



March 28, 2024

MEMORANDUM FOR: BRENT PARTON  
Principal Deputy 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: A Review of Pandemic Unemployment  
Insurance Relief and Its Impact on Six Different  
U.S. Communities  
Report Number: 19-24-002-03-315

The Pandemic Response Accountability Committee (PRAC)<sup>1</sup> led a two-phased review to identify the federal funds distributed to local communities<sup>2</sup> across the United States in response to the COVID-19 pandemic as of September 30, 2021, and to determine if the spending of the funds aligned with program goals. In support of this review, the Office of Inspector General (OIG) conducted an evaluation of the Department of Labor's (DOL) unemployment insurance (UI) response to the COVID-19 pandemic.

We specifically evaluated the DOL programs that expanded UI benefits for workers who were impacted by the pandemic. The federal UI benefits from the following three key Coronavirus Aid, Relief, and Economic Security (CARES) Act UI programs were reviewed: Federal Pandemic Unemployment Compensation (FPUC), Pandemic Unemployment Assistance (PUA), and Pandemic Emergency Unemployment Compensation (PEUC). The programs were initiated by the CARES Act on March 27, 2020, and concluded on September 6, 2021. These programs were selected based on federal spending research and program funding amounts.

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<sup>1</sup> The PRAC was created by the Coronavirus Aid, Relief, and Economic Security Act to support and coordinate independent oversight of more than \$5 trillion in pandemic relief programs and spending. For more information, visit: <https://www.PandemicOversight.gov/>.

<sup>2</sup> The PRAC selected six locations for review across three types of geographic areas (two small-to-medium sized cities, two rural counties, and two tribal areas).

To conduct this review and measure the federal government's pandemic response, the PRAC selected<sup>3</sup> six communities of different sizes and geographic areas from across the country: Springfield, Massachusetts; Coeur d'Alene, Idaho; Marion County, Georgia; Sheridan County, Nebraska; White Earth Nation Reservation in Minnesota; and Jicarilla Apache Nation Reservation in New Mexico.

To complete our review, we evaluated the CARES Act, Continued Assistance for Unemployed Workers Act of 2020, the American Rescue Plan Act of 2021, Employment and Training Administration (ETA) guidance, the Department of Homeland Security's Federal Emergency Management Agency guidance, and state agreements to participate in pandemic UI programs. We analyzed DOL pandemic-related UI program funding allocated to the designated communities based upon USASpending.gov data, PandemicOversight.gov data, ETA – Office of Unemployment Insurance public data, state-reported data, and correspondence with ETA. We also analyzed summary data on UI claims and funding available from the states.

To assess the benefit recipients' experiences with the three key CARES Act UI programs in the designated geographic areas, we judgmentally<sup>4</sup> selected 339 claimants with whom OIG investigators performed on-site interviews. The review team also worked with OIG data scientists to determine the amount of fraud indicators associated with benefits paid within the three key CARES Act programs in the designated geographic areas. We conducted this review in accordance with the *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objective.

This memorandum applies to our work conducted in the second phase of the PRAC review, which focused on identifying the UI program funding provided to local communities to help them respond to the pandemic, as well as the benefit recipients' experiences and the integrity of the programs. For additional detailed reports for the six communities, including analyses from the nine other

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<sup>3</sup> To select the six local communities in the three geographic areas in the review, the PRAC employed a random selection process using several data sources.

<sup>4</sup> Judgmental sampling, a non-probability sampling technique, was employed in this review, whereby sample members were selected based on the auditor's knowledge and judgment. To ensure the integrity of the interviews and to avoid interfering with ongoing or future investigations, claimants with fraud indicators were excluded from the selection process. Specifically, we removed any claimants with a fraud indicator, then judgmentally selected 60 claimants for our sample. However, in the case of Sheridan County, Nebraska, our approach of judgmental sampling was limited to 39 claimants, as only this number met our criteria for inclusion.

participating federal agencies, and an overall PRAC Insights Report, see the PRAC's Impact Project webpage.<sup>5</sup>

