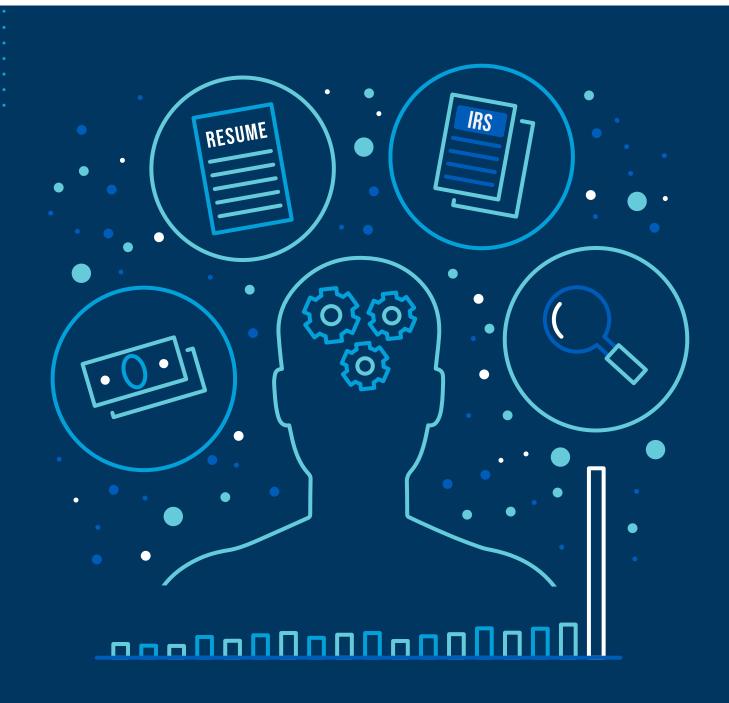# Millions of Americans are Unemployed

Now is the Time for Quick, Pragmatic Action

CapTech

In a 2017 blog, "Why States Should Be Thinking Differently About Their Unemployment Insurance System," I urged state agencies responsible for unemployment to modernize legacy IT systems with integrated, fully-digital ones.
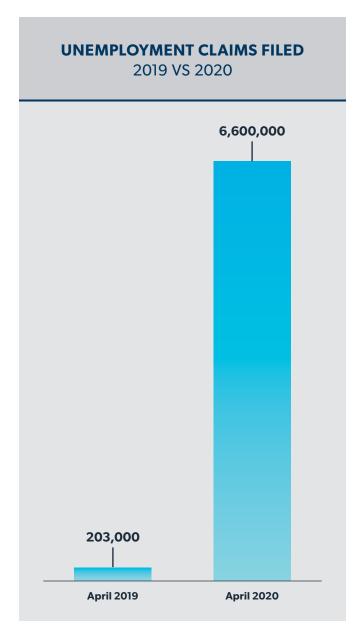
Today this is more imperative than ever, given the surge in jobless claims related to the novel coronavirus (COVID-19) pandemic. Millions of Americans (6.6) filed unemployment claims last week; by comparison, for the week ending April 5 in 2019, just 203,000 people filed claims, according to the US Department of Labor. Worse, "real unemployment" – unemployment that includes discouraged workers who may not be actively seeking a job – is projected to be close to 15%, numbers not seen since World War II, as noted by Fortune.

With the passage of Coronavirus Aid, Relief, and Economic Security Act (CARES Act), unemployed workers will be granted enhanced benefits – in the form of additional weekly payments (in excess of what they receive from the state), and an increase in the number of weeks they may receive those payments. This should come as a welcome relief, but also strain the state agency systems.

Unfortunately, that good news for the unemployed has been coupled with significant disruptions in filing for unemployment benefits. Across the country, laid off and furloughed workers are forced to deal with state agency deficiencies – website crashes, massive lines (with social distancing rules abandoned), and long-form paper applications. Even when they're filed, former workers are waiting days for updates or receiving the incorrect amount of benefits. A majority of these systems cannot adapt to the change in federal unemployment guidelines and cannot properly scale to the citizen demand.

The answer to both the challenges and the opportunities is both based on technology and fundamental processes changes aimed at streamlining archaic century old thought.

Many of the state agencies are dealing with decades-old legacy IT systems and relying on manual processes, which can create real inefficiencies that are insufficient for the current crisis. In New Jersey, it was revealed that its unemployment system was based on a 40-year-old mainframe and a programming language that dated to 1959. In fact, the state agency was seeking workers skilled in this antiquated programming, COBOL, to support the influx of filings this week.

UNEMPLOYMENT CLAIMS FILED
2019 VS 2020

6,600,000

203,000

April 2019   April 2020

In March, [McKinsey](#) made some sound recommendations for state agencies, but not all of them – like bots and sophisticated algorithms – are easy to implement and scale. It is important to clearly understand the fundamental realities of the situation and drive a realistic approach. A holistic, digital transformation may not be needed right now; instead, state agencies responsible for unemployment should direct efforts to the implementation of technology that can quickly address the growing needs of citizens. Most of my recommendations are aimed at creating technical and process workarounds that can quickly react to the realities of the situation. These recommendations include the following:

- **Implement Cloud-based infrastructure**
  A Cloud-based system capable of managing intake and triaging unemployment applications could be set up in just a few weeks. This would help unemployment agency workers to swiftly vet filings against existing data and automatically provide updates – and payments – directly to recipients. In another situation requiring rapid infrastructure, CapTech quickly implemented a set of real-time services, hosted on the Cloud and dynamically scalable to demand for a transit authority with dated infrastructure to quickly respond to citizen needs. This greatly enhanced operations and led to an increase in customer satisfaction and ridership.

- **Focus on self-service – and make it accessible**
  Many laid off and furloughed workers are dealing with overwhelmed customer support systems to file and get answers to their many questions – and some are waiting for weeks. Complex systems, coupled with long waits, are causing deep frustration for unemployed workers. [New York State announced that they have created an application with support from Google](#) that filers would receive a call from a representative within 72 hours. That's a great start, but it doesn't fully ease the burden on agency workers. Agencies can create a secure, mobile-accessible online portal for filers, with easy-to-follow instructions, and details on what

to expect, and when. Some workers may not even be aware of what's available to them; the portal could make it as simple as possible, with video tutorials and frequently-asked-questions. The portal can also be partially automated, which would be a significant lift to agency workers.

- **Seek new solutions**
  Consider alternatives that can be rapidly implemented and provide immediate relief. Voice-enabled technologies could play a significant role in supporting the current crisis facing unemployment agencies by providing additional channels to serve customers. Digital queuing technology could provide automated updates to waiting applicants.

- **Prepare for the (near) future**
  When the economy shows signs of improvement, and applications have decreased, that's when you need to focus time and resources on a more sophisticated and comprehensive integrated system that is dynamically scalable. The global economy is more connected than ever before, and the likelihood of another disruption cannot be underestimated. Don't wait – think about how your agency can digitally transform for the future.

Along the way, keep in mind that applicants – and state agency workers – are discouraged and anxious. The unemployed are dealing with significant stressors, while agency employees are dealing with a massive influx of applicants while working from home. State agencies are facing unprecedented challenges, which call for quick, decisive action. Quite honestly, there is a difference between idealistic strategy and pragmatic tactical delivery; it's time for realism, not platitudes.

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