

# United States Senate

WASHINGTON, DC 20510

April 5, 2026

Joseph Ucuzoglu  
Chief Executive Officer  
Deloitte  
30 Rockefeller Plaza  
41st Floor  
New York, NY 10112

Dear Mr. Ucuzoglu:

We write with concerns that the use of third-party vendors—including your company—may be undermining state unemployment insurance (UI) systems and preventing Americans from accessing or applying for UI benefits. In recent years, overburdened States have increasingly turned to vendors, like Deloitte, to modernize their UI systems.<sup>1</sup> But these outside vendors’ track records—and the lack of transparency around this work—raise questions about whether they are successfully “modernizing” UI or securing lucrative contracts while providing error-prone systems that disrupt benefits and harm individuals who need and have earned their unemployment benefits.

## **States are Increasingly Turning to Outside Vendors to Modernize Their UI Systems**

Chronic underfunding and low staffing have left state unemployment agencies struggling to maintain outdated UI systems, which the pandemic made clear were unable to keep up with “crush of unemployment applications flooding in” in recent years.<sup>2</sup> In response to these problems, states have increasingly contracted with private sector vendors, including Deloitte, to help rebuild their UI infrastructure.<sup>3</sup> With limited technological capacity at state agencies, vendors have exerted great power in how state UI systems have been modernized and automated. The functionality—or failure—of these systems has dire consequences for beneficiaries’ unemployment benefits.<sup>4</sup>

UI systems across the country are in need of high-quality updates to ensure they are meeting the needs of Americans across the country. State UI programs have been underfunded for decades, and the Trump Administration’s cuts to the federal workforce have only put further strain on unemployment systems, with around 10,000 former federal employees filing for unemployment last year, the unemployment rate rising, and job growth slowing since President Trump took office over

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a year ago.<sup>5</sup> But failed modernization efforts can leave states in an even worse position, with unaccountable contractors providing unreliable systems. Reports have revealed “growing concern[] about the quality of [vendors’] work,” in some instances leading to more problems for state unemployment agencies—and causing severe and costly disruptions to beneficiaries’ UI.<sup>6</sup> These disruptions leave unemployed Americans without the UI benefits they need to keep up with housing, medical, and food expenses during periods of unemployment.<sup>7</sup>

### **UI Vendors are Implementing Error-Prone Systems**

When contracting with a state to update its UI infrastructure, vendors often provide their commercial off-the-shelf (COTS) product—proprietary systems that obligate the vendor to provide “ongoing system support and maintenance.”<sup>8</sup> These one-size-fits-all systems give states little say in customizing the system to their state, leading to rigidity that can make them difficult to update even when they produce errors. They are also opaque, making it difficult to uncover how these systems work and what data they rely on. When technology is “outsourced to a private vendor,” states and the public often do not know “what data is being used and how [it is] being evaluated.”<sup>9</sup> Vendors are tight-lipped when “provid[ing] proper answers” about their systems, in some cases “refus[ing] to disclose the information they possess about how such systems function,” claiming their system “is a trade secret” and necessary for “investigations of fraud.”<sup>10</sup> The resulting “black box” raises concerns “for claimants whose eligibility may be affected by the [private vendor’s] decision-making.”<sup>11</sup>

Vendors also often offer systems that can “automate functions previously performed by agency staff” when updating a state’s UI infrastructure.<sup>12</sup> Specifically, states have implemented systems that use artificial intelligence (AI) to help determine eligibility for UI, verify the identity of claimants, and detect fraud.<sup>13</sup> While states should implement responsible policies to address fraud, often, systems intended to stop fraud have widespread impacts on eligible workers trying to claim their earned benefits. Many of these tools that intend to improve states’ administrative capabilities can

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cause serious problems when they rely on “underlying data [that] is not good data,” which, given “the surveillance that results from using public resources,” leaves “many low-income and minority workers [with] significantly more publicly accessible data about them than other workers applying for benefits.”<sup>14</sup> Even when the underlying data is reliable, these tools have had trouble properly interpreting the data they collect, with many systems wrongfully flagging UI claims for fraud. For example, there are a number of reports of vendors flagging claims from the same apartment building—but different units—as fraudulent.<sup>15</sup> In other cases, claims are flagged by these systems if the claimant’s street address is associated with a similar address in a different state or for “even minor discrepancies” the system gets from other sources.<sup>16</sup> AI tools can also struggle to understand nuances between terms in a claimant’s application, such as understanding the difference between “fired” versus “laid off,” which impacts UI benefits determinations.<sup>17</sup>

Other reports document how these tools are prone to “glitches of all sorts” when determining benefit eligibility, including incorrectly processing a claimant’s paperwork—which can impede state UI workers ability “to perform key functions to get applications approved” and can result in claimants’ application or benefit payments being erroneously put on hold.<sup>18</sup> Error-prone UI technology has also hindered states’ employment service programs, which help UI claimants navigate the job market and comply with work search requirements to ensure they remain eligible for UI benefits.<sup>19</sup>

The “black box” surrounding these systems is alarming, especially considering the deference decision-makers show to AI “out of a belief” it makes fewer mistakes—which can result in UI benefit adjudicators overlooking errors in an AI-based system’s opinion.<sup>20</sup> One expert warns that “substitut[ing] the judgement of AI for that of trained human decision-makers” can seriously harm Americans filing for UI, especially since “AI is unlikely to be able to parse the nuances involved” in a UI claim.<sup>21</sup> Federal statute requires that eligibility determinations must be conducted by staff hired under a merit-based personnel system.<sup>22</sup> Automation products can help speed up routine steps, like assembling paperwork, and even assist in processing information—but the ultimate high-stakes decision to deny benefits must lie with a human. However, “resource-strapped administrative judges” or adjudicators likely do not have the time to “meaningfully review” a determination recommendation made by AI.<sup>23</sup> This lack of oversight—despite AI systems’ being “repeatedly

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<sup>16</sup> *Id.*, p. 60.

