

Fostering a national ecosystem for digital service delivery through federal grants

Team Ginkgo - Chuck Borges, Alyssa Harvey Dawson,
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How might the federal government help states deliver unemployment assistance to people faster as the program and the nature of work changes?



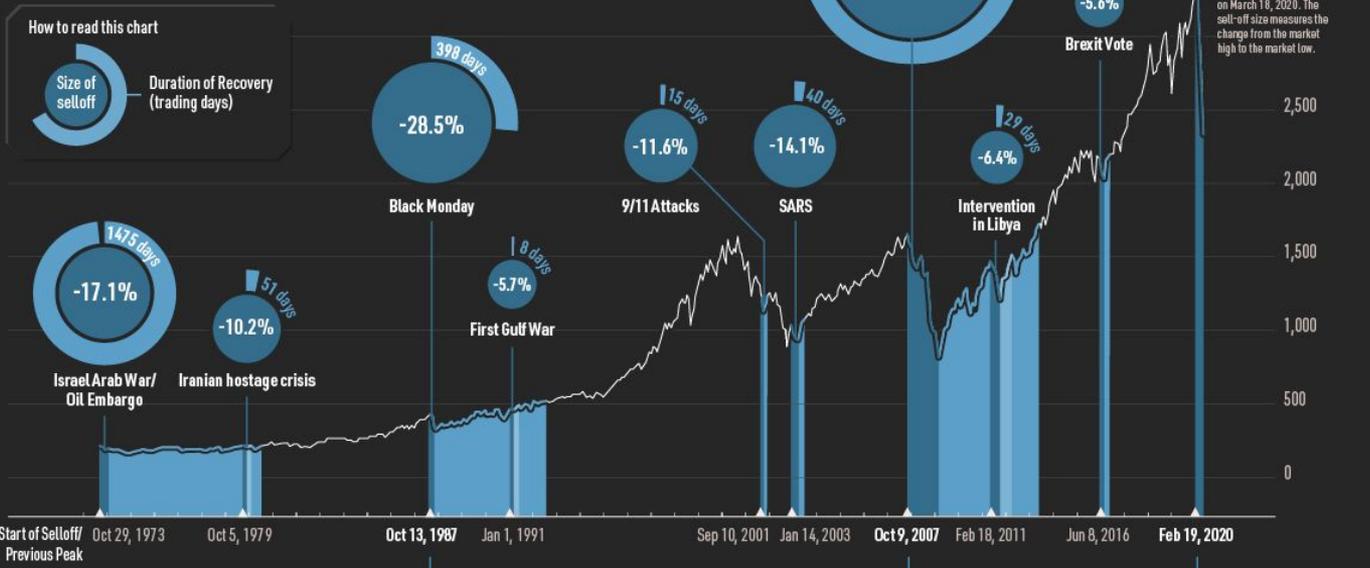
How might the federal government **incentivize** states to deliver unemployment assistance to people faster as the program and the nature of work changes?

COVID-19 is the latest shock to modern social systems. It is also an unprecedented learning opportunity.

Rare, unexpected events—known as Black Swans—can have severe consequences in the stock market. Below, we compare the COVID-19 reaction with other historical events, charting their downturn and length of recovery.

S&P 500 Performance (October 1, 1973 to March 18, 2020)

SOURCE: HAVER, DEUTSCHE BANK VIA ZEROHEDGE (SEP 2017), YAHOO FINANCE (MAR 2020)



