



August 2, 2022

MEMORANDUM FOR: BRENT PARTON  
Assistant Secretary  
for Employment and Training

A handwritten signature in cursive script that reads "Carolyn R. Hantz".

FROM: CAROLYN R. HANTZ  
Assistant Inspector General  
for Audit

SUBJECT: **Alert Memorandum:** The Employment  
and Training Administration Needs to  
Ensure State Workforce Agencies  
Report Activities Related to CARES Act  
Unemployment Insurance Programs  
Report Number: 19-22-004-03-315

The purpose of this memorandum is to alert you to a concern the Office of Inspector General (OIG) has determined needs immediate attention. Specifically, states have either not submitted required Coronavirus Aid, Relief, and Economic Security (CARES) Act Unemployment Insurance (UI) program reports to the Employment and Training Administration (ETA) or reported zero activity. Although the CARES Act programs expired on September 6, 2021, it is important for ETA to obtain the missing reports and correct information. Without accurate state performance information, Congress and ETA are not able to fully assess state activities and mitigate the risk of overpayments and fraud for future programs of a similar nature. In addition, this was one of the two issues that ultimately resulted in the Department receiving its first qualified opinion on its consolidated financial statements in 25 years.

Since the passage of the CARES Act in March 2020, ETA issued 11 Unemployment Insurance Program Letters (UIPL) that specified state reporting guidelines for CARES Act UI programs (see Appendix A). ETA required states to report on UI programs established or extended by the CARES Act, Continued Assistance for Unemployed Workers Act of 2020 (Continued Assistance Act), and the America Rescue Plan Act of 2021. These programs include:

- Pandemic Unemployment Assistance (PUA);
- Federal Pandemic Unemployment Compensation (FPUC);
- Pandemic Emergency Unemployment Compensation (PEUC);
- Temporary Full Federal Funding of the First Week of Compensable Regular Unemployment (TFFF);
- Mixed Earners Unemployment Compensation (MEUC);
- Emergency Unemployment Relief for State and Local Governmental Entities, Certain Nonprofit Organizations, and Federally-Recognized Indian Tribes (EURGENO); and
- Short-Time Compensation (STC).

These seven UI programs expired on September 6, 2021 (see Appendix B for a description of each program).

ETA required 53 states<sup>1</sup> to submit 14 different reports with information about their CARES Act UI activities (see Appendix C for a list of CARES Act UI reports). ETA said states had to program their systems to report the pandemic-related program data—a heavy lift for many and an important distinction as states could not report the data immediately without specific programming related to these new reports.

### **Past OIG Reports Identified Pervasive Non-Reporting of Overpayments for CARES Act UI Programs**

In May 2021,<sup>2</sup> we found, for the period of March 2020 to September 2020, 42 percent of states did not complete the required quarterly reporting for overpayments in ETA 227 (Overpayment Detection and Recovery Activity) reports, and 60 percent did not do so for fraudulent payments. We recommended ETA assist states with claims, overpayment, and fraud reporting to create clear and accurate information, then use the overpayment and fraud reporting to prioritize and assist states with fraud detection and recovery. This recommendation remains open.

<sup>1</sup> Per the CARES Act, the term “state” includes the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands. The term also applies to Guam, America Samoa, the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau, which were only required to complete two reports (ETA 902-P and ETA 227 FPUC). We did not examine the reporting of these Pacific Islands because they were only required to email the reports to ETA. Therefore, the reports are not available to access on ETA’s UI Data website.

<sup>2</sup> COVID-19: States Struggled to Implement CARES Act Unemployment Insurance Programs, OIG Report No. 19-21-004-03-315 (May 28, 2021), <https://www.oig.dol.gov/public/reports/oa/2021/19-21-004-03-315.pdf>.

In addition, during our audit of the Department's financial statements for fiscal year (FY) 2021, the issue of states' non-reporting of overpayment activity in ETA 227 reports continued to exist. This was one of the two issues that ultimately resulted in the Department receiving its first qualified opinion on its consolidated financial statements in 25 years.<sup>3</sup> Specifically, the \$4.4 billion reported in UI benefit overpayments could not be relied upon because certain states did not report UI overpayment activity. We recommended ETA develop policies and procedures to coordinate with state workforce agencies to obtain the necessary information needed to support related balances and assumptions, and to perform benchmarking and/or other analyses to validate new assumptions. This recommendation also remains open.

Because we identified the same concern (states' non-reporting or incorrect reporting of overpayments in CARES Act UI programs) in two separate OIG reports, we decided to examine the extent to which states complied with all reporting requirements for UI programs authorized by the CARES Act and related subsequent legislation from the inception of the programs in March 2020 through their expiration in September 2021.

### **Deficient Reporting of the UI Programs Authorized by the CARES Act and Subsequent Legislation**

ETA UI reports are housed on the agency's UI Data website.<sup>4</sup> We analyzed data on the website for 8 of the 14 reports states were required to submit.<sup>5</sup> We acknowledge that for the first 90 days the programs were in existence, there may have been legitimate reasons for states not having any activity to report. However, applicable UIPLs did not waive the reporting requirement for this period. As such, our analysis included the first 3 months for which states were required to report—which some states did.

Table 1 reflects the number of states that did not report CARES Act UI program information in one or more reporting periods and those that reported zero activity. For numbers in the column titled "Number of States That Reported Zero in One or More Periods" we were unable to determine whether zero was a default for missing data or a state actually reported zero activity—except for ETA 227 and 902-M reports.

