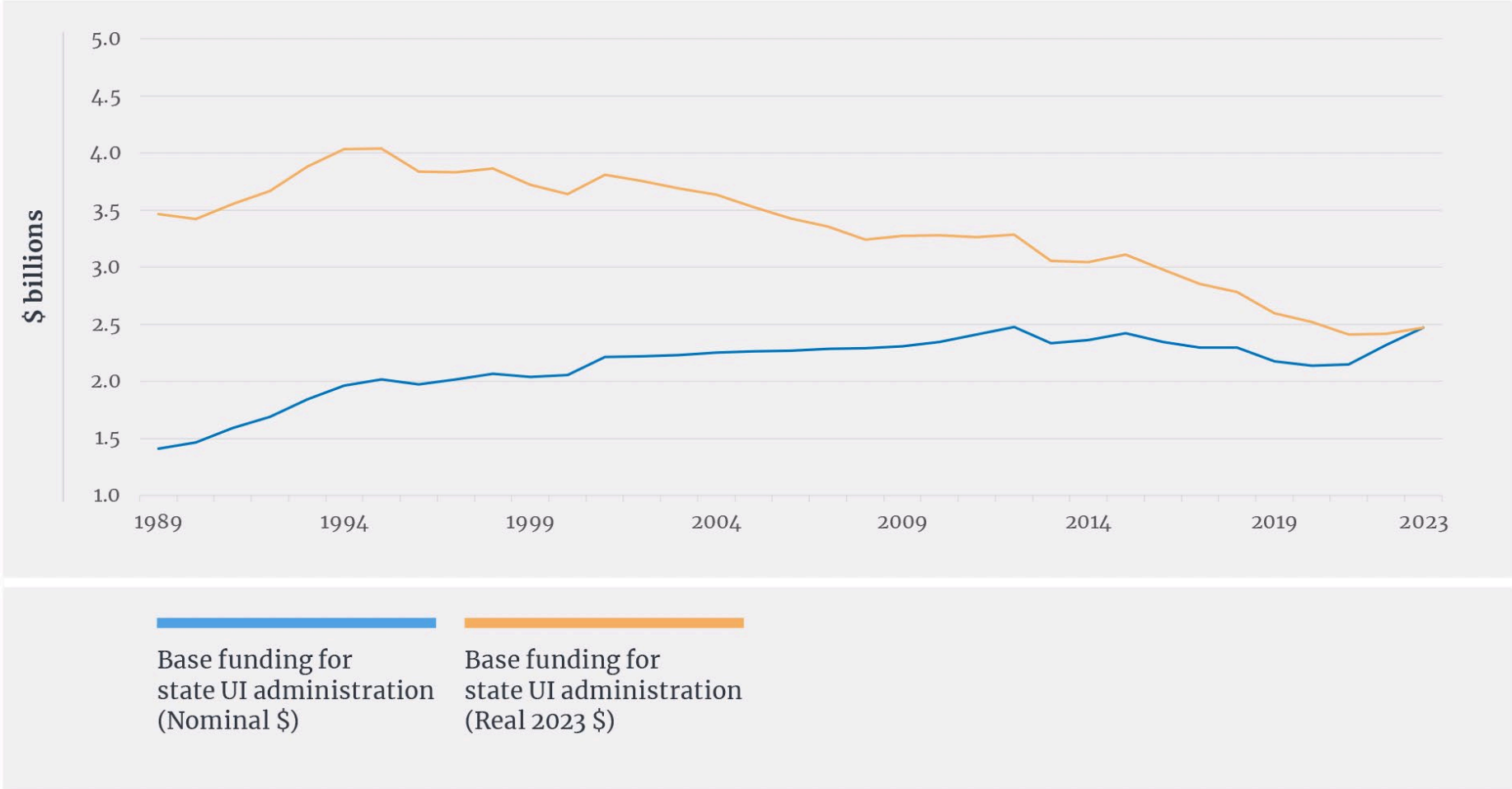
## The challenge: Eroding administrative funding

**Notes:**

Values inflation-adjusted using the Consumer Price Index for All Urban Consumers (CPI-U).

**Source:**

U.S. Department of Labor internal calculations.