<sup>17</sup> Roosevelt Institute, “AI and Government Workers: Use Cases in Public Administration,” Samantha Shorey, July 2025, p. 13, [https://rooseveltinstitute.org/wp-content/uploads/2025/07/RI\\_AI-and-Government-Workers\\_Report\\_202507.pdf](https://rooseveltinstitute.org/wp-content/uploads/2025/07/RI_AI-and-Government-Workers_Report_202507.pdf).

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<sup>19</sup> Government Technology, “Vendor Outage Affects State Unemployment, Job-Seeking Sites,” Jule Pattison-Gordon, June 30, 2022, <https://www.govtech.com/security/vendor-outage-affects-state-unemployment-job-seeking-sites>.

<sup>20</sup> TechTonic Justice, “Inescapable AI: The Ways AI Decides How Low-Income People Work, Live, Learn, and Survive,” Kevin De Liban, November 2024, pp. 56-63, <https://static1.squarespace.com/static/65a1d3be4690143890f61ccc/t/673c7170a0d09777066c6e50/1732014450563/ttj-inescapable-ai.pdf>.

<sup>21</sup> *Id.*

<sup>22</sup> 42 U.S.C. § 503(a)(1)

shown to produce misinformation”—can perpetuate flaws in a vendor's system.<sup>24</sup> Rather than streamlining processes, acting on “inaccurate data” only “creates more barriers to [UI] benefits for workers, and more work for the agency.”<sup>25</sup>

### **Vendors Have a Track Record of Disrupting Benefits**

Your company is one of the biggest UI vendors, and given reports of problems with these vendors, I am concerned about your company’s ability to adequately modernize state unemployment programs in a way that does not disrupt accurate UI benefit delivery. Our concerns are amplified by Deloitte’s history with mistake-ridden UI modernization projects, which have harmed beneficiaries across the country.

Deloitte has a "tumultuous history with benefits systems"<sup>26</sup> that goes back for more than a decade. In 2010, Deloitte contracted with California to “overhaul” the website residents used to apply for UI. However, “things didn’t go well,” and within a few months, technical errors “led to the halting of payments for some 300,000 people.”<sup>27</sup> The final cost of implementing Deloitte’s error-prone system was \$110 million, nearly double the initial estimate.<sup>28</sup> A similar story played out in Florida, where Deloitte built an online unemployment platform to update the state’s UI system; the system experienced problems “almost immediately,” repeatedly crashed, and “prevented applicants from receiving crucial payments.”<sup>29</sup> Reports from the Florida auditor general spanning between 2015 and 2021 showed “chronic deficiencies impeding all aspects of the eligibility process: people could not access the website or file claims despite dozens of attempts, paperwork they submitted was not processed, glitches of all sorts appeared, and state workers could not perform key functions to get applications approved.”<sup>30</sup> The “final tab” for Deloitte’s system “ballooned,” costing the state \$15 million more than initially anticipated, and dozens of workers across the state allege the system caused their families to “lose homes, cars, savings, and dignity.”<sup>31</sup> An attorney representing these workers described “Deloitte’s track record” as “just checkered with negligence—products that don’t work.”<sup>32</sup>

When a vendor’s modernization efforts go awry, the livelihood of Americans during periods of unemployment are put in jeopardy. Unemployment benefits are crucial to reducing food insecurity for beneficiaries and ensure Americans do not fall behind on medical or housing payments during

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<sup>24</sup> *Id.*

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periods of unemployment.<sup>33</sup> Disrupted UI services mean disrupted benefits, increasing the risk of food, medical, and housing insecurity, as well as an increased risk of improper payments and benefit denials.<sup>34</sup> Instead of updating UI systems, you have profited off an ineffective product—frequently at the expense of Americans’ UI benefits.

### Conclusion and Questions

Unemployment benefits are a critical bridge for millions of Americans who have lost their jobs, yet vendors’ haphazard modernization of UI systems can threaten the delivery of these benefits. We are concerned by a troubling pattern of vendors, like Deloitte, mishandling state UI systems, the detrimental impact of mishandling these systems on Americans’ benefits, and the lack of thorough oversight into these contracts. To inform our legislative responsibilities with regard to the operations of unemployment benefits, and to help us better understand your company’s impact on the systems that administer these benefits, we request that you provide the following information by April 23, 2026:

1. How many states is your company contracting with for UI modernization projects?
  - a. With which states is your company contracting or performing modernization work as a subcontractor of another company
    - i. For each of these states, please indicate the stage of your product: planning, development, or maintenance?
  - b. What are the value and contract period(s) for each of these contracts, and are these contracts eligible for renewal or extension?
  - c. What specific services are provided for each of these contracts?
  - d. Has your company’s product been subject to any audits or evaluations by state or other third-party officials regarding the efficiency and effectiveness of these contracts? If so, what have they revealed?
2. What products do you offer states for these UI modernization projects?
  - a. Is your company providing these states an off-the-shelf product or creating software specifically designed for the state’s unique UI system? Please provide information on the product you sell to states, and how you adapt these products to each state’s UI infrastructure.
  - b. How do you test your product before deployment? Please describe what kind of user testing is done.
3. When a state uses one of your products to modernize their UI infrastructure, what is your role in the product’s maintenance? Please describe who maintains the operation of the system in these contracts.
  - a. What level of control and oversight do the states maintain over your company’s products in UI modernization projects?
  - b. Do any of your state customers own the code for their version of your product?
  - c. On average, what percentage of overall contract profitability comes from the maintenance of UI infrastructure?
4. Have your customers experienced increases or decreases in the timeliness of payment and accuracy of payment over the first year of deploying your product? Over the first three years?