### **Identified Pandemic Funds for UI Programs**

On March 27, 2020, the CARES Act was signed into law with the intent of providing expanded UI benefits to workers who were unable to work as a direct result of the COVID-19 pandemic. The pandemic-related UI programs were later extended by the Continued Assistance for Unemployed Workers Act of 2020 and the American Rescue Plan Act of 2021, which ended on September 6, 2021. Our review focused on three key CARES Act programs:

- **Federal Pandemic Unemployment Compensation.** Under the CARES Act, the FPUC program provided a supplemental payment of \$600 per week to individuals with at least one dollar (\$1) of underlying benefits from designated unemployment compensation programs<sup>6</sup> until July 31, 2020. The program resumed under the Continued Assistance for Unemployed Workers Act of 2020 with supplemental payments of \$300 per week and extended by the American Rescue Plan Act of 2021 until September 6, 2021.
- **Pandemic Unemployment Assistance.** The PUA program extended UI benefits to individuals who were not traditionally eligible for UI benefits. This included self-employed workers, independent contractors, those with limited work history, and those who otherwise did not qualify for regular unemployment compensation or extended benefits under state or federal law or PEUC. With all the legislative extensions, claimants could receive up to 79 weeks of PUA payments.
- **Pandemic Emergency Unemployment Compensation.** The PEUC program provided additional weeks of unemployment compensation to individuals who: exhausted their regular unemployment benefits under state or federal law; had no rights to regular unemployment compensation under any other state law or federal law; were not receiving compensation under the UI laws of

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<sup>5</sup> The Insights Report (PRAC, "A Review of Pandemic Relief Funding and How it Was Used in Six Different U.S. Communities," Report No. PRAC-2024-02) was issued by the PRAC on March 28, 2024. Subsequent detailed reports, including the OIG's survey results and fraud indicator analyses for each of the six locations, are planned to be released between April and December 2024 and made available on the PRAC's website, which can be found at: <https://www.pandemicoversight.gov/spotlight/focus-on-six-communities>.

<sup>6</sup> UI programs eligible for FPUC were regular UI, Unemployment Compensation for Federal Employees, Unemployment Compensation for Ex-Servicemembers, Pandemic Emergency Unemployment Compensation, Pandemic Unemployment Assistance, Extended Benefits, Short-Time Compensation, Trade Readjustment Allowances, Disaster Unemployment Assistance, and payments under the Self-Employment Assistance program.

Canada; and were able to work, available to work, and actively seeking work, while recognizing that states must provide flexibility in meeting the “actively seeking work” requirement. With all the legislative extensions, claimants could receive up to 53 weeks of PEUC payments.

Under an agreement with DOL, state workforce agencies (SWA) made UI payments to claimants, and DOL made funding available to cover the cost of the additional payments, ongoing administrative support, and reasonable implementation costs. For the period March 27, 2020, through September 6, 2021, we identified more than 33,400 UI beneficiaries across the six communities; collectively, they received over \$516 million (see Table 1).

**Table 1: Total Pandemic-Related UI Benefits in the Six Communities (March 27, 2020, through September 6, 2021)**

<b>Program</b>	<b>Total Benefits Paid</b>	<b>Total Claimants</b>	<b>Average Benefit Per Claimant</b>
FPUC	\$323,248,650	33,329	\$9,699
PUA	\$118,434,214	7,893	\$15,005
PEUC	\$74,352,092	10,192	\$7,295
<b>Total</b>	<b>\$516,034,956</b>	<b>33,433<sup>7</sup></b>	<b>\$15,435</b>

Source: OIG data analysis of SWA claims data for the period March 27, 2020, to September 6, 2021

### **Benefit Recipient Experience**

To assess the new CARES Act UI programs (FPUC, PUA, and PEUC), we judgmentally selected 339 residents (claimants) from the six communities. OIG investigators traveled to the areas, confirmed the individuals filed a UI claim, and performed in-person interviews with the claimants. Of the 339 claimants, 100 (29 percent) who received benefits from at least one of the three key pandemic UI programs chose to respond. The surveys were conducted from May 2022 to December 2022.

