

## **BRIEFLY...**

Highlights of Report Number 18-16-004-03-315, issued to the Assistant Secretary for Employment and Training.

### **WHY READ THE REPORT**

The Unemployment Insurance (UI) program is designed to provide benefits to individuals out of work and is administered at the state level, but benefits are funded by both state and federal monies derived primarily from employer taxes. The Indiana Department of Workforce Development (Indiana) is responsible for designing controls to detect and recover UI benefit overpayments. The American Recovery and Reinvestment Act of 2009 (Recovery Act), which was enacted in February 2009, provided additional funding for the Extended Benefits (EB), Emergency Unemployment Compensation (EUC), and Federal Additional Compensation (FAC) programs.

The audit covered the processes and procedures Indiana used to detect, reduce, recover, and report UI improper payments from the inception of the Recovery Act in February 2009 through December 2012. The state paid \$5.4 billion in EB, EUC, and FAC benefits, in addition to \$4.1 billion in state-funded UI benefits during that period.

### **WHY OIG CONDUCTED THE AUDIT**

Our audit objective was to answer the following question:

How effective was Indiana at detecting, reducing, recovering, and reporting UI improper payments and at implementing Employment and Training Administration (ETA) National Strategies to reduce improper payments?

### **READ THE FULL REPORT**

To view the report, including the scope, methodology, and full agency response, go to:

<http://www.oig.dol.gov/public/reports/oa/2016/18-16-004-03-315.pdf>

**November 2015**

## **RECOVERY ACT: EFFECTIVENESS OF INDIANA IN DETECTING AND REDUCING UNEMPLOYMENT INSURANCE IMPROPER PAYMENTS AND IMPLEMENTATION OF ETA NATIONAL STRATEGIES**

### **WHAT OIG FOUND**

We found Indiana did not meet established targets for detecting and reducing improper payments, and reported data could not be validated. Additionally, we found Indiana's recovery rates declined from 62 percent in 2009 to 43 percent in 2013.

Indiana had implemented four of ETA's nine National Strategies when we conducted our fieldwork, and subsequently reported implementing another four. Indiana was not able to demonstrate these strategies were effective. Some strategies had an indirect impact on preventing overpayments. For others, the information was not collected in a manner that allowed one to evaluate effectiveness. Additionally, an analysis of changes in improper payment, detection, and recovery rates, showed no significant changes in these rates. Indiana delayed some strategies until it implemented its new UI Modernization System.

### **WHAT OIG RECOMMENDED**

We recommended the Assistant Secretary for Employment and Training work with and encourage Indiana to develop measures for determining the effectiveness of cross-matching and other strategies; and include in its systems modernization effort the necessary applications and processes to enable Indiana to pass ETA data validation requirements.

ETA generally agreed with the recommendations and described planned and in-process corrective actions.