

MEMORANDUM

To: Joint Information Technology Oversight Committee
From: Kendal Smith, Commissioner, Department of Labor
Denise Reilly-Hughes, Secretary, Agency of Digital Services
Date: September 30, 2025
Subject: Unemployment Insurance Modernization Project Update

The Vermont Department of Labor (VDOL) and the Agency of Digital Services (ADS) are collaborating with FAST Enterprises to modernize Vermont's Unemployment Insurance (UI) system. This iteration of modernization commenced in September 2024, with the planned rollout date of the new system scheduled for Spring/Summer 2026. Progress on the project has passed the halfway mark and is currently in the testing phase, which began in September 2025.

The Old System

We currently have a 55+ year-old mainframe system from 1970. The system's functionality, capabilities for changes, enhancements, and new program requirements, as well as the resources available to continue supporting it, are limited. Due to the age and limitations of the current system, we experience unexpected downtime with periodic interruptions, which prevent customers, including claimants, employers, and third-party administrators (TPAs), from receiving the timely service they need. This was exacerbated during the COVID-19 pandemic, pushing the State and Legislature to collaborate on finding funding for and supporting the modernization project for Vermont's Unemployment Insurance (UI) system.

The New System: Goals and Success

The modernized system aims to enhance our current capabilities, integrate and streamline processes, and deliver improved and efficient service to our customers. The new system will allow the Department to:

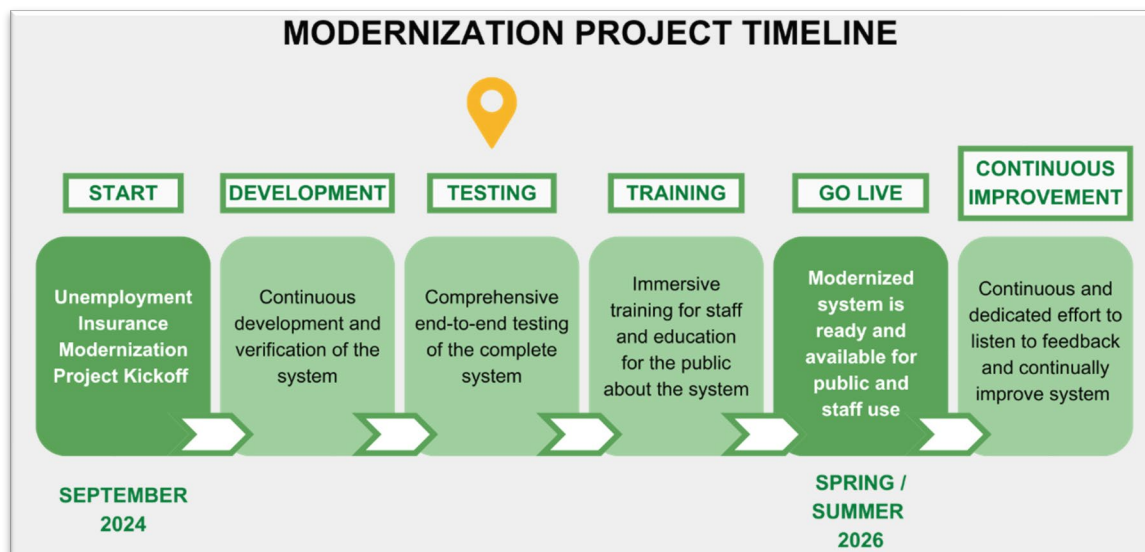
- Process claims and reports timely
- Provide a self-service platform that allows users to easily file, manage, and track claims, payments, and reports using any device 24/7
- Reduce processing time without manual intervention and reduce many current manual processes
- Add several levels of fraud prevention and detection measures

- Adhere to accessibility best practices, as all outgoing forms, requests, and communications in the new system will be put through software called Readable, which scores text to measure whether it is likely to be understood by the intended reader

Additionally, the Department is working to ensure accessibility by creating Spanish translations of the claimant portal and handbook for claimants, as well as translating claimant vital documents into the 14 most commonly spoken languages in Vermont, with funding support from the Office of Racial Equity. Step-by-step UI instructional videos translated into the 20 most common languages in Vermont have also been created, and all determinations are sent with a Babel notice.



