



New Jersey's Worker-centered Approach to Improving the Administration of Unemployment Insurance

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Introduction

"...We're taking a worker-centered approach to solving UI issues that have been plaguing eligible workers around the country, finally engaging actual New Jerseyans for their feedback as they test our solutions...These initiatives will increase user confidence while reducing their time spent filing an application, reduce the risk of triggering agent intervention that delays claims, and provide additional self-service features as the need arises to speed up processing."

- New Jersey Department of Labor Commissioner Robert Asaro-Angelo¹

Unemployment Insurance (UI) is one of the most important social benefits and worker protections in the U.S. economy. The economic crisis brought on by the COVID-19 pandemic demonstrated, in all 53 states and territories, both the reward of getting earned benefits to jobless people during an emergency and the price of systemic shortcomings and failure. This paper describes the policy choices, business practices, and technology innovations that the State of New Jersey is employing to ensure that the right people get benefits – accurately and on time. Additionally, this paper

describes the political and policy reasons for why New Jersey consistently performs among the top states in benefits access and wage replacement as shown in Figures 1 and 2.

It is worth noting that innovations will do little to improve access to benefits if the policies are not in place that entitle people to benefits. If the program is structured to limit benefits to the unemployed despite employers, and

Figure 1: Percent of Unemployed Workers Receiving UI

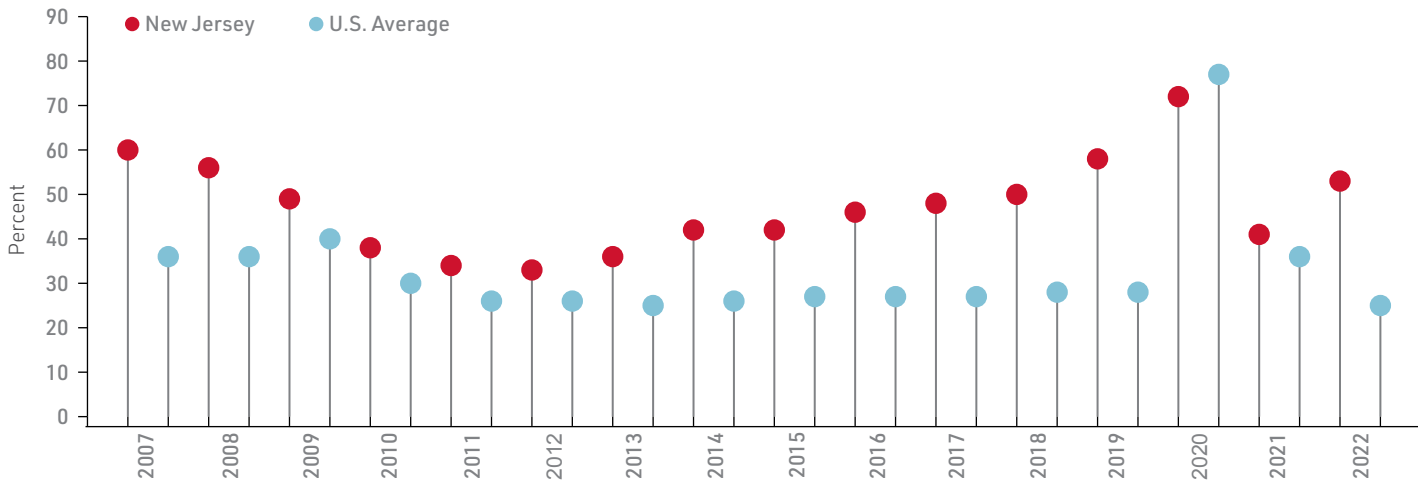
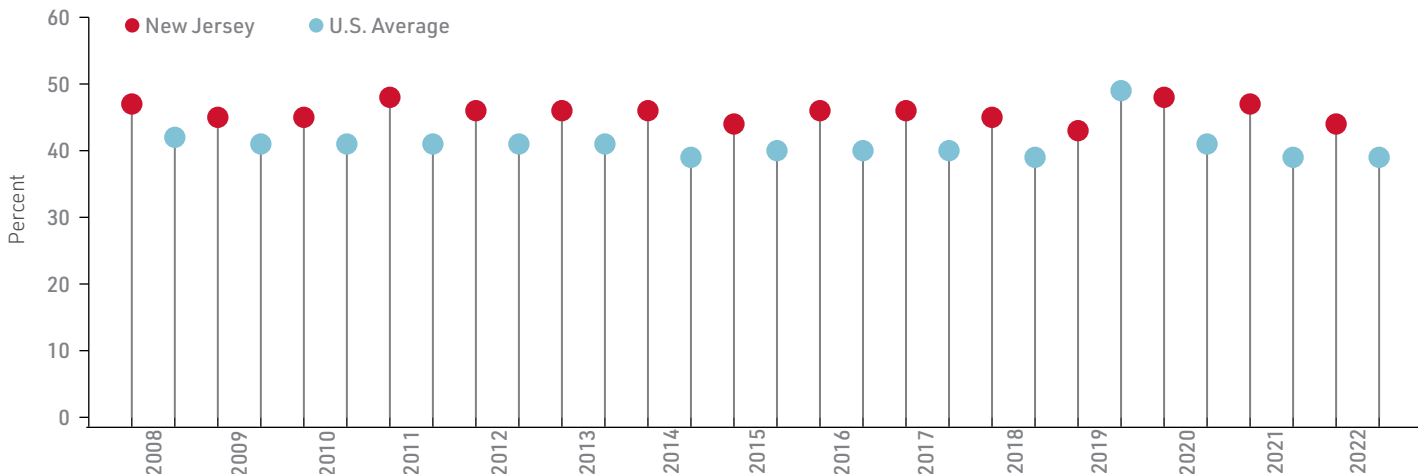


Figure 2: Replacement of Prior Income



sometimes workers, having paid into the system, no amount of technological innovation can overcome state legislatures limiting coverage in statute.

To better understand what has worked to make New Jersey's program so accessible, this paper's author visited the New Jersey Department of Labor and Workforce Development (NJDOL) and interviewed several key state workers at NJDOL and in the Office of Innovation, as well as a representative from the Communication Workers of America, the union that represents UI workers; claimant advocates; vendors; and U.S. Digital Response. This paper is a synthesis of findings from those interviews.

For decades, states have grappled with modernizing their unemployment benefits technology with insufficient funding. Underfunding of basic administrative functions means that even if there is an influx of funds for improving technology, overworked agency staff may not have the capacity to manage complex improvement projects. Achieving progress has proven to be challenging in nearly every state. Across government, only **13% of major government information technology (IT) overhauls succeed**, according to U.S. government technology and design consultancy 18F, part of the U.S. General Services Administration. Particularly in the wake of the pandemic, states sought to learn from each other's experiences as they struggled with similar

challenges. As there is always a potential recession looming, as the **Federal Open Market Committee warned** earlier this year, it is especially important to implement strategies to improve services that are less than an entire overhaul of state UI systems. Taking an incremental approach that emphasizes ongoing changes over time will help states improve performance whenever the next surge of UI applicants occurs.

New Jersey's approach to incremental improvements has succeeded in improving access and efficiency and may be helpful to other states that are considering the options available to improve their systems. When New Jersey initiated the first projects that led to a broader modernization plan, the state had not intended for immediate improvements to be the basis of a large modernization project. However, the process was so successful that the state changed its strategy about how to approach a long-term plan. New Jersey's decision to apply this approach to full technology modernization is visionary in the context of UI, though not out of the ordinary in the private sector. Given the fact that the initial projects the state has undertaken have been deployed and improved claimant experience, these early successes demonstrate that the state's strategy is likely to dramatically improve overall benefits delivery and better access to UI benefits in the future.