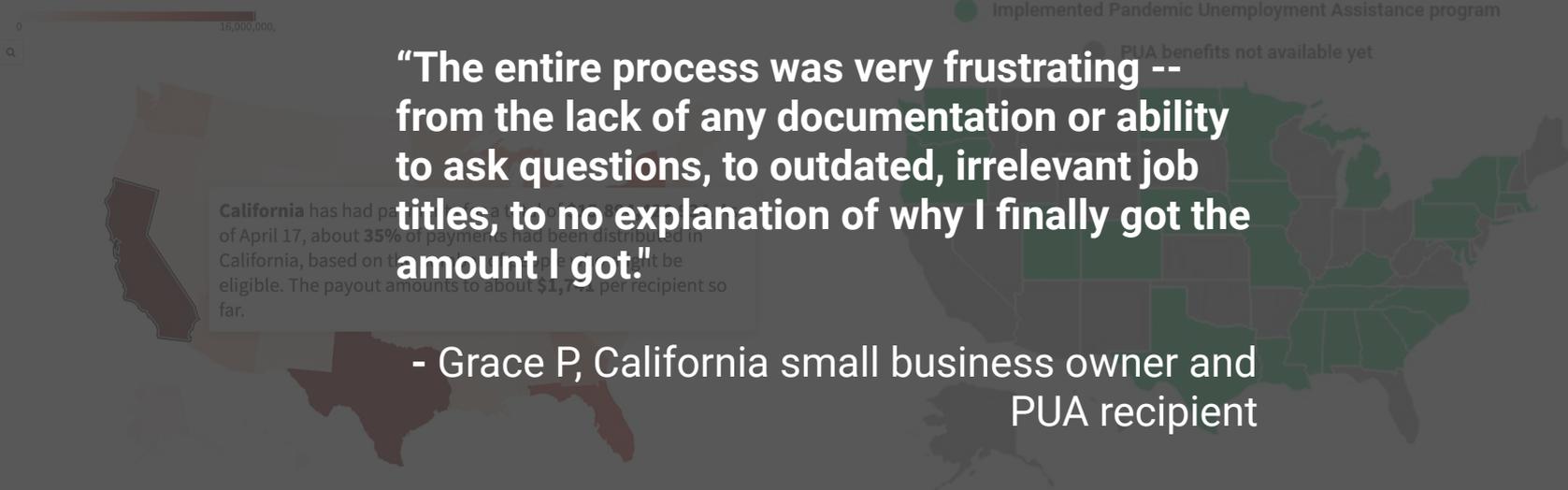
Recommendation 1: Assess the performance of current models in delivering PUA benefits

- The **General Services Administration** should work with the **Department of Labor** to assemble a cross-functional team to assess performance of state service teams in delivering pandemic assistance services with particular focus on the Pandemic Unemployment Assistance Program (PUA).
- Gig workers and independent contractors represent a **brand new user group**
- Utilize key performance indicators that **balance among user experience metrics and operational metrics**
- Identify **common attributes of successful state models**

How might we assess the performance of state-delivered services?

30-40% of federal stimulus paid by late April

Only half of states offering PUA benefits by late April



“The entire process was very frustrating -- from the lack of any documentation or ability to ask questions, to outdated, irrelevant job titles, to no explanation of why I finally got the amount I got.”

- Grace P, California small business owner and PUA recipient

What are the common attributes of successful service-delivery models?

Digital Service Plays

1. Understand what people need
2. Address the whole experience, from start to finish
3. Make it simple and intuitive
4. Build the service using agile and iterative practices
5. Structure budgets and contracts to support delivery
6. Assign one leader and hold that person accountable
7. Bring in experienced teams
8. Choose a modern technology stack
9. Deploy in a flexible hosting environment
10. Automate testing and deployments
11. Manage security and privacy through reusable processes
12. Use data to drive decisions
13. Default to open

[In detail](#)

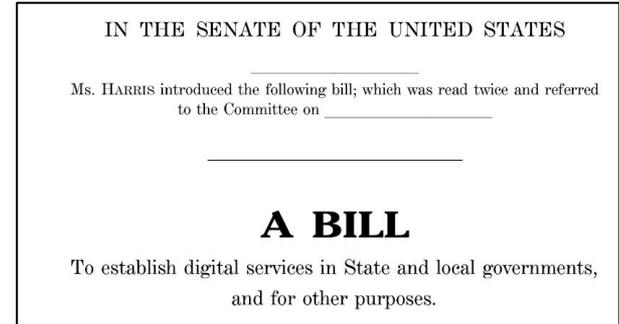
What are the common attributes of successful service-delivery models?

