

BRIEFLY...

March 28, 2016

ETA NEEDS STRONGER CONTROLS TO ENSURE ONLY ELIGIBLE CLAIMANTS RECEIVE UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES

WHY OIG CONDUCTED THE AUDIT

The Unemployment Insurance (UI) program, designed to provide benefits to individuals out of work, has one of the highest improper payment rates of all government programs. One of the leading causes of improper UI payments is that states cannot determine if a claimant is eligible for benefits based on adequate base year wages or allowable reasons for separation. The Employment and Training Administration (ETA) administers the UI program. If ETA cannot ensure adequate controls exist so that states receive appropriate wage and separation information for the Unemployment Program for Federal Employees (UCFE) and Unemployment Program for Ex-servicemembers (UCX) programs, there will be a significant risk for improper payments in these programs.

WHAT OIG DID

We conducted this performance audit to determine the following:

Did ETA establish adequate controls to assist states in making accurate eligibility determinations for the UCFE and UCX programs?

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/2016/04-16-001-03-315.pdf>.

WHAT OIG FOUND

ETA did not establish adequate controls to assist states in making accurate eligibility determinations for the UCFE program. ETA did not reasonably ensure federal agencies provided timely and complete separation information to states for making eligibility determinations. States request UCFE wage and separation information from federal agencies to verify that claimants meet eligibility requirements; however, federal agencies did not provide timely or complete separation information for 120 of 306 cases (39 percent) we tested in Maryland and North Carolina. As a result, states were forced to make benefit payments to claimants without having adequate assurance that claimants were eligible for those benefits. Through its use of Benefit Accuracy Measurement data, ETA has found that inadequate separation information is a leading cause of improper payments in UI programs.

We found no such issues in the UCX program.

WHAT OIG RECOMMENDED

We made three recommendations to the Assistant Secretary for Employment and Training to strengthen the process used to approve UCFE claims. These included directing federal agencies to provide employees with a completed copy of Form ETA-931 at separation, and developing and disseminating a uniform list of reasons for separation to assist federal agencies in completing the form.

ETA stated that for due process and integrity-related reasons, states are required to contact the employer directly for separation information. We agree that states would still need to provide federal agencies a timely opportunity to dispute separation information, but our recommendation could improve the information states use to make claim determinations. ETA also stated that it is not possible to create an exhaustive list of acceptable reasons for separation. We did not recommend ETA's list be exhaustive, but that the list should contain the most common separation reasons. It would be left to each state to determine, based on state law, what is acceptable. ETA's response to our draft report is included in its entirety in Appendix B.