The New Jersey Approach: Small Fixes for Big Gains

States should consider many aspects of the way New Jersey has been making improvements no matter how they are approaching modernizing technology. For states that have already modernized or are in the process of modernization, there is still opportunity to improve the experience for both users and the state agency that works on the system in discrete ways and make back-end fixes that may not be readily apparent to users or state staff, but that can improve processes. States can look at their processes, forms, and technology, and prioritize small manageable improvements that will dramatically enhance the applicants' experience as well as the morale of agency staff. This kind of process may seem risky at first, but working through a few discrete issues could help demonstrate, as New Jersey discovered, that states will see a clear benefit to being able to identify and address challenges as they arise.

New Jersey's strategy was to avoid developing system requirements and paying for technology before seeing the results. Instead, the state sought to see the improvements delivered to residents and make changes as it learned from claimants. New Jersey's goal was to ensure that the technology was not a limit to policy options, but that technology and policy can improve together. As described below, there are five key tenets to New Jersey's technology philosophy that distinguish its approach to UI modernization.

The most important observation about UI technology innovation is that true modernization is based on a solid policy and process that can adapt as a state learns more about challenges faced by claimants to ensure that technology helps users obtain the benefits they are entitled to on a

timely basis. Although this section of the paper precedes a discussion of policy levers that make benefits accessible to claimants, policy is driving technology modernization.

Feedback Opportunities with Real Users

Connecting to users was key. Legal Aid or Legal Services partners are often a great source of information for state agencies. Legal Services of New Jersey began maintaining a spreadsheet of claimant challenges early in the pandemic that it shared with NJDOL on a weekly basis. NJDOL and Legal Services of New Jersey held weekly calls where often as many as 60 issues were resolved in two hours. This was a great way to discover common issues that could be fixed through process improvements. For example, claimants received their eligibility determination in the mail, which was the only copy of that document that would ever be available. This created headaches for claimants who lost this document but wanted to challenge the determination. One priority of the technology team was to determine how claimants could access documents whenever they wanted. This problem was not unique to New Jersey. Other states have grappled with the same issue and found solutions to it. This suggests an opening for an important role for the U.S. Department of Labor (DOL) and the National Association of State Workforce Agencies to play in sharing innovations to common challenges across states.

Gathering feedback from users was also key. New Jersey added a feedback form that enabled NJDOL to address pressing issues for claimants. For example, when users were asking about how to find 1099s, the state made that information easier and accessible to find on the Internet and added a note to the Interactive Voice Response system to create a pathway for claimants to navigate to it.

The team also considered claimants who might not understand their formal options to communicate with NJDOL. Team members routinely monitored social media groups to find common concerns. They checked Reddit's r/unemployed forum for posts from New Jersey residents. Occasionally, they reached out to posters to clarify information. Of course, this must be done carefully to avoid the appearance that plain language researchers with vendors or NJDOL are speaking for the department or give the impression that they can make an eligibility determination. One successful example is a part-time assistant to a special needs student who experienced a reduction in their work hours, attempted to apply for partial

UI, and posted to Reddit about their experience. The initial communications the assistant had received requesting additional separation information were confusing and did not seem relevant for partial UI. Thereafter, NJDOL developed clearer communications about how partial UI works.

Connection with Frontline Staff

The most important stakeholders to engage are frontline workers serving claimants and making decisions about eligibility on a daily basis. Senior NJDOL staff report that engaging with frontline staff has given staff a level of participation and excitement that makes the process easier for both claimants and staff. Frontline staff are also key to discovering what is confusing to claimants or how process or language changes could cause further confusion. The Communication Workers of America, which represents NJDOL frontline staff, confirmed this. One union shop steward said, "When the new administration came in, they listened. That is huge. They have a relationship and partnership with the unions and other agencies and people on the front lines."

Start with a Comprehensive Understanding

In hindsight, New Jersey leaders determined that starting with a comprehensive process and service-mapping exercise is critical to an effective modernization undertaking. This process helps identify current workflows and roadblocks in the system that can be addressed without inadvertently doubling down on old and inefficient policies and practices.

From these reflections and learnings, New Jersey is now engaging in creating measurement instruments throughout all processes. New Jersey is also now analyzing more data from the UI call centers to find out why claimants are calling, where calls are dropping, and examining phone numbers to see how much volume is coming from repeat callers. These measurements also apply to online interactions to find where claimants are dropping claims, or which web pages and questions are taking the most time. As the state measures these problems, it can make more informed decisions – whether to prioritize changes that can be accomplished quickly, or issues affecting the greatest number of claimants.

Using these metrics, New Jersey has been able to prioritize interventions, such as adding helper text to some questions, explaining what a "dependency benefit" is, and clarifying that only one claimant per household can claim a dependent.

These metrics have also been used to totally rework questions. One notoriously confusing question for all states is determining when a claimant is “able and available” for work. New Jersey revised that question to make it more understandable: “Can you start full-time work immediately?”

The advantage of intentionally prioritizing parts of the system for improvement means that goals can be set for each process and incremental improvements made rather than waiting for the entire program to be reformed. Noted innovation expert **Jennifer Pahlka** observed that “The big bang modernizations seem to mostly modernize for the sake of modernization. The iterative approach has distinct goals for each smaller project and can measure whether it succeeds in those goals.” These metrics are actually key to goal setting and progress measurement.

Lessons Learned from the Intake Process

The initial pilot that DOL identified for states to engage with was claimant experience at login, so that became an early priority for NJDOL. The intake application process improvement project was immensely complex – lining up policies, procedures, and databases. In order to make the front end work, a great deal of back-end work had to be done. Currently, there are 20 distinct types of claims. The dated Reemployment Call Center application was also a major challenge as it is rigid and integrating with it was the most bespoke intervention.

The intake process involved several steps. Claimants must first create a single sign-on account, then can begin to file a claim, answer application questions, and submit the claim. After they receive a confirmation, claimants are routed to ID.me, a third-party identity proofing service. If they are unable to pass the verification online, they have to call in or engage in the in-person option to verify their identity. Claimants may then expect more clarifying questions, after which they will get a determination as to their monetary and non-monetary eligibility. (Essentially, determinations as to whether they earned enough qualifying income, lost their job through no fault of their own, and are otherwise able and available to accept suitable work.) The application process also should trigger a notification to claimants that they should begin weekly certifications. There are other checks in this process, such as ensuring that the routing number supplied for direct deposit matches to the correct bank.

The new intake process enabled claimants to more easily reopen current benefit year claims – once a claimant establishes a weekly benefit amount, that amount should be available to them if they do not use their 26 weeks of eligibility

before returning to work and then subsequently lose that work. NJDOL staff are enthusiastic about the user-centered, inclusive approach they managed in collaboration with Truss, a software development company. They use a tool, **Figma**, to collaborate on visual designs. NJDOL also utilizes **GitHub Projects** to see tasks, find out who has done work on them, who is reviewing them, organize sprints and manage feasibility, and focus on tasks. By using Figma in prototyping, not all collaborators need to know the programming language to have meaningful involvement. This new environment has also made testing much easier. State staff were particularly enthusiastic about these tools' usefulness in actively managing processes and projects. NJDOL staff also emphasized that Truss' timely and regular feedback when they encountered challenges made it easier to make course corrections. While this process involves significant NJDOL staff time, staff are better able to manage the process and solve problems in real time.