State	Program	Digital Service Capability?	Leveraged shared services?	Iterative Procurement Model?
California	Pandemic UI Strike Team	Office of Digital Innovation	Assessment conducted by former USDS leaders	Recommended
Colorado	Child Welfare Program	CO Digital Service	Utilized open-source code between state and counties	Emerging
New Jersey	Pandemic UI	NJ Office of Innovation	Worked with U.S. Digital Response on user interface	Emerging
Vermont	Medicaid	Agency of Digital Services	Worked with 18F on Medicaid expansion	Yes
Utah	UI Employers (2017) UI Image Upload (2019) Medicaid (2021)	Digital Government	State Information Digital Exchange System (operated by NASWA)	Yes

**PUA benefits program implemented by late April*

Recommendation 2: Establish a grant program to build a national ecosystem for digital service delivery

- Congress should fund Government Services Administration to administer the program to be executed by **18F** in collaboration with the **United States Digital Service**.
- The grant program should:
 - **Utilize eligibility requirements** to incentivize investment in digital service capability (i.e., cross-functional team with appropriate integration & top-cover)
 - **Leverage an incremental funding model** to incentivize incremental procurement practices with appropriate metrics (i.e., user-centered metrics and demos)
 - **Target focused initiatives** based on congressional priorities with program managers distributed between 18F and USDS
 - **Provide** best practices and centralized tools (e.g., code)



What would success look like?

- **Capacity-building investments** by state and federal agencies
- **Aggregate improvement** in identified service-delivery metrics across targeted programs
- **Reduced** cost to deliver key services aggregated over state and federal expenditures
- **Enhanced speed and resilience** during next crisis

Questions?

Thank you!

...TELI team

...users we interviewed

...stakeholders we engaged with

...civil servants working on all of the various pandemic assistance programs

Team Gingko: Tim, Linda, Alyssa, Chuck, Ashley

Appendix

Follow-up questions / points of clarification

- Review learnings and confirm conclusions from state project research
- How are funds administered? Held at Federal level w/States applying?
- Understand roles and responsibilities of USDS vs. 18F for this project

Executive Summary

- Background: **Delivery systems for state-provided services have not kept pace with advances in technology and models for service delivery.** The global pandemic has provided both a stark illustration of current deficiencies and an unprecedented opportunity to assess existing models towards establishing and building upon best practices.
- Recommendation: **Congress should utilize forthcoming economic stimulus programs for the states to stimulate the development of a national innovation ecosystem around state-provided services.**
 - Phase 1: *Assess the performance of current models in delivering benefits to Pandemic Unemployment Assistance (PUA) recipients.* The PUA response provides an unprecedented opportunity to assess the ability of all 50 states to deliver benefits at scale to a traditionally unsupported set of users. Have states with indigenous innovation offices performed better? Have collaborations between states and federal innovation offices helped? What additional infrastructure would be needed at the federal and state level to scale key attributes of successful models?
 - Phase 2: *Establish a grant program that provides funding to both federal and state innovation offices with incentives to build upon and scale best practices.* A senate bill called the Digital Services Act was introduced by Sen. Kamala Harris in 2019 proposing a \$65M grant program (\$50M to USDS, \$15M to states) taking a similar approach. We propose introducing similar legislation in a coming session, this time informed by lessons learned from the initial pandemic response and packaged with subsequent federal stimulus programs.

Narrative

1. COVID is the crisis / catalyst for investigation - Failure of PUA for gig-workers
2. Systems fail in common ways
 - a. This will not be the last crisis - capability to rapidly respond is essential
 - i. Counterpoint to anyone saying COVID was a one-time event
3. Partnerships between Fed & State gov have been effective (cite examples from CA, NJ,) in finding solutions to common problems across systems
 - a. 18F / USDS Playbook?
4. ID what's worked from these states, leverage, scale partnerships across more states speed benefit delivery to Americans.
 - a. 18F partnership with VT
5. Therefore, we propose ID what's working & developing a grant program to allow states to scale
6. Close out / next steps / work to be done

