The Department of Labor’s Employment and Training Administration (ETA) appreciates the opportunity to respond to the above-referenced draft report from the Department’s Office of the Inspector General (OIG) with respect to Emergency Unemployment Relief for Governmental Entities and Nonprofit Organizations (EURGENO), which was created in Section 2103 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020.

ETA appreciates the OIG’s acknowledgement of the complexities of the situation that presented challenges to implementation. States were dealing with the largest increase in Unemployment Insurance (UI) claims volume in the history of the program and implementing three new temporary unemployment compensation (UC) programs at the time of EURGENO’s enactment. Additionally, Congress made two different and significant structural changes to the program during its 18-month applicable period, including changing the relief mechanism from being a refund to employers to a credit for employers and changing the percentage of the relief amount from 50 percent to 75 percent.

ETA notes that the report references a 30-day timeliness standard and reports that it took states an average of four months to implement the EURGENO program. There was no statutory or regulatory timeliness standard for this program. The EURGENO program was created with the enactment of the CARES Act on March 27, 2020. However, the method of providing this relief as a credit rather than refund occurred nearly five months later through the enactment of the Protecting Nonprofits from Catastrophe Cash Flow Strain Act on August 8, 2020. Additionally, state law determines the schedule for reimbursements, and this schedule can vary from monthly, to quarterly, to annually depending on states’ policies and practices.

ETA is committed to ensuring that states reconcile the actual EURGENO program funding they utilized and that all refunds and credits to which reimbursing employers are entitled have been provided. Furthermore, ETA will work with states to recover any excess funds.
Responses to the OIG Recommendations

Below, please find each of the OIG’s recommendations contained in the draft report, followed by ETA’s proposed action steps to address each of the OIG’s recommendations.

Recommendation 1: Obtain evidence from the states that ensures all EURGENO refunds and credits to which reimbursing employers are entitled have been provided.

ETA Response: ETA concurs with this recommendation. ETA is in the process of developing specific reconciliation guidance that will address this recommendation. ETA expects the reconciliation process to be completed by the end of Fiscal Year (FY) 2024. The Administrator for the Office of Unemployment Insurance is responsible for the implementation of this recommendation.

Recommendation 2: Work with states to reconcile remaining balances that factor in: (a) the actual EURGENO relief provided (or, in some cases, that still must be provided) to reimbursing employers and (b) excess EURGENO relief provided due to the impact of other unemployment insurance or CARES Act provisions or fraud.

ETA Response: ETA concurs with this recommendation. ETA is in the process of developing specific guidance that will address this recommendation. ETA expects this process to be completed by the end of FY 2024. The Administrator for the Office of Unemployment Insurance is responsible for the implementation of this recommendation.

Recommendation 3: Determine the proper disposition of excess funds and take necessary actions, including recovery of questioned costs.

ETA Response: ETA concurs with this recommendation. ETA is in the process of developing specific guidance that will address this recommendation. The Office of Unemployment Insurance expects to complete the reconciliation process by the end of FY 2024 at which point ETA’s Audit Resolution Unit in the Office of Grants Management will conduct the audit resolution process as outlined in the Department of Labor Manual Series 8, Chapter 500, to determine the amount of disallowed costs subject to repayment, if any. Once the audit resolution process is complete, ETA will provide the OIG with a copy of the final determinations and evidence of any repayment of disallowed costs, if any, in FY 2025. The Administrator for the Office of Unemployment Insurance and the Administrator for the Office of Grants Management are responsible for the implementation of this recommendation.