Team Communication

High-level personal involvement from leadership is a necessary prerequisite for ambitious digital modernization projects to succeed. Another key element is regular check-in meetings with technologists, UI subject-matter experts, legal experts, and other key decision-makers as well as staff from finance and accounting, procurement, and research information to clear roadblocks as they arise. While New Jersey, or any other state, cannot simplify language, forms, or processes to the point that they miss key legal requirements, it is also easy to protect inefficient processes or convoluted legal language out of a belief that they must be required by law. A cross-department dialogue needs to take place between innovators and staff to ensure that the state is on firm legal ground while also making major changes.

New Jersey's communications redesign process relied heavily on close collaboration. New Jersey brought on seasoned communications expert **Janice Cho** to lead its efforts. Janice and her team implemented the use of Figma to seamlessly facilitate collaboration across innovation, UI experts, and legal reviewers. The state identified a lack of response to Appeal Tribunal, which handles UI benefit disputes, as a challenge. After a major redesign of the claimant communication process, streamlining information provided to claimants, and nudges, the response rate increased from 60% to 80%. Individuals working in hearings and appeals also report that claimants were making fewer mistakes on forms, leading to a smoother process for NJDOL staff.

New Jersey's UI Modernization History

As is true for many states, New Jersey entered the COVID-19 pandemic with a fragile, poorly documented mainframe system operating on Common Business Oriented Language (COBOL), which is a programming language developed in 1959.² While neither COBOL nor mainframes are inherently unworkable, they are not ideal for operating state UI systems for a multitude of reasons. For example, the lack of availability of COBOL programmers when multiple states were having technical challenges during the pandemic was challenging. As with other legacy mainframe COBOL systems, it is a "black box" with code dating back to before many agency staff were born. Moreover, multiple developers changing complex processes over time means that modifications could have unintended consequences. As such, it is difficult to improve the system without creating additional, unintended problems. In general, while banks and other institutions rely on COBOL and mainframes for some functions, they have far more money and flexibility to hire highly compensated technologists and contract freely than state UI systems. It can get complicated – when attempting to make forms more claimant friendly – when the website that users see has to interface with antiquated behind-the-scenes systems. Although there is some controversy, it is generally accepted that it is much more advantageous for states to have a plan to transition away from these systems than to attempt to maintain them indefinitely.

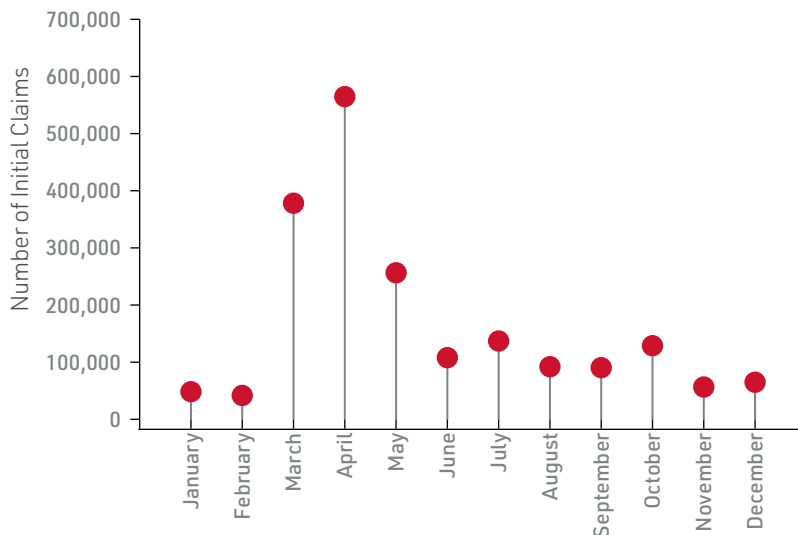
Along with most states, New Jersey made several attempts to upgrade its technology systems over the years. The **Request for Proposals** (RFP) for modernization from 2005 identified the Local Office Online Payment System, an outdated 30-year-old mainframe. The other main system still in operation is the Reemployment Call Center system, which is the database that agents use to review incoming claims. Claimants can either file a claim online or call in. The Interactive Voice Response system accepts and routes incoming phone traffic, as well as accepts weekly certifications and new initial claims. These systems are still in place.

In 2008, New Jersey partnered with a major technology firm to implement an end-to-end technology modernization process. While modernization has a wide range of meanings, in the context of UI technology, it means moving from a monolithic antiquated codebase into more modern language and tools, and usually moving off a mainframe and into the "cloud." This is usually done to make the system less brittle and easier for the state to modify and manage, although states are increasingly looking to improve claimant experience as they improve technology. By 2015, New Jersey had developed a new intake website, but the questions claimants answered up front did not always correspond directly to how they were expressed in the underlying system. Claims requiring agent intervention were often complicated, requiring translation to back-end systems that could necessitate having up to five computer screens to cross-check data with different systems and enter the information. New Jersey also attempted to partner with the State of New York when Unemployment Insurance Modernization Act (UIMA) funding was available to states following the Great Recession. One of the requirements for using UIMA funds was that states modernize in a consortium. However, many such consortia broke apart, some reconfigured, while others did not succeed. The reason for these dissolutions varied across consortia, much of it having to do with how long and involved these processes are, the incredible degree of variance between state systems, and occasionally changes in political leadership calling for a change in direction. Since 2015, New Jersey attempted to rewrite the Reemployment Call Center system and move it to a web-based JAVA back-end system. This rewrite has been nearing launch for years now and is likely to launch around the time this paper is published.

The Onset of the COVID-19 Pandemic in New Jersey

As with all states and territories, New Jersey was unprepared for the surge in new claims during the pandemic. During the week ending March 6, 2020, New Jersey had among the highest insured-unemployed rate (due to favorable access policies for claimants) at 2.8% and had 7,910 initial claims.³ Two weeks later, during the week ending March 21, 155,454 applied for UI benefits. New claims increased to 205,515 the following week, and by the end of the month, they had reached 213,897.⁴ These levels remained elevated throughout 2020 (see Figure 3). In addition, New Jersey had to set up three entirely new programs per federal legislation: Federal Pandemic Unemployment Compensation (FPUC) added \$600 to any unemployment benefit, Pandemic Emergency Unemployment Compensation added additional weeks of benefits above the 26 weeks already available in New Jersey, and Pandemic Unemployment Assistance (PUA) created several new eligibility criteria for people who otherwise would not have qualified for regular UI.

Figure 3: Initial UI Claims by Month, New Jersey, 2020



Despite these enormous challenges, New Jersey was able to get PUA operational in a little over a month, which is about average timing for states. It is important to note that the PUA platform was set up by UI staff rather than IT staff.

Developing the NJDOL website internally demonstrated improvements can be made without requiring time-consuming change orders to a procurement contract, paving the way for an approach that blends the use of in-house and vendor talent to make rapid improvements.

Pandemic-driven job losses surged in the northeastern United States because the COVID-19 pandemic hit metropolitan areas in those states particularly hard. New Jersey benefited from having strong leadership and support from Governor Philip Murphy and NJDOL Commissioner Robert Asaro-Angelo. One interviewee said, "It comes down to the Commissioner. He is in demo meetings and requirement meetings, so when someone says they do not have the resources to do something, he will ask for a proposal for the staff needed to do it." It is easy for technology projects to encounter roadblocks that take time to resolve through normal bureaucracy. Therefore, it requires leadership to commit a great deal of time and effort to ensure that issues can be resolved as soon as they arise in order to move at the speed necessary to make measurable progress in a timely manner. This approach calls for a level of fearless willingness to be steeped in technology, as leadership requires the knowledge and confidence to make big decisions and pivot quickly as teams encounter challenges.

