

Public Sector Practice

COVID-19: How American states can manage the surge in unemployment services

State government leaders can proactively streamline service delivery to the public amid a quickly evolving situation—and maintain the improvements.

by Ramsey Fahs, Nehal Mehta, Jim Pallotta, Rachel Riley, Sarah Tucker-Ray, Hrishika Vuppala, and Rob Whiteman



In a matter of weeks, a single confirmed case of COVID-19 in the United States has exploded into a human tragedy that has affected hundreds of thousands of people in the country. The pandemic has also created an economic crisis that is stretching state governments' ability to deliver support services.

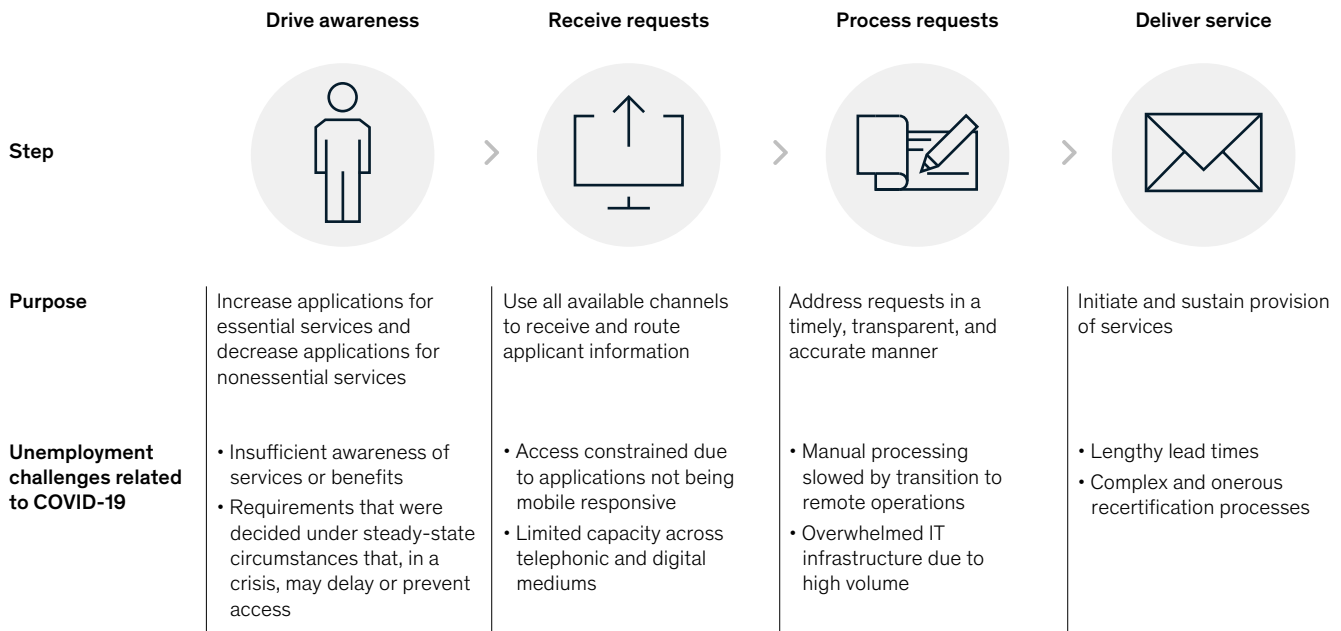
As businesses lay off workers in the face of an abrupt economic slowdown, a spike in unemployment has tested state governments' capacity. Almost 3.3 million people filed initial claims for unemployment benefits between March 15 and March 21, 2020, the highest on record for the country.¹ Unemployment programs are under-equipped to meet this level of need: programs themselves are understaffed for a crisis, processes easily overwhelm legacy IT systems, and in-person appearances aren't feasible during a pandemic.

At the moment, claimants are facing obstacles at every step of the process to obtain unemployment benefits (Exhibit 1):

1. **Insufficient awareness of services and benefits.** Many residents who have lost their jobs don't know which benefits they are eligible for or where and how to access them. And those who do find an entry point can struggle with navigation, bouncing between websites and call centers to resolve issues—without the option of going to a field office for guidance. Additionally, employers in many states are unaware that they can submit batch applications on behalf of their employees. Employer-submitted batch applications can significantly reduce strain on systems while meaningfully decreasing the number of days it takes for claimants to receive their benefits.²
2. **Complex and difficult-to-access systems when requesting services.** Application forms for unemployment benefits are long, complicated, and sometimes entirely analog. Unemployment websites often interface and rely on legacy systems that are not designed to handle the

Exhibit 1

COVID-19 complicates each step of state governments' efforts to provide critical services to residents.



