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(Original Signature of Member)

117TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

To modernize the technology for delivering unemployment compensation, and  
for other purposes.

\_\_\_\_\_  
IN THE HOUSE OF REPRESENTATIVES

Mr. HORSFORD introduced the following bill; which was referred to the  
Committee on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To modernize the technology for delivering unemployment  
compensation, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Unemployment Insur-  
5 ance Technology Modernization Act of 2021”.

6 **SEC. 2. MODERNIZATION OF TECHNOLOGY FOR DELIV-**  
7 **ERING UNEMPLOYMENT COMPENSATION.**

8 (a) ESTABLISHMENT.—

1           (1) IN GENERAL.—Not later than 2 years after  
2           the date of enactment of this section, the Secretary  
3           shall develop, operate, and maintain a modular set  
4           of technology capabilities to modernize the delivery  
5           of unemployment compensation (in this section re-  
6           ferred to as the “technology capabilities”).

7           (2) PURPOSES.—The purposes of developing  
8           the technology capabilities are the following:

9                   (A) For such capabilities to be utilized for  
10                  any Federal administrative function associated  
11                  with the provision of unemployment compensa-  
12                  tion.

13                  (B) To provide States with modular, open  
14                  system technology capabilities and shared serv-  
15                  ices to administer their unemployment com-  
16                  pensation programs.

17           (3) CONSULTATION.—In developing, operating,  
18           and maintaining the technology capabilities under  
19           paragraph (1), the Secretary shall—

20                   (A) coordinate with the Administrator; and

21                   (B) consult, design, and conduct usability  
22                  testing with—

23                           (i) current and former claimants;

24                           (ii) employers that participate in un-  
25                  employment compensation programs;

- 1 (iii) employees of State workforce
- 2 agencies;
- 3 (iv) experts in technology and user ex-
- 4 perience;
- 5 (v) Federal administrators of unem-
- 6 ployment compensation;
- 7 (vi) any other potential user of the
- 8 technology capabilities; and
- 9 (vii) subject matter experts as deemed
- 10 appropriate by the Secretary.

11 (b) REQUIREMENTS.—

12 (1) IN GENERAL.—The technology capabilities  
13 shall—

14 (A) incorporate a modular open systems  
15 approach and include modular components for  
16 each function necessary to administer an unem-  
17 ployment compensation program, including—

18 (i) receiving, processing, and paying  
19 claims for unemployment compensation, in-  
20 cluding disaster benefits;

21 (ii) online claim filing;

22 (iii) the determination of claimant eli-  
23 gibility;

24 (iv) the collection of unemployment  
25 taxes;

1 (v) the submission of employer wage  
2 records;

3 (vi) the appeals and adjudication  
4 processes for claimants and employers;

5 (vii) sharing relevant data among  
6 States and the Secretary; and

7 (viii) any other functionality that ad-  
8 dresses the issues and goals identified dur-  
9 ing the pre-development study described in  
10 subsection (c)(1);

11 (B) comply with best practices and stand-  
12 ards for privacy and cybersecurity, including  
13 digital identity proofing services, identified in  
14 consultation with the Director of the National  
15 Institute of Standards and Technology (NIST)  
16 and the Director of the Cybersecurity and In-  
17 frastructure Security Agency (CISA);

18 (C) prioritize end-to-end user experience  
19 for claimants, employers, and administrators of  
20 unemployment compensation programs;

21 (D) include centralized Federal technology  
22 capabilities that allow for the storage, exposure,  
23 and exchange of data required by States to ad-  
24 minister their unemployment compensation pro-  
25 grams (with the respective States retaining pos-

1 session of such data without regard to the stor-  
2 age, exposure, or exchange of such data in the  
3 Federal technology capabilities);