Benefits and objectives of the modernization project



Timeline of the different phases in the modernization project



Testing

Testing Phases	Start Date	End Date	Status
Perform Business Testing	9/2/2025	2/20/2026	In-Progress
Perform Converted Data Testing	9/8/2025	3/20/2026	In-Progress
Conduct Performance Testing	2/16/2026	3/13/2026	Future Task
Perform End-to-End Testing	2/23/2026	4/24/2026	Future Task
Perform Application Security Testing	1/26/2026	2/20/2026	Future Task

Business and Converted Data Testing involves executing test scenarios to make sure the system is working as expected. Performance Testing validates the speed, scalability, and stability of the system. End-to-End Testing verifies full-process business flows with converted and native data, including external interfaces.

Parties that will be involved in our testing efforts include, but are not limited to:

- Vermont Leagues of Cities and Towns (VLCT)
- Groups of employers, claimants, and TPAs
- Vermont Legal Aid
- National Association for State Workforce Agencies (NASWA)

Communications Efforts

Customers have received regular communications from the Department about the progress of the modernization project, features that will be available in the new system, what they can do to prepare for rollout, and more. Stakeholders will have future opportunities to attend presentations, town halls, and demonstrations of the new system between January and May of 2026. Informational resources and training materials will be distributed to customers ahead of the rollout, and guidance will be continually provided following system go-live. Similar to those of the Vermont Department of Taxes, VDOL will develop step-by-step system and functionality guides for claimants, employers, TPAs, and internal staff.

Stakeholder Collaborations and Involvement

Various stakeholder groups are or will be involved throughout the different phases of the project. Our work and collaborations with stakeholders include:

- Accessibility review by our vendor, FAST Enterprises
- Usability Study by National Association for State Workforce Agencies (NASWA)
- Presentation on what TPAs can expect from the system to the Vermont Tax Practitioners Association
- Provided recommendations and consideration for electronic reporting for State UI systems from the National Payroll Reporting Consortium, whose members include ADP, Asure Software, BenefitMail, Ceridian, Gusto, Intuit, Heartland Payroll Solutions, iSolved HCM, Kronos, Paychex, Paycom, Paycor, Paylocity, PPI Business Services, PrimePay, and Ultimate Software



VDOL Staffing

At VDOL, we have assigned staff (subject matter experts) for requirements in development and testing, a training manager, a Business Applications Support Manager, a Business Process Manager allocated full-time to the project, and a communications coordinator allocated part-time. The positions were funded by the \$3.5 million appropriated in FY22 and are now being funded with the \$3 million annual appropriation to VDOL's base budget.

Financial Big Picture

- \$3.5 million was appropriated to VDOL in FY22 out of ARPA dollars and had a finite deadline to use them. These funds have been fully expended.
- \$30 million was appropriated to the ADS IT Modernization Fund in FY23, released to ADS in FY24.
- VDOL was appropriated \$3M per year in our base General Fund appropriation for modernization staffing, duty back filing, and other modernization efforts (developer computers, lease agreements, equipment, training room setup, language translation verification)
- Total life-cycle costs: \$46,200,844.25

Project Status: Green (all status categories are on track)

<https://digitalservices.vermont.gov/epmo/reports-metrics/project-dashboards>

More Information & Future Updates

The Department of Labor's informational page on the modernization project can be found here:

[Unemployment Insurance Modernization Project | Department of Labor](#)

For more information, contact Rowan Hawthorne (VDOL) at rowan.hawthorne@vermont.gov or Jon Kelley (ADS) at jonathan.r.kelley@vermont.gov.

