

# GAO Highlights

Highlights of [GAO-23-105478](#), a report to congressional committees

## Why GAO Did This Study

In the wake of the COVID-19 pandemic, the nation experienced historic levels of job loss. According to DOL data, approximately \$878 billion in benefits were paid across all UI programs from April 2020 to September 2022. However, state UI programs with legacy IT systems faced performance issues in processing the unprecedented number of UI claims. Due to this challenge and others, GAO added the overarching UI system to its High-Risk List in June 2022.

GAO was asked to review UI IT modernization issues. The specific objectives were to (1) provide the status of modernization efforts for selected states, including the role of contracting; (2) identify notable modernization successes and challenges; and (3) evaluate DOL's management activities in assisting states and overseeing their efforts.

To do so, GAO analyzed documentation and interviewed state officials from a nongeneralizable sample of eight states (selected based on varying location and population size, among other criteria). GAO also reviewed relevant DOL policies and guidance documents and compared them to key management and oversight activities. In addition, GAO interviewed department officials.

## What GAO Recommends

GAO is making three recommendations to DOL to address pilot design weaknesses, establish standards for states' UI IT performance, and then measure such performance. DOL agreed with one recommendation and partially agreed with two. GAO continues to believe all recommendations are warranted.

View [GAO-23-105478](#). For more information, contact Carol C. Harris at (202) 512-4456 or [HarrisCC@gao.gov](mailto:HarrisCC@gao.gov).

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## UNEMPLOYMENT INSURANCE

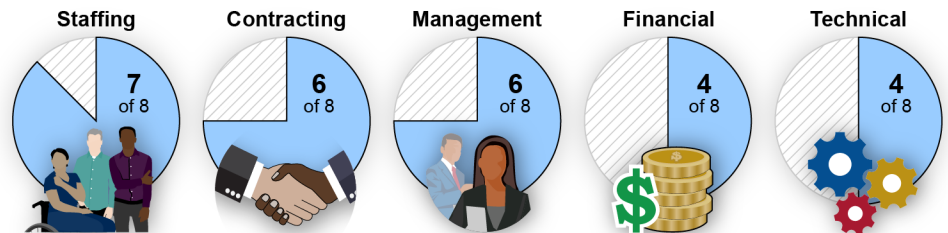
### DOL Needs to Further Help States Overcome IT Modernization Challenges

## What GAO Found

The eight states in GAO's study were in varying phases of modernizing their unemployment insurance (UI) IT systems, ranging from planning to operations and maintenance. As of February 2023, six of the eight states had modernization efforts underway, but not yet completed. According to officials from the six states, these efforts were expected to replace legacy UI systems that ranged from 7 to about 50 years old. The remaining two states completed modernization efforts in 2018 and 2021 and were in the operations and maintenance phase. To support their modernization efforts, the eight states rely extensively on contractors for system development and implementation, technical support, and identity verification.

The selected states reported several modernization successes. For example, states reported improved system stability after migrating systems to cloud computing solutions and a reduction in paper-based UI processes. However, states also identified modernization challenges in five areas: staffing, contracting, management, financial, and technical (see figure).

#### Eight States' Unemployment Insurance IT System Modernization Challenge Areas



Source: GAO analysis of state information and interviews with state officials; images: Rogatnev/stock.adobe.com. | GAO-23-105478

Regarding staffing, most states reported not having enough staff resources and not having staff with the necessary expertise to support their modernization efforts. To help states address modernization challenges, the Department of Labor (DOL) initiated several efforts, such as sending teams of experts to states and conducting pilot tests of UI technology solutions for states.

DOL has gaps in managing its efforts to assist states' with UI IT modernization and its oversight of states' UI IT performance. Although DOL fully implemented key contract management activities on its first pilot, the department did not fully implement leading pilot design practices such as developing a data analysis plan and ensuring stakeholder communication. Without fully implementing leading pilot design practices, DOL likely cannot ensure its future pilots produce information needed to make effective program and policy decisions. Regarding oversight, although DOL is responsible for overseeing the UI program to ensure that the states are operating the program effectively and efficiently, it has not measured states' UI IT performance. Until DOL finalizes IT standards and measures state UI IT performance, the department will be limited in its ability to monitor whether states' UI systems are performing efficiently and effectively.