National Emergency Unemployment Website Spillway (NEUWS)
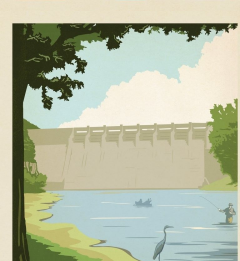
Proposal by Team Larch:
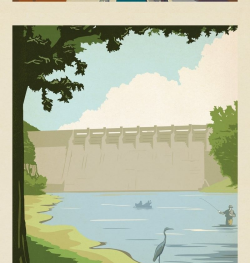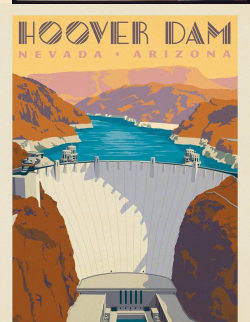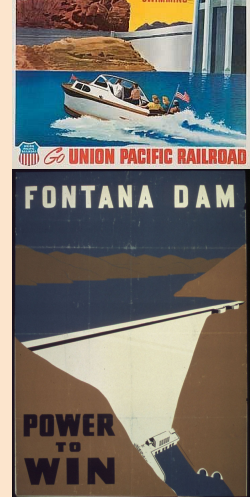
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Create and fund the
National Emergency Unemployment Website Spillway*

1. Augmented ID Verification System
2. "Spamhaus" Database for Fraud Prevention

*Spillway - a passage for surplus water from a dam. Spillways ensure that the water does not overflow and damage or destroy the dam

During Normal Times

- State unemployment teams can handle a normal volume of claims
- ~300 adjudicators
- ~1400 claims per day

During A Crisis

- Systems get overwhelmed
  - 40,000 claims per day
- Non W-2s make verification less effective
- Large scale fraud attacks bog down adjudicators
- Millions of people don't get their benefits

Our Solution

National Emergency Unemployment Website Spillway (NEUWS)