The OIG deliberative process for this project’s sample selection included removing possible fraudulent claims to ensure interviews of only eligible UI claimants. To do so, we used fraud indicators. This removal also ensured that OIG investigators did not impact ongoing investigations or interact with possible subjects or targets of future OIG investigations.

<sup>7</sup> Individual claimants could receive benefits from multiple pandemic-related UI programs.

## Satisfaction with the New CARES Act UI Programs Was High—Both Overall and with Specific Components

Generally, the majority of surveyed claimants reported the ease of completing the application process, overall experience filing a claim, promptness of UI benefit payments, and certification process to continue to receive benefits as satisfying.<sup>8</sup> Overall, satisfaction with the UI system was rated 4.1 on a 5-point scale, with 46 percent of surveyed claimants rating their experience as extremely satisfying (see Figure 1).

**Figure 1: Surveyed Claimants Assessment of Claims Process<sup>9</sup>**

<b>Overall Satisfaction with UI System</b>	<b>4.1</b> Average Rating (5-point scale)	<b>46%</b> Highest Rating (5)	<b>5%</b> Lowest Rating (1)
<b>UI Office Accessibility*</b>	<b>3.1</b> Average Rating (5-point scale)	<b>17%</b> Highest Rating (5)	<b>18%</b> Lowest Rating (1)
<b>Ease of Completing Application Process*</b>	<b>4.1</b> Average Rating (5-point scale)	<b>42%</b> Highest Rating (5)	<b>3%</b> Lowest Rating (1)
<b>Overall Experience Filing a Claim*</b>	<b>4.2</b> Average Rating (5-point scale)	<b>51%</b> Highest Rating (5)	<b>3%</b> Lowest Rating (1)
<b>Promptness of UI Benefits Payment</b>	<b>4.4</b> Average Rating (5-point scale)	<b>62%</b> Highest Rating (5)	<b>4%</b> Lowest Rating (1)
<b>Certification Process to Continue to Receive Benefits*</b>	<b>4.0</b> Average Rating (5-point scale)	<b>47%</b> Highest Rating (5)	<b>5%</b> Lowest Rating (1)

Source: OIG data analysis of claimant surveys conducted from May 2022 to December 2022

<sup>8</sup> Surveyors asked claimants a series of questions and claimants responded based on a five-point scale where 1 was extremely dissatisfied and 5 was extremely satisfied.

<sup>9</sup> In the State of Georgia, employers are permitted to file UI claims for employees. As a result, claimants with an employer-filed claim were not asked certain questions, which are indicated with an asterisk (\*) in Figure 1 and Figure 3.

The accessibility of the UI office to answer questions and offer assistance was rated the lowest of all aspects—18 percent of surveyed claimants rated their experiences as extremely dissatisfying. In addition, surveyed claimants encountered various difficulties throughout the process, including claim denials, issues with the certification process, completing the application, gathering necessary information, confusion regarding program eligibility and weekly certifications, contacting the SWA, and technical challenges such as identity proofing.

Regional SWA officials<sup>10</sup> mentioned technical obstacles related to the online application's accessibility, language barriers, and high website traffic. The officials also acknowledged the significant increase in customers, with people waiting in halls for services. For example, the Georgia Department of Labor processed more UI claims than in the previous 8 years combined. Additionally, there were technological problems with claimant identity verification and payment distribution to the correct address.