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<sup>33</sup> National Employment Law Project, “The Unemployed Worker Study,” Amy Traub, Alexander Hertel-Fernandez, and Sanjay Pinto, April 2025, <https://www.nelp.org/app/uploads/2025/04/Unemployed-Worker-Study-2025.pdf>.

<sup>34</sup> *Id.*

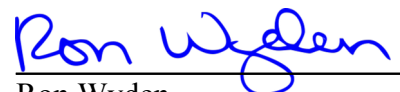
5. Have your customers increased or decreased the efficiency and satisfaction of staff after modernizing with your product?
6. Does your company subcontract with other companies, or is your company a subcontractor of other companies, when modernizing a state's UI infrastructure?
  - a. If so, how often does this occur, and how are the states kept informed about which companies have access to their infrastructure and data?
7. What sources does your company pull data from for the fraud prevention and eligibility algorithms in your company's UI products? Please describe what data these algorithms use, where this data is collected from, and how your company acquires this data.
8. When your company contracts with a state, does it communicate the types of data its product uses with the state?
  - a. What information regarding your product's fraud prevention and eligibility algorithm, if any, does your company withhold from the state that it is contracting with, and what is the rationale behind withholding this information?
9. How do you identify and correct any errors in your product, including its fraud prevention and eligibility algorithm? Please provide information on how your company addresses systematic errors in its product.
  - a. When a system-wide error is discovered, such as mistakenly flagging two claimants from the same apartment building for fraud, how long does it take to resolve the error, and how much do these updates cost the states?
  - b. When a system-wide error is discovered, how does your company inform the state on the error's impact on the state's UI agency functions and claimants? Please describe how you communicate product malfunctions with the state.
  - c. Does your company track how these errors disrupt services and how many people are impacted when errors occur? If so, please provide this data.
10. There is variation in how states run their UI systems. How does your company adapt its COTS products to a state's specific UI agency?
  - a. How does your company transfer improvements from the use of COTS products in one state to another state using the same product? Do you work with your state customers to achieve economies of scale across users?
  - b. When states are running an older version of your COTS product, how can they upgrade to a new version, and have any of your customers made that upgrade?

Sincerely,



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Elizabeth Warren  
United States Senator



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Ron Wyden  
United States Senator  
Ranking Member, Committee  
on Finance

# United States Senate

WASHINGTON, DC 20510

April 5, 2026

Steve Hasker  
President and Chief Executive Officer  
Thomson Reuters  
3 Times Square  
18th Floor  
New York, NY 10036

Dear Mr. Hasker:

We write with concerns that the use of third-party vendors—including your company—may be undermining state unemployment insurance (UI) systems and preventing Americans from accessing or applying for UI benefits. In recent years, overburdened States have increasingly turned to vendors, like Thomson Reuters, to modernize their UI systems.<sup>1</sup> But these outside vendors' track records—and the lack of transparency around this work—raise questions about whether they are successfully “modernizing” UI or securing lucrative contracts while providing error-prone systems that disrupt benefits and harm individuals who need and have earned their unemployment benefits.

## **States are Increasingly Turning to Outside Vendors to Modernize Their UI Systems**

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<sup>12</sup> The Century Foundation, “Centering Workers—How to Modernize Unemployment Insurance Technology,” Julia Simon-Mishel, Maurice Emsellem, Michele Evermore, et al., October 5, 2020, <https://tcf.org/content/report/centering-workers-how-to-modernize-unemployment-insurance-technology/>.

<sup>13</sup> TechTonic Justice, “Inescapable AI: The Ways AI Decides How Low-Income People Work, Live, Learn, and Survive,” Kevin De Liban, November 2024, pp. 56-63, <https://static1.squarespace.com/static/65a1d3be4690143890f61cec/t/673c7170a0d09777066c6e50/1732014450563/tj-inescapable-ai.pdf>.

<sup>14</sup> The Century Foundation, “Centering Workers—How to Modernize Unemployment Insurance Technology,” Julia Simon-Mishel, Maurice Emsellem, Michele Evermore, et al., October 5, 2020, <https://tcf.org/content/report/centering-workers-how-to-modernize-unemployment-insurance-technology/>.

<sup>15</sup> TechTonic Justice, “Inescapable AI: The Ways AI Decides How Low-Income People Work, Live, Learn, and Survive,” Kevin De Liban, November 2024, pp. 56-63, <https://static1.squarespace.com/static/65a1d3be4690143890f61cec/t/673c7170a0d09777066c6e50/1732014450563/tj-inescapable-ai.pdf>.

<sup>16</sup> *Id.*, p. 60.

<sup>17</sup> Roosevelt Institute, “AI and Government Workers: Use Cases in Public Administration,” Samantha Shorey, July 2025, p. 13, [https://rooseveltinstitute.org/wp-content/uploads/2025/07/RI\\_AI-and-Government-Workers\\_Report\\_202507.pdf](https://rooseveltinstitute.org/wp-content/uploads/2025/07/RI_AI-and-Government-Workers_Report_202507.pdf).