- Create and maintain the NEUWS release valve

- Quickly relieve pressure from State Unemployment Agencies

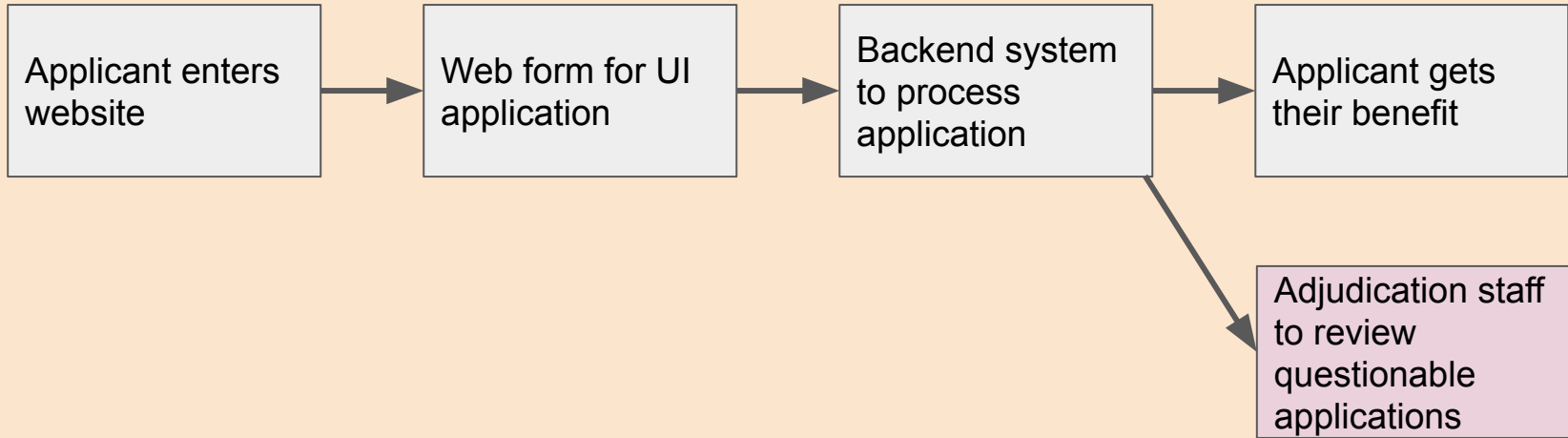# Augmented ID Verification System

- Third party verification of ID

- Customized for each state's needs

- Costs scale with size of crisis

"Spamhaus" Database for Fraud Prevention

- Spamhaus: most successful anti-phishing email system

- Every visit to a state UI site (i.e. IP address) is collected centrally

- Applications from suspicious IPs put to "bottom" of pile

Current State System
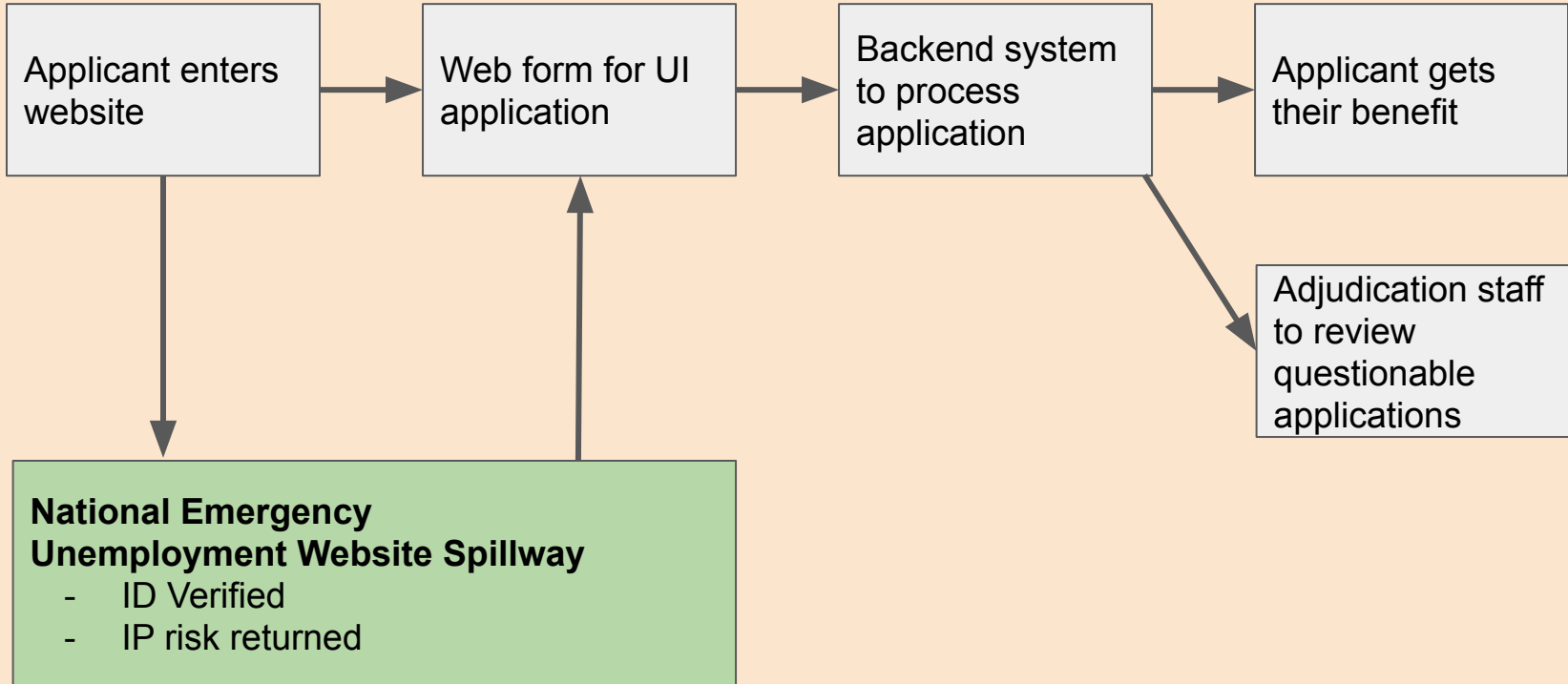
Our Ask

Establish Spillway

Up To $250M Grants To States

Run Spillway

$250M Emergency Fund

Metrics & Success Criteria

- Duration from initial claim to payment (less than 3 weeks)

- Number of claimants in backlog (reduce to near zero)

- Duration in backlog (reduce to near zero days)

- Percent fraud (reduce)

Creation and funding of NEUWS
National Emergency Unemployment Website Spillway

Getting **people** their **benefits** when they need it most

Getting our **economy back on track** when we need it most

Appendix

FAQs

How fast could claims be processed with this system?