4 (E) provide States with the option to use  
5 only some of the modular components of the  
6 Federal technology capabilities while continuing  
7 to utilize State technology capabilities to store  
8 any data required to administer their unemploy-  
9 ment compensation program in a State data-  
10 base, provided that the State database meets  
11 any guidelines established by the Secretary that  
12 enable machine-to-machine interfaces to facili-  
13 tate communication among States and between  
14 such State and the Federal Government;

15 (F) allow States to easily adapt the mod-  
16 ular components of the Federal technology ca-  
17 pabilities to meet the requirements of their  
18 unique unemployment compensation programs;

19 (G) ensure the timely and accurate pay-  
20 ment of benefits, including measures to mini-  
21 mize susceptibility to attacks by organized  
22 criminal networks seeking to defraud State or  
23 Federal unemployment compensation programs;  
24 and

1 (H) to the extent practicable, be made  
2 available (along with any associated data pro-  
3 duced under this section) to support other  
4 interagency and intergovernmental activities as  
5 appropriate.

6 (2) ACCESSIBILITY REQUIREMENTS FOR ON-  
7 LINE CLAIM FILING.—With respect to the online  
8 claim filing component described in paragraph  
9 (1)(A)(ii), such component shall—

10 (A) ensure that the process of filing initial  
11 and continuing claims for unemployment com-  
12 pensation can be readily understood and accom-  
13 plished by the vast majority of claimants, in-  
14 cluding individuals with limited English pro-  
15 ficiency, individuals with disabilities (in compli-  
16 ance with section 508 of the Rehabilitation Act  
17 of 1973 (29 U.S.C. 794d)), older individuals,  
18 and individuals with literacy challenges;

19 (B) be available in any language spoken by  
20 more than 1 percent of the national population  
21 or any State's population (with such trans-  
22 lations completed by human translators rather  
23 than translation software) and comply with the  
24 requirements of the Plain Writing Act of 2010  
25 (5 U.S.C. 301 note);

1 (C) be accessible and optimized for all  
2 commonly used desktop computers, tablets, and  
3 mobile devices and operating systems such that  
4 any features of the online claim filing compo-  
5 nent (such as the ability to upload documenta-  
6 tion) that are available in the desktop version  
7 of the online claim filing component are also  
8 available in the tablet and mobile versions;

9 (D) allow for electronic submission of doc-  
10 umentation required to support a claim, includ-  
11 ing the ability of claimants to scan or photo-  
12 graph and submit documentation using a tablet  
13 or mobile device;

14 (E) be available 24 hours a day, 7 days a  
15 week, with the exception of scheduled and emer-  
16 gency maintenance that the State conducts, to  
17 the extent practicable, at nonpeak hours;

18 (F) provide self-service account recovery  
19 that can be completed online; and

20 (G) deploy multiple methods of commu-  
21 nication with claimants, such as short message  
22 service (SMS) message, email, postal mail, live  
23 chat, or chatbots.

24 (3) REQUIREMENTS REGARDING HIGH-RISK  
25 AUTOMATED DECISION SYSTEMS.—

1 (A) IN GENERAL.—The technology capa-  
2 bilities shall not rely solely on a high-risk auto-  
3 mated decision system to deny a claim for un-  
4 employment compensation, reduce the amount  
5 of unemployment compensation for which a  
6 claimant is eligible, or deny the right of a  
7 claimant to appeal an unemployment compensa-  
8 tion decision.

9 (B) PARTIAL RELIANCE.—

10 (i) IN GENERAL.—If any of the tech-  
11 nology capabilities rely on a high-risk auto-  
12 mated decision system to determine that a  
13 claimant is ineligible for unemployment  
14 compensation, to reduce the amount of un-  
15 employment compensation for which a  
16 claimant is eligible, or to deny the right of  
17 a claimant to appeal an unemployment  
18 compensation decision, the Secretary  
19 shall—

20 (I) require that an employee of a  
21 State workforce agency review the de-  
22 termination before—

23 (aa) the claim for unemploy-  
24 ment compensation of such  
25 claimant may be denied;