<sup>18</sup> TechTonic Justice, “Inescapable AI: The Ways AI Decides How Low-Income People Work, Live, Learn, and Survive,” Kevin De Liban, November 2024, pp. 56-63, <https://static1.squarespace.com/static/65a1d3be4690143890f61cec/t/673c7170a0d09777066c6e50/1732014450563/tj-inescapable-ai.pdf>.

<sup>19</sup> Government Technology, “Vendor Outage Affects State Unemployment, Job-Seeking Sites,” Jule Pattison-Gordon, June 30, 2022, <https://www.govtech.com/security/vendor-outage-affects-state-unemployment-job-seeking-sites>.

The “black box” surrounding these systems is alarming, especially considering the deference decision-makers show to AI “out of a belief” it makes fewer mistakes—which can result in UI benefit adjudicators overlooking errors in an AI-based system’s opinion.<sup>20</sup> One expert warns that “substitut[ing] the judgement of AI for that of trained human decision-makers” can seriously harm Americans filing for UI, especially since “AI is unlikely to be able to parse the nuances involved” in a UI claim.<sup>21</sup> Federal statute requires that eligibility determinations must be conducted by staff hired under a merit-based personnel system.<sup>22</sup> Automation products can help speed up routine steps, like assembling paperwork, and even assist in processing information—but the ultimate high-stakes decision to deny benefits must lie with a human. However, “resource-strapped administrative judges” or adjudicators likely do not have the time to “meaningfully review” a determination recommendation made by AI.<sup>23</sup> This lack of oversight—despite AI systems’ being “repeatedly shown to produce misinformation”—can perpetuate flaws in a vendor’s system.<sup>24</sup> Rather than streamlining processes, acting on “inaccurate data” only “creates more barriers to [UI] benefits for workers, and more work for the agency.”<sup>25</sup>

### **Vendors Have a Track Record of Disrupting Benefits**

Your company provides UI vendors with a widely used tool, and given reports of problems with this tool, I am concerned about your company’s ability to adequately modernize state unemployment programs in a way that does not disrupt accurate UI benefit delivery. Our concerns are amplified by Thomson Reuters’ history with mistake-ridden UI modernization projects, which have harmed beneficiaries across the country.

Thomson Reuters offers states a fraud detection and prevention software – as opposed to a specific, end-to-end UI claims system – that they can apply to their UI systems. In 2024, the Electronic Privacy Information Center (EPIC) filed a complaint with the Federal Trade Commission, alleging that the fraud detection software created by Pondera Solutions—a subsidiary of Thomson Reuters—“needlessly deprived Americans of their public benefits,” including UI, and that the company “failed to show that its algorithm meets federal standards for responsible automated decision-making systems.”<sup>26</sup> The company contracted with numerous state government agencies to implement its fraud detection tool, and, in many cases, “maintain[ed]

<sup>20</sup> TechTonic Justice, “Inescapable AI: The Ways AI Decides How Low-Income People Work, Live, Learn, and Survive,” Kevin De Liban, November 2024, pp. 56-63, <https://static1.squarespace.com/static/65a1d3be4690143890f61cec/t/673c7170a0d09777066c6e50/1732014450563/tj-inescapable-ai.pdf>.

<sup>21</sup> *Id.*

<sup>22</sup> 42 U.S.C. § 503(a)(1)

<sup>23</sup> TechTonic Justice, “Inescapable AI: The Ways AI Decides How Low-Income People Work, Live, Learn, and Survive,” Kevin De Liban, November 2024, pp. 56-63, <https://static1.squarespace.com/static/65a1d3be4690143890f61cec/t/673c7170a0d09777066c6e50/1732014450563/tj-inescapable-ai.pdf>.

<sup>24</sup> *Id.*

<sup>25</sup> The Century Foundation, “Centering Workers—How to Modernize Unemployment Insurance Technology,” Julia Simon-Mishel, Maurice Emsellem, Michele Evermore, et al., October 5, 2020, <https://tcf.org/content/report/centering-workers-how-to-modernize-unemployment-insurance-technology/>.

<sup>26</sup> StateScoop, “Automated public-benefit fraud detection used by states subject of new FTC complaint,” Keely Quinlan, January 4, 2024, <https://statescoop.com/automated-public-benefit-fraud-detection-state-ftc-complaint/>; Federal Trade Commission, “Complaint and Request for Investigation, Injunction, and Other Relief Submitted by the Electronic Privacy Information Center (EPIC),” January 3, 2024, <https://epic.org/wp-content/uploads/2024/01/EPIC-FTC-Thomson-Reuters-Complaint.pdf>.

control and ownership” over the tool.<sup>27</sup> State agencies relied on this tool to “determine how much assistance” recipients “should receive, if any,” and “whether and when to initiate fraud investigations or overpayment proceedings.”<sup>28</sup> When attempting to access information on the “design, evaluation, and operation” of Pondera Solutions’ tool (owned by Thomson Reuters), EPIC discovered that multiple state government agencies either did not have access to the relevant information or could not “disclose it due to trade secret restrictions.”<sup>29</sup> The organization also pointed out that the fraud detection tool regularly flagged legitimate public benefit claims leading to “wrongful reduction, denial, and recollection of public benefits for eligible recipients.”<sup>30</sup>

When a vendor’s modernization efforts go awry, the livelihood of Americans during periods of unemployment are put in jeopardy. Unemployment benefits are crucial to reducing food insecurity for beneficiaries and ensure Americans do not fall behind on medical or housing payments during periods of unemployment.<sup>31</sup> Disrupted UI services mean disrupted benefits, increasing the risk of food, medical, and housing insecurity, as well as an increased risk of improper payments and benefit denials.<sup>32</sup> Instead of updating UI systems, you have profited off an ineffective product—frequently at the expense of Americans’ UI benefits.