- We believe that with this system 90% of valid claims can be processed and paid in <3 weeks.

How much volume can your solution handle?

- 3rd party ID verification systems are cloud based (ID.me runs on AWS). So essentially, the automated ID verification capacity is unbounded.

Why not change the backend systems?

- Half of the states have very antiquated benefits systems (10-30 years old) and challenging to change. Whereas the front end system is usually less than 10 years old, which provides an easier way to divert people at that step to a solution that will address the overflow.

FAQs

Has this been tried before?
- Not at this scale. Some states such as California have partnered with ID.me and saw improvement in UI processing.

What risk is there in adopting this approach?
- The estimated impact of this proposal is an estimate. The actual impact will depend on successful implementation.
- There is some perceived risk in leveraging the same third party identity verification processor for every state. It might be ideal to consider multiple vendor options.

What risk is there in doing nothing?
- Excess consumer burden to the tune of $112.6 billion, at a time when our economic stability is already at risk.

FAQs

What will happen to existing claims that are partially processed?

- This decision is deferred to the individual state agencies, who understand their processes in depth and can advise whether passing off partially processed claims to a third party would aid or hinder efficiency for those claimants.

How long would it take to implement this solution?

- According to our research, some states like Georgia & Florida, have been able to get ID verification outsourced in 48 hours (with a manual backend process). California was able to soft launch an integrated solution in ~6 weeks.

FAQs

From whom are you asking for money?/Where should the funds come from?

- We are requested that the president issue an executive order so that $500M is funded for NEUWS or the Department of Labor allocates $500M of its budget towards NEUWS.

What if the states don't have the resources/time to implement this solution?

- This funding is intended to provide the resources to implement the solution. States don't have time NOT to implement this solution.

FAQs

Are there any fraud/privacy concerns?
- Since we are collecting and using personal data, we will obtain the user's consent prior to collecting and using their data. We will require our service provider to adhere to industry best security practices (ID.me, for example, is Federal & FIPS certified).

What is the anticipated time savings with this solution?
- We anticipate that benefit payments to a majority of applicants who go through manual adjudication today will drop from 5+ months to less than 1 month

FAQs

Can IP address be tricked?
- Many of the tricks like using VPNs and AWS are known and detectable. But fighting bad guys is never ending. Also, we are focused on the big offenders, not five people sharing one IP in a home.

What % of applications do you expect are slowed without your solution?
- Based on CA EDD's strike team report, 40% of total UI claims require manual adjudication and 78% of those are due to ID verification.

FAQs

Can this be rolled out incrementally?
- Yes, states can choose to apply when ready; however, we recommend that states prepare in advance of a crisis. Recessions, fraud, and unanticipated spikes will continue to occur. If just the front end is touched, the effort and duration has been as low as 48 hours with a full verification offloaded via spillway to a 3rd party. Can start there.

FAQs

If you had to choose only one, the ID or the IP, which?
- We would focus on the ID authentication. This is a known problem, causing significant delays for legitimate claimants. By leveraging a third-party vendor to authenticate claimants during times of crisis, human adjudicator queues can be kept manageable and backlogs/ delays avoided. The ID portion of the "spillway" can be implemented even if a particular state hasn't modernized their backend systems.

How long would it take to implement?
- From 48 hours to 6 weeks depending on the level of integration and the state resources available and or desire to contract out and state of legacy system

Who is your main "customer" / "user"?
- Our primary customer is the claimant, who will leverage the third party vendor to authenticate definitively before being redirected to the state's unemployment website. Human adjudicators are also major beneficiaries, given that this "spillway" will reduce their workloads during times of crisis/ surges.

Alternatives

- Do Nothing
  Millions without support, failing economy

- Increase UI staffing
  Not effective outside of a crisis, takes too long to hire/train, creates perpetual budget strain

- Centralize all systems for states
  A central system would have significantly more requirements and would still benefit from a spillway