



February 22, 2021

The Honorable Chuck Schumer
Senate Majority Leader
United State Senate
Washington, DC 20510

The Honorable Mitch McConnell
Senate Minority Leader
United State Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker of the House of Representatives
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
House Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Senator Schumer, Senator McConnell, Madam Speaker, and Rep. McCarthy,

According to the National Association of State Workforce Agencies (NASWA), only 18 states have modernized both their unemployment benefits and unemployment tax system.

We have reached a point of crisis with the technology used by states to administer the country's unemployment insurance system. These legacy systems still utilized by a majority of states have hindered their response to unemployment insurance claimants and unnecessarily exposed the states to sophisticated criminal enterprises that have sought to defraud state and federal unemployment benefits programs.

By delaying prudent investments in this vital part of the social safety net, more tax payer dollars are being lost due to fraud and inefficiency than what would have been needed to bolster the technology infrastructure nationwide. This is not good governance.

The current crisis is far from over. Investment needs to be made now to ensure states have every possible chance of successfully delivering these vital benefits to the vast number of working Americans still impacted by the pandemic.

There is reason for optimism. Modernization projects have grown increasingly successful over the last several years. States are learning from and working with each other in partnership to leverage successful technologies and practices. The blueprint is there for all states to be successful given the necessary resources.

We ask that federal legislation be enacted this year that includes an immediate allocation or funding eligibility for states to fast track modernizing their systems and for a permanent source of funding to ensure states are prepared for future crises.

Future federal legislation should include:

- Modernization funding for states. Funding should be tied to states incorporation of established modernization best practices and pre-modernization checklist set forth by USDOL in program guidance letters.
- Trust fund solvency relief for states. Every state has been hit hard, through no fault of their own, and businesses across the country will bear the burden of refilling the state trust funds if action isn't taken to relieve them.
- The creation of a state led commission to prevent fraud, inefficiency and service-delivery challenges the next time there is a substantial economic downturn. There needs to be an established and codified response plan to support states when Congress authorizes new programs or program extensions. By taking the lessons of the pandemic and applying them to our systems, we can prepare for future economic challenges and avoid the same delays and difficulties.
- Review of and investment in the interstate unemployment system. Claims across state lines are increasing as our workforce increasingly works across state borders, and as unemployment displaces claimants from their homes. Review and additional investment in this area would greatly reduce the burden on state unemployment agencies.

Your efforts on behalf of state and local governments throughout the last year have been very important and greatly appreciated. As we work to rescue our country from this pandemic and the current economic downturn, we all share a fundamental duty to protect American workers harmed by these forces that are beyond their control. Modernization funding for state unemployment systems promotes speedy aid to those who need it, good governance, and protects taxpayer dollars from fraud. Your support for modernization and stabilization projects in the states will help support our nation's workforce in years to come.

Sincerely,



Governor Laura Kelly
State of Kansas



Governor Tom Wolf
State of Pennsylvania



Governor Tony Evers
State of Wisconsin