In relation to the onset of the COVID-19 pandemic and its impacts on the UI system, New Jersey was also in the fortunate position of having established a state Office of Innovation (OOI) in the summer of 2018. Dr. Beth Noveck was appointed by Governor Murphy as the state's Chief Innovation Officer and included as a member of the Governor's cabinet. Dr. Noveck previously served in the Obama White House as Director of the White House Open Government Initiative and Deputy Chief Technology Officer. OOI employs technologists, designers, and policy professionals skilled in the rapid development of citizen-facing government services. Since OOI had been working with NJDOL prior to the pandemic on other technology projects, including the development of a platform to help job seekers identify training opportunities and another tool to help the employed conduct a job search, it was well positioned to collaborate with NJDOL during the crisis. OOI recruited highly regarded technologists, including Giuseppe Morgana, who had served on the U.S. Digital Service (USDS), and Dave Cole, who was a senior White House advisor on technology innovation. As Dr. Noveck, Morgana, Cole, and Commissioner Asaro-Angelo had all previously worked for the federal government, they were in a good position to form a rapid partnership with USDS, DOL, and the White House during the pandemic.

New Jersey's UI Modernization Landscape and Important Players During COVID-19

In addition to the presence of OOI, another of the most important key staff leaders in the New Jersey reforms has been the Director of New Jersey's Office of Unemployment Insurance Modernization (OUIM), Gillian Gutierrez. At the beginning of the pandemic, she was Director of Strategic Planning and Outreach for NJDOL and was the primary point of contact at the agency for innovation efforts. As such, she laid the groundwork for the human-centered design approach described in the next section of this paper. For example, she made sure that the digital innovation team could connect to a diverse set of claimants to conduct extensive user testing and research. Her new role and office were created in January 2022. In addition to years of experience and expertise in worker benefits and protections, which make her an excellent technical leader, she worked for nearly a dozen years in DOL's Women's Bureau, so she brought an exceptional level of awareness and expertise around equity issues. OUIM also hired a lawyer who had previously worked at Legal Services of New Jersey, Kristin Matteo, as the policy lead on this team to ensure that claimants' needs would be at the forefront throughout the process. A major component of ensuring modernization works correctly is having a policy expert at the table who can provide insight around the purpose of current policy and what can be changed and what should be retained.

Modernization efforts got under way during the height of an unprecedented crisis, and long-time UI leadership competently managed all of this integration work while managing the most chaotic moment in the history of Unemployment Insurance. The Assistant Commissioner of the Division of Information Technology Sharon Pagano and the UI Director Greg Castellani continued to implement all the changes in law and modifications to guidance that came out while still paying claims. This was no small feat, considering they had to implement dozens of updates to guidance following two legislative changes to pandemic-era programs while getting \$40 billion to workers.

The first step in this collaboration was to look for areas where OOI could be additive to solving problems that NJDOL identified. The first stress point NJDOL identified was the UI weekly certification process. To be eligible for unemployment

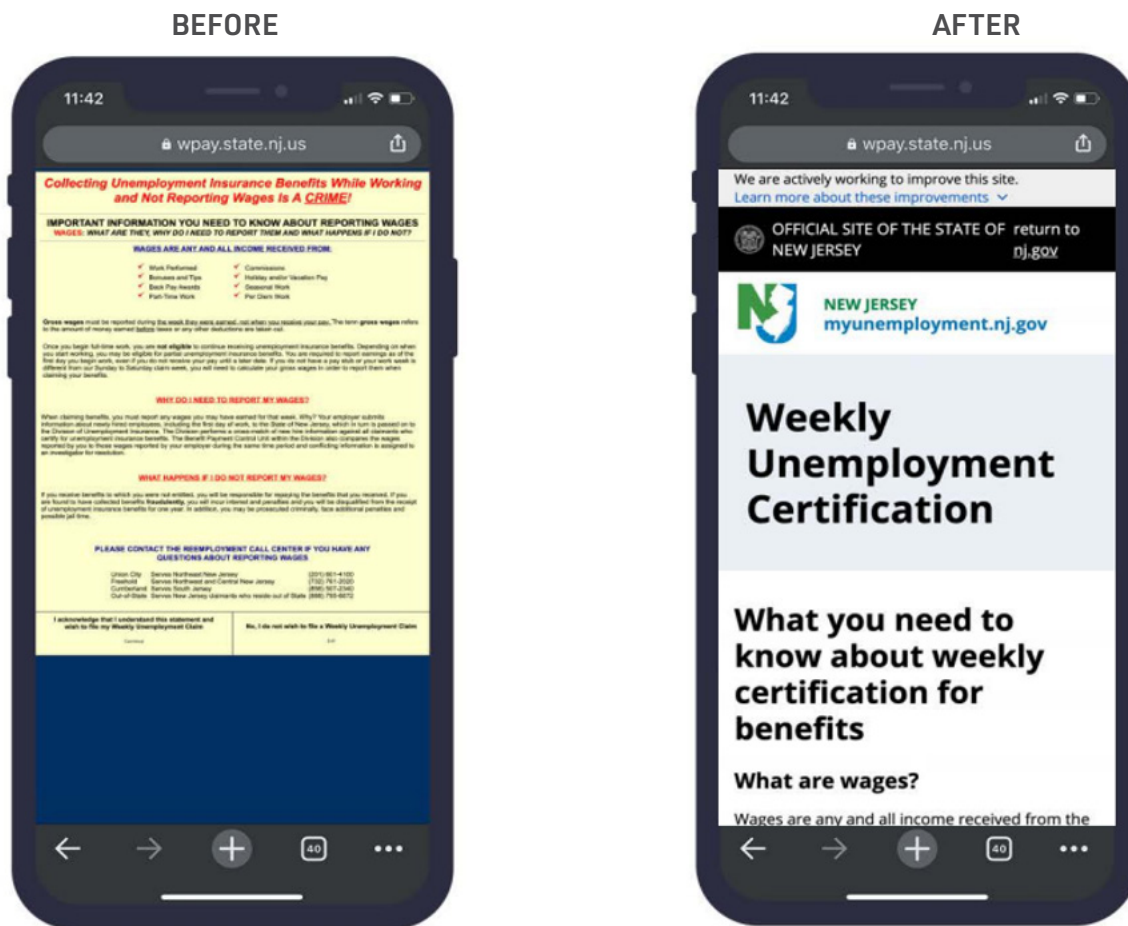
compensation, claimants must not only complete an initial application and be determined eligible, but also certify their eligibility weekly.

In order not to overburden the beleaguered system, claimants were required to complete this weekly certification of ongoing eligibility during an assigned 30-minute window. The website NJDOL was using at the time was not designed to work on mobile devices despite the fact that 52% of users were accessing the site via a mobile device. For this reason, claimants had to ensure they had access to a desktop computer during the time-limited certification window.

When it was determined that the legacy technology would not permit expanding the window, NJDOL and OOI worked together to: make the website more usable via mobile device and simplify the language and process (see Figure 4 on page 9). These improvements, done over a matter of weeks, rather than months or years, also included more plain language directions and a third gender option. (See the appendix for additional examples of before and after screenshots of improvements made to New Jersey's UI forms and materials.)

After NJDOL identified improving weekly certification as a priority, the state began a formal engagement with USDS, a technology service housed in the Executive Office of the President of the United States. By all accounts from NJDOL staff, this was a mutually beneficial collaboration. Another key element of this success was the high-level commitment from DOL beginning in 2020. Senior political leadership at DOL's Employment and Training Administration were also committed to identifying promising practices and deploying modern technology improvements, including Assistant Secretary John Pallasch and Deputy Assistant Secretary Amy Simon. One interviewee commented that it was a "more holistic approach working together across federal and state government using modern processes." Prior to this partnership, the federal government had never played a direct hands-on role in building UI technology at the state level. In interviews, OOI staff identified several reasons this worked well. First, the crisis helped to make the state more receptive to outside assistance. Second, USDS was well-

Figure 4: Implementing User-centered Weekly Unemployment Certification - Before and After Screenshots



poised to help with this kind of project. Third, staff at both USDS and NJDOL were able to quickly build rapport. Finally, the scope of the project was deliberately narrow, which helped to ensure an initial success.