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<sup>3</sup> The Department received a qualified opinion on its FY 2021 financial statement audit; FY 2021 Independent Auditor's Report on the DOL Financial Statements, OIG Report No. 22-22-003-13-001 (November 19, 2021), available at: <https://www.oig.dol.gov/public/reports/oa/2022/22-22-003-13-001.pdf>.

<sup>4</sup> ETA's UI Data Website: <https://oui.doleta.gov/unemploy/DataDownloads.asp>

<sup>5</sup> Unable to access reporting activity for the remaining six reports. See Appendix C for details.

**Table 1: Summary of States' CARES Act Reporting Requirements  
Non-Reporting and Reporting of Zero Activity**

Report Number	Report Title	UI CARES Act Program	Number of States That Did Not Report One or More Periods	Number of States That Reported Zero in One or More Periods
ETA 207	Non-Monetary Determination Activity	PEUC	-	9
ETA 218	Benefit Rights & Experience	PEUC	-	8
ETA 227	Overpayment Detection & Recovery	FPUC	12	12
		PEUC	13	15
		MEUC	25	26
ETA 902-M	Mixed Earners Unemployment Compensation	MEUC	20	5
ETA 902-P	Pandemic Unemployment Assistance Activity	PUA	-	36
ETA 2112	UI Financial Transaction Summary	PUA	53	-
		FPUC	51	-
		PEUC	30	-
		TFFF	-	2
		EURGENO	-	10
		MEUC	-	8
ETA 5130	Benefit Appeals	PEUC	-	1
ETA 5159	Claims and Payment Activities	PEUC	-	34
		STC	1	-

Source: OIG's analysis using data from ETA's UI Data Website between December 2021 and February 2022.

### **ETA 207**

This quarterly report was to capture current information on the volume and nature of nonmonetary determinations and denials for the PEUC program under state UI, Unemployment Compensation for Federal Employees, and Unemployment Compensation for Ex-Servicemembers programs. The data is used to project budget and employee workloads, evaluate law changes, appraise disqualification processes, and relate actions to benefit appeals. States generally submitted this report. However, the Virgin Islands reported zero activity for four of the six quarters in our review period (see Appendix D, Table 1).

## **ETA 218**

This quarterly report (that in part captured PEUC program activity) contains information used to evaluate state benefit formulas for the UI program. The number of monetary determinations on new claims is used as a base to which other items reported may be related. States generally complied with this reporting requirement (see Appendix D, Table 2).

## **ETA 227**

The quarterly ETA 227 report captured overpayments and recoveries for the FPUC, PEUC, and MEUC programs. However, our analysis focused on states' reporting of overpayment activity. The number of states that did not report or reported zero overpayment activity for these three UI programs ranged from 12 to 26. See Appendix E for the complete list of states that did not report overpayments and states that reported zero overpayment activity in ETA 227 reports.

## **ETA 902-M**

The ETA 902-M report captured monthly data on MEUC program activities,<sup>6</sup> including claims, payments, appeals, and administrative costs. Of the 51 states that opted into the program, California appropriately reported zero for the aforementioned activities in its 902-M report for the duration of the MEUC program. Of the remaining 50 states, 20 did not submit ETA 902-M reports at any time from January 2021 through the program's expiration in September 2021 (see Appendix F).

According to ETA, this non-reporting was not a surprise because many of these states had not made any payments under the MEUC program. ETA officials also said many states delayed standing up MEUC until they had sufficient time to dedicate to its proper administration. ETA officials further maintained there was no statutory deadline for states to stand up the MEUC program—each state stood up the program near or after the program's expiration on September 6, 2021. For instance, Louisiana stood up the MEUC program and submitted 902-M reports reflecting program activity after the program terminated. These states should have at least reported zero as California did to indicate to ETA that no payments had been made. Without this information ETA could not determine whether these states actually had activity.

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<sup>6</sup> Of 53 states, 51 opted into the MEUC program (Idaho and South Dakota did not opt in). Twenty of these states ended their programs in June 2021. Three states ended their programs in July 2021. This information is available at: <https://mixedearners.org/states>.

## **ETA 902-P**

Another 902 report (ETA 902-P) captured overpayments monthly for the PUA program, as well as other activities such as applications, claims, determinations, and appeals data. Our analysis, however, focused on states' reporting of overpayments. The states of Arizona, Connecticut, Georgia, Kansas, New Jersey, and Vermont reported zero overpayments for the entire 18-month reporting period. See Appendix E, Table 7 for full details about states' 902-P reporting.

## **ETA 2112**

The monthly ETA 2112 report captures all funds deposited into, transferred, or paid from a state's unemployment fund, which consists of a state's clearing account, unemployment trust fund account, and benefit payment account. States were to report this information for every CARES Act UI program except STC. See Appendix G for our analysis of ETA 2112 reporting for each applicable program.

## **ETA 5130**

This monthly report is the basic source of information used to evaluate the appeals function, develop plans for remedial action when unreasonable backlogs develop, and support and justify the allocation of funds to service this functional area. The ETA 5130 reports contained monthly appeal activity for the PEUC program. The Virgin Islands was the only state that reported zero appeals activity for the entire 19-month period we examined.

## **ETA 5159**

This monthly report contains data on claims activities, including the number and amount of payments used in budgetary and administrative planning, program evaluation, and reports to Congress and the public.

For the PEUC program, UIPL 17-20<sup>7</sup> instructed states to report first and final payments on ETA 5159. Fourteen states complied with this reporting requirement. The remaining 39 states reported certain claims activities (such as eligibility reviews, continual weeks claimed, and weeks and amounts compensated) for various months. However, these states reported zero first payments and zero final payments each month, which was unlikely.