Creating an Innovation Ecosystem for State-Provided Services

Team Ginkgo

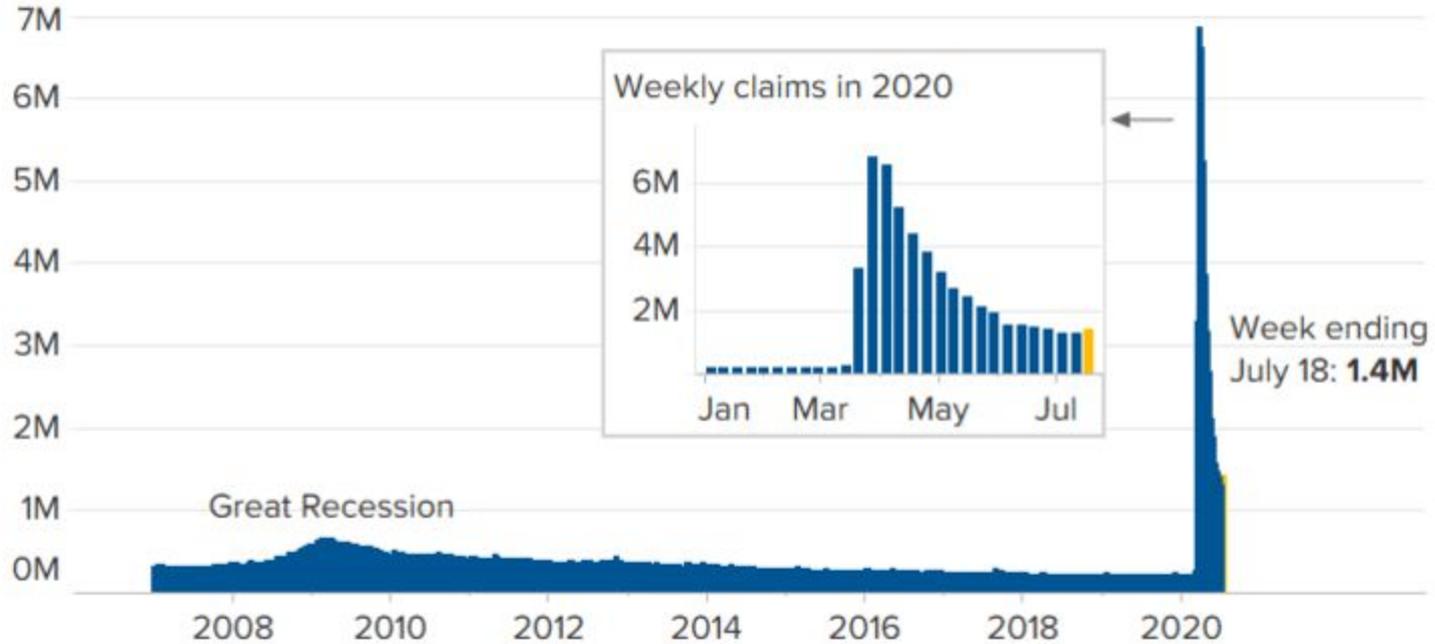


Executive Summary

- Background
- Technical
- Current
- Building

- Recovery
- Stimulus

Initial claims for unemployment insurance



SOURCE: Department of Labor. Data is seasonally adjusted. Data through July 18, 2020.



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Root causes of PUA failures are common among state-delivered services

PUA Failure point for 1099's & gig-workers	Commonality to other Federal and state-provided services for other stakeholders	Generalized solution / desired end point	Gap
Lack of coordination among states to solve the same problem = Delays 50 states = 50 solutions	<ul style="list-style-type: none"> Numerous state systems have significant commonality e.g. unemployment, SNAP, DMV administration, payroll, etc. 	<ul style="list-style-type: none"> Working groups fostering common solutions, sharing best practices, and coordinating efforts 	<ul style="list-style-type: none"> Build off success to date in systems like PAPUA in NJ Leadership by a group at the Federal level
Identity verification -	<ul style="list-style-type: none"> SNAP benefits from USDA is supportive Medicaid enrollment Temporary Assistance for Needy Families (TANF) from HHS to states Low Income Home Energy Assistance Program from HHS 	<ul style="list-style-type: none"> A centralized service for verifying user identity. In 2019 the GAO suggested the NIST develop standards. 	<ul style="list-style-type: none"> Significant. Systems operate independently with no centralized service. Research effort to date via USDS
Income verification - lack of digital records mid-year leads to challenges	<ul style="list-style-type: none"> Federally-backed student loans from Dept of Ed via FAFSA 	<ul style="list-style-type: none"> A centralized service based on records the IRS keeps today - <i>will not help 1099's mid-year</i> 	<ul style="list-style-type: none"> Significant. Systems operate independently with no centralized service. Research effort to date via USDS
Centralized login and authentication	<ul style="list-style-type: none"> Federally-backed student loans from Dept of Ed have their own ID (FSA id) 	<ul style="list-style-type: none"> Broader adoption of login.gov 	<ul style="list-style-type: none"> Significant progress to date through login.gov
Human & paper-based processes - applicant documentation packages routed for human review	<ul style="list-style-type: none"> These are ubiquitous 	<ul style="list-style-type: none"> More flexible systems and more agile procurement, design, and implementation processes leading to more automation. See rec. from GAO 	<ul style="list-style-type: none"> Significant. Adoption of agile processes and technology at the Federal and State levels should allow more flexibility and eliminate need to "work around" current limitations
Accessibility and multi-language support - believe this was an issue in FL	<ul style="list-style-type: none"> SNAP in MA 	<ul style="list-style-type: none"> Design standards mandating accessibility, internationalization and localization 	<ul style="list-style-type: none"> Significant. Legacy systems are rigid by nature

