

Helping to Build More Efficient State Unemployment Insurance Programs

How a blended workforce expands capacity, streamlines claims processing, and enhances customer experience

Executive Summary

Unemployment Insurance (UI) programs are vital economic stabilizers, but the volatility of demand can strain even the most well-prepared systems, often when people need them most. While agency leaders are experienced in navigating seasonal trends and economic shifts, the structural limitations of staffing, technology, and funding mean that unexpected downturns or regional disruptions can still result in overwhelming claim volumes, frustrated claimants, and mounting backlogs.

A blended workforce model – state employees and scalable contractor teams supported by intelligent automation – can help UI programs respond faster, serve people better, and manage significant increases in claims without long-term staffing burdens. Combined with AI-enabled automation and clear oversight and accountability, this approach offers UI programs the flexibility and resilience needed to deliver.

Outside of emergencies such as the COVID-19 pandemic, most states have historically limited their UI contractor support to systems and narrow operational functions. However, [federal guidance](#) released in March 2025 has reaffirmed that states may use contractors in ways that are aligned with merit system principles, unlocking more options for UI programs to expand capacity, protect program integrity, and provide the customer experience that meets public expectations.



This white paper outlines how blended workforce strategies have been effective and how states can embed these lessons into their ongoing UI program operations.



Unemployment Insurance Programs Face Many Challenges

Delivering timely unemployment insurance (UI) benefits isn't easy. Even in a stable economy, when unemployment levels are low, state UI programs face complex eligibility rules, manual processes and legacy systems, detailed communication with claimants, and staffing constraints. These challenges are not a reflection of agency preparedness but of structural realities. Even with recession planning and modernization efforts in place, UI programs must still navigate unpredictable surges in demand that can exceed available capacity.

However, one of the biggest challenges for UI programs is volume volatility. When claims surge, systems and staff are quickly overwhelmed. During the COVID-19 pandemic, UI programs were inundated with claims. Many struggled to meet federal timeliness benchmarks and the public's expectations for acceptable customer service.

However, even outside of extraordinary circumstances, localized surges still happen, and backlogs can accumulate for various reasons.

Without the proper strategic support in place, UI programs become reactive. This leads to delayed payments, communication breakdowns, growing backlogs, and public frustration.

For example, the closure of a large regional employer results in mass layoffs, which then cause a surge in UI claims in a region that could include one or more states. The state UI programs have staff shortages, making it difficult to process the additional claims. New steps in the claims process to verify previous employment cause slowdowns.

The Solution: A Blended Workforce Model

A blended workforce model combines state staff with contracted professionals who are well-trained and ready to support UI operations. This model isn't just a patch for emergencies; it's a resilient structure that adapts to changes in workload and enhances claimant customer service. It acts as a supplemental strategy that allows agencies to maintain control over core functions while expanding capacity where needed.

A blended workforce offers several key benefits:

1. Specialized Support

Contracted professionals can help with administrative tasks such as intake, adjudication preparation, fact-finding, contact center operations, and audits.

2. Enhanced Customer Experience

Contracted professionals trained in UI workflows can help reduce claimant confusion and improve first-contact resolution, primarily through contact centers and digital support.

3. Faster, Flexible Capacity

Contractors can increase then scale back their support to meet demand. Trained contractor teams can be onboarded and deployed in days or weeks, not months.

4. Operational Continuity

With a blended workforce in place, programs can quickly and seamlessly respond to everything from economic downturns to regional needs and predictable trends in demand.

The result: higher program integrity, faster outcomes for claimants, and more efficiency for state governments, allowing them to focus their efforts where they are needed most.



New Options for Today's Challenges

Outside of emergencies, most states have historically limited their UI contractor support to technical and narrow operational functions.

Federal guidance from March 2025 has reaffirmed that states may use contractors in ways that are aligned with merit system principles, unlocking more options for UI programs that include:

- ➔ **Flexible operations that scale with claim volumes and seasonality**
- ➔ **Workflows that connect seamlessly with legacy and modernized systems**
- ➔ **Oversight frameworks to ensure accountability and program integrity**

However, not all contractors deliver the same value. Government agencies aren't just looking for staff augmentation – UI program partnerships require operational integration, program knowledge, and accountability.

State agencies should look for vendor partners with:

UI-specific operational experience, including administrative support such as intake, adjudication support, appeals, and audits

Ready-to-launch contact centers with secure systems and well-trained staff that reflect the communities they serve and understand claimant needs

Understanding of compliance boundaries, including the lines between governmental and supportable functions

Proven public-sector experience with safety-net programs like UI, SNAP, TANF, Medicaid, and disaster relief

Scalability with the ability to ramp up agents, services, and tech support quickly and responsibly





Ready-to-Deploy Solutions

States can build on lessons from the pandemic by revisiting the contracted support models that enabled rapid response and scalable operations, such as:



Answering claimant questions and guiding initial claim filings



Preparing claims for final adjudication by state staff



Processing weekly certifications and conducting fact-finding



Conducting retrospective audits to identify underpayments and overpayments



Supporting appeals activities for final decisions by state entities

Flexible procurement approaches – such as task-order Master Services Agreements (MSAs) or prequalified vendor pools – allow agencies to activate this kind of support quickly, matching spend with need.

Intelligent Automation: A Force Multiplier for Streamlined Processes

UI programs handle vast volumes of data with complex eligibility rules – all under intense time pressure. When thoughtfully and pragmatically applied, AI-enabled automation can help programs work smarter and faster, easing burdens on both staff and claimants.