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<sup>7</sup> UIPL 17-20, Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Pandemic Emergency Unemployment Compensation (PEUC) Program, Operating, Financial, and Reporting Instructions, issued April 10, 2020.

For the STC program, the 5159 report was modified for states to provide the number of participating employers with STC agreements under Section 2108 of the CARES Act. The 27 states with STC programs generally reported the number of participating employers with STC agreements as required. Appendix H contains a list of states with approved STC programs and their Section 2108 funding as of February 2022. Vermont ceased operating its STC program on July 1, 2020, and did not receive any funding.

### **States Informed to Submit Only Non-Zero Data for the PEUC Program**

In UIPL 17-20, ETA informed states—with respect to PEUC program reporting—only reports with non-zero data needed to be submitted. We identified multiple instances in which states did not submit PEUC reports or the PEUC information required within applicable reports (see Appendix E, Tables 3 and Table 4; and Appendix G). These states may or may not have had non-zero data. However, the absence of the required information could not be considered a reporting issue according to UIPL 17-20, and poses a risk that information needed to assess the PEUC program will not be obtained. According to ETA, the requirement to only submit non-zero data was intended to refer only to periods after the expiration of the program, and in which additional program activity occurred. However, this was not stated in UIPL 17-20.

### **Conclusion**

Although the due dates for the CARES Act UI reports we discuss in this memorandum have passed, it is important for ETA to obtain the missing reports and correct information. Complete and accurate state data for CARES Act UI programs is necessary for the Department to assess CARES Act UI activities and to mitigate the risk of overpayments, including fraud. In addition, information in the required reports can be used to identify program weaknesses and establish lessons learned that may be leveraged to improve states' performance under future temporary programs. Furthermore, ETA's unsuccessful efforts to obtain the missing information that was critical to its FY 2021 financial statement audit could have a negative impact on the opinion the Department receives for FY 2022.

According to ETA officials, since we brought this matter to their attention, they have made additional efforts to verify the accuracy of reporting for CARES Act UI programs. For example, ETA regional offices are following up with states that have not complied with reporting requirements. Also, ETA has provided documentation that indicates states submitted additional UI CARES Act reports since we conducted our analysis. Nevertheless, it remains critical that ETA obtain missing reports and correct information from the states.

## **Recommendations**

We recommend the Acting Assistant Secretary of Employment and Training:

1. Continue to identify states that have not complied with ETA's reporting requirements for CARES Act UI programs and work with them to ensure missing reports and information are submitted before the commencement of the Department's FY 2022 financial statement audit.
2. Continue to verify the accuracy of reports that cite no activity and ensure corrections are made where warranted.

ETA provided us their response to the draft alert memorandum and recommendations. ETA agreed with our recommendations and has been working with the states to obtain missing reports and correct information. Subsequent to our review states have provided ETA more information. We have included ETA's response (see Attachment).

cc: Laura P. Watson, Deputy Assistant Secretary  
Jim Garner, Acting Administrator, Office of Unemployment Insurance  
Greg Hitchcock, Special Assistant, Office of Grants Management  
Teodora Ilieva, Audit Liaison



## Appendix A: CARES Act Reporting UIPLs

UIPL Number	Subject and Issue Date
UIPL 13-20, Change 1	Family First Coronavirus Response Act, Division D Emergency Unemployment Insurance Stabilization and Access Act of 2020 (EUISAA) – Reporting Instructions, Modification to Emergency Administrative Grants Application Requirement, and Questions and Answers, issued May 4, 2020
UIPL 15-20	Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Federal Pandemic Unemployment Compensation (FPUC) Program Operating, Financial, and Reporting Instructions, issued April 4, 2020
UIPL 15-20, Change 3	Continued Assistance for Unemployed Workers (Continued Assistance) Act of 2020 – Federal Pandemic Unemployment Compensation (FPUC) Program Reauthorization and Modification and Mixed Earnings Unemployment Compensation (MEUC) Program Operating, Reporting, and Financial Instructions, issued January 5, 2021
UIPL 16-20	Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Pandemic Unemployment Assistance (PUA) Program Operating, Financial, and Reporting Instructions, issued April 5, 2020
UIPL 16-20, Change 1	Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Pandemic Unemployment Assistance (PUA) Program Reporting Instructions and Questions and Answers, issued April 27, 2020
UIPL 16-20, Change 6	Pandemic Unemployment Assistance (PUA) Program: Updated Operating Instructions and Reporting Changes, issued September 3, 2021
UIPL 17-20	Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Pandemic Emergency Unemployment Compensation (PEUC) Program, Operating, Financial, and Reporting Instructions, issued April 10, 2020

UIPL Number	Subject and Issue Date
UIPL 18-20	Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Emergency Unemployment Relief for State and Local Governmental Entities, Certain Nonprofit Organizations, and Federally-Recognized Indian Tribes, issued April 27, 2020
UIPL 18-20, Change 1	Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Emergency Unemployment Relief for State and Local Governmental Entities, Certain Nonprofit Organizations, and Federally-Recognized Indian Tribes, issued August 12, 2020
UIPL 20-20	Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Operating, Financial, and Reporting Instructions for Section 2105: Temporary Full Federal Funding of the First Week of Compensable Regular Unemployment for States with No Waiting Week, issued April 30, 2020
UIPL 21-20	Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Short-Time Compensation (STC) Program, Provisions and Guidance Regarding 100 Percent Federal Reimbursement of Certain State STC Payments, issued May 3, 2020

Source: ETA's Website

## **Appendix B: CARES Act UI Programs/Provisions<sup>8</sup>**

ETA required states to report on seven UI programs established or extended by the CARES Act, the Continued Assistance for Unemployed Workers Act of 2020, and the America Rescue Plan Act of 2021 as follows:

- The Pandemic Unemployment Assistance (PUA) program extended UI benefits to individuals who are not traditionally eligible for UI benefits. This includes self-employed workers, independent contractors, those with limited work history, and others.
- The Federal Pandemic Unemployment Compensation (FPUC) program provided a supplemental payment of \$600 per week (expired July 31, 2020) to individuals receiving traditional and PUA benefits. It was reauthorized by the Continued Assistance Act of 2020 to resume at \$300 for weeks of unemployment after December 26, 2020.
- The Pandemic Emergency Unemployment Compensation (PEUC) program provided up to an additional 13 weeks of unemployment compensation to individuals who exhausted their regular unemployment benefits.
- The Temporary Full Federal Funding (TFFF) of the First Week of Compensable Regular Unemployment program provided federal funding for the first week of benefits if states agreed to waive their waiting week. Most states require a 1-week waiting period prior to a claimant being eligible for regular UI benefits.
- The Emergency Unemployment Relief for Governmental Entities and Nonprofit Organizations program (EURGENO) provided payments to states to reimburse non-profits, government agencies, and Indian tribes for half the costs of UI.
- The Temporary Financing of Short-Time Compensation (STC) program provided funding to support employers who reduced employee hours instead of laying off workers. The employees with reduced hours received a pro-rated unemployment benefit.

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<sup>8</sup> Source: UIPL 14-20, Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Summary of Key Unemployment Insurance (UI) Provisions and Guidance Regarding Temporary Emergency State Staffing Flexibility, Issued April 2, 2020.

- Section 2108 provided that states with an existing STC program may be reimbursed for 100 percent of STC benefit costs for the maximum number of weeks per individual.
- Section 2109 provided that states without an existing STC program may provide STC benefits under an agreement with the Secretary of Labor and be reimbursed for one-half of STC benefit costs for the maximum number of weeks per individual.
- Section 2110 provided for a \$100 million grant to be shared across states for implementation or improved administration, and promotion and enrollment of a state's STC program. States can apply for grants through December 31, 2023.
- The Mixed Earners Unemployment Compensation (MEUC) program provided a \$100 supplemental benefit amount to certain individuals with self-employment income.

### Appendix C: Reports ETA Required for CARES Act Activities

Reports for CARES Act UI programs were to be submitted either weekly (two reports), monthly (six reports), or quarterly (six reports), as shown in the table. Three of the reports—ETA 902-M (Mixed Earners Assistance Activity), ETA 902-P (Pandemic Unemployment Assistance Activity), and ETA 9178-P (Quarterly Narrative Progress)—were specifically created for CARES Act UI programs. Ten reports existed before the pandemic, with new versions implemented specific to the new programs. One other pre-existing report was modified to include CARES Act UI programs. Due dates for the new reports—the same as for the regular versions of the reports—were established in applicable UIPLs.

The reports with no submission data on ETA’s UI Data Website are marked with an asterisk (\*). Also, the ETA 8403 report, marked with a double asterisk (\*\*) in the “CARES Act UI Program” column, only applies to emergency administrative grant transfers.

Report Number	Report Title	Frequency	CARES Act UI Program	ETA Reporting Guidance
ETA 207	Non-Monetary Determination Activity	Quarterly	PEUC MEUC	UIPL 17-20 UIPL 15-20, Change 3
ETA 218	Benefit Rights & Experience	Quarterly	PEUC	UIPL 17-20
ETA 227	Overpayment Detection & Recovery	Quarterly	FPUC PEUC	UIPL 15-20 UIPL 17-20
ETA 538*	Advance Weekly Initial & Continued Claims	Weekly	PUA	UIPL 16-20
ETA 539*	Claims & Extended Benefits Data	Weekly	PUA PEUC	UIPL 16-20 UIPL 17-20
ETA 902-M	Mixed Earners Assistance Activity	Monthly	MEUC	UIPL 15-20, Change 3
ETA 902-P	Pandemic Unemployment Assistance Activity	Monthly	PUA	UIPL 16-20

<b>Report Number</b>	<b>Report Title</b>	<b>Frequency</b>	<b>CARES Act UI Program</b>	<b>ETA Reporting Guidance</b>
ETA 2112	UI Financial Transaction Summary	Monthly	FPUC PUA PEUC TFFF MEUC  EURGENO	UIPL 15-20 UIPL 16-20 UIPL 17-20 UIPL 20-20 UIPL 15-20, Change 3 UIPL 18-20 & 18-20 Change 1
ETA 5130	Benefit Appeals	Monthly	PEUC	UIPL 17-20
ETA 5159	Claims and Payment Activities	Monthly	PEUC STC	UIPL 17-20 UIPL 21-20
ETA 8403*	Summary of Financial Transactions	Monthly	N/A**	UIPL 13-20, Change 1
ETA 9178-P*	Quarterly Narrative Progress	Quarterly	PUA TFFF	UIPL 16-20, Change 1 UIPL 20-20
ETA 9130*	Federal Financial Report	Quarterly	STC	UIPL 21-20
UI-3*	Quarterly UI Above Base Earnings Report	Quarterly	PEUC	UIPL 15-20 UIPL 17-20

Source: ETA's Website

## Appendix D: States' Non-Monetary Reporting of PEUC Program Activity

Please note the state abbreviations used in all tables can be found in Appendix I.