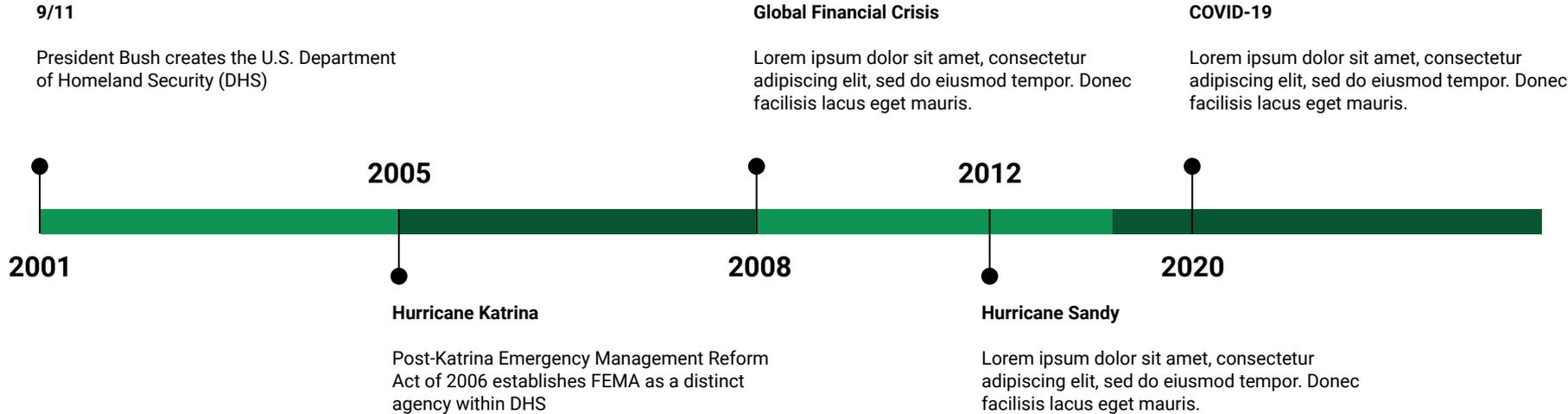
Do effective PUA-delivery models have common attributes?

- **Emerging state innovation offices have mounted an effective response**
 - California partnered with US Digital Response to create a “blueprint for improvements at EDD,” California’s Employment Development Department.
 - 7 States have formal Innovation Departments; at least 4 additional states have modernized their UI systems with modest implementation challenges
 - California alone has 4 different Innovation Centers.
 - Some cities now forming Departments of Innovation
- **Medicaid services show analogous trends and needs (e.g., 18F collaboration with Vermont to deliver Medicaid benefits)**
- **Assumptions / Constraints / boundaries / limitations?**
 - Resource constraints at the state level will continue to be a big challenge. Need to stop other.

