

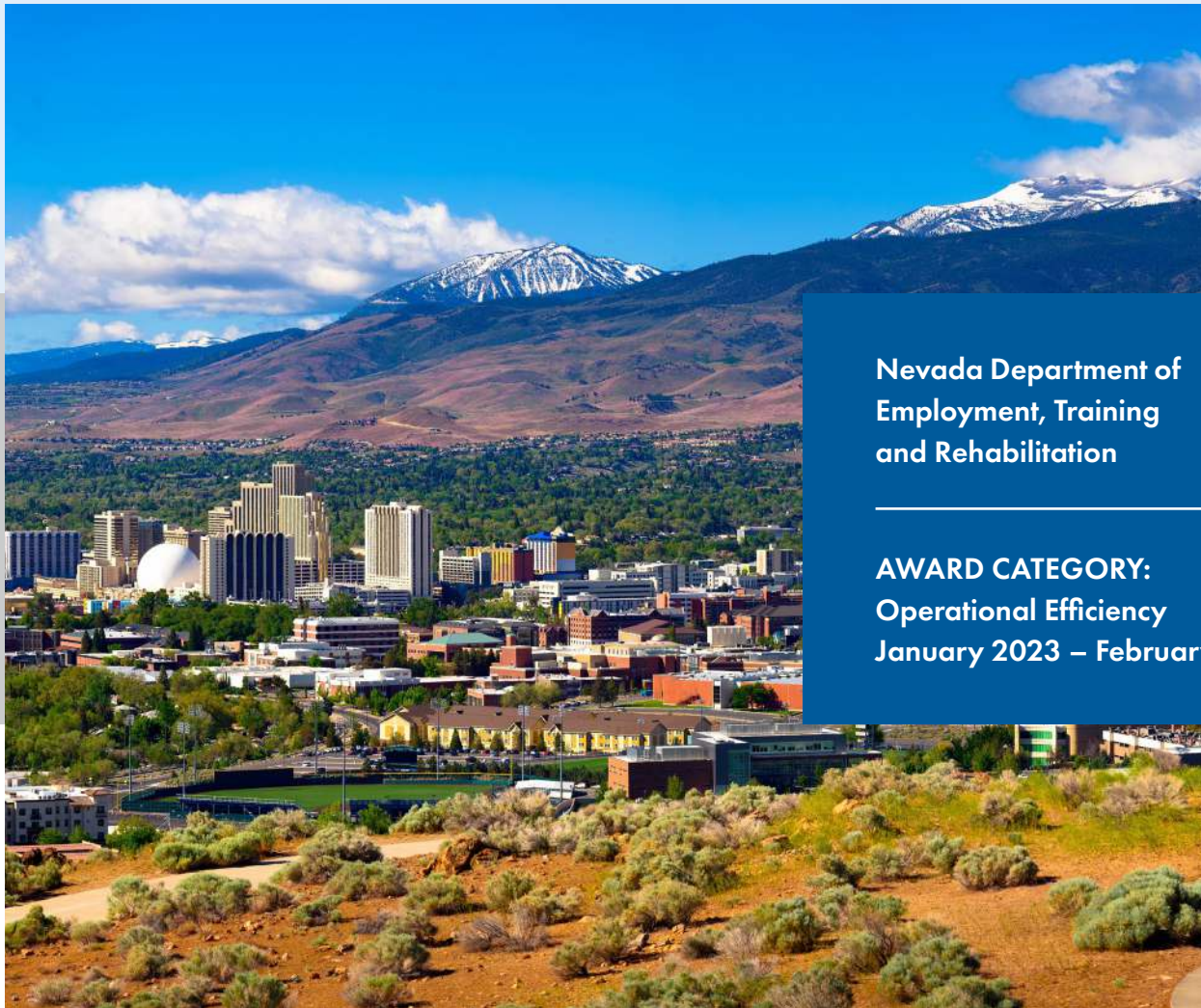


NEVADA
UNEMPLOYMENT
INSURANCE

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BATTLE BORN, FUTURE READY:

MODERNIZING UI IN NEVADA



Nevada Department of
Employment, Training
and Rehabilitation

AWARD CATEGORY:
Operational Efficiency
January 2023 – February 2024

EXECUTIVE SUMMARY



“Right in the heart of the golden west, ‘Home’ means Nevada to me.”