¹"COVID-19 impact," U.S. Department of Labor, March 26, 2020, dol.gov.

² Taylor Gantt, "What You Need To Know: Help With Unemployment Benefits," *Georgia Public Broadcasting*, March 24, 2020, gbdnews.org.

current volume of requests. In addition, some states lack mobile-responsive websites, which constrains low-income residents who don't own computers and cannot access desktop computers in locked-down public spaces such as libraries.

3. **Inefficient request processing.** Back-end processing is often manual, labor intensive, and fraught with bottlenecks. For example, many states still use mailers to verify loss of employment, delaying processing by at least a few days. In addition, most states' aggressive antifraud stance means that even simple inconsistencies in an application—writing “Street” instead of “St.,” for instance—can trigger enhanced validations and delay cases.
4. **Lengthy and opaque service-delivery timelines.** Largely because of process traps, claimants can wait for weeks or even months to receive their benefit checks. During this period, their application status is often unclear or

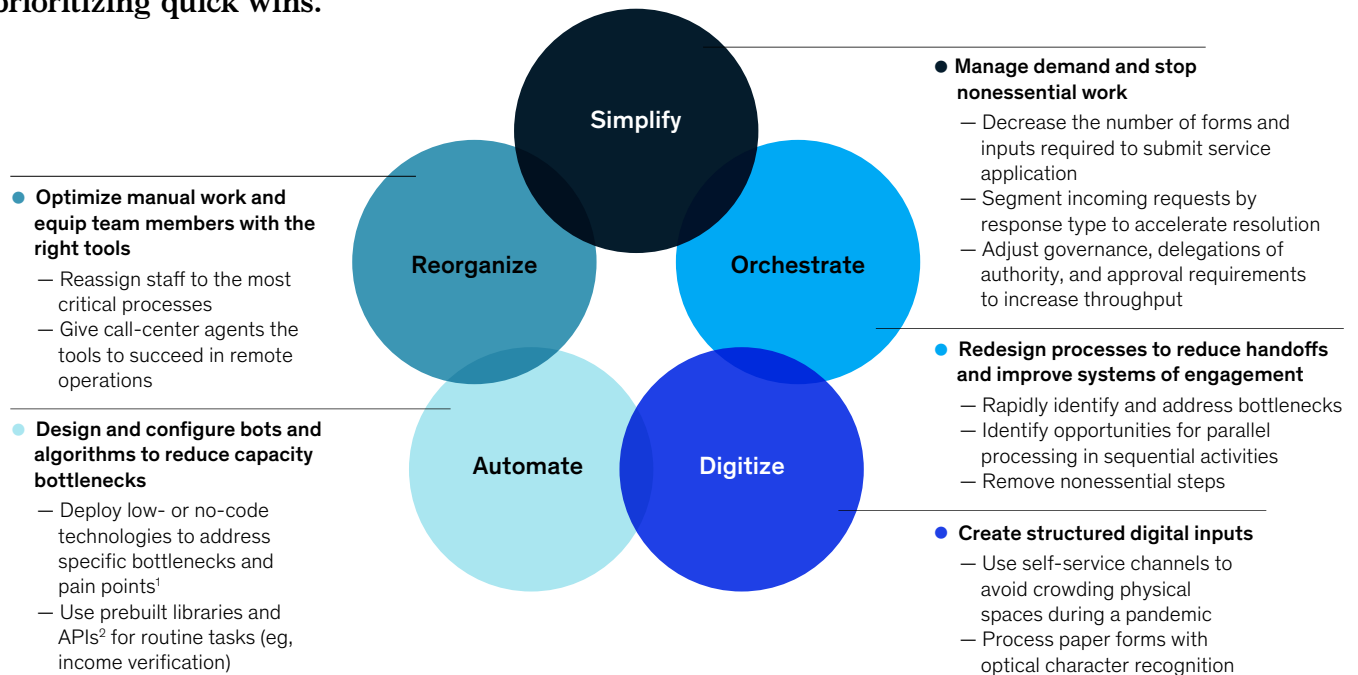
unavailable. Indeed, a claimant might not know that an application is incomplete or erroneous—and therefore not progressing.

Yet the public is depending on unemployment programs to meet the challenge. Unemployment assistance is one of the few immediately available financial lifelines, not only for residents in need but also—in a massive economic event such as the COVID-19 pandemic—for local economies. For a local economy, unemployment insurance has the potential to inject far greater stimulus than the individual assistance in the federal relief package given the level of support per person. In the face of these challenges, states could consider five levers to identify and address bottlenecks and rapidly deliver benefits to residents (Exhibit 2).