1 (bb) the amount of unem-  
2 ployment compensation for which  
3 such claimant is eligible may be  
4 reduced; or

5 (cc) the right of such claim-  
6 ant to appeal an unemployment  
7 compensation decision may be de-  
8 nied;

9 (II) consult with experts in the  
10 Federal Government (including the  
11 Director of the National Institute of  
12 Standards and Technology and the  
13 Director of the National Science  
14 Foundation), regarding the potential  
15 benefits and risks of partial reliance  
16 on a high-risk automated decision sys-  
17 tem;

18 (III) prior to utilizing such part  
19 of the technology capabilities that re-  
20 lies on a high-risk automated decision  
21 system—

22 (aa) establish clear methods  
23 to measure the accuracy of such  
24 part of the technology capabili-  
25 ties; and

1 (bb) ensure that such part  
2 of the technology capabilities  
3 minimizes the occurrence of bi-  
4 ased results based on race, gen-  
5 der, ethnicity, disability status,  
6 income, occupation, or other per-  
7 sonal characteristics as deter-  
8 mined by the Secretary, and pre-  
9 vents any increase in such bias;

10 (IV) develop algorithmic impact  
11 assessments, incorporating public  
12 feedback and expert agency review, to  
13 proactively assess the necessity of ad-  
14 ditional formal policies and safeguards  
15 to mitigate risks; and

16 (V) establish transparency re-  
17 quirements that include an annual  
18 public disclosure of any use of a high-  
19 risk automated decision system, a  
20 plain language explanation of the de-  
21 cision making structure of such high-  
22 risk automated decision system, and  
23 the details regarding such use and re-  
24 lated outcomes.

1                   (ii) TRAINING.—The Secretary shall  
2                   establish best practices for training any  
3                   relevant employee of the Department or a  
4                   State workforce agency to reduce the im-  
5                   pact of automation bias.

6                   (C) MONITORING.—The Secretary shall  
7                   continuously monitor claim determinations that  
8                   rely, in part, on the use of a high-risk auto-  
9                   mated decision system to ensure that biased re-  
10                  sults based on the characteristics described in  
11                  subparagraph (B)(i)(III)(bb) do not occur.

12               (c) PRE-DEVELOPMENT STUDY AND REPORT.—

13               (1) STUDY.—Prior to the development of the  
14               technology capabilities under subsection (a) or the  
15               procurement of such technology capabilities under  
16               subsection (g), the Secretary, in coordination with  
17               the Administrator, shall conduct a study assessing  
18               the technology needs of Federal and State unem-  
19               ployment compensation programs. Such study shall  
20               consider the following:

21               (A) The Federal and State capabilities  
22               that need to be upgraded or replaced to ensure  
23               the smooth administration of their respective  
24               unemployment compensation programs.

1 (B) How to design and develop a Feder-  
2 ally-maintained system that serves the needs of  
3 both the Federal Government and each of the  
4 State unemployment compensation programs.

5 (C) The features necessary to effectively  
6 respond to rapid changes in volume in times of  
7 emergency, including features that enable easy  
8 adaptation of, and updates to, such technology  
9 capabilities in order to implement new rules or  
10 benefits.

11 (D) The features necessary to ensure the  
12 technology capabilities have the capacity to han-  
13 dle an increased number of claims during peri-  
14 ods of high unemployment.

15 (E) How the technology capabilities can  
16 prioritize claimant experience and ensure acces-  
17 sibility, including by soliciting feedback from  
18 claimants and claimant representatives during  
19 the development process.

20 (F) How the technology capabilities can  
21 ensure effective and equitable benefit delivery,  
22 including the following:

23 (i) The standardization of data collec-  
24 tion and reporting across States to facili-  
25 tate administration and interoperability.

1 (ii) The features that will facilitate ac-  
2 curate and timely delivery of benefits and  
3 reduce the time from successful unemploy-  
4 ment compensation claim to benefit deliv-  
5 ery.