### **Surveyed Claimants Generally Felt the CARES Act UI Programs Were Impactful, Sufficient, and Fair**

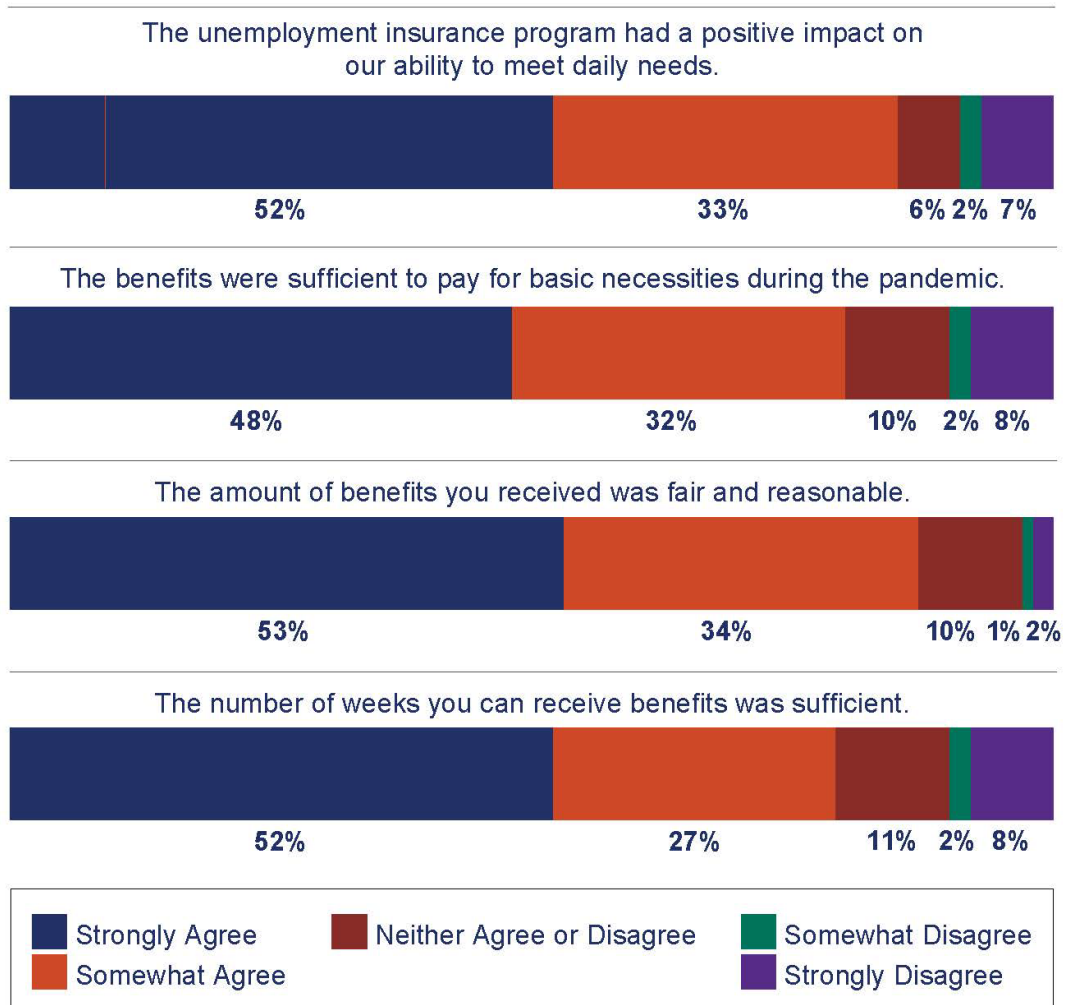
The majority of surveyed claimants reported either somewhat agreeing or strongly agreeing that benefits provided by the CARES Act had a positive impact on their ability to meet their needs, were sufficient to pay for basic necessities, and were fair and reasonable (see Figure 2).<sup>11</sup> The surveyed claimants also agreed or strongly agreed that the number of weeks that benefits were provided was sufficient. On average, 2 to 8 percent of surveyed claimants strongly disagreed that the benefits had a positive impact, were sufficient, or were fair and reasonable.

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<sup>10</sup> The PRAC and/or DOL OIG audit teams interviewed officials at the MassHire Springfield Career Center; Idaho Department of Labor - Post Falls Office; the Regional Nebraska Department of Labor office in Scottsbluff, Nebraska; and the Georgia Department of Labor Career Center in Americus, Georgia.

<sup>11</sup> Surveyors offered claimants a series of statements and, for each statement, asked claimants to indicate if they: (a) strongly agreed, (b) somewhat agreed, (c) neither agreed nor disagreed, (d) somewhat disagreed, or (e) strongly disagreed.

**Figure 2: Surveyed Claimants Assessment of Benefits**



Source: OIG data analysis of claimant surveys conducted from May 2022 to December 2022