Nevada’s state anthem, Home Means Nevada, captures the state’s iconic beauty, but it’s the hard-working people behind industries like tourism who truly keep Nevada moving forward. In 2024, tourism generated over \$100 billion in revenue and supported over 400,000 jobs, representing 28% of the state’s workforce.

During economic downturns, unemployment insurance (UI) is a vital lifeline for Nevadans. But during the COVID-19 pandemic, the system struggled to handle a surge in claims.

Nevada’s “Battle Born State” nickname isn’t just a historical reference; it reflects the determination and resilience of Nevadans. In that spirit, the Nevada Department of Employment, Training, and Rehabilitation (DETR) embarked on a full-scale modernization of its UI systems in January 2023.

In just 13 months, DETR successfully rolled out a new, cloud-based, mobile-friendly **Employer Self Service (ESS) system**. Key enhancements include streamlined employer registration, reduced paper filings, simplified wage reporting, and online payment capabilities.



IDEA

What problem or opportunity does the project address?

Nevada’s legacy system was originally developed in the early 2010s, comprising eight individual systems, with all data stored on internal servers at DETR’s office. The outdated system suffered from performance challenges, costly maintenance, and serious security risks. The surge of unemployment claims during the COVID-19 pandemic stretched DETR’s system beyond its capacity, delaying benefit delivery. The legacy system, which was designed solely for UI benefits, could not administer the newly introduced Pandemic Unemployment Assistance (PUA) program. As a result, DETR had to engage external vendors to manage PUA claims for nearly 800,000 self-employed, contract, and gig workers.

This crisis exposed critical weaknesses in the overall UI system, including on the tax side, where employers were unable to interact with the system efficiently.

Why does it matter?

Nevada's tourism-driven economy made it especially vulnerable during the pandemic, leading to a disproportionately large spike in unemployment. The following data from the Nevada Independent's Nevada Recovery Board show the severity of the impact:

- Nevada's unemployment rate peaked in April 2020 at **28.5%**, compared to the national average of **14.7%**.
- Nevada's weekly average of initial claims peaked in April 2020 at **54,991**, compared to the national average of **10,899**.
- Nevada's weekly average of continued claims peaked in May 2020 at **335,026**, compared to the national average of **73,042**.

The rising demand for services underscored the need for a resilient, scalable, and accessible UI program. Nevada's legacy UI system lacked the flexibility to adapt to fast-changing program requirements, and its inability to support mobile access created barriers for customers without access to desktop computers or reliable transportation. These limitations threatened DETR's ability to deliver timely and equitable service during a time of urgent need.

When claims were received, backlogs and disruptions in employer filings delayed wage record availability, leading to inaccurate or late benefit payments. These inefficiencies required staff to be reassigned to support the UI tax unit with manual processing tasks.



While most fraud occurs on the benefits side, occasional fraudulent employer registrations highlight the need for strong prevention measures to enhance program integrity and safeguard public resources. Failure to modernize would have left Nevada vulnerable to future service disruptions, data security risks, and operational inefficiencies.

Through responsible use of federal UI administrative funding, DETR's modernization project addressed these critical issues by replacing the legacy platform with a secure, cloud-based system. ESS reduces delays and enhances the user experience via 24/7 self-service, faster processing, and easier online transactions for employers, whose contributions are vital to the UI program.

What makes it different?

During the tax phase of the project, DETR's staffing limitations required subject matter experts (SMEs) to support both ongoing operations and the modernization effort. The determination of DETR staff was on full display—true to the grit and tenacity of the Battle Born State, SMEs regularly worked overtime and gave up weekends to help drive the project forward.

What makes it universal?

DETR delivered a digital solution that supports both agency operations and employer needs via a self-service online portal and virtual assistant. It strengthens cybersecurity through identity authentication, data protection, and a robust security framework.