The partnership with DOL and USDS carried over into the Biden Administration when it assumed leadership in January 2021. The American Rescue Plan Act allocated \$2 billion to DOL **“to detect and prevent fraud, ensure timely payment of benefits, and promote equitable access.”** One area of focus in that effort was to develop central tools and resources for states working to modernize their UI technology. In December 2021, **New Jersey became one of two states**, along with Arkansas, to be selected to participate with DOL and USDS in a “claimant experience pilot.” The idea was that these two states would pioneer and test improvements that the federal government could then help to replicate across states. The pilots in each state ultimately deployed quite different solutions to improve user experience. Arkansas worked with DOL on improving the online registration

process by connecting the state’s UI system to Login.gov, the federal government’s tool for single sign-on access, while New Jersey focused on changes to its intake and certification processes. The work continued with DOL’s OUI after USDS’ involvement ended.

When the improved form design and questions were deployed, the average applicant in New Jersey completed the intake form 48 minutes faster than the previous version of the form. The revised intake application also prioritized equity.

Extensive user testing has been a core component of all projects that NJDOL has launched through the federal OUI since 2020. DOL continued to work with New Jersey through April 2023 to continue integration work with the current system. The public version of this project will launch by the fall of 2023. The state is currently working with U.S. Digital Response to add a mechanism that will enable claimants to apply in Spanish, an effort that is described later in this paper.

New Jersey issued its first **agile development request for quotes** on March 7, 2022. To accomplish this, the state used a publicly available procurement vehicle available through the U.S. General Services Administration for state and local governments.⁵ Recognizing this functionality and taking advantage of it, by itself, is innovative. While it is not strictly necessary for states to contract with vendors for this kind of modernization project, and the process was led and driven by the state, it is worth discussing vendor selection and collaboration, as the state deliberately selected vendors with a vision and approach that matched its claimant-first vision. New Jersey also managed the collaboration in a way that ensured that public servants were at the center of all decision-making and problem solving as issues arose.

To accelerate the improvement process, the state agencies rapidly brought in outside vendors that worked closely with the agencies under their direction. Work was not simply outsourced. Rather, new talent was integrated into the in-house teams, following the state's lead in terms of the choice of project and the approach (agile, iterative, and human-centered). New Jersey worked with vendors that represented a new approach to public-sector technology: Nava and Truss were founded by members of the team that the White House assigned to rescue HealthCare.gov after its rocky start in 2010. Nava works with states to incrementally rework components of their systems using human-centered design principles. Likewise, Truss identifies processes that can be improved in an iterative fashion, meaning creating technology solutions that are not "one and done," but built using continuous improvement processes based on user experiences.

Traditional Approaches to UI Modernization

Generally, when states consider modernizing their entire system, they follow a standard approach. First, the state usually issues an RFP with a comprehensive list of system requirements and then hires a vendor to manage the entire process. The vendor then responds to the state's requirements with some version of a customizable commercial off-the-shelf (COTS) product. Implementing these COTS products is often difficult because states operate their UI system in wildly varying ways. Not only do all of the qualifications differ between states, benefit calculations and business practices also vary. Even some things that may seem similar from one state to another are vastly different upon closer inspection. For example, two states may offer 26 weeks of benefits, but one state may pay a benefit in 26 weeks, and another state offers a monetary eligibility for 26 times the claimant's weekly benefit amount. This means that a claimant picking up some part-time work applies differently for workers in different states. In one state, a week counts as one of the 26 weeks, but another state subtracts whatever the claimant was paid in UI from their total eligibility. When one multiplies that level of variation across all of the ways that **state laws can vary**, it is easy to see how difficult and complex it is to transfer solutions across states.

This COTS-driven process can be attractive for states because there are vendors with experience in this work, albeit a small handful that may experience some challenges scaling to meet the needs of all 53 states and territories that operate a UI system. Since funding for these projects often comes as a single allocation, issuing a contract for the amount that a legislature appropriates creates a level of certainty about the cost of the overall effort. The risks of things not working is also centralized, or in procurement parlance, there is one organization or person to blame when things do not work as intended. This is also a familiar model to NJDOL staff and may be the only kind of procurement that will gain support from state procurement, IT, and finance departments.

Before making a decision about what to build, states must define their goals. If the goal is to purchase a steady state system that is fixed and meets upfront requirements, these COTS processes can meet that goal. However, if the goals are more about reducing claimant burden or being able to evolve as quickly as shifting fraud tactics shift, it is better to understand that the system needs to be more adaptable.

The biggest challenge the traditional procurement process presents is that the state has to anticipate all of the problems that may be encountered. However, unexpected issues arise along the way despite the hundreds of pages of requirements

often included in RFPs. Another challenge is that sometimes in copying solutions from one state to another, a product may inadvertently change the way a state asks questions or operates in a way that may not be an improvement for that state. Also, there is a downside to some (but not all) of these arrangements when states do not own their code or have easy access to their data through their vendor arrangements. Often it is considered a best practice in government contracting to require that vendors have completed a similar

project and met all RFP criterion, but that may unnecessarily limit a state's vendor options and prevent them from taking advantage of new and promising practices. Furthermore, a state can never truly outsource risk. Even if the contractor is responsible for fixing problems, stakeholders such as claimants, policymakers, and the media are going to hold the state agency and elected officials responsible for any deficiencies. Even if costs are fixed up front, change orders may be unpredictable after system deployment.

New Jersey's Agile and Human-centered Design Approach

A key principle of human-centered design is to build with the claimant and agency worker experience at the front of the process, and not at the end, with additional testing built into the process wherever possible. This testing should involve discovering not just that something is understandable, but understandable at a high-confidence level. While asking claimants whether a form makes sense is one approach, it can also be extremely helpful to actually watch claimants and/or agency staff make their way through a process to see where they are having issues. The Figma documents referenced earlier in this paper demonstrate the questions the team asked claimants to assess for both understanding and confidence. Instead of asking, "Do you understand this notice?" researchers asked, "What is this notice telling you?" and "What does this notice want you to do?" and "By when does it want you to do that?" and "How will you accomplish this?"

NJDOL's communications redesign team sometimes took an unconventional approach to doing its work. For example, at the start of a form redesign or when thinking about rewording questions or adding helper text, Janice Cho would develop an initial draft by asking ChatGPT to explain the topic or concept in a way that was easy to understand. Most of the time, the artificial intelligence-generated text was a good starting point to begin the process of rewriting forms. This process also added plain language nudges to remind claimants that they may be eligible for Mixed Earner Unemployment Compensation, which was an additional benefit established by Congress in December 2020 for claimants who earned income that may have qualified them for a larger PUA

benefit than the UI benefit for which they were eligible. The communications team also sent nudges to people who may have been eligible for overpayment waivers. Team members tracked responses to reminder emails in five-minute intervals when the reminder first launched, which netted thousands of responses on the first day.

