October 2015

RECOVERY ACT: EFFECTIVENESS OF CALIFORNIA IN DETECTING AND REDUCING UNEMPLOYMENT INSURANCE IMPROPER PAYMENTS AND IMPLEMENTATION OF EMPLOYMENT AND TRAINING ADMINISTRATION NATIONAL STRATEGIES

WHAT OIG FOUND

We found California did not fully meet established targets for detecting improper payments, and the integrity of the data the state reported to ETA could not be validated. With the exception of 2012, during our audit period California's detection rates remained well short of its target of 50 percent. This was due in part to the state experiencing a significant increase in volume of UI claims, combined with the increased complexity of the EB and EUC programs, which overloaded California's capacity and strained its resources. Its improper payment rates remained below the target rate of 10 percent. However, the rate may have been understated because California's reporting excluded data on required work search verifications.

California implemented eight of the nine ETA National Strategies, but was not able to demonstrate their effectiveness. Some strategies had an indirect impact on preventing overpayments that could not be measured. For other strategies, information was not collected in a manner that allowed the effectiveness to be evaluated.

WHAT OIG RECOMMENDED

We made several recommendations for ETA to work with California to help the state demonstrate the effectiveness of ETA's National Strategies and improve its detection and recovery rates.

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