Critically, each of these levers can have a tangible impact within days or weeks, enabling states to weather surging demand (to see what states could accomplish immediately, see sidebar, “Easing service backlogs within 24 hours”). Taken together,

Exhibit 2

To address these challenges, governments can use five mutually reinforcing levers while prioritizing quick wins.



¹Low- and no-code technologies include robotic process automation, robotic desktop automation, business process management, and automated machine learning.
²Application programming interface.

Easing service backlogs within 24 hours

Some states might not have time and resources to implement all recommendations (exhibit).

However, every state can accomplish the following tasks, which will more easily match residents to unemployment benefits:

- Adapt eligibility guidelines to reflect new federal and state permissions.
- Encourage employers to submit batch applications on behalf of their employees if the system allows it.
- Smooth demand with tactics such as assigning different times of day for different groups to apply.
- Prominently display links to file claims on web pages.
- Reallocate capacity from other departments to unemployment benefit-related tasks.
- Sort and assign cases based on complexity to maximize processing speed.

Exhibit

An array of immediate, short-term, and medium-term actions can help states ensure services reach their most vulnerable residents.

S Simplify **O** Orchestrate **D** Digitize **A** Automate **R** Reorganize

Time to impact	Drive awareness	Receive requests	Process requests	Deliver service
Immediate (<24 hours)	<ul style="list-style-type: none"> S Adapt eligibility guidelines to reflect new federal and state permissions O Update online FAQs to reflect eligibility changes 	<ul style="list-style-type: none"> O Implement measures to smooth demands (eg, assigning daily time slots for different groups to file) O Redesign website landing pages to front-load links for filing claims R Plan and launch rapid hiring event A Communicate anticipated wait times to applicants 	<ul style="list-style-type: none"> R Redeploy capacity from other departments to process claims O Implement rapid triage protocols to sort and assign cases based on complexity 	<ul style="list-style-type: none"> D Transition in-person touchpoints with applicants to the web or phone
Short term (1–2 weeks)	<ul style="list-style-type: none"> O Integrate information on services in communications related to COVID-19 O Integrate communications to make residents aware of all available state services 	<ul style="list-style-type: none"> R Establish digital continuity team to respond to crash events O Pilot process to batch requests to smooth demand on servers R Work with vendors to maximize surge capacity R Maximize remote working in call centers to support physical distancing 	<ul style="list-style-type: none"> O Move toward automatic conditional approval to process initial claims and implement ex post fraud prevention 	<ul style="list-style-type: none"> A Build conversational chatbot to handle most common servicing requests (eg, change of address, status checks) R Partner with local firms to support delivery of benefits
Medium term (3–4 weeks)	<ul style="list-style-type: none"> S Determine steady-state eligibility rules for duration of COVID-19 pandemic D Optimize web traffic for services to ensure proper routing 	<ul style="list-style-type: none"> D Build surge capacity into network and other tech systems for the long term D Develop aspirational plans for full digital journey transformation O Add triaging functionality to call-centers' interactive voice response systems to reduce unnecessary call volumes 	<ul style="list-style-type: none"> A Automatically triage requests O Recalibrate fraud detection mechanisms to improve throughput 	<ul style="list-style-type: none"> D Lay groundwork to fully digitize service provision (eg, providing funds electronically rather than with physical card)

these levers help set the stage for fundamental process redesigns—rather than mere incremental improvements.

Simplify centers on managing demand and stopping nonessential work. This could be as simple as taking a few hours to execute a governance change that decreases bottlenecks during processing. For instance, several states have revised their eligibility requirements to increase throughput of applications. In addition, states could fast-track claimants who are most likely to qualify for benefits and consider relaxing requirements that might not be worth the incremental complexity. These decisions require careful cost–benefit analysis but could be quite impactful.