Another promising feature that New Jersey has launched and is working to improve is **claim status tracking**. One major takeaway from the pandemic was that giving claimants a way to find out that their claim had been received and be able to see roughly where it is in the process gives them peace of mind and reduces call volume so the state can focus on other issues. A simple version of this form has recently launched, but NJDOL staff noted they will conduct additional user testing and make improvements to the current form. NJDOL staff are also working to ensure that process inquiries in other parts of the UI system redirect to this page. A previous, more detailed claims tracker was not engineered to handle high volume of claims, which caused it to crash. This is an excellent example of the need for an iterative process that can pivot when one approach does not work. This form batches process requests from many systems, stores that information to a highly scalable cloud-based database, and then serves it through an Application Programming Interface that is integrated with both the online claims system and the Interactive Voice Response system for phone users. A NJDOL customer experience survey revealed that 75% of claimants find it helpful.

New Jersey's Prioritization of Translation

Generally, it is considered prudent to have translation work follow full plain language updates. However, in New Jersey's case, having some overlap in the handoff has proven useful. In late 2022, public interest technology firm **U.S. Digital Response** (USDR) – a pro-bono nonprofit group founded during the pandemic to help state and local governments with a variety of process and technology challenges – volunteered to work on the Spanish translation process. One of the greatest public-sector technology challenges in 2020 was in UI and it became one of USDR's main focus areas. NJDOL gave USDR access to its GitHub repository and set up a process whereby USDR could propose translated text. USDR would then copy over forms that had been through plain language development for translation. USDR used a service called Netlify to create a prototype to begin user testing. USDR also created a PDF of that form for users without Internet access to test.

Much thoughtful user testing work went into this UI modernization effort in New Jersey. User experience testing is generally one of the most time-intensive parts of development, but when it comes to translation, it becomes even more challenging. The users are extremely diverse, often from multiple nations of origin, and may distrust government for various reasons. USDR worked with Legal Services of New Jersey, which already had established relationships in various communities. USDR also reached out to unions and nonprofits with close ties to immigrant communities, as well as trade groups. USDR was able to leverage these relationships to recruit volunteers. Additionally, USDR made sure to include claimants from a wide range of Spanish-speaking countries. Similarly, USDR worked to ensure that translators on its team came from a variety of countries. While USDR had team members who were fluent in Spanish to help translate, it also found it critical to have native Spanish speakers on the team not just to improve the quality of translation, but for outreach purposes to build trust for user recruitment.

Once users were recruited, USDR would test each iteration with two to three users, make improvements, and then re-test until it was confident of the language. Even then, a single translation that works for all Spanish speakers is impossible. For example, the word "paycheck" does not have a single translation across the entire Spanish-speaking world. USDR has developed an extensive glossary with alternate translations as well as the English term for a variety of relevant terms. While there is a commonly held belief that all plain language work should be completed before undertaking translation work, there is value in some overlap in these two processes. For example, the translation team found that visual representations made forms more understandable, such as what qualifying documentation looks like. This could also be useful for English-proficient claimants who might have limited literacy, as well.

As previously mentioned, and observed in other projects, learning from state agency staff was invaluable. The USDR team met with bilingual NJDOL call center agents who were able to identify challenges that Spanish-speaking claimants encounter. According to USDR's lead on this translation work, Marcie Chin, "If you engage with frontline workers, which is the cheat code to finding issues that Spanish speakers encounter." Another best practice around equity is that New Jersey has a compensation process for individuals who helped with user input. This is not only fair for people giving up their time, but it also helps to ensure that claimants of limited means with limited time can participate.

The New Jersey UI Modernization Approach

In their initial conversations about this project, senior NJDOL leadership emphasized that the state is responsible to assist the public in a way that truly serves their needs and that everything else should follow. Consistent with New Jersey's longstanding tendency toward ensuring access to benefits for all workers who lose their jobs through no fault of their own, the state has taken on a comprehensive approach to improving its technology. Key to this approach are data-informed intentional processes of prioritizing issues and communication between teams and with frontline staff and users. However, throughout the process, one of the main messages that came across from the New Jersey experience

was the inherent connection between policy, business practice, and technology. No improvement or decision can take place in a vacuum in one of those silos. Technology systems in some states are a bottleneck to making democratic decisions about how to provide benefits. In other states, visionary technological innovation can only achieve so much when the underlying law is exclusionary. In any case, no innovation can be fully realized unless policy subject-matter experts, business practice leaders, and technology innovators can closely collaborate to ensure innovation processes are truly additive.

Underlying UI Policy and Access Issues

Regardless of technology challenges, New Jersey is consistently one of the best states for both access to UI and replacement of prior income. While there are areas of access policy that can and should be improved, such as the **federal flexibilities that Commissioner Asaro-Angelo has called for in weekly certification**, there are a variety of factors at play that set the stage for policy levers to favor equitable distribution of benefits in the state, beginning with political factors that have set good policy.

New Jersey's replacement of prior income hovers around 50%, which is about the level that has historically been considered sufficient, but given the experience of far higher wage replacement in the pandemic and wages in general being less sufficient, credible entities have recommended far higher replacement rates. University of Massachusetts economist **Dr. Arindrajit Dube recommends** 80% replacement for the lowest income claimants, tapering down to 50% for claimants with higher incomes at the time of job loss. U.S. Senator and Senate Finance Committee Chair Ron Wyden and U.S. Senator Michael Bennet have proposed a **75% replacement rate** up to the state's maximum weekly benefit.

While reciprocity in 2022 was 53%, it should be noted that in the 1970s, it was **83% in 1971 and reached a high of 97% in 1975**. Access declined in the 1980s due to a law passed in 1981 that increased benefit eligibility standards and reduced wage replacement, which declined to just 15% in 1994. Changes in the law in 1992, 1995, 2002, and 2003 made it easier for workers to earn enough to qualify for benefits in a few key ways, and increased standard weeks of benefits as well as benefits available for workers enrolled in qualified training programs.

One of the key drivers of high reciprocity in New Jersey is likely union density. On average from 2019 to 2021, **16.09% of workers in the state were union members**, and the state has **historically had higher-than-average union density**. This factor plays a role in both how claimant friendly the underlying laws are, and the actual ability of workers to access benefits. **Union members are more than twice as likely to apply for and receive unemployment benefits**. The fact that New Jersey's labor movement is savvy around UI issues means that while some states infrequently open UI statutes, improvements pass with greater regularity in the Garden State. In the fall of 2022, legislation was signed into law that would require employers to provide workers notification of their rights to access UI at the time of separation from employment. While New Jersey is one

of only two states to provide benefits for striking workers, this past spring, the legislature **improved that law** to provide coverage after 14 days rather than 30 days, and improve lockout provisions.

To look at some of the applied policies that lead to benefit access, one of the most significant factors in ensuring workers are covered under UI is defining employees correctly. The gold standard for determining who is truly an independent contractor rather than an employee is the "ABC standard" where per NJDOL: "A) the individual has been and will continue to be free from control or direction over the performance of work performed, both under contract of service and in fact; and B) the work is either outside the usual course of the business for which such service is performed, or the work is performed outside of all the places of business of the enterprise for which such service is performed; and C) the individual is customarily engaged in an independently established trade, occupation, profession or business."⁶ Twenty-three states have an ABC standard on the books, but New Jersey is particularly serious about ensuring that it works. NJDOL has been serious about **going after employers** that misclassify workers both administratively and by **championing passage of legislation**.