6 (iii) The features that will help to  
7 identify and prevent organized fraud  
8 schemes without causing unreasonable  
9 delays for legitimate claimants or penal-  
10 izing mistakes.

11 (iv) The appropriate level of ongoing  
12 audit and analysis needed to evaluate the  
13 effectiveness and equitability of benefit de-  
14 livery.

15 (v) How privacy-protective data expo-  
16 sure and exchange between government en-  
17 tities and privacy-protective public report-  
18 ing could be utilized to improve and ensure  
19 effective and equitable benefit delivery.

20 (G) How the technology capabilities can  
21 improve the employer experience, including tax  
22 payment, the submission of wage information,  
23 and the verification of claim information.

1 (H) How the technology capabilities can  
2 improve processes for employees of State work-  
3 force agencies.

4 (I) The information security measures nec-  
5 essary to protect claimants' personal data while  
6 enabling auditing and research, including rec-  
7 ommendations for privacy-protective tech-  
8 nologies, such as secure multi-party computa-  
9 tion, that can enable such auditing and re-  
10 search in a manner that does not involve shar-  
11 ing data on individual claimants.

12 (J) How the technology capabilities can  
13 improve data sharing among States and the  
14 Federal Government with respect to reciprocity,  
15 benefit levels, timeliness, and accuracy.

16 (K) How the technology capabilities can  
17 minimize disparities in unemployment com-  
18 pensation reciprocity by race, gender, ethnicity,  
19 disability status, income, or occupation, and  
20 prevent any increase in such disparities.

21 (L) Potential approaches for development  
22 or procurement of the technology capabilities,  
23 including, for each approach presented, range  
24 estimates for development, implementation, and

1 operational costs, and range estimates of capa-  
2 bility delivery schedules.

3 (2) REPORT.—Not later than 4 months after  
4 the date of enactment of this section, the Secretary,  
5 in coordination with the Administrator, shall submit  
6 to Congress a report containing the results of the  
7 study conducted under paragraph (1), together with  
8 the Department’s strategy for development and pro-  
9 curement of the technology capabilities, including  
10 any recommendations for such legislation and ad-  
11 ministrative action as the Secretary determines ap-  
12 propriate.

13 (d) DIGITAL SERVICES TEAM.—

14 (1) ESTABLISHMENT.—The Secretary, in co-  
15 ordination with the Administrator, shall establish in  
16 the Department a Digital Services Team (in this  
17 section referred to as the “Team”).

18 (2) MEMBERSHIP.—The Team shall include—

19 (A) technology experts;

20 (B) user experience experts;

21 (C) an experienced technical team leader  
22 with experience in human-centered design and  
23 modern software development practices; and

24 (D) any other member deemed appropriate  
25 by the Secretary.

1           (3) DUTIES.—The Team shall carry out the fol-  
2           lowing duties:

3                   (A) Assist the Secretary in the develop-  
4                   ment, operation, and maintenance of the tech-  
5                   nology capabilities under subsection (a).

6                   (B) After the development and deployment  
7                   of the technology capabilities under subsection  
8                   (a) is complete, assist the Secretary in oper-  
9                   ating and overseeing the maintenance and con-  
10                  tinued improvement of the technology capabili-  
11                  ties, including by providing technological assist-  
12                  ance—

13                           (i) to State workforce agencies; and

14                           (ii) to States seeking to adapt their  
15                           State databases to interface with the Fed-  
16                           erally provided modular and open systems  
17                           technology capabilities described in sub-  
18                           section (b)(1)(E).

19                   (C) Ensure the Department has sufficient  
20                   in-house technical expertise and procurement  
21                   support.

22                   (D) Assist the Department with technology  
23                   needs.

24                   (E) Engage in such other activities deemed  
25                   appropriate by the Secretary.



1           (4) STAFF AND RESOURCES.—The Secretary  
2           shall ensure that the Team has such staff, resources,  
3           and access to information as may be necessary to  
4           carry out the duties of the Team.