**Table 1: ETA 207 - Non-Monetary Determination Activity and States That Reported Zero Activity**

<b>Quarter Ending</b>	<b>States</b>
06/30/2020	CO, GA, MD, ME, NH, VA, VI, WI
09/30/2020	GA, PR, VI
12/31/2020	VI
03/31/2021	VI

Source: ETA's UI Data Website

**Table 2: ETA 218 - Benefit Rights and Experience States That Reported Zero Activity**

<b>Quarter Ending</b>	<b>States</b>
06/30/2020	CO, GA, LA, NH, VA, VI
09/30/2020	GA, LA
12/31/2020	VI
03/31/2021	WY
09/30/2021	GA, SD

Source: ETA's UI Data Website

## Appendix E: States That Did Not Report and Reported Zero Overpayment Activity

As seen in Table 1, Florida, New Jersey, Texas, and Vermont did not submit reports for FPUC program overpayments for any quarter during the entire period of March 2020 through September 2021.

**Table 1: ETA 227 (FPUC Program)  
States That Did Not Report Overpayments**

Quarter Ending	States
06/30/2020	FL, NJ, TX, VT
09/30/2020	FL, NJ, TX, VT
12/31/2020	FL, NJ, TX, VT
03/31/2021	AZ, CA, CO, FL, IL, NJ, TX, VT
06/30/2021	AZ, CA, CO, DC, FL, HI, IL, NJ, TX, VT
09/30/2021	AZ, CA, CO, DC, FL, HI, IL, MI, NE, NJ, TX, VT

Source: ETA's UI Data Website

As seen in Table 2, Pennsylvania reported zero FPUC overpayments for five of the six quarters.

**Table 2: ETA 227 (FPUC Program)  
States That Reported Zero Overpayments**

Quarter Ending	States
06/30/2020	AZ, DE, KS, OR, PR, VA, VI
09/30/2020	GA, KS, PA, VI
12/31/2020	GA, OK, PA, VI
03/31/2021	GA, NV, OK, PA, VI
06/30/2021	CT, NV, OK, PA, VI
09/30/2021	OK, PA

Source: ETA's UI Data Website



As shown in Table 3, Florida, New Jersey, Illinois, and Vermont did not submit reports for PEUC program overpayments for any quarter during the entire period of March 2020 through September 2021. Florida and Nebraska filed reports, but did not report overpayment activity.

**Table 3: ETA 227 (PEUC Program)  
States That Did Not Report Overpayments**

<b>Quarter Ending</b>	<b>States</b>
06/30/2020	CO, FL, IL, NH, NJ, VA, VT
09/30/2020	FL, IL, NJ, VT
12/31/2020	FL, IL, NJ, VT
03/31/2121	CA, CO, FL, IL, NE, NJ, VT
06/30/2021	CA, CO, FL, HI, IL, NE, NJ, VT
09/30/2021	AL, CA, CO, FL, HI, IL, KY, NE, NJ, VI, VT

Source: ETA's UI Data Website

As seen in Table 4, Pennsylvania reported zero PEUC program overpayments for the entire program period, March 2020 through September 2021, which is not likely to be correct.

**Table 4: ETA 227 (PEUC Program)  
States That Reported Zero Overpayments**

<b>Quarter Ending</b>	<b>States</b>
06/30/2020	AZ, CA, CT, DE, GA, HI, IA, KY, MD, ME, OR, PA, VI, WI, WV
09/30/2020	CA, CT, GA, MD, PA, VI
12/31/2020	CA, GA, PA, VI
03/31/2121	PA, VI
06/30/2021	KY, PA, VI
09/30/2021	PA

Source: ETA's UI Data Website

Table 5 shows 25 states did not report MEUC program overpayments during the three quarters that the program existed. ETA officials said the MEUC program may not have been stood up for these states and, being the first reporting quarter of a small program, states may not have had overpayment data to report. One state is waiting on a pending court ruling before implementing the program and has not filed any reports.

**Table 5: ETA 227 (MEUC Program)  
States That Did Not Report Overpayments**

<b>Quarter Ending</b>	<b>States</b>
3/31/2021	AZ, CO, CT, FL, GA, HI, IA, IL, KS, LA, MA, MD, MI, MT, NC, NJ, OK, PR, RI, SC, TX, UT, VT, WA, WY
6/30/2021	AZ, CO, CT, FL, GA, HI, IA, IL, KS, LA, MA, MD, MI, MT, NC, NJ, OK, PR, RI, SC, TX, UT, VT, WA, WY
9/30/2021	AZ, CO, CT, FL, GA, HI, IA, IL, KS, LA, MA, MD, MI, MT, NC, NJ, OK, PR, RI, SC, TX, UT, VT, WA, WY

Source: ETA's UI Data Website

As seen in Table 6, Alaska, Arkansas, Ohio, Missouri, Pennsylvania, and Virginia reported zero MEUC program overpayments for the three quarters that the program existed. ETA officials said Arkansas has submitted ETA 227 MEUC reports with zero overpayments because it did not establish any MEUC overpayments. The state has maintained that the reports with zero overpayments are accurate, as it has a small application rate and very few approvals in the MEUC programs.

**Table 6: ETA 227 (MEUC Program)  
States That Reported Zero Overpayments**

<b>Quarter Ending</b>	<b>States</b>
3/31/2021	AK, AL, AR, CA, DC, IN, MO, MS, NE, NH, NM, NY, OH, PA, TN, VA, VI, WI, WV
6/30/2021	AK, AL, AR, CA, DE, KY, ME, MN, MO, ND, NE, NH, NV, OH, OR, PA, TN, VA, VI, WI, WV
9/30/2021	AK, AR, DC, ME, MN, MO, ND, NV, OH, OR, PA, VA

Source: ETA's UI Data Website

As seen in Table 7, Arkansas, Arizona, Connecticut, Georgia, Kansas, New Jersey, and Vermont reported zero overpayments for all months during the during the entire period of March 2020 through September 2021. In the table, the states marked by an asterisk (\*) reported zero overpayments for 1 or 2 of the 3 months. All other states listed during the period reported zero overpayments for all three months.