ESS enables advanced data management and analytics, including business intelligence and predictive insights, while embracing cloud services for scalability and resilience. It promotes cost control by streamlining operations, enhancing program integrity, and reducing reliance on outdated infrastructure. Finally, it boosts the agency's ability to support the workforce—from efficient tax collection to timely benefit delivery—via a dynamic, accessible, and sustainable platform.

IMPLEMENTATION

What was the roadmap?

DETR approached this modernization effort with a clear vision: to transform its UI program by replacing eight outdated, siloed systems with an integrated, scalable platform for both tax and benefits. The project was broken into two major phases: employer tax (January 2023 to February 2024) and claimant benefits (March 2024 to July 2025).

Following the availability of federal funding from the U.S. Department of Labor, DETR seized the opportunity to invest in long-overdue infrastructure improvements. The agency minimized risk by selecting a vendor with a successful track record for UI and PUA.

The first phase launched ESS, a modern system that delivers a more intuitive, efficient experience for employers. This milestone laid the groundwork for the second phase, UI benefits. The success of this modernization will be measured based on improved system performance, enhanced user experience for both employers and claimants, increased program integrity, and long-term operational cost savings.



Who was involved?

The success of the project was driven by years of strategic vision, decisive leadership, and close collaboration between the external software vendor and the following state entities:

- Employment Security Division
 - Contributions team
 - Unemployment Insurance Support Services team
- Information Technology Department
- Research and Analysis
- Fiscal Management

How did you do it?

The project was largely funded by federal American Rescue Plan funds allocated by the Nevada Legislature in 2021; the remainder was covered by a state fund that collects penalties from employers who failed to pay required unemployment taxes. The agency's use of an iterative methodology ensured the project remained on schedule and within budget.



Built on a cloud platform and Microsoft technology, the new ESS system provides a familiar interface for users accustomed to Windows products while enhancing system resilience. The platform's flexibility will support multiple benefit programs, including regular UI and emergency programs like PUA, ensuring scalability for future needs.

The project involved the conversion of over 176,000 accounts, 515,000 collections, 550,000 liens, and over 10 million transactions, with a total value exceeding \$11 billion. During the system rollout DETR ensured a smooth transition by providing continuous support for employers.

IMPACT

What did the project make better?

The UI tax modernization enabled the implementation of new business capabilities that were previously unfeasible within the constraints of the legacy system.

Employer Engagement

The new ESS system reduces frustration for users who may find themselves in stressful situations. By replacing complicated, paper-based processes with a 24/7 self-service portal and chatbot, ESS makes it faster and easier for employers to complete critical tasks online, including reporting a new business, submitting or amending wage reports, setting up payment agreements, and paying payroll taxes. Data dashboards increase transparency, while self-service options reduce the need for time-consuming phone calls or manual forms.

ESS also streamlines employer registration through features like automatically assigning employer account IDs, which was previously a manual process. Built-in registration and quarterly filing field and file validations improve data accuracy by ensuring the system receives the right information from the employer the first time. Shortly after rollout, more than 1,300 employers were able to complete registrations they had been unable to finish under the legacy system. By simplifying these processes, DETR is helping employers meet their tax obligations with less hassle.



Streamlined Workflow

The agency is now able to work more effectively and respond more quickly to employer and program needs.

- Automation and self-service tools reduce work hours spent on menial tasks and resolving customer issues, allowing DETR to retrain and reallocate staff for more important duties.
- Most employer registrations are now submitted online, reducing manual data entry, while increased adoption of electronic wage report filing and payment further cuts down on paper handling and administrative workload.
- Employers submit more online payments than ever before.
- Payment processing is faster and easier, saving staff time during account maintenance.
- The agency no longer has to redirect staff for four weeks each quarter to assist other staff in meeting federal deadlines. Enhanced data validations help employers and third-party administrators submit accurate wage reports, improving data quality and reducing agency review time.