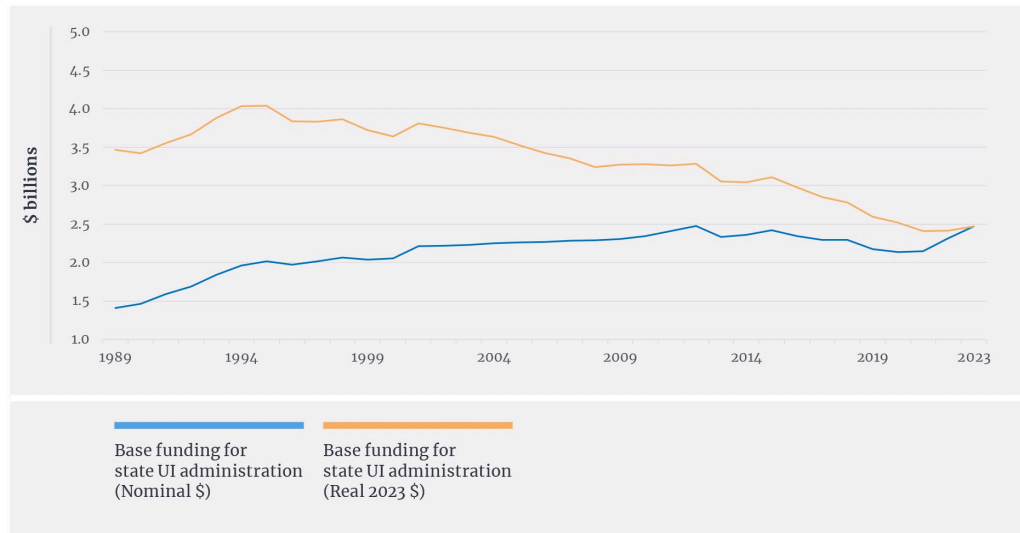


# 1. Adequately funding state UI administration

## The challenge: Eroding administrative funding

**Notes:**  
Values inflation-adjusted using the Consumer Price Index for All Urban Consumers (CPI-U).

**Source:**  
U.S. Department of Labor internal calculations.



## Key department actions

- Updated key factors in the formula for estimating state administrative funding
- Conducting a study to evaluate the level and mechanism for distributing administrative funding (underway)
- *Legislative action needed to adequately fund state UI administration and strengthen the Department's enforcement authority*



## 2. Delivering high-quality customer service

### **The challenge**

Cumbersome filing processes, including use of technical language/jargon, limited translation options, and a lack of mobile-responsiveness can deter eligible unemployed from receiving UI's income support and lead to improper payments

### **Key department actions**

- Promoting and supporting states' plain language activities
- Supporting states in strengthening customer experience and IT metrics
- Promoting responsible automation to free up staff resources for more mission-critical work



## 3. Building resilient and responsive state IT systems

### **The challenge**

The condition and design of state IT systems contributes to the UI system's vulnerability to fraud and ability to quickly respond to economic crises

### **Key department actions**

- Tested and developed a vision for the future of UI technology
- Launched the Open UI Initiative to develop a framework that facilitates modular, shareable technologies
- Delivering more than \$204 million in IT modernization grants in alignment with the Department IT vision





## 4. Bolstering state UI programs against fraud

### The challenge

The “perfect storm” conditions of the COVID-19 pandemic exposed UI to significant risks of fraud and improper payments, and threats continue to evolve

### Key department actions

- Expanding states’ cross-matching capabilities with NASWA’s Integrity Data Hub
- Strengthening identity verification services in UI programs with digital and non-digital alternatives
- Optimizing states’ SIDES usage
- *Legislative action is needed to ensure all states employ effective cross-matching strategies and have sufficient resources*



# Expanding states' cross-matching and data analysis capabilities with the Integrity Data Hub (IDH)

- The number of states with IDH Participation Agreements has increased from 34 in 2020 to all 53
- Expanded functionality
  - Adding link analysis capability to support better data analytics
  - Do Not Pay Working System data sources and services
  - Piloting Employer Data Module
- Launched initial study assessing IDH's effectiveness in identifying fraud

# National Identity Verification Offering (NIDVO) currently operational in 12 states



\* ARPA covering transaction costs for at least the 2 years after the date a state deploys or 2 years from the date of UIPL No 11-23, Change 1 issuance (April 29, 2024), whichever is later