Benefit levels replace a significant percentage of income because the formula is set to simply replace 60% of a claimant's average weekly wage up to 57% of the average

weekly wage in the state, currently \$830. New Jersey is one of only 13 states to provide dependent benefits. This maximum weekly benefit in New Jersey is indexed annually and is one of the highest in the United States. By way of comparison, claimants in Arizona can expect a maximum payment of \$240 per week.⁷ New Jersey also has a generous provision for partial UI for claimants working part time while collecting UI. While most states only allow a claimant to earn up to their weekly benefit amount, New Jersey allows workers to earn 40% more than that amount and still be eligible for partial benefits. New Jersey is also one of only seven states to not require a waiting period to be eligible for benefits. Moreover, the state has two additional triggers to allow for extended benefits: when total unemployment (as opposed to insured unemployment) is over 6.5% and greater than the previous year and allows for 7 additional weeks over the usual 13 weeks when unemployment reaches 8%. Fewer than half of states have these additional triggers. New Jersey operates Short-time Compensation – also known as a work-sharing program – that allows employers the option to reduce hours across the workforce rather than lay off workers.

All of these policy levers present in New Jersey provide a favorable landscape for UI claimants.

Conclusion

There are many factors critical to ensuring an unemployment system pays the right benefits to claimants on time that are sufficient to provide claimants with the necessary time and resources to find a good replacement for the job they lost. Before any technological intervention can get a state to a good UI system, the state must have claimant-oriented rules set by the legislature and the agency responsible for guaranteeing all people who lose work through no fault of their own have fair access to and knowledge of their rights to benefits. **The agency responsible for paying benefits must have the power, leadership, time, skills, and resources to manage an ambitious process improvement.**

No innovation project is purely technological. Clear collaboration across technology, policy, legal, and logistical experts is critical to success. Leadership needs to be able to devote extensive time to this process as well as to develop their own agency-wide expertise at assessing technologies and focusing on user experience and design. All staff involved need to be willing to overcome inertia and ask if there is a better, different way to approach examining problems and finding solutions. The state needs to reexamine how it thinks about risk and be willing to take on more potential responsibility risk while shedding some other kinds of uncertainty risk. Knowing that multiple pivots in every process will be necessary is important to acknowledge and socialize up front so that changes to the game plan are not

just tolerated but expected. Testing and being willing to check assumptions throughout the process should be routinized and normalized.

Engagement is necessary in many ways and is needed constantly. Every respondent interviewed for this paper was effusive about the talent and knowledge of frontline agency staff. Reaching out to legal services and community groups was likewise a necessary step if the goal is centering claimant experience. Finding creative ways to engage the public outside of formal channels also led to better understanding of and approach to solutions.

Mapping processes and the claimant experience up front is critical to making good prioritization decisions. This is also true for ensuring that the state is measuring core metrics about where claimants are having difficulty, and which kinds of claimants are experiencing challenges in which parts of the process. This mapping process and focus on the claimant experience is also important in knowing what effect various interventions are actually having on access.

Another through line with this work is a willingness to embrace new tools and new entities open to engage on UI. Particularly since the start of the COVID-19 pandemic, new vendors and volunteers have developed an interest and expertise in UI. New publicly available collaboration technologies have made it easier to manage projects and allowed for people with different kinds of expertise to be able to participate fully in the UI space.

The public pays little attention to these efforts when the economy is operating well, but then states face intense scrutiny during economic downturns when these neglected systems do not operate well. Examining one state – New Jersey – that made significant improvements during an unprecedented crisis and continuing into a period of less chaos, will help other states find solutions to better serve their residents who are entitled to unemployment benefits.

End Notes

1 Gutierrez, G. (n.d.) *Current efforts towards UI modernization* [PowerPoint presentation].

2 COBOL is a programming language developed in 1959 for the U.S. Department of Defense. It has fallen out of use over the decades as more wieldy modern languages have been developed.

3 This is the percent of workers unemployed and eligible for UI. Retrieved from: <https://oui.doleta.gov/press/2020/031220.pdf>

4 Retrieved from the U.S. Department of Labor Initial Claims for Unemployment Archive: https://oui.doleta.gov/unemploy/claims_arch.asp

5 If a state lacks a process to purchase something, the **U.S. General Services Administration has a mechanism** for states to purchase certain types of technology and vendor services.

6 Retrieved from <https://www.nj.gov/labor/ea/audit/independent-contractor-vs-employees/>

7 Table 3-5 of DOL's *Comparison of State Unemployment Insurance Laws*, 2022: <https://oui.doleta.gov/unemploy/pdf/uilawcompar/2022/monetary.pdf>

