



BRIEFLY...

COVID-19: PANDEMIC UNEMPLOYMENT ASSISTANCE FOR NON-TRADITIONAL CLAIMANTS WEAKENED BY BILLIONS IN OVERPAYMENTS, INCLUDING FRAUD

SEPTEMBER 27, 2023

WHY OIG CONDUCTED THE AUDIT

The Pandemic Unemployment Assistance program (PUA) was one of several new unemployment insurance (UI) programs created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act to address the economic emergency resulting from the COVID-19 pandemic. PUA provided UI benefits to workers who were not traditionally eligible.

The U.S. Department of Labor's Employment and Training Administration (ETA) was responsible for ensuring implementation and program monitoring of PUA. Based on audits of previous emergency UI program implementation, we were concerned with ETA's ability to effectively and efficiently deploy PUA funding, which totaled over \$130 billion.

WHAT OIG DID

We contracted with the independent certified public accounting firm of Key & Associates, P.C. (Key & Associates) to conduct an audit to answer the following question:

Did non-traditional claimants receive PUA benefits as intended under the CARES Act and subsequent legislation?

Key & Associates' audit procedures included assessing ETA's oversight, performing in-depth testing for 10 state workforce agencies (SWA or state), and surveying 43 other states.

WHAT OIG FOUND

Key & Associates found non-traditional claimants received necessary PUA benefits as intended under the CARES Act and subsequent legislation. However, allowing claimants to self-certify their eligibility—coupled with states' difficulties with implementing new UI programs and the substantial increase in claims volume—led to significant overpayments, including fraud.

PUA quickly became the second largest pandemic-related UI program. From April 1, 2020, through September 30, 2021, the 53 SWAs provided over \$130 billion for PUA benefits. By comparison, SWAs provided about \$153 billion for the regular UI program. However, providing benefits to non-traditional claimants came at the cost of significant overpayments.

From April 1, 2020, to March 31, 2023, the 53 SWAs reported nearly \$35 billion in established PUA overpayments. This included PUA benefits and Federal Pandemic Unemployment Compensation benefits, the supplement that was attached to each UI claim paid. In total, states reported that over 15 percent of all PUA benefits paid were overpayments and approximately 61 percent of all Federal Pandemic Unemployment Compensation overpayments occurred when PUA was the underlying benefit.

Key & Associates, in collaboration with the OIG, found that 10.8 percent of PUA claims exhibited potentially fraudulent activity, including instances of benefits paid to individuals with Social Security numbers used to file UI claims in multiple states or of deceased persons. While these indicators—previously reported by the OIG—do not measure the full extent of PUA fraud, they indicate the vulnerability of the program.

WHAT OIG RECOMMENDED

Key & Associates made three recommendations to ETA to improve oversight of the UI program. ETA agreed with our recommendations.

READ THE FULL REPORT

<https://www.oig.dol.gov/public/reports/oa/2023/19-23-014-03-315.pdf>