**What are the common
attributes of successful
service-delivery models?**

State / Service Model Attributes	Program	Digital Service Office / Talent Profile?	Partnership with Federal Service team?	Agile/Iterative Procurement Model	Culture of empowerment
California (Linda)	Pandemic UI Strike Team	Yes	Former USDS Leaders	Recommended	No
Colorado (Linda/Ashley)	Child Welfare Program	Yes (Colorado Digital Service)	Limited (some use of open-source code)	Emerging	Emerging
New Jersey (Ashley)	Pandemic UI	Yes	U.S. Digital Response		Maybe
Vermont (Ashley)	Medicaid	Emerging	18F	Yes	Yes
Utah (Chuck)	UI Image Upload (2019) / Medicaid (2021)	Yes	No (back to 2018)	Yes	Yes
North Carolina (Chuck)	Recommend Remove	Not well defined on Website	No	Not Discussed	Yes
Massachusetts (Tim)	Not a ton. Implementing Paid Family and Medical Leave system (2021)	MA Digital Service . Head stepped down 10/2019. Not seeing much since. Conf agenda for 11/10 doesn't show much	?	?	?
Minnesota (Alyssa)	https://www.uimn.org/applicants/needtoknow/news-updates/covid19-pua.jsp Minnesota Department of Employment and Economic Development administers the program https://www.minnpost.com/economy/2020/04/unemployment-benefits-for-minnesota-freelancers-have-started-but-not-everyone-has-been-paid-yet/	Not easily able to tell. Came across an article from 2003 about modernizing unemployment insurance system. Not sure if you can tie those efforts to how MN implemented CARES Act/PUA. https://www.govtech.com/e-government/Minnesota-Deploys-Unemployment-Insurance-System.html	Did not find info for these UI services but the MN DEED has partnered with the federal government in the past. See https://www.portlandwebworks.com/portfolio/minnesota-department-employment-and-economic-development		
Mississippi (Alyssa)	https://mdes.ms.gov/ https://mdes.ms.gov/unemployment-claims/covid19/pandemic-unemployment-assistance-pua/	First place was awarded to Mississippi's official state website, mdes.ms.gov , and associated digital government services in the annual Government Experience Awards . https://apnews.com/press-release/business-wire/government-business-and-finance-mississippi-technology-business-north-america-ab4218f1d3f44260a7de161e732bb129 Mississippi Department of Employment Security administers unemployment in the state (mdes.ms.gov). Mississippi also was part of this collective. https://www.govtech.com/policy/Collaboration-on-Unemployment-Systems-Creates-Efficiencies-Cost-Savings.html . This is all anecdotal but if MS did deliver benefits more effectively than other states, these could be indicators of why or how it was able to.	Unclear for this program but see other things that MS has done in the past in other column.	See other column for other efforts by MS.	?

Sudden changes will continue to break our systems until we build capacity for systemic innovation



FEMA created 1979 by President Carter

Sudden changes will continue to break our systems until we build capacity for systemic innovation

- Sudden changes stress the system; and there is a history of these (e.g., market crash, natural disasters, pandemic...)
 - History of bad stuff that stresses state systems
 - Examples researching are:
 - Natural disasters like hurricanes, tornadoes, fires
 - Recessions
 - Case study on Michigan after 2011 recession
 - Post the 2011 recession, Michigan moved to update its system with fraud prevention as a key component of the update
 - Update resulted in 93% inaccuracy and the incorrect loss of benefits to tens of thousands
 - See Michelle Evermore [testimony](#)
 - Michigan moved to swiftly update the defaults of the prior system for the Covid-19 Pandemic to enable aid to get to people more swiftly

Sudden changes will continue to break our systems until we build capacity for systemic innovation

- Sudden changes stress the system; and there is a history of these (e.g., market crash, natural disasters, pandemic...)
 - History of bad stuff that stresses state systems
 - Recession
 - Great Recession increased UI program costs and benefit outlays under regular state UI programs increased more than 145 percent between 2007 and 2009
 - Some states had to borrow funds from the federal government to pay for benefits when their reserves were depleted
 - Hurricane Harvey (Texas)
 - Unadjusted claims for Texas surged 51,637 at one point as some people found themselves temporarily unemployed. That accounted for 95.6 percent of the increase in unadjusted claims in one week.

Sudden changes will continue to break our systems until we build capacity for systemic innovation

- Sudden changes stress the system; and there is a history of these (e.g., market crash, natural disasters, pandemic...)
 - History of bad stuff that stresses state systems
 - California fires
 - 2018 - DUA was used
 - 2020 -- DUA

Phase 1: Assess the performance of current models in delivering PUA benefits

- The General Services Administration should assemble a cross-functional analysis team with representatives from federal and a representative set of state governments
- The study team should utilize key performance indicators that balance among user experience metrics and operational metrics (e.g., fraudulent awards) to assess implementation of CARES Act programs with a focus on PUA
- The assessment should identify common attributes of successful state models (e.g., team composition, policy environment, incentive structure) and make recommendations for capacity-building investments needed on the federal side to support state service teams.