Currently operational in 12 states	
AR	USPS & Login
CO	USPS
HI	USPS & Login
KS	USPS
MA	USPS & Login
NC	USPS
NH	USPS & Login
OH	USPS
OK	USPS
OR	USPS
UT	USPS
WV	USPS & Login

Note: Table sorted alphabetically



# Optimizing states' SIDES usage to strengthen payment timeliness and combat fraud

- SIDES is an important customer service and program integrity tool
- ARPA-funded **Tiger Teams** provided states with 23 recommendations centered on optimizing SIDES usage
  - Single Sign-On + additional exchanges
  - Targeted outreach / messaging to increase ER participation
- The Department provided ARPA funding to support development of a **Power of Attorney Exchange**. This will offer a new service to employers who use Third-Party Administrators
- Administration's FY2025 Budget would require states to use SIDES



# Legislative action needed to ensure all states consistently use available fraud-fighting tools

## FY 2025 UI Integrity Legislative Proposals:<sup>1</sup>

- Would require states to:
  - use the Integrity Data Hub;
  - use State Information Data Exchange System;
  - cross-match against the National Directory of New Hires;
  - cross-match with SSA's Prisoner Update Processing System or other incarceration cross-match;
  - disclose information to the DOL-OIG to conduct audits and investigations; and
  - use penalty and interest collections solely for UI administration
- Would allow states to:
  - retain up to five percent of recovered fraudulent UI overpayments for program integrity use;
  - issue a formal warning when claimants are unclear on work search requirements; and
  - use contract support in recovery efforts under the Treasury Offset Program
- Would provide the Secretary with meaningful enforcement authority and the ability to reward good performance

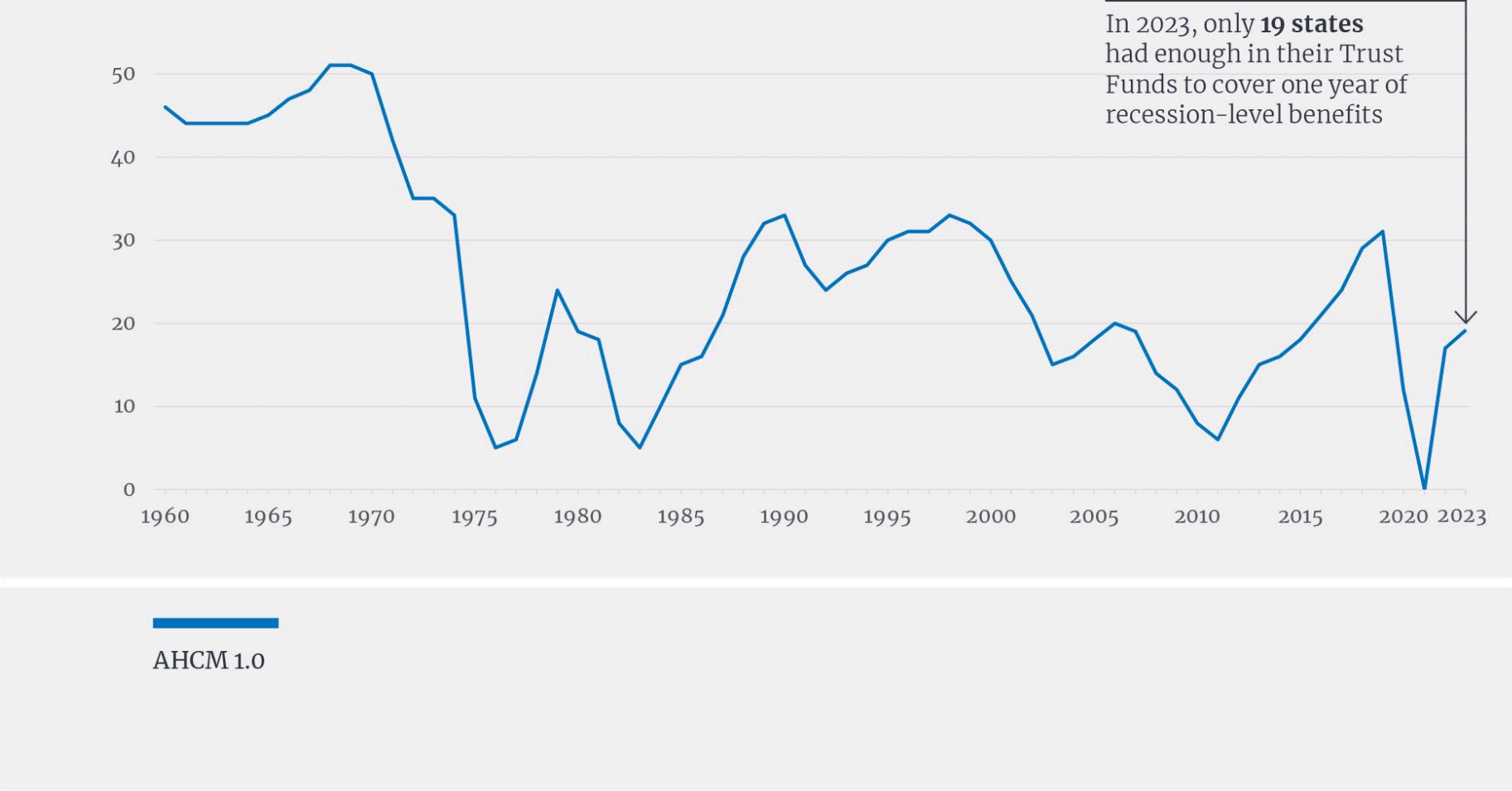
<sup>1</sup> <https://www.dol.gov/sites/dolgov/files/general/budget/2025/CBJ-2025-V1-07.pdf>