### **Conclusion and Questions**

Unemployment benefits are a critical bridge for millions of Americans who have lost their jobs, yet vendors’ haphazard modernization of UI systems can threaten the delivery of these benefits. We are concerned by a troubling pattern of vendors, like Thomson Reuters, mishandling state UI systems, the detrimental impact of mishandling these systems on Americans’ benefits, and the lack of thorough oversight into these contracts. To inform our legislative responsibilities with regard to the operations of unemployment benefits, and to help us better understand your company’s impact on the systems that administer these benefits, we request that you provide the following information by April 23, 2026:

1. How many states is your company contracting with for UI modernization projects?
  - a. With which states is your company contracting or performing modernization work as a subcontractor of another company
    - i. For each of these states, please indicate the stage of your product: planning, development, or maintenance?
  - b. What are the value and contract period(s) for each of these contracts, and are these contracts eligible for renewal or extension?
  - c. What specific services are provided for each of these contracts?
  - d. Has your company’s product been subject to any audits or evaluations by state or other third-party officials regarding the efficiency and effectiveness of these contracts? If so, what have they revealed?

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<sup>27</sup> Federal Trade Commission, “Complaint and Request for Investigation, Injunction, and Other Relief Submitted by the Electronic Privacy Information Center (EPIC),” January 3, 2024, p. 14, <https://epic.org/wp-content/uploads/2024/01/EPIC-FTC-Thomson-Reuters-Complaint.pdf>.

<sup>28</sup> *Id.*, p. 12.

<sup>29</sup> *Id.*, p. 14.

<sup>30</sup> *Id.*, p. 12.


<sup>31</sup> National Employment Law Project, “The Unemployed Worker Study,” Amy Traub, Alexander Hertel-Fernandez, and Sanjay Pinto, April 2025, <https://www.nelp.org/app/uploads/2025/04/Unemployed-Worker-Study-2025.pdf>.

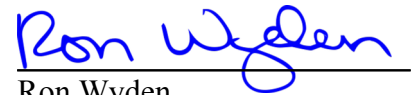
<sup>32</sup> *Id.*

2. What products do you offer states for these UI modernization projects?
  - a. Is your company providing these states an off-the-shelf product or creating software specifically designed for the state's unique UI system? Please provide information on the product you sell to states, and how you adapt these products to each state's UI infrastructure.
  - b. How do you test your product before deployment? Please describe what kind of user testing is done.
3. When a state uses one of your products to modernize their UI infrastructure, what is your role in the product's maintenance? Please describe who maintains the operation of the system in these contracts.
  - a. What level of control and oversight do the states maintain over your company's products in UI modernization projects?
  - b. Do any of your state customers own the code for their version of your product?
  - c. On average, what percentage of overall contract profitability comes from the maintenance of UI infrastructure?
4. Have your customers experienced increases or decreases in the timeliness of payment and accuracy of payment over the first year of deploying your product? Over the first three years?
5. Have your customers increased or decreased the efficiency and satisfaction of staff after modernizing with your product?
6. Does your company subcontract with other companies, or is your company a subcontractor of other companies, when modernizing a state's UI infrastructure?
  - a. If so, how often does this occur, and how are the states kept informed about which companies have access to their infrastructure and data?
7. What sources does your company pull data from for the fraud prevention and eligibility algorithms in your company's UI products? Please describe what data these algorithms use, where this data is collected from, and how your company acquires this data.
8. When your company contracts with a state, does it communicate the types of data its product uses with the state?
  - a. What information regarding your product's fraud prevention and eligibility algorithm, if any, does your company withhold from the state that it is contracting with, and what is the rationale behind withholding this information?
9. How do you identify and correct any errors in your product, including its fraud prevention and eligibility algorithm? Please provide information on how your company addresses systematic errors in its product.
  - a. When a system-wide error is discovered, such as mistakenly flagging two claimants from the same apartment building for fraud, how long does it take to resolve the error, and how much do these updates cost the states?
  - b. When a system-wide error is discovered, how does your company inform the state on the error's impact on the state's UI agency functions and claimants? Please describe how you communicate product malfunctions with the state.
  - c. Does your company track how these errors disrupt services and how many people are impacted when errors occur? If so, please provide this data.
10. There is variation in how states run their UI systems. How does your company adapt its COTS products to a state's specific UI agency?

- a. How does your company transfer improvements from the use of COTS products in one state to another state using the same product? Do you work with your state customers to achieve economies of scale across users?
- b. When states are running an older version of your COTS product, how can they upgrade to a new version, and have any of your customers made that upgrade?