Phase 2: Establish a grant program to build a national innovation ecosystem around critical service-delivery

- Congress should fund Government Services Administration to administer the program to be executed by 18F in collaboration with the United States Digital Service.
- The grant program should:
 - **Provide** funds to both federal and state innovation offices
 - **Maintain** initial focus on critical services for pandemic response and recovery
 - **Incentivize** long-term capacity-building within state innovation offices (e.g., by requiring a state innovation office to apply for the grant as in the 2019 Senate Bill)
 - **Allow** execution over multiple rounds with progress assessed according to the key performance indicators identified in the study
 - **Provide** states with guidance and best practices around innovation models (e.g., iterative models for procurement and development, ideal team composition, etc.)

Problem Definition

Problem	<p>Many state governments lack the ability to develop agile processes and technology systems to address novel challenges during crises and periods of sudden change. We hypothesize that this is a symptom of a fundamental difficulty with systematic innovation and modernization.</p> <p>Most recently, these root causes have resulted in a backlog of 25M self-employed individuals who are eligible for Pandemic Unemployment Assistance (PUA) as authorized in the CARES act waiting for benefits or having been denied benefits.</p> <p>We propose a near-term focus on the eliminating the backlog of PUA claimants with explicit goals to stimulate longer-term investment modernization of state-provided service delivery.</p>
Root cause	<p>While these issues apply specifically to UI, we believe they generalize to a broad class of state-provided benefits and services (e.g., UI, SNAP, EBT, local housing, etc.):</p> <ul style="list-style-type: none">● Determining eligibility is difficult. This is due to ID verification, income verification, document upload, etc.● ID verification...● Manual processes cause bottlenecks. Working around hard-coded rules, data intake via phone● Legacy technology systems are brittle. Mainframes scale acceptably but contain substantial business logic that is challenging to modify due to a lack of documentation and programmers● Incentives are misaligned. Staff administering claims are biased against approving claims that are not perfectly justified. Deny until proven eligible.● Users are confused by interfaces and processes. Difficulty in navigating the application process● There is a lack of skilled technologists and design specialists in state government.
Why is that a problem?	<p>Too many eligible PUA claimants are either being denied payments, or it is taking months to adjudicate the enormous backlog and get them paid.</p>
Who is that a problem for?	<p>In the case of UI system failures, this is primarily a problem for applicants and secondarily a problem for civil servants tasked with reconciling claims.</p> <p>More generally this is an issue where technology systems enabling government functions (e.g. SNAP) fail or disappoint Americans while also resulting in cost overruns and inefficiency (e.g. purchasing a statewide UI system)</p>
What are the implications of the problem going unsolved?	<p>If unsolved, these 25M Americans will not receive the support they are entitled to and in many cases need to weather this pandemic.</p> <p>More generally, we will waste time, effort, money, and fail to serve Americans to the best of our ability</p>
What are theories for solutions?	<p>We believe in taking a phased approach focusing initially on UI system improvements for states set up to partner with the government e.g. NJ with the PAPUA system, leveraging wins to advocate for increased investment at the Federal and State levels, and eventually expanding to a formal partnership between Federal government and the states.</p>

Addressing PUA challenges will boost state service delivery

PUA failure points	Commonality to other state-delivered services
Identity verification	<ul style="list-style-type: none">• SNAP benefits from USDA is supportive• Medicaid enrollment• Temporary Assistance for Needy Families (TANF) from HHS to states• Low Income Home Energy Assistance Program from HHS
Income verification	<ul style="list-style-type: none">• Federally-backed student loans from Dept of Ed via FAFSA• Lack of digital records mid-year leads to challenges
Authentication	<ul style="list-style-type: none">• Federally-backed student loans from Dept of Ed have their own ID (FSA id)
Manual processes	<ul style="list-style-type: none">• These are ubiquitous
Accessibility	<ul style="list-style-type: none">• SNAP in MA

Dividing up the problem

- **State service delivery is not resilient; just look at PUA**
 - Sudden changes stress the system; and there is a history of these (e.g., market crash, natural disasters, pandemic...)
 - History of bad stuff that stresses state systems
 - Root causes generalize to broad class of state-delivered services
 - Uses PUA claimants as an example and compares to a few other programs (Reshma report, Palkha report)
 - SNAP (?) [common: ID verification, manual processes, etc.)
- **Solutions can generalize, just look at PAPUA**
 - E.g., state innovation offices, federal innovation offices
 - Where there has been progress, what has worked?
 - Assumptions / Constraints / boundaries / limitations?
- **Implementation Plan: Phased Approach**
 - How we would achieve the above