# 6. Rebuilding and stabilizing the funding of state UI benefits

## Most states do not meet DOL's UI solvency standard

**Notes:**  
The Average High Cost Multiple (AHCM) provides an estimate of the amount of time a state's Trust Fund balance could pay benefits at the average of the state's three highest cost years in the last two decades. An AHCM of 1.0 represents one year of benefits.

**Source:**  
*Unemployment Insurance Financial Data Handbook*, <https://oui.doleta.gov/unemploy/hb394>.  
2023's figure is from the *State Unemployment Insurance Trust Fund Solvency Report 2024*, [trustFundSolvReport2024.pdf](https://trustFundSolvReport2024.pdf) (doleta.gov).

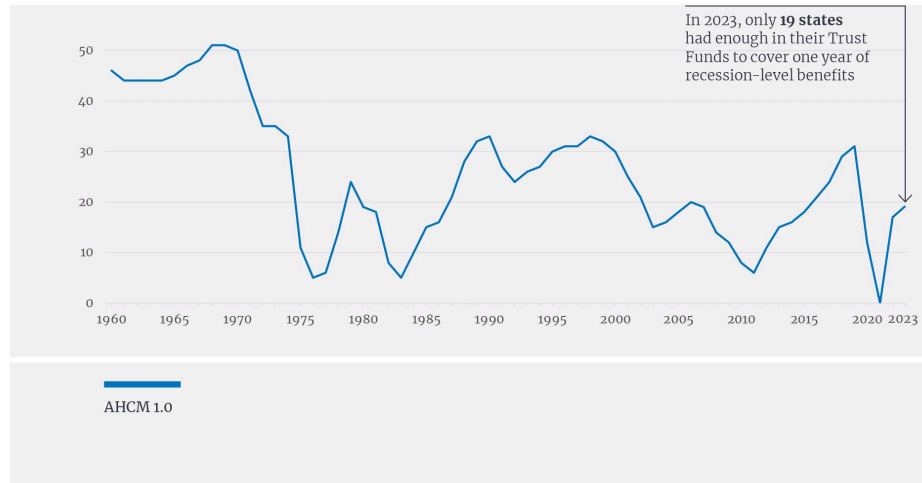


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## Key department actions

- Continuing to generate resources that provide information and educate the public on the status of states' UI solvency
- *Legislative action is needed to prevent erosion of states' capacity to respond to increases in unemployment*
- *Consideration should be given to measures that reduce incentives for employers to contest legitimate claims*



# What's next – FY 2025 and beyond

- Executing strategies in *Building Resilience* (UI transformation plan)
- Supporting states' implementation of ARPA projects within this **window of opportunity** (significant investments + stable labor market)
  - Tiger Teams recommendations (36 states)
  - IT Modernization grants (19 states)
- Continued **stakeholder engagement**
- Capturing and sharing **lessons learned**
- Development of Open UI Initiative's "Open UI Framework"
- NIDVO effectiveness and equity data analysis set to begin in Q4 FY 2024





**Thank you**