

# U.S. Department of Labor's Grants to States Can Improve Equity within the Unemployment Insurance System

*Under the American Rescue Plan Act (ARPA) the U.S. Department of Labor (DOL) was allocated \$2 billion in funds to improve the unemployment insurance system. In August 2021, [DOL announced](#) a series of new actions to direct this funding, including providing up to \$260 million in Equity Grants to states to promote equitable access to unemployment insurance.*

*States may use these Equity Grant funds to promote equitable access to unemployment insurance such as eliminating administrative barriers to benefit applications, reducing state workload backlogs, improving the timeliness of unemployment insurance payments to eligible individuals, and ensuring equity in fraud prevention, detection, and recovery activities.*

## Background on Equity Grant Funds

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*On August 17, 2021, DOL issued additional guidance on the Equity Grants under [Unemployment Insurance Program Letter No. 23-21, Grant Opportunity for Promoting Equitable Access to Unemployment Compensation \(UC\) Programs](#). This guidance gives wide latitude to state agencies about how they can use the funds to promote equity within their state program. It also provides helpful suggestions to states on ways to use the funds, such as:*

- Improve claimant outreach
- Measure delivery of benefits and claimant experience
- Improve customer service
- Reduce backlogs
- Facilitate establishment of entitlement to benefits
- Business process analysis for equity, first payment, and/or first level appeals promptness
- Expanding and improving collection of demographic data
- Hiring merit staff and/or securing contract support

*States must apply for the grant by **November 30, 2021**. However, states may be able to apply for an extension if they cannot meet that deadline. The grant funds will be awarded directly to the state, but states are allowed to subgrant to labor, community-based organizations, and*

*other advocacy groups if they want. They will need to include their intent in their application to the U.S. DOL.*

### **How advocates and workers can be involved in this process:**

While these funds are directed to state agencies, advocates can play an important role by ensuring states use the funds to serve the needs of historically excluded populations, including Black, Latinx, Asian, Indigenous, and other workers of color who disproportionately experience unemployment due to systemic racism and face the biggest barriers to accessing and receiving benefits.

Advocates should encourage their state agency to apply for the Equity Grants and offer suggestions, including how to involve the appropriate advocacy and community-based organizations in the planned work.

Below are a few suggestions:

#### **1. Improve Communication and Language Access.**

State agencies should invest in overhauling their communication to workers to ensure they receive clear and timely notice and guidance regarding their claims. In partnership with relevant experts, including advocates and workers, the agency should create materials that are at a fifth-grade reading level, and translated by qualified translators to multiple languages to meet the needs of the state's non-English-speaking and reading populations. English-only and confusing forms or notices are main contributors to state backlog and overpayment issues.

Clear communication to claimants on the status of their claim, or clear direction of what the agency needs from the claimant to continue to process their claim would resolve many issues that disproportionately impact workers of color and impede their access to timely benefits. Included in this process should be rethinking how claimants receive and respond to communications, particularly for workers on the other side of the digital divide. For example, all unemployment insurance applications should be mobile-friendly, workers should be able to submit documents online via text or email, photos of any relevant documents should be sufficient, and text-based communication should be adopted to compliment email, regular mail, and telephone correspondence.

#### **2. Target Outreach and Education Campaigns.**

There is a huge knowledge gap when it comes to unemployment insurance, which disproportionately impacts Black, Latinx, Asian, Indigenous, and other workers of color from accessing benefits due to historic carve outs from federal laws that denied Black workers and other workers of color from unemployment insurance program eligibility. To counter this knowledge gap, state agencies should invest in robust and targeted outreach and education campaigns.

This work should be done in direct partnership with labor and community-based organizations. State agencies must prioritize worker awareness, user access and experience, and functionality through targeted outreach campaigns that center the needs of workers, particularly Black, Latinx, Asian, Indigenous, and other workers of

color. One component of this campaign could be creating a “navigator program” where community based and labor organizations help their constituents navigate the unemployment insurance system, including providing education and help with the application process.

**3. Sustain Stakeholder Engagement.**

State agencies must invest in sustained collaboration with workers and the advocates and organizations that work in partnership with them. For far too long, employers have been the only voice at the table when it comes to unemployment insurance reform. As such, the unemployment insurance system still fails to serve the needs of its main stakeholders: workers. To improve equity, state agencies must transform this exclusionary model and center the needs of workers by engaging with them and worker advocates directly and on an ongoing basis.

Agencies should use the grant funding to create a UI Stakeholder Liaison position. The Liaison would be responsible for stakeholder engagement and holding regular unemployment insurance stakeholder meetings that bring agency representatives to the table with workers from historically excluded populations and organizations that advocate with them to share information, develop solutions to improve access, and partner on targeted outreach and education campaigns, among other things. California recently created this type of position. You can find more information on that [here](#).

**4. Collect and Share Better Data.**

Better data collection, specifically demographic and geographical data, is needed to solve the issues plaguing the unemployment insurance system. It is difficult to effectively address the systemic problems without accessible, reliable data on key issues. Ideally, states would have timely, reliable data on backlogs, call center wait times, and application rates as well as the impact of system updates on application rates, timeliness of payments, denials, and delays. All data should be broken down by race, ethnicity, and gender and should be collected on a county and neighborhood level. This data should also be easily accessible to the public.

**For more information:**

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If you have any questions or need further information, please email National Employment Law Project senior staff attorney Jenna Gerry at [jgerry@nelp.org](mailto:jgerry@nelp.org) or Unemployment Insurance Campaign Coordinator Alexa Tapia at [atapia@nelp.org](mailto:atapia@nelp.org).