Foundational System Improvements

The implementation of ESS, including the upcoming benefits integration, ensures DETR's long-term success with the following capabilities:

- Efficient processes boost collections of overdue contributions and increase recovery potential.
- Real-time computations improve employer rating accuracy, supporting fairness and reinforcing the public's trust in the system.
- System flexibility enables rapid change and eliminates process bottlenecks.
- Estimated wage reports (i.e., wage levies) are automatically assessed when employers fail to file on time.
- ESS automates the annual rating process used to determine an employer's tax rate for the upcoming year. Previously, this calculation process involved time-consuming manual work that restricted certain activities to just a few months each year. With automation in place, those activities can now be processed year-round.
- The cloud environment and new validation rules make it easier to detect irregular activity and respond to fraudulent employer registration attempts.

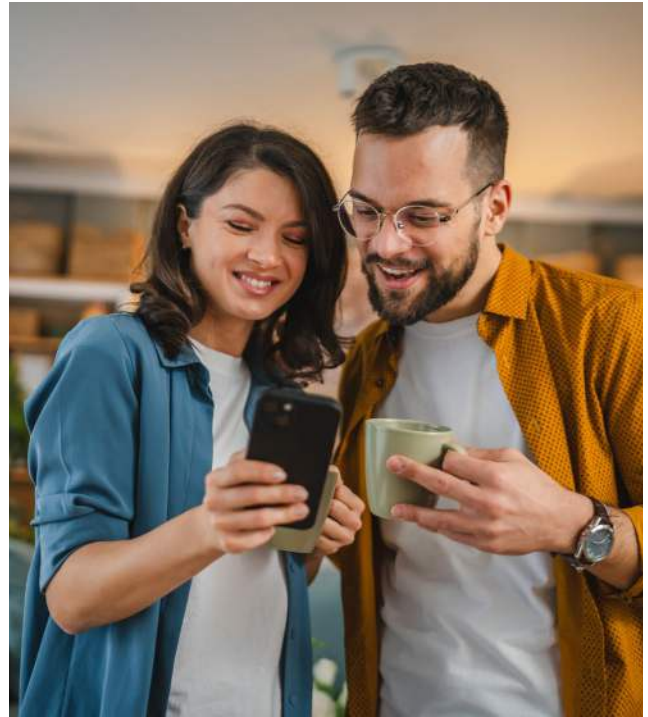
How do you know?

- In 2023, the legacy system collected \$7.9 million. With ESS, collections reached \$20 million in Q1 2024 and surpassed **\$53 million** within 10 months.
- By allowing employers to amend wage reports online (previously submitted via paper), the agency **eliminated a 12-month backlog**.
- Annual refund processing has **more than doubled**, from 2,087 in 2023 to 4,290 in 2024.
- DETR **doubled audit output** immediately after launch, significantly improving on U.S. Department of Labor Core Measures and supporting program integrity.
- Fictitious employer identifications more than **doubled**—from 201 in 2023 to 576 in 2024.
- Staff previously dedicated two months per year to forecasting employer rates for the upcoming year. Now, the process is streamlined to just **two hours**.
- Mergers and acquisitions (M&A) are now processed in **minutes, compared to weeks** in the legacy system, allowing DETR to process 30% more M&As than before.



What now?

The successful rollout of the tax system laid a strong foundation for modernizing the benefits side of the program. In July 2025, DETR will launch a new claimant self-service portal, marking a major step forward in accessibility, usability, and responsiveness for users navigating the UI system during stressful times.



Looking ahead, the agency is committed to ongoing improvement and innovation through its flexible new system. Plans are already underway to implement credit and debit card payment options, as well as a new Electronic Bankruptcy Notification (EBN) interface to send the agency automatic updates when claimants or employers file for bankruptcy.

These upgrades, made possible through strategic use of federal funding, will continue to yield long-term returns. For a state that has felt the broad impact of economic disruptions, this transformation represents a renewed commitment to serving workers and businesses, ensuring that in times of challenge, “Home Means Nevada” remains true for everyone.



**This is a game changer
for Nevadans.**

-Governor Joe Lombardo