



September 3, 2020

Federal IT Investments are Necessary to Deliver Critical Relief and Services to Families

The need for all levels of government to modernize information technology (IT) tools and infrastructure did not start with the COVID-19 pandemic. The public health emergency and resulting recession have, however, laid bare just how inadequate and deficient some government technology is for disseminating information and resources to the public when time is of the essence. The federal government must invest in modern technologies so that critical programs can be effective at the very moment they are needed. In a [hearing](#) on July 15th, “Software Update Required: COVID-19 Exposes Need for Federal Investments in Technology,” the House Budget Committee heard from expert witnesses with first-hand knowledge of how outdated IT systems are failing American families and worsening an already difficult situation.

Systems That Support COVID-Relief Programs Must Deliver as Promised

Failing to prioritize and invest in new technologies and solutions – including through grants to state and local partners – have left critical benefit programs, services, and infrastructure vulnerable to public health emergencies, economic shocks, natural disasters, and security threats. As Chairman Yarmuth remarked during the hearing, “The most glaring example is unemployment assistance. We are four months into the worst economic downturn since the Great Depression, and there are still tens of thousands of workers who have filed for jobless claims but have not yet received a single payment.” Our current IT infrastructure was not flexible or fast enough to update operations and distribute resources pursuant to the emergency programs created by Congress in response to COVID-19.

“During the course of this pandemic, it has been impossible to ignore the human suffering from workers unsuccessfully attempting to access UI” — Rebecca Dixon, Executive Director of the National Employment Law Project, described how families in need were often unable to access the relief they needed – and were promised. People sometimes waited weeks or months for the temporary unemployment insurance (UI) programs created by the CARES Act, including the supplemental \$600 weekly UI benefit, to come through. State unemployment offices were overwhelmed and [unprepared](#) for the influx of workers who needed help: workers experienced crashing websites, unanswered phone calls, confusion on how to check the status of their claim, and delays in receiving desperately needed assistance. “For underpaid workers, two months’ delay can be the difference between surviving and losing everything,” Ms. Dixon said.

“We have the system that we have invested in. So we haven't invested in it” — Ms. Dixon noted that national administrative funding for unemployment systems is the same as it was almost [10 years](#) ago. “There is no dedicated funding for IT in particular, so states are having to try to squeeze that out of what they do get.” Congress even anticipated that states would have difficulty processing the surge of applications, so it provided states with \$1 billion in administrative grants in the Families First Coronavirus Response Act to update their systems and hire staff. But despite the additional funds, decades of underinvestment in IT took its toll.

The Trump Administration’s Failure to Negotiate a Relief Extension Wreaks Havoc on Systems and Further Hurts Families

At the time of this hearing, enhanced UI was just days away from expiring. But House Democrats had already passed the Heroes Act to, among other things, provide desperately needed fiscal relief to state and local governments and extend the \$600 pandemic compensation through January 2021. This way, state UI systems could continue administering aid and hopefully shorten wait times since systems were already familiar with the program.

But instead, Republicans refused to act, leaving working families, small businesses, and state and local governments without the critical support they need. And now, even if an agreement is reached to extend supplemental unemployment compensation, the lapse in support caused by Republicans’ inaction stands to put even more stress on states’ already overwhelmed and underequipped IT systems, inevitably leading to additional delays in aid distribution.

“[I]t would take states 2 to 3 weeks to get back up and reprogram” — Ms. Dixon warned that states will not be able to make quick adjustments to their payment systems following an agreement to extend enhanced UI. The aim of the original supplemental benefit was to fully replace jobless workers’ incomes so they would stay home. Experts found that it was more [feasible](#) to provide flat compensation than rely on outdated state UI systems to calculate individual lost wages for workers asked to stay home as our nation tried to contain the pandemic. The National Association of State Workforce Agencies – representing the state entities that administer unemployment insurance programs – [advised](#) negotiators that while reprogramming a flat amount would create several weeks of delay, proposals to calculate individual wage replacement would take significantly longer to program.

The Trump Administration’s August 8th [memorandum](#) bypassed congressionally-approved action to extend emergency unemployment compensation and purports to authorize the reallocation of funding from the Federal Emergency Management Agency’s Disaster Relief Fund for new payments for individuals, which creates a further strain on state administrators. As Ms. Dixon foreshadowed, states that opted to participate are still struggling to adjust their systems and [few](#) workers have benefited from the Administration’s actions, weeks after the announcement.

Technology Modernization Must be Laser-Focused on Policy Goals

“[P]olicy and technology have to go together, they do go together, and we need to make policy with the implementation in mind” — Jennifer Pahlka, Co-founder of U.S. Digital Response, emphasized that policymakers must understand how their proposals are likely to be implemented in order to achieve the desired results. Whether it is eligibility verification and determination for unemployment assistance to make it easier for state employees to administer the federal program or mobile-friendly applications that make it easier for families to apply for Supplemental Nutrition Assistance Program support, modernization plans should factor in both front-end and back-end users. As Representative Kildee (MI-05) noted, “[i]n order to create public value, we have to have operational capacity. And I think sometimes we just assume, well, we just pass a law, and, you know, by magic, it all just sort of gets implemented. The case here is to get help to Americans.”

“Institutionally, we approach IT as an overhead cost, always seeking to minimize it instead of seeing it as a fundamental tool in the 21st century that would deliver increased accountability, better outcomes, and improved citizen satisfaction” — Teresa Gerton, President and CEO of the National Academy of Public Administration, explained that the government’s attempt to limit IT development costs is actually leading to greater costs as agencies ultimately spend more resources maintaining dated, obsolete systems. The federal government, as an example, spent more than [\\$90 billion](#) on unclassified IT in 2019, with about 80 percent spent on the operations and maintenance (O&M) of existing systems. Federal IT investments compete with other priorities for limited discretionary funding. These legacy systems become more expensive to maintain as time goes on and crowd out new investments. The Government Accountability Office (GAO) found that, over the 2010-2017 period, as the share of O&M spending increased, spending on development, enhancements, and modernization decreased by [\\$7.3 billion](#). Maintaining legacy systems inevitably becomes more costly over time because they often “use outdated software languages and hardware parts that are unsupported.” GAO identified the [10](#) most critical federal systems in need of modernization, some of which are more than 50 years old. Investing in IT modernization would not only help citizens better access services, it would be much more cost-effective than continuing to prop up obsolete systems. But for modernization to occur, discretionary funding levels must recognize and accommodate the need for up-front investments.

The Time to Modernize Is Now

Chairman Yarmuth emphasized that “federal and state governments are in dire need of solutions and investments now. We cannot foster a successful recovery while relying on IT systems from the 1950s. We cannot meet the demands of today when we are depending on software that is older than some members of this committee.” Now more than ever, the federal government has a responsibility to invest in new, modern technology solutions to help citizens better access aid and services, allow agencies to complete their missions, help state and local

governments administer federally financed programs, and spend taxpayer dollars more efficiently. It will require continued investment – in federal technology, in state and local governments, and in research and development – to emerge from this pandemic and better prepare our nation for what lies ahead.