Sincerely,

  
Elizabeth Warren  
United States Senator

  
Ron Wyden  
United States Senator  
Ranking Member, Committee  
on Finance

# United States Senate

WASHINGTON, DC 20510

April 5, 2026

Paul Toomey  
President  
Geographic Solutions  
2570 Coral Landings Blvd  
Palm Harbor, FL 34684

Dear Mr. Toomey:

We write with concerns that the use of third-party vendors—including your company—may be undermining state unemployment insurance (UI) systems and preventing Americans from accessing or applying for UI benefits. In recent years, overburdened States have increasingly turned to vendors, like Geographic Solutions, to modernize their UI systems.<sup>1</sup> But these outside vendors' track records—and the lack of transparency around this work—raise questions about whether they are successfully “modernizing” UI or securing lucrative contracts while providing error-prone systems that disrupt benefits and harm individuals who need and have earned their unemployment benefits.

## **States are Increasingly Turning to Outside Vendors to Modernize Their UI Systems**

Chronic underfunding and low staffing have left state unemployment agencies struggling to maintain outdated UI systems, which the pandemic made clear were unable to keep up with “crush of unemployment applications flooding in” in recent years.<sup>2</sup> In response to these problems, states have increasingly contracted with private sector vendors, including Geographic Solutions, to help rebuild their UI infrastructure.<sup>3</sup> With limited technological capacity at state agencies, vendors have exerted great power in how state UI systems have been modernized and automated. The functionality—or failure—of these systems has dire consequences for beneficiaries' unemployment benefits.<sup>4</sup>

UI systems across the country are in need of high-quality updates to ensure they are meeting the needs of Americans across the country. State UI programs have been underfunded for decades, and the Trump Administration's cuts to the federal workforce have only put further strain on unemployment systems, with around 10,000 former federal employees filing for unemployment last

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<sup>1</sup> The Markup, “Companies Made Millions Building Unemployment Websites That Didn't Work,” Colin Lecher, July 16, 2020, <https://themarkup.org/coronavirus/2020/07/16/unemployment-benefits-website-failures-deloitte-ibm>; The Century Foundation, “Centering Workers—How to Modernize Unemployment Insurance Technology,” Julia Simon-Mishel, Maurice Emsellem, Michele Evermore, et al., October 5, 2020, <https://tcf.org/content/report/centering-workers-how-to-modernize-unemployment-insurance-technology/>.

<sup>2</sup> *Id.*; Washington Post, “Long-term unemployment at post-pandemic high, straining workers and economy,” Abha Bhattarai, September 15, 2025, <https://www.washingtonpost.com/business/2025/09/15/long-term-unemployment-workers-jobs/>.

<sup>3</sup> *Id.*

<sup>4</sup> The Century Foundation, “Centering Workers—How to Modernize Unemployment Insurance Technology,” Julia Simon-Mishel, Maurice Emsellem, Michele Evermore, et al., October 5, 2020, <https://tcf.org/content/report/centering-workers-how-to-modernize-unemployment-insurance-technology/>.

year, the unemployment rate rising, and job growth slowing since President Trump took office over a year ago.<sup>5</sup> But failed modernization efforts can leave states in an even worse position, with unaccountable contractors providing unreliable systems. Reports have revealed “growing concern[] about the quality of [vendors’] work,” in some instances leading to more problems for state unemployment agencies—and causing severe and costly disruptions to beneficiaries’ UI.<sup>6</sup> These disruptions leave unemployed Americans without the UI benefits they need to keep up with housing, medical, and food expenses during periods of unemployment.<sup>7</sup>

### **UI Vendors are Implementing Error-Prone Systems**

When contracting with a state to update its UI infrastructure, vendors often provide their commercial off-the-shelf (COTS) product—proprietary systems that obligate the vendor to provide “ongoing system support and maintenance.”<sup>8</sup> These one-size-fits-all systems give states little say in customizing the system to their state, leading to rigidity that can make them difficult to update even when they produce errors. They are also opaque, making it difficult to uncover how these systems work and what data they rely on. When technology is “outsourced to a private vendor,” states and the public often do not know “what data is being used and how [it is] being evaluated.”<sup>9</sup> Vendors are tight-lipped when “provid[ing] proper answers” about their systems, in some cases “refus[ing] to disclose the information they possess about how such systems function,” claiming their system “is a trade secret” and necessary for “investigations of fraud.”<sup>10</sup> The resulting “black box” raises concerns “for claimants whose eligibility may be affected by the [private vendor’s] decision-making.”<sup>11</sup>

Vendors also often offer systems that can “automate functions previously performed by agency staff” when updating a state’s UI infrastructure.<sup>12</sup> Specifically, states have implemented systems that use artificial intelligence (AI) to help determine eligibility for UI, verify the identity of claimants, and detect fraud.<sup>13</sup> While states should implement responsible policies to address fraud, often, systems intended to stop fraud have widespread impacts on eligible workers trying to claim their

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<sup>5</sup> The Century Foundation, “Our Unemployment System Needs Modernizing. Trump Is Doing the Opposite.,” Julie Su, Andrew Stettner, and Michele Evermore, September 10, 2025, <https://tcf.org/content/report/our-unemployment-system-needs-modernizing-trump-is-doing-the-opposite/>; Center for American Progress, “A Year in Review: How the Trump Administration’s Economic Policies Made Life Less Affordable for Americans,” Kennedy Andara, Amina Khaliq, Natalie Baker, et al., January 20, 2026, <https://www.americanprogress.org/article/a-year-in-review-how-the-trump-administrations-economic-policies-made-life-less-affordable-for-americans/>.

<sup>6</sup> The Markup, “Companies Made Millions Building Unemployment Websites That Didn’t Work,” Colin Lecher, July 16, 2020, <https://themarkup.org/coronavirus/2020/07/16/unemployment-benefits-website-failures-deloitte-ibm>.

