

<b>TRAINING AND EMPLOYMENT NOTICE</b>	<b>NO .</b> 16-21
	<b>DATE</b> December 2, 2021

**TO:** STATE WORKFORCE AGENCIES

**FROM:** ANGELA HANKS *AH*  
Acting Assistant Secretary

**SUBJECT:** Announcing Grant Awards Made to States Selected to Participate in the Unemployment Insurance (UI) Information Technology (IT) Modernization Project - Claimant Experience Pilot

1. **Purpose.** To provide information on grant awards made to states selected to participate as “build and pilot” partners in the Claimant Experience Pilot and to provide information on how State Workforce Agencies (SWAs) can express interest in participating in future UI IT modernization pilots.
2. **Action Requested.** The U.S. Department of Labor’s (Department) Employment and Training Administration (ETA) requests that SWA Administrators provide information contained in this Training and Employment Notice (TEN) to appropriate staff.
3. **Summary and Background.**
  - a. Summary – ETA provided grant awards totaling up to \$600,000 to support the states selected to participate as “build and pilot” partners in the UI IT Modernization Project - Claimant Experience Pilot. As “build and pilot” partners, SWAs will make available key staff and resources to participate in design and implementation activities. In the future, ETA anticipates additional pilot opportunities and continued funding to support states participating in UI IT modernization pilots. This TEN provides information on how SWAs can express interest in being future “build and pilot” partners.
  - b. Background – On March 11, 2021, the President signed the American Rescue Plan Act (ARPA) into law (Public Law (Pub. L.) 117-2). Section 9032, ARPA, creates a new Section 2118 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Pub. L. 116-136) and provides for a \$2,000,000,000 appropriation to the Secretary of Labor (Secretary) to: (1) detect and prevent fraud; (2) promote equitable access; and (3) ensure timely payment of benefits to eligible workers with respect to Unemployment Compensation (UC) programs. Such funds may be used for federal administrative costs; system-wide infrastructure investment and development; and to make grants to states or territories administering UC programs for such purposes.

The pandemic underscored states' critical need for technological support and improvements. Many state systems have and continue to operate on outdated technology, which made it difficult for them to rapidly respond to changes in law and economic conditions. In addition, antiquated technology often requires extensive programming resources to make changes or the development of manual processes due to technological limitations, adding to challenges states face in addressing large backlogs and combatting fraud, and further delaying UI benefits to eligible individuals. Funding from ARPA enables the Department to develop strategies to address long-term technology challenges by improving state processes and service delivery through UI IT modernization efforts.

The Department is partnering with U.S. Digital Service (USDS), which is part of the Office of Management and Budget (OMB) in the Executive Office of the President (EOP), to start the transformative project of centrally developing open, modular technology solutions that states may adopt as part of ongoing modernization and improvement efforts. USDS partners with civil servants to solve critical technology challenges across government by removing barriers to government services through technology and design and bringing the government's digital services in line with the best private sector service experiences. As part of the UI IT modernization project, the Department and USDS will be engaging with multiple state partners to collaboratively develop a series of pilot IT projects – the first of which is the Claimant Experience Pilot.

4. **Claimant Experience Pilot.** The first UI IT modernization project is being developed with “build and pilot” partners during the period of November 2021 to June 2022, with an initial website launch to production in February 2022. The Claimant Experience Pilot will iteratively develop a modular, claimant-facing website that provides new claimants an improved user experience and connects to existing state systems and processes as needed. This pilot seeks to test interventions (software and plain language) developed to deliver an improved process for completing initial intake questions and identity proofing while keeping equity, fraud prevention, and claim timeliness at the forefront.
  - a. **“Build and Pilot” Partner Grant Awards.** ETA awarded grant funds of up to \$300,000 to the Arkansas Division of Workforce Services and up to \$300,000 to the New Jersey Department of Labor and Workforce Development, which were selected to participate in the Claimant Experience Pilot project, in partnership with the Department and USDS. This funding is awarded to each “build and pilot” partner, in the form of grant funds, to support costs associated with the pilot, including development costs, staff costs, and identity proofing subscription costs incurred from participation in the pilot.
  - b. **Funding Selection Process.** The following describes the process used to select states for the Claimant Experience Pilot:
    - i On June 22, 2021, USDS held a Town Hall with states to discuss their partnership with the Department and their role in UI IT modernization. On June 23, 2021, USDS sent State Workforce Agencies an email with a recap of the Town Hall, next

steps in the UI IT modernization effort, a state survey to better understand the UI IT landscape across the 53 states and territories, and an online application for states to select the partnership type(s) in which they might be interested. This resulted in 10 states expressing interest in being “build and pilot” partners for the forthcoming UI IT modernization project.

- ii After developing the initial scope of the Claimant Experience Pilot, USDS attempted to contact each of the 10 states identified from the June 2021 survey. Seven of the 10 states responded to the outreach and discussions were held with all seven interested states.
- iii Through conversations with the seven states and ETA Regional Offices, USDS and ETA’s Office of Unemployment Insurance (OUI) were able to narrow down the selection to the two states that were interested in the scope of this pilot and available to participate: Arkansas and New Jersey. Pursuant to their request, most of the remaining five non-selected states of this cohort will be kept informed of the Claimant Experience Pilot’s progress. Once the Claimant Experience module is developed, we anticipate it will grow in scope and functionality in the future and that other states may be able to join in these future expansion projects.
- iv USDS and OUI will continue to work together to provide updates to a broader audience of all the states, both on the Claimant Experience Pilot and future opportunities for collaboration on other pilots.

5. **Expressing Interest in Future UI IT Modernization Pilots.** The Claimant Experience Pilot is the first of what ETA expects to be many UI IT modernization pilot projects. Any SWA interested in participating as a “build and pilot” partner for future pilot opportunities can email [covid-19@dol.gov](mailto:covid-19@dol.gov), with a copy to the appropriate ETA Regional Office. The email should provide the SWA point of contact(s) for outreach and further discussion.

ETA will compile information from all interested states and, as future pilot projects are considered, ETA and USDS will reach out to interested SWAs to schedule discussions regarding scope, timing, resource commitment, project expectations, and funding. The amount of funding for future pilots may vary significantly and will depend on the expectations and responsibilities of pilot states. Each pilot project will have its own appropriate funding level.

6. **Inquiries.** Please direct inquiries regarding the information in this TEN to [covid-19@dol.gov](mailto:covid-19@dol.gov) with a copy to the appropriate ETA Regional Office.

7. **References.**

- American Rescue Plan Act of 2021 (ARPA), including Title IX, Subtitle A, Crisis Support for Unemployed Workers (Pub. L. 117-2);
- News Release, *US Department of Labor Announces Funding to States to Modernize Unemployment Insurance System, Combat Fraud, Address Equity*, issued August 11,

- 2021, <https://www.dol.gov/newsroom/releases/eta/eta20210811>;
- Fact Sheet, Unemployment Insurance Modernization, [https://oui.doleta.gov/unemploy/pdf/FactSheet\\_UImodernization.pdf](https://oui.doleta.gov/unemploy/pdf/FactSheet_UImodernization.pdf).

8. **Attachment(s)**. Not Applicable.