Appendix

Figure A-1: Hearing Notification - Before and After Screenshots

BEFORE

AFTER

Figure A-2: UI Claim Portal Log-in - Before and After Screenshots

BEFORE

AFTER

Figure A-3: Overpayment Waiver Application - Before and After Screenshots

BEFORE



AFTER

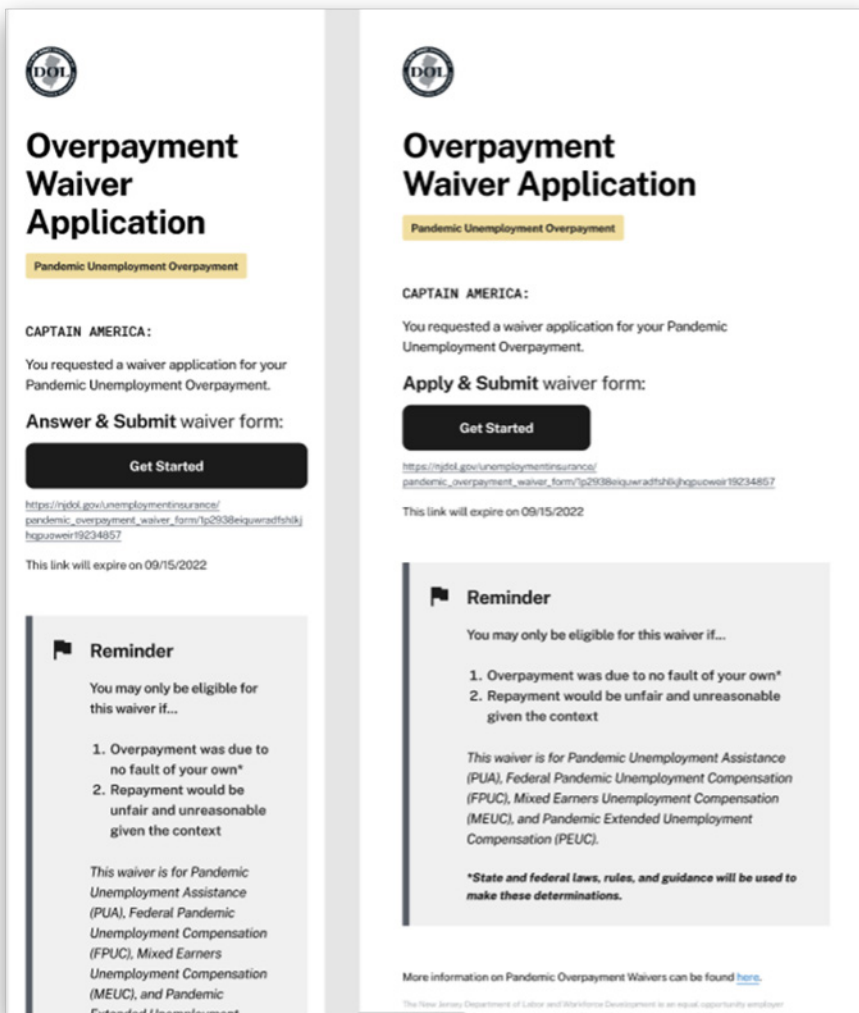


Figure A-4: Status Updates - Before and After Screenshots

BEFORE



AFTER

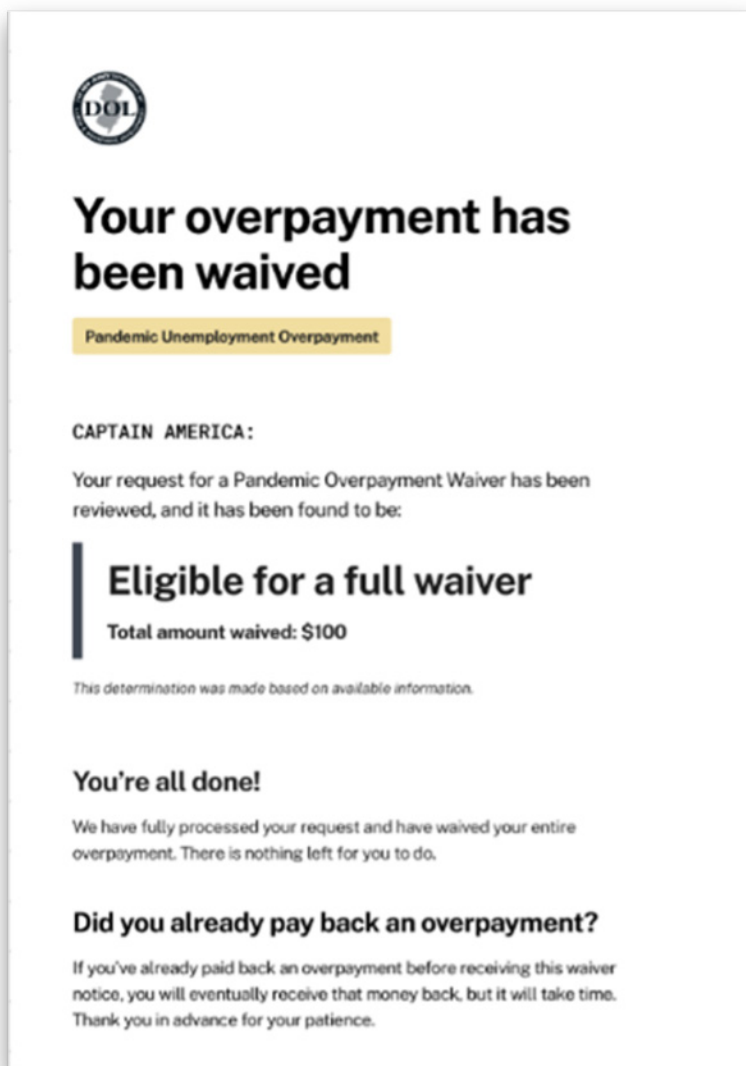
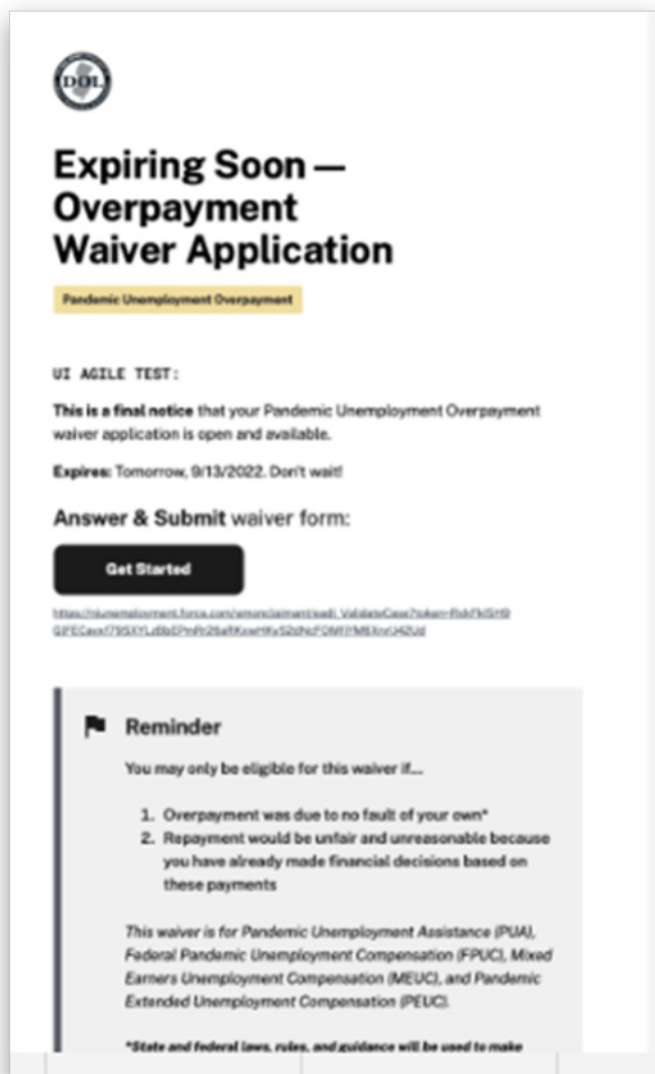


Figure A-5: Identification Verification Request - Before and After Screenshots

BEFORE

***** CAUTION *****

This message came from an EXTERNAL address (02000000nr8nthq2-q0bmdm9p-1frn-f4pc-r5r1-bcotvavinq80-000000@amazonse.com). **DO NOT** click on links or attachments unless you know the sender and the content is safe. **Suspicious?** Forward the message to spamreport@cyber.nj.gov.

Your Unemployment Insurance claim has been locked.

To verify your identity and unlock your NJ Unemployment Insurance claim, follow these 3 steps:

1. [Click here](#) and "Verify with ID.me"
 - o Use the *same email* you used to file your unemployment claim
2. **Wait a few days** for an email confirming your verification
 - o In some cases, this could take up to 15 business days
 - o **DO NOT** certify for benefits online or by phone while waiting for this email (it will delay future payments)
3. **Certify for benefits** after you are verified
 - o NJDOL and ID.me will protect your identity from theft as you manage your unemployment

*****If you have already completed these actions, please disregard this note*****


Even if you verify your identity, your unemployment claim may be denied for other reasons. If this is the case, verifying your identity will not approve your claim. We will send a letter via postal mail explaining the reason your claim was denied.

Our #1 mission is to deliver unemployment benefits to eligible NJ residents as quickly as possible. To learn more about our identity verification program, please read [this press release](#).

Division of Unemployment Insurance
New Jersey Department of Labor & Workforce Development

AFTER

New Jersey Department of Labor and Workforce Development myunemploymentclaim



Verify your identity

Unemployment Insurance (UI)

We have received your application for unemployment insurance benefits.

- 1

Verify your identity with New Jersey Unemployment's ID.me

Use the **same email** used to file your unemployment claim

Get Started

<https://hosted.id.me/njdol>
- 2

Wait — Do not certify for weekly benefits

Wait for the New Jersey Unemployment confirmation email
An ID.me confirmation email is not enough to begin certifying.
- 3

Watch for New Jersey's confirmation email

An email titled "Access your NJ Unemployment Claim," will direct you to start certifying

If you have already completed these actions, please disregard this email.


Should I certify while I wait for confirmation from New Jersey?

No — please wait for your email confirmation. If you certify during this wait period, it may delay future payments. In some cases, the email from New Jersey could take up to 15 business days.

Will my claim be approved if I verify with ID.me?

Not necessarily. We need to verify your identity in addition to examining your claim. Even if you verify your identity, your unemployment claim may be denied for other reasons. Weekly benefit payments depend on your eligibility.

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STATE OF NEW JERSEY

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If you'd like to get in contact with the New Jersey's Division of Unemployment Insurance, you can call (732) 761-2000. Phone lines are open from 8am-3pm Monday through Friday, the best time to call is at 8:30am.

This email is a new beta design created by New Jersey's Division of Unemployment Insurance and New Jersey's Office of Innovation. We #wecollective feedback here

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