<sup>7</sup> National Employment Law Project, “The Unemployed Worker Study,” Amy Traub, Alexander Hertel-Fernandez, and Sanjay Pinto, April 2025, pp. 5-6, <https://www.nelp.org/app/uploads/2025/04/Unemployed-Worker-Study-2025.pdf>.

<sup>8</sup> The Century Foundation, “Centering Workers—How to Modernize Unemployment Insurance Technology,” Julia Simon-Mishel, Maurice Emsellem, Michele Evermore, et al., October 5, 2020, <https://tcf.org/content/report/centering-workers-how-to-modernize-unemployment-insurance-technology/>.

<sup>9</sup> *Id.*

<sup>10</sup> TechTonic Justice, “Inescapable AI: The Ways AI Decides How Low-Income People Work, Live, Learn, and Survive,” Kevin De Liban, November 2024, p. 59, <https://static1.squarespace.com/static/65a1d3be4690143890f61cec/t/673c7170a0d09777066c6e50/1732014450563/tj-inescapable-ai.pdf>.

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<sup>12</sup> *Id.*

<sup>13</sup> TechTonic Justice, “Inescapable AI: The Ways AI Decides How Low-Income People Work, Live, Learn, and Survive,” Kevin De Liban, November 2024, pp. 56-63, <https://static1.squarespace.com/static/65a1d3be4690143890f61cec/t/673c7170a0d09777066c6e50/1732014450563/tj-inescapable-ai.pdf>.

earned benefits. Many of these tools that intend to improve states' administrative capabilities can cause serious problems when they rely on "underlying data [that] is not good data," which, given "the surveillance that results from using public resources," leaves "many low-income and minority workers [with] significantly more publicly accessible data about them than other workers applying for benefits."<sup>14</sup> Even when the underlying data is reliable, these tools have had trouble properly interpreting the data they collect, with many systems wrongfully flagging UI claims for fraud. For example, there are a number of reports of vendors flagging claims from the same apartment building—but different units—as fraudulent.<sup>15</sup> In other cases, claims are flagged by these systems if the claimant's street address is associated with a similar address in a different state or for "even minor discrepancies" the system gets from other sources.<sup>16</sup> AI tools can also struggle to understand nuances between terms in a claimant's application, such as understanding the difference between "fired" versus "laid off," which impacts UI benefits determinations.<sup>17</sup>

Other reports document how these tools are prone to "glitches of all sorts" when determining benefit eligibility, including incorrectly processing a claimant's paperwork—which can impede state UI workers ability "to perform key functions to get applications approved" and can result in claimants' application or benefit payments being erroneously put on hold.<sup>18</sup> Error-prone UI technology has also hindered states' employment service programs, which help UI claimants navigate the job market and comply with work search requirements to ensure they remain eligible for UI benefits.<sup>19</sup>

The "black box" surrounding these systems is alarming, especially considering the deference decision-makers show to AI "out of a belief" it makes fewer mistakes—which can result in UI benefit adjudicators overlooking errors in an AI-based system's opinion.<sup>20</sup> One expert warns that "substitut[ing] the judgement of AI for that of trained human decision-makers" can seriously harm Americans filing for UI, especially since "AI is unlikely to be able to parse the nuances involved" in a UI claim.<sup>21</sup> Federal statute requires that eligibility determinations must be conducted by staff hired under a merit-based personnel system.<sup>22</sup> Automation products can help speed up routine steps, like assembling paperwork, and even assist in processing information—but the ultimate high-stakes decision to deny benefits must lie with a human. However, "resource-strapped administrative judges" or adjudicators likely do not have the time to "meaningfully review" a determination

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<sup>17</sup> Roosevelt Institute, "AI and Government Workers: Use Cases in Public Administration," Samantha Shorey, July 2025, p. 13, [https://rooseveltinstitute.org/wp-content/uploads/2025/07/RI\\_AI-and-Government-Workers\\_Report\\_202507.pdf](https://rooseveltinstitute.org/wp-content/uploads/2025/07/RI_AI-and-Government-Workers_Report_202507.pdf).

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<sup>19</sup> Government Technology, "Vendor Outage Affects State Unemployment, Job-Seeking Sites," Jule Pattison-Gordon, June 30, 2022, <https://www.govtech.com/security/vendor-outage-affects-state-unemployment-job-seeking-sites>.

<sup>20</sup> TechTonic Justice, "Inescapable AI: The Ways AI Decides How Low-Income People Work, Live, Learn, and Survive," Kevin De Liban, November 2024, pp. 56-63, <https://static1.squarespace.com/static/65a1d3be4690143890f61ccc/t/673c7170a0d09777066c6e50/1732014450563/ttj-inescapable-ai.pdf>.

<sup>21</sup> *Id.*

<sup>22</sup> 42 U.S.C. § 503(a)(1)

recommendation made by AI.<sup>23</sup> This lack of oversight—despite AI systems’ being “repeatedly shown to produce misinformation”—can perpetuate flaws in a vendor’s system.<sup>24</sup> Rather than streamlining processes, acting on “inaccurate data” only “creates more barriers to [UI] benefits for workers, and more work for the agency.”<sup>25</sup>

### **Vendors Have a Track Record of Disrupting Benefits**

Your company is one of the biggest UI vendors, and given reports of problems with these vendors, I am concerned about your company’s ability to adequately modernize state unemployment programs in a way that does not disrupt accurate UI benefit delivery. Our concerns are amplified by Geographic Solutions’ history with mistake-ridden UI modernization projects, which have harmed beneficiaries across the country.