Intelligent automation complements, rather than replaces, the expertise of UI staff and contractors. The goal is to automate predictable and repetitive tasks so that humans can focus on complex and high-value work, like customer service and eligibility determination.





Here are a few ways that intelligent automation can act as a force multiplier within a “human-in-the-loop” framework that empowers people to make faster, data-driven decisions.

Automating Routine, Repetitive Tasks	<p>Intelligent automation tools, like AI-enhanced robotic process automation (RPA), combined with machine learning, can handle specific tasks quickly and accurately.</p> <p>Examples include:</p> <ul style="list-style-type: none"> • Verifying claimant identity documents • Matching employer-reported wages with claimant information • Processing weekly certifications • Sending status updates or reminders to claimants <p>This reduces human error and frees staff and contractors to focus on more complex issues, like disputed claims or fraud investigations.</p>
Enhancing Fraud Detection and Risk Assessment	<p>Intelligent automation tools can analyze claims data and flag suspicious patterns faster than manual review.</p> <p>For example, by applying predictive analytics, the tools can identify high-risk claims early and prioritize them for human review, improving program integrity while minimizing unnecessary delays for claimants.</p>
Facilitating Adjudication and Appeals Preparation	<p>While final determinations require human judgment, intelligent automation can support the preparation of case files by collating documents, correspondence, and claimant-employer information. This speeds up adjudicators’ reviews and helps ensure decisions are based on complete, accurate data.</p>
Improving Communication and Compliance	<p>Intelligent automation can provide timely, personalized communications to claimants through their preferred channels.</p> <p>For example, the tools can send reminders of upcoming deadlines, status updates, or requests for additional information by email, text, portal messages, or all three channels. This proactive approach reduces claimant confusion, prevents missed deadlines, and reduces inbound calls.</p>

By using intelligent automation to support a blended workforce, UI programs gain the agility and scale to meet today’s challenges – and the resilience to adapt to tomorrow’s demands.



Enhanced Customer Experience for Claimants

Navigating unemployment insurance benefits can be frustrating and confusing for claimants. Complex eligibility rules, identity verifications, multi-step claims processes, and inconsistent communications often leave claimants feeling stuck and unsupported, especially if wait times are long and clear information is hard to find. A blended workforce offers practical ways to elevate the claimant's experience at every stage.

Providing Timely, Omnichannel Support

Claimants engage across multiple channels, such as phone, email, text, and chat, requiring responsive, omnichannel support. Some are comfortable using self-service tools like online portals and chatbots. Some turn to digital channels like email and text. Others prefer or require live-agent assistance by phone or chat.

Contracted customer service teams can provide support across these multiple channels and be rapidly scaled up or down to meet claimant demand across each of them. This means:



Shorter wait times on calls and quicker email responses



Extended service hours that accommodate different schedules



Multilingual support to reach diverse communities



Personalized help for claimants with complex questions

By augmenting state staff with well-trained contractors dedicated to frontline customer service support and cutting-edge technology, UI program leaders can reduce bottlenecks and improve access to help when it matters most.

Improving Consistency and Quality of Communication

Consistent, easy-to-understand communication builds trust and reduces avoidable errors or missed deadlines, benefiting claimants and UI programs. Contractors with expertise in plain

language develop clear, claimant-friendly agent scripts and communication templates for multilingual populations.

Contractors with robust training programs, demonstrated by their support for other public benefit programs, are well-equipped to explain complex eligibility requirements in plain terms. They can identify when a claim needs escalation and coordinate seamlessly with agency adjudicators.

Contractors with expertise in outreach strategies can engage harder-to-reach populations. They can offer phone support and paper correspondence alongside digital tools and use translation services and accessibility aids as needed.

Reducing Repetition and Frustration

Many claimants face redundant requests for the same documents or information due to system limitations or communication gaps. Blended workforce teams can coordinate data collection efforts more efficiently.

Contractors can proactively contact claimants to collect missing information, then use integrated workflows to update claim statuses in real time. They can reduce duplicate contacts and ensure claimants don't have to explain their situation multiple times. This coordination reduces frustration and speeds up claim resolution, benefiting claimants and UI programs.

Creating a Feedback Loop for Continuous Improvement

With a blended workforce, UI programs can better track claimant interactions across channels and identify common sources of frustration. Contractors interacting with claimants can share insights with program leadership to highlight process bottlenecks, suggest improvements in communication or automation, and help shape training and quality assurance initiatives. This ongoing feedback loop enables UI programs to evolve based on real claimant experiences.

By combining the expertise and accountability of state employees with the agility and capacity of contracted support, states can create a smoother, more responsive UI experience that better meets the needs of the people they serve.



Planning Ahead: Make Support Part of the Strategy

States shouldn't wait for the next crisis. The labor market inherently faces a constant degree of uncertainty and perpetually experiences fluctuations and shifts. UI demand can increase for many reasons, from layoffs to storms. Building a standing plan for blended workforce support helps UI programs respond faster, maintain timeliness, avoid backlogs, and improve public trust.

- 1. Review your capacity strategy.**

Identify core functions that must be state-run, and where contracted support can be blended in.

- 2. Engage trusted partners.**

Establish contracts with vendors that bring UI-specific operational experience, ready-to-launch solutions, and a deep understanding of customer experience for public safety-net programs.

- 3. Update oversight protocols.**

Ensure compliance, quality control, and proper data governance.

Final Thought: Flexibility Builds Resilience

By embedding blended workforce strategies into long-term planning, UI programs can strengthen operational resilience, respond more effectively to surges, and deliver consistent, high-quality service – without compromising control or compliance.