**Table 7: ETA 902-P (PUA Program)  
States That Reported Zero Overpayment Activity**

<b>Monthly Reporting Over Three Months Ending on the Following Dates</b>	<b>States</b>
06/30/2020	AK*, AR, AZ, CA*, CT, DE, FL*, GA, HI*, IA, ID*, IL*, IN*, KS, KY, MD, ME*, MI, MT*, NJ, NV*, NY*, OH, OK*, OR, PA, PR*, SD*, UT*, VA, VT, WI*, WV*, WY*
09/30/2020	AK*, AR, AZ, CT, DC, GA, IA*, IL, KS, NJ, NV*, OR*, UT, VA, VI*, VT, WI*
12/31/2020	AR, AZ, CT, DC*, GA, IL*, KS, NJ, VI*, VT
03/31/2021	AR, AZ, CT, GA, KS, NJ, VI*, VT, WI
06/30/2021	AR, AZ, CA, CT, GA, KS, MI, NJ, VI*, VT, WI*
09/30/2021	AR, AZ, CT, GA, KS, MI*, NJ, UT, VT

Source: ETA's UI Data Website

**Appendix F: Twenty States That Did Not submit ETA 902-M Reports with MEUC Program Activities<sup>9</sup>**

1. Arizona
2. Alabama
3. Florida
4. Georgia
5. Hawaii
6. Iowa
7. Idaho
8. Illinois
9. Kentucky
10. Michigan
11. New Jersey
12. Nevada
13. Oklahoma
14. Pennsylvania
15. Puerto Rico
16. South Carolina
17. Texas
18. Virgin Islands
19. Vermont
20. Washington

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<sup>9</sup> Source: ETA's UI Data Website

## **Appendix G: States' Reporting of Unemployment Trust Fund Account and/or Benefit Payment Account Activity in ETA 2112<sup>10</sup>**

Our analysis of the states reporting in ETA 2112 reports showed each of the 53 states did not report unemployment trust fund account (UTFA) and/or benefit payment account (BPA) information for applicable programs for at least one of the 19 months we examined. Moreover:

- For the PUA program: Iowa did not report UTFA and BPA information at all.
- For the FPUC program: Puerto Rico did not report BPA information for 8 months.
- For the EURGENO program: 10 states<sup>11</sup> reported zero federal funds transferred into their UTFA for the 19-month duration of the program.
- For the MEUC program: Eight states (Colorado, Kansas, Louisiana, New Jersey, Ohio, Puerto Rico, Rhode Island, and Washington) reported zeros for BPA information from the program's start in January 2021 through its expiration on September 6, 2021. These levels of diminished activity are unlikely because these states were not among the 23 states that ended their MEUC programs early.<sup>12</sup> ETA stated:
  - Colorado stood up the MEUC program on August 17, 2021, and made its first payment on September 1, 2021.
  - Louisiana stood up the MEUC program on September 16, 2021, and made its first payment on November 1, 2021.
  - New Jersey, Rhode Island, and Washington have not drawn MEUC funding as of March 11, 2022.

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<sup>10</sup> Source: OIG's analysis of data on ETA's UI Data Website.

<sup>11</sup> The 10 states included Alabama, California, Delaware, Kentucky, Mississippi, North Carolina, Puerto Rico, Rhode Island, Tennessee, and Washington.

<sup>12</sup> Twenty states ended their MEUC programs in June 2021 (Alabama, Alaska, Arkansas, Florida, Georgia, Indiana, Iowa, Mississippi, Missouri, Montana, Nebraska, New Hampshire, North Dakota, Oklahoma, South Carolina, Texas, Utah, West Virginia, Wisconsin, and Utah). Three states ended their MEUC programs in July 2021 (Arizona, Maryland, and Tennessee). Source: <https://mixedearners.org/states>

- For the TFFF program: Only two states (Kentucky and Idaho) reported zeros for UTFA information for 2 separate months. The other 51 states reported non-zero activity every month.
- For the PEUC program: States generally submitted ETA 2112 reports as required June 2020 through September 2021. However, Iowa did not report BPA information for 18 of the 19 months, and Puerto Rico did not report at all.

<b>Month Ending</b>	<b>States</b>
03/31/2020	All States (except AZ, CA MA, OK, RI)
04/30/2020	All States (except AL, AZ, IL, KY,MA, MI, MN, MT, NM, NY, WA)
05/31/2020	AK, CO, FL, GA, IA, KS, LA, ME, MS, NH, PR, VA, VI, WI, WY
06/30/2020	CO, IA, LA, NH, PR, VA, VI
07/30/2020	IA, LA, PR
08/30/2020	DE, IA, LA, PR
09/30/2020	DE, IA, PR
10/30/2020	DE, IA, PR
11/30/2020	DE, IA, PR
12/31/2020	DE, IA, PR
01/31/2021	DE, IA, PR
02/28/2021	DE, IA, PR
03/31/2021	DE, IA, PR
04/30/2021	DE, IA, PR
05/31/2021	IA, PR
06/30/2021	IA, PR
07/30/2021	IA, PR
08/31/2021	IA, PR
09/30/2021	PR