In 2022, Geographic Solutions, which builds workforce development software for states, experienced a cyber-attack that interrupted at least 22 states’ workforce sites, leaving residents “unable to access state-run job search sites” and online unemployment claims systems.<sup>26</sup> This outage disrupted benefits for tens of thousands of Americans across the country, forcing states to direct residents to external resources or come up with quick alternatives to deliver their residents benefits.<sup>27</sup> The outage also disrupted states’ job search sites, which are necessary for UI claimants who are required to be actively seeking work in many states to receive benefits.<sup>28</sup> Further, in Tennessee, Geographic Solution’s product auto-generated multiple “non-critical questions about applications” that required staff to clear, creating a backlog that stretched 82 days “after the system rolled out in May 2016.”<sup>29</sup>

When a vendor’s modernization efforts go awry, the livelihood of Americans during periods of unemployment are put in jeopardy. Unemployment benefits are crucial to reducing food insecurity for beneficiaries and ensure Americans do not fall behind on medical or housing payments during periods of unemployment.<sup>30</sup> Disrupted UI services mean disrupted benefits, increasing the risk of food, medical, and housing insecurity, as well as an increased risk of improper payments and benefit denials.<sup>31</sup> Instead of updating UI systems, you have profited off an ineffective product—frequently at the expense of Americans’ UI benefits.

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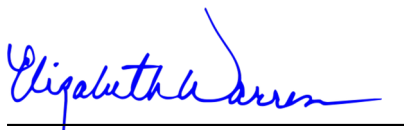
## Conclusion and Questions

Unemployment benefits are a critical bridge for millions of Americans who have lost their jobs, yet vendors' haphazard modernization of UI systems can threaten the delivery of these benefits. We are concerned by a troubling pattern of vendors, like Geographic Solutions, mishandling state UI systems, the detrimental impact of mishandling these systems on Americans' benefits, and the lack of thorough oversight into these contracts. To inform our legislative responsibilities with regard to the operations of unemployment benefits, and to help us better understand your company's impact on the systems that administer these benefits, we request that you provide the following information by April 23, 2026:

1. How many states is your company contracting with for UI modernization projects?
  - a. With which states is your company contracting or performing modernization work as a subcontractor of another company
    - i. For each of these states, please indicate the stage of your product: planning, development, or maintenance?
  - b. What are the value and contract period(s) for each of these contracts, and are these contracts eligible for renewal or extension?
  - c. What specific services are provided for each of these contracts?
  - d. Has your company's product been subject to any audits or evaluations by state or other third-party officials regarding the efficiency and effectiveness of these contracts? If so, what have they revealed?
2. What products do you offer states for these UI modernization projects?
  - a. Is your company providing these states an off-the-shelf product or creating software specifically designed for the state's unique UI system? Please provide information on the product you sell to states, and how you adapt these products to each state's UI infrastructure.
  - b. How do you test your product before deployment? Please describe what kind of user testing is done.
3. When a state uses one of your products to modernize their UI infrastructure, what is your role in the product's maintenance? Please describe who maintains the operation of the system in these contracts.
  - a. What level of control and oversight do the states maintain over your company's products in UI modernization projects?
  - b. Do any of your state customers own the code for their version of your product?
  - c. On average, what percentage of overall contract profitability comes from the maintenance of UI infrastructure?
4. Have your customers experienced increases or decreases in the timeliness of payment and accuracy of payment over the first year of deploying your product? Over the first three years?
5. Have your customers increased or decreased the efficiency and satisfaction of staff after modernizing with your product?
6. Does your company subcontract with other companies, or is your company a subcontractor of other companies, when modernizing a state's UI infrastructure?
  - a. If so, how often does this occur, and how are the states kept informed about which companies have access to their infrastructure and data?

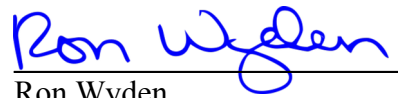
7. What sources does your company pull data from for the fraud prevention and eligibility algorithms in your company's UI products? Please describe what data these algorithms use, where this data is collected from, and how your company acquires this data.
8. When your company contracts with a state, does it communicate the types of data its product uses with the state?
  - a. What information regarding your product's fraud prevention and eligibility algorithm, if any, does your company withhold from the state that it is contracting with, and what is the rationale behind withholding this information?
9. How do you identify and correct any errors in your product, including its fraud prevention and eligibility algorithm? Please provide information on how your company addresses systematic errors in its product.
  - a. When a system-wide error is discovered, such as mistakenly flagging two claimants from the same apartment building for fraud, how long does it take to resolve the error, and how much do these updates cost the states?
  - b. When a system-wide error is discovered, how does your company inform the state on the error's impact on the state's UI agency functions and claimants? Please describe how you communicate product malfunctions with the state.
  - c. Does your company track how these errors disrupt services and how many people are impacted when errors occur? If so, please provide this data.
10. There is variation in how states run their UI systems. How does your company adapt its COTS products to a state's specific UI agency?
  - a. How does your company transfer improvements from the use of COTS products in one state to another state using the same product? Do you work with your state customers to achieve economies of scale across users?
  - b. When states are running an older version of your COTS product, how can they upgrade to a new version, and have any of your customers made that upgrade?

Sincerely,



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Elizabeth Warren  
United States Senator



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Ron Wyden  
United States Senator  
Ranking Member, Committee  
on Finance