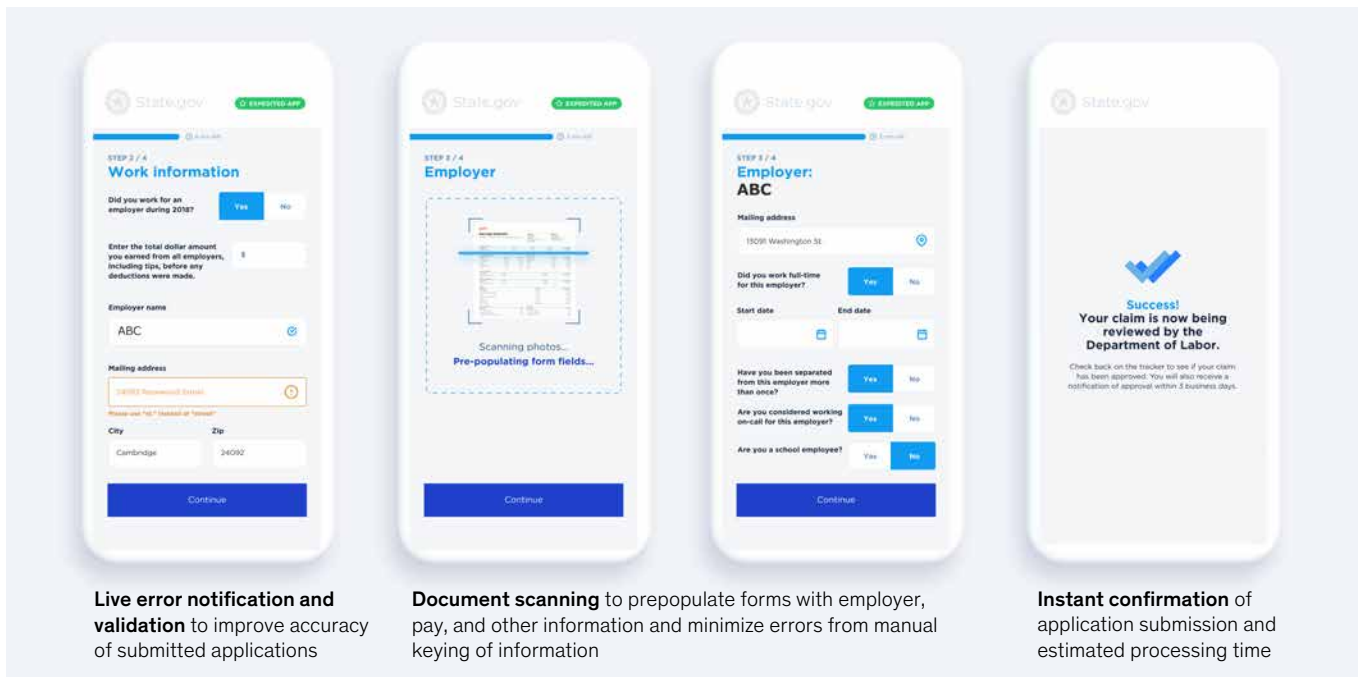
Orchestrate refers to redesigning processes to reduce handoffs and bypass bottlenecks. Some shifts could be simple—for instance, expediting straightforward claims in batches. Others could

require more legwork, such as moving toward automatic approval for initial claims that meet certain conditions. States can significantly shorten processing time by making end-to-end processes leaner; a virtual “process war room” can help rapidly identify and act on opportunities for improvement. Indeed, multiple states are already expediting claims by waiving requirements such as seven-day waiting periods and employment-search verifications.

Digitize enables states to make significant front- and back-end changes to improve user interaction, enhance data clarity, and streamline workflows—ushering in a completely reinvented process, which is especially relevant given the implications of physical distancing during a pandemic. At the same time, a cloud-hosted model increases the ability to handle surge volumes more easily, web pages updated with simple directions and FAQs improve application quality, optical character recognition scans forms rapidly and automatically,

Exhibit 3

The ideal user interface should be intuitive, mobile-optimized, simple, and clear.



Note: This is an illustrative example, not reflective of a current offering.

and dashboards track productivity in real time (Exhibit 3). State unemployment program leaders will need to work closely with state or department chief information officers to incorporate considerations such as security and coordinate on procurements, but this lever has significant potential to support physical-distancing efforts by enabling both residents and state employees to avoid physical locations.

Automate refers to techniques such as targeted deployment of low- and no-code technologies (for example, robotic process automation, robotic desktop automation, and chatbots) to rapidly address holdups (such as common errors in forms) and updates for residents on the status of their applications by text or phone. Although these investments can take longer to implement, they can significantly decrease backlog as well as the burden on state staff while efficiently administering services. With staff already overwhelmed, gathering their input to automate processes will require creativity. Work sprints that minimize time commitment from staff and tap former department employees who are not actively responding to the crisis can generate useful input without burdening staff.

Reorganize focuses on people—deploying and upskilling workers to efficiently work through the backlog. In the short term, supporting employees and making sure they can effectively work from home can improve output. Over time, reallocating capacity to the area of greatest need, training agents in customer service, and ensuring consistency can sustainably increase productivity. For example, a midwestern state has redeployed staff from less-utilized services to meet demand at its unemployment call center.

While state unemployment systems have never seen such a surge in volume, our experiences with governments in crisis situations suggest that states can use these tactics to overcome the present challenge. After all, one federal agency achieved a tenfold increase in claims throughput after a natural disaster.

Unemployment benefits is the first of many services to see a spike in demand. States can invest in interventions that will remove process bottlenecks today, increase readiness for the surge that is likely to come, and lay the foundation for broader, longer-term transformational change. States that transform the way they deliver services can improve the likelihood that critical resources reach their most vulnerable residents.

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