Source: ETA's UI Data Website

**Appendix H: States With Approved STC Programs and  
CARES Act Section 2108 Funding as of February 2, 2022**

<b>Count</b>	<b>State</b>	<b>Section 2108 Funding</b>
1	Arizona	\$8,415,114
2	Arkansas	\$5,967,324
3	California	\$168,795,333
4	Colorado	\$15,828,738
5	Connecticut	\$56,598,435
6	District of Columbia	\$4,397,504
7	Florida	\$5,060,693
8	Iowa	\$10,305,278
9	Kansas	\$24,826,885
10	Maine	\$15,735,618
11	Maryland	\$7,290,210
12	Massachusetts	66,179,555
13	Michigan	\$105,854,689
14	Minnesota	\$51,762,532
15	Missouri	\$29,921,660
16	Nebraska	\$7,386,433
17	New Hampshire	\$5,018,747
18	New Jersey	\$21,762,099
19	New York	\$180,924,787
20	Ohio	\$56,578,150
21	Oregon	\$112,795,897
22	Pennsylvania	\$10,073,972
23	Rhode Island	\$23,767,910
24	Texas	\$108,574,883
25	Vermont	\$0
26	Washington	\$136,698,120
27	Wisconsin	\$94,989,274
	<b>Total</b>	<b>\$1,335,509,840</b>

Source: ETA and OIG's analysis of data obtained from ETA's UI Data Website.

### Appendix I: State and Territory Abbreviations (Abbr.)

<b>Abbr.</b>	<b>State</b>
AK	Alaska
AL	Alabama
AR	Arkansas
AZ	Arizona
CA	California
CO	Colorado
CT	Connecticut
DC	District of Columbia
DE	Delaware
FL	Florida
GA	Georgia
HI	Hawaii
IA	Iowa
ID	Idaho
IL	Illinois
IN	Indiana
KS	Kansas
KY	Kentucky
LA	Louisiana
MA	Massachusetts
MD	Maryland
ME	Maine
MI	Michigan
MN	Minnesota
MO	Missouri
MS	Mississippi
MT	Montana

<b>Abbr.</b>	<b>State</b>
NC	North Carolina
ND	North Dakota
NE	Nebraska
NH	New Hampshire
NJ	New Jersey
NM	New Mexico
NV	Nevada
NY	New York
OH	Ohio
OK	Oklahoma
OR	Oregon
PA	Pennsylvania
PR	Puerto Rico
RI	Rhode Island
SC	South Carolina
SD	South Dakota
TN	Tennessee
TX	Texas
UT	Utah
VA	Virginia
VI	Virgin Islands
VT	Vermont
WA	Washington
WI	Wisconsin
WV	West Virginia
WY	Wyoming




U.S. Department of Labor

Employment and Training Administration  
200 Constitution Avenue, N.W.  
Washington, D.C. 20210

July 18, 2022

MEMORANDUM FOR: CAROLYN R. HANTZ  
Assistant Inspector General for Audit

FROM: BRENT PARTON   
Acting Assistant Secretary for Employment and Training

SUBJECT: Response to the Office of Inspector General Alert Memorandum:  
*The Employment and Training Administration Needs to Ensure  
State Workforce Agencies Report Activities Related to CARES Act  
Unemployment Insurance Programs*

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The U.S. Department of Labor's (Department) Employment and Training Administration (ETA) greatly appreciates the opportunity to respond to the Office of Inspector General's (OIG) Alert Memorandum, referenced above, and its recommendations. ETA is committed to ensuring that states successfully and effectively use taxpayers' dollars to support the Unemployment Insurance (UI) system. As part of our work, ETA has and continues to provide technical assistance to states to ensure compliance with the terms and conditions of their grant awards, including but not limited to reporting requirements. ETA agrees with the OIG that complete and accurate reporting is important to the administration and oversight of the temporary unemployment compensation programs created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act as amended.

ETA further appreciates the OIG's recognition that there are legitimate reasons for states to have no overpayment activities to report in the first two quarters of the existence of these new programs. For example, as indicated in the OIG's audit report titled *COVID-19: States Struggled to Implement CARES Act Unemployment Insurance Programs*, No. 19-21-004-03-315, it took states on average 38 days to make their first Pandemic Unemployment Assistance (PUA) payments (pages 3-4 of the Report). Exhibit 2 of the Report (pages 23-24) indicates that several states taking over 38 days, including some states taking 52, 60, 61, and 101 days to make their first PUA payment. Even at the average timeframe of 38 days, states would not be able to make a payment, then identify and investigate an issue, send notices, provide an opportunity for a hearing and to make a determination, allow for an appeal of the determination if pursued by a party, and then establish an overpayment, all activities that needs to occur before the state would be required to report an overpayment established. It is unrealistic to expect for states to complete these activities in the first reporting period or even for all states to do so in the first two reporting periods.

ETA recognizes that there are states that are failing to meet the reporting requirements for the temporary CARES Act programs. While ETA agrees with the OIG about the importance of the issues identified in this report and its recommendations, ETA wishes to note the numerous errors

in the report – specifically regarding some of the states erroneously identified in the report. ETA has previously explained to the OIG that the UI Reporting system is updated on a daily basis with new/revised reports submitted by states, and ETA is unable to validate the data on state reports for the timeframe provided in the OIG’s draft report. After identifying several errors in prior drafts of the tables included in this OIG report, ETA provided spreadsheets showing the states that failed to report or who reported only zeros as activities in the relevant reports. This data was as of April 14, 2022. Unfortunately, the OIG chose not to use the information provided by ETA. We note the following as examples of issues with some of the data reported in the various tables included in this latest report:

