



BRIEFLY...

ETA and State Workforce Agencies Need to Do More to Recover Pandemic UI Program Improper Payments

Why We Did the Audit

The economic emergency resulting from the COVID-19 pandemic led to new unemployment insurance (UI) programs created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act and subsequent Continued Assistance for Unemployed Workers Act of 2020 (Continued Assistance Act) and the American Rescue Plan Act of 2021 (ARPA) provided payments under three key pandemic-related UI programs that were implemented by state workforce agencies (SWA). The Employment and Training Administration (ETA) provided guidance and monitored SWAs' administration of the programs.

Based on audits of previous emergency UI program implementation, we were concerned about SWAs' ability to effectively recover pandemic UI program improper payments. We contracted with the independent, certified public accounting firm of Regis & Associates, PC (Regis) to conduct an audit to answer the following question:

Did ETA ensure that SWAs had adequate controls to recover UI improper payments under the CARES Act, Continued Assistance Act, and ARPA?

Regis' audit procedures included assessing ETA's oversight, performing

in-depth testing for 10 SWAs, and surveying 43 other SWAs regarding activity under the CARES Act, Continued Assistance Act, and ARPA.

What We Found

Regis concluded ETA and SWAs need to do more to recover improper payments from federally-funded temporary pandemic UI programs. For the period from April 1, 2020, through September 30, 2022, the 10 audited SWAs reported a total of \$10.4 billion in overpayments for the programs reviewed, \$676.3 million of which was attributed to fraud. Regis found the overpayment recovery rates for the selected SWAs were far below ETA's core performance measure for regular UI paid from state trust funds. Further, Regis determined the 10 audited SWAs waived approximately \$601.6 million more in overpayments than they recovered. This highlights the need for SWAs to do more to recover overpayments, as well as prevent improper payments caused by SWAs' lack of adequate controls.

The 10 audited SWAs—along with the other SWAs across the U.S.—established significantly less overpayments for recovery than what was estimated by Regis using the ETA published UI overpayment rates. Regis estimated that, for the audited SWAs, approximately \$23.5 billion of potential overpayments were not established; thus, they were not pursued for collection. Additionally, Regis identified SWAs did not consistently use the recovery methods mandated by law, nor the methods strongly recommended by ETA. Regis also noted SWAs' ability to recover CARES Act UI program overpayments may be limited by states' finality laws. ETA deferred to states to apply their finality laws to limit when a state may reconsider a prior decision or determination made on a CARES Act-funded UI claim. We are concerned this change in policy may hinder the recovery of overpayments and detection of fraud. Improper payment recovery activities are crucial for maintaining the integrity of the unemployment benefits system and public trust in these programs.

What We Recommended

Regis made four recommendations to ETA to improve improper payments recovery. These recommendations included: (1) developing lessons learned and providing SWAs with resources to address the root causes of CARES Act-related overpayments, (2) requiring SWAs to maximize all recovery methods, and (3) continuing to work with Congress to lift restrictions and develop incentives to recover federally-funded UI overpayments. While the Draft Report was provided to ETA in December 2024, due to recent senior leadership changes, ETA was unable to provide a timely response. When ETA provides a response, we will post it, along with our analysis to our website.

Read the Full Report

<https://www.oig.dol.gov/public/reports/oa/2025/19-25-003-03-315.pdf>