5           (5) DIGITAL SERVICES TEAM FUNDING.—Out of  
6           any money in the Treasury not otherwise appro-  
7           priated, there are appropriated to the Secretary  
8           \$5,000,000 to carry out this subsection. Amounts  
9           appropriated under the preceding sentence shall re-  
10          main available until expended.

11          (e) PILOT PROGRAM.—Prior to the deployment of the  
12          technology capabilities to all States, the Secretary shall  
13          select not fewer than 4 States to participate in a pilot pro-  
14          gram to test the technology capabilities and demonstrate  
15          that such technology capabilities meet the requirements  
16          and end-to-end user experience needs established by this  
17          Act, including those identified in the pre-development  
18          study described in subsection (c)(1).

19          (f) DATA SHARING.—To enable the storage, expo-  
20          sure, and exchange of data required by States to admin-  
21          ister their unemployment compensation programs, the  
22          Secretary shall—

23                 (1) establish Computer Matching Agreements in  
24                 accordance with the Computer Matching and Pri-  
25                 vacy Protection Act of 1988 (5 U.S.C. 552a note)

1 to obtain information necessary to verify a claim-  
2 ant's eligibility for unemployment compensation;

3 (2) determine appropriate aggregate data to  
4 share on a regular basis with the public through the  
5 Data.gov internet website pursuant to the Founda-  
6 tions for Evidence-Based Policy Making Act of 2018  
7 (5 U.S.C. 101 note);

8 (3) establish appropriate controls and moni-  
9 toring to make available only the data necessary for  
10 States to administer their unemployment compensa-  
11 tion programs; and

12 (4) establish a data retention policy for retain-  
13 ing or archiving historical unemployment compensa-  
14 tion program data as deemed appropriate.

15 (g) PROCUREMENT AND CONTRACTS WITH PRIVATE  
16 VENDORS.—If the Secretary contracts with a private ven-  
17 dor to procure or develop or assist with the development  
18 of the technology capabilities under subsection (a), the  
19 Secretary shall—

20 (1) ensure that any agreement with such pri-  
21 vate vendor stipulates that the resulting technology  
22 capabilities and associated research, applications,  
23 automated processes, and associated metadata shall  
24 be the proprietary information of the Federal Gov-  
25 ernment;

1           (2) follow best practices for Government IT  
2 procurement to de-risk projects; and

3           (3) provide funding based on program outcomes  
4 rather than volume.

5 (h) OVERSIGHT.—

6           (1) OVERSIGHT.—During and after the develop-  
7 ment of the technology capabilities under subsection  
8 (a), the Secretary shall—

9           (A) respond to requests from Congress for  
10 updates on the development of the technology  
11 capabilities; and

12           (B) participate in oversight hearings and  
13 demonstrations of the technology capabilities as  
14 requested by Congress.

15           (2) PUBLICLY AVAILABLE STATUS.—Not later  
16 than 6 months after the date of enactment of this  
17 section, the Secretary shall establish and maintain  
18 publicly available content, available on the internet  
19 website of the Department, that provides the status  
20 of—

21           (A) the technology capabilities being devel-  
22 oped under this section;

23           (B) the metrics of success for such devel-  
24 opment;

1 (C) the results from piloting and testing of  
2 such technology capabilities; and

3 (D) deployment of such technology capa-  
4 bilities in each of the States and the Federal  
5 Government.

6 (i) TECHNOLOGY CAPABILITIES MODERNIZATION  
7 FUNDING.—Out of any money in the Treasury not other-  
8 wise appropriated, there are appropriated to the Secretary  
9 \$500,000,000 to carry out this section (other than sub-  
10 section (d)). Amounts appropriated under the preceding  
11 sentence shall remain available until expended.

12 (j) DEFINITIONS.—In this section:

13 (1) ADMINISTRATOR.—The term “Adminis-  
14 trator” means the Administrator of the United  
15 States Digital Service.