- Table 1 in the body of the report provides an inaccurate impression that all 53 states are not reporting PUA activity, 51 states are not reporting for the Federal Pandemic Unemployment Compensation (FPUC) program, and 30 states are not reporting for the Pandemic Emergency Unemployment Compensation (PEUC) program. The reports indicated in Table 1 must be submitted by states either quarterly or monthly. Therefore, if a state failed to submit a report or reported zeros for even one reporting period, then they are included in this table. As discussed above, there are legitimate reasons for a state to not have reported or have accurately reported zeros for activity in the early reporting periods for these programs.
- Table 1, Appendix E (No ETA 227 reports for FPUC program), does not reflect the data ETA’s Office of Unemployment Insurance (OUI) provided from the UI Reporting system. Specifically, Texas submitted a report for each quarter and should not be listed. Additionally, the District of Columbia submitted a report for the quarters ending 6/30/2021 and 9/30/2021, and Nebraska submitted a report for the quarter ending 9/30/2021.
- Table 2, Appendix E (Only reporting zeros for overpayments in ETA 227 for FPUC), does not align with information in ETA’s records. For example, ETA’s records indicated that Delaware, Georgia, Oklahoma, and Virginia should not be included in this table.
- Table 3, Appendix E (No ETA 227 reports for PEUC program), includes states that have submitted reports. Specifically, Florida, Nebraska, Alabama, and Kentucky have submitted reports and should not be included in this table. Also, Colorado reported for the quarter ending 3/31/2021.
- Table 4, Appendix E (Only reporting zeros for overpayments in ETA 227 for PEUC), does not align with information in ETA’s records. For example, Kentucky reported data other than zeroes for the period ending 6/30/2021 and Pennsylvania reported data other than zeros for the period ending 9/30/2021.
- Table 5, Appendix E (No ETA 227 reports for MEUC) and Table 6 (Only reporting zeros for overpayment activities in the ETA 227 for MEUC), there are several states in these tables that have submitted reports and with data other than zeros. Further, many of these states were not reporting overpayment activity for some of the earlier periods because they were delayed in making initial payments under the MEUC program.
- Table 7, Appendix E (States reporting zero overpayment activities on the ETA 902-P report for PUA), ETA’s review of the data does not align with the information provided in this table. This table incorrectly includes many states for time periods in which they did not report zeros. Specifically, ETA notes the following:
  - For 6/30/2020, Michigan and New Jersey should not be included
  - For 9/30/2020, New Jersey, Utah, and Wisconsin should not be included

- For 12/31/2020, New Jersey should not be included
- For 3/31/2021, Arkansas and New Jersey should not be included
- For 6/30/2021, Arkansas, California, New Jersey, and Wisconsin should not be included
- For 9/30/2021, Arkansas, New Jersey, and Utah should not be included
- Table in Appendix G (Listing states by month that did not report Benefit Payment Account activity in the ETA 2112 report), some of the states listed does not align with ETA records. Specifically, ETA's records reflect that New Hampshire submitted the ETA 2112 report for 6/30/2020; Louisiana submitted reports for 5/31/2020 through 8/30/2020, and Puerto Rico submitted reports for 6/30/2020 through 6/30/2021.

Again, ETA thanks the OIG for the opportunity to provide feedback.

#### **Response to the OIG Recommendations**

Below are the OIG's recommendations contained in the draft Alert Memorandum, followed by ETA's response and proposed action steps to address the recommendations.

**Recommendation # 1:** Continue to identify states that have not complied with ETA's reporting requirements for CARES Act UI programs and work with them to ensure missing reports and information are submitted before the commencement of the Department's FY 2022 financial statement audit.

**ETA Response:** ETA concurs with this recommendation. ETA's OUI and Regional Offices continue to identify states that have not complied with ETA's reporting requirements and will work with these states to obtain missing reports while also providing targeted technical assistance (as needed) to states to ensure future reports are submitted timely. In addition, ETA plans to take the following actions including:

- Conducting a training webinar with states on July 20, 2022, focused on accurately submitting ETA 227 and ETA 902-P reports for the CARES Act programs.
- Providing additional CARES Act administrative funding to support integrity-related activities, including properly submitting required ETA reports.
- Emphasizing the importance of ensuring complete and accurate reporting of ETA required reports as a National Priority in the forthcoming guidance for the Fiscal Year (FY) 2023 UI State Quality Service Plan (SQSP). States that have not provided complete and accurate reports will be required to include, in the SQSP Narrative, information on their plans, including timeframes and milestones, for addressing reporting issues and ensuring appropriate reporting in FY 2023. Also, states that have previously transmitted reports with zeros for data for overpayment activities (when the reporting of zeros is not correct) must amend the reports to include accurate data. Furthermore, ETA is requiring states with inaccurate and/or incomplete reporting on overpayment reports, including the ETA 227 reports (Overpayment Detection and Recovery Activities), and the ETA 902-P report (Pandemic Unemployment Assistance) must submit their action plans to correct the reporting issues in their Integrity Action Plan (IAP) as part of their FY 2023 SQSP submission.

- Continuing to offer and provide one-on-one technical assistance, (such as workflow and other programmatic issues) to states to work through reporting challenges.

**Recommendation # 2: Continue to verify the accuracy of reports that cite no activity and ensure corrections are made where warranted.**

ETA Response: ETA concurs with this recommendation. As stated in ETA's response to Recommendation # 1 above, ETA is planning various activities to ensure complete and accurate state reporting when warranted, including:

- Emphasizing reporting accuracy in the forthcoming SQSP guidance and requiring states report actions and timelines for correcting reporting issues as part of their annual IAP and SQSP submission.
- Scheduling a training webinar for states to provide guidance on how to accurately submit reports
- Providing additional funding that states can use for reporting activities.
- Continuing to offer and provide one-on-one technical assistance, (such as workflow and other programmatic issues) to states to work through reporting challenges.