16 (2) AUTOMATED DECISION SYSTEM.—The term  
17 “automated decision system” means a computational  
18 process, including one derived from machine learn-  
19 ing, statistics, or other data processing or artificial  
20 intelligence techniques, that makes a decision or fa-  
21 cilitates human decision making that impacts claim-  
22 ants.

23 (3) AUTOMATION BIAS.—The term “automation  
24 bias” means the tendency for humans to over-rely on  
25 the recommendation of an automated decision sys-

1       tem, to place overconfidence in such recommendation  
2       based on perceived superiority to analog or human  
3       processes, or to ignore evidence that would indicate  
4       the automated decision system has made an error.

5           (4) CLAIMANT.—The term “claimant” means a  
6       claimant for unemployment compensation.

7           (5) DEPARTMENT.—The term “Department”  
8       means the Department of Labor.

9           (6) HIGH-RISK AUTOMATED DECISION SYS-  
10       TEM.—The term “high-risk automated decision sys-  
11       tem” means an automated decision system that—

12           (A) poses a significant risk—

13               (i) to the privacy or security of per-  
14               sonal information of claimants; or

15               (ii) of resulting in or contributing to  
16               inaccurate, unfair, biased, or discrimina-  
17               tory decisions impacting claimants;

18           (B) makes decisions, or facilitates human  
19       decision making, based on systematic evalua-  
20       tions of current and historical claimant data,  
21       including attempts to analyze or predict sen-  
22       sitive aspects of claimants’ lives or characteris-  
23       tics or activities that may affect their eligibility  
24       for unemployment compensation, such as their  
25       reason for separation from employment, avail-

1 ability for work, work search activities, work  
2 performance, economic situation, health, per-  
3 sonal preferences, interests, behavior, location,  
4 or movements, that—

5 (i) alter legal rights of the claimants;

6 or

7 (ii) otherwise significantly impact the  
8 claimants;

9 (C) involves the personal information of a  
10 significant number of claimants regarding race,  
11 color, national origin, political opinions, reli-  
12 gion, trade union membership, genetic data, bi-  
13 ometric data, health, gender, gender identity,  
14 sexuality, sexual orientation, disability status,  
15 criminal convictions, or arrests; or

16 (D) meets any other criteria deemed ap-  
17 propriate by the Secretary.

18 (7) MODULAR OPEN SYSTEMS APPROACH.—The  
19 term “modular open systems approach” means an  
20 integrated business and technical strategy that—

21 (A) employs a modular design that uses  
22 system interfaces between a system platform  
23 and a system component, between system com-  
24 ponents, or between system platforms;

1 (B) is subjected to verification to ensure  
2 system interfaces comply with, if available and  
3 suitable, widely supported and consensus-based  
4 standards; and

5 (C) uses a system architecture that allows  
6 severable system platforms or components at  
7 the appropriate level to be incrementally added,  
8 removed, or replaced throughout the life cycle  
9 of a system platform or component while yield-  
10 ing—

11 (i) significant cost savings or avoid-  
12 ance;

13 (ii) schedule reduction;

14 (iii) opportunities for technical up-  
15 grades;

16 (iv) increased interoperability; or

17 (v) other benefits during the  
18 sustainment phase.

19 (8) SECRETARY.—The term “Secretary” means  
20 the Secretary of Labor.

21 (9) SECURE MULTI-PARTY COMPUTATION.—The  
22 term “secure multi-party computation” means a  
23 computerized system that enables different partici-  
24 pating entities in possession of private sets of data  
25 to link and aggregate their data sets for the exclu-

1       sive purpose of performing a finite number of pre-  
2       approved computations without transferring or oth-  
3       erwise revealing any private data to each other or  
4       anyone else.

5           (10) STATE.—The term “State” means each of  
6       the several States, the District of Columbia, the  
7       Commonwealth of Puerto Rico, and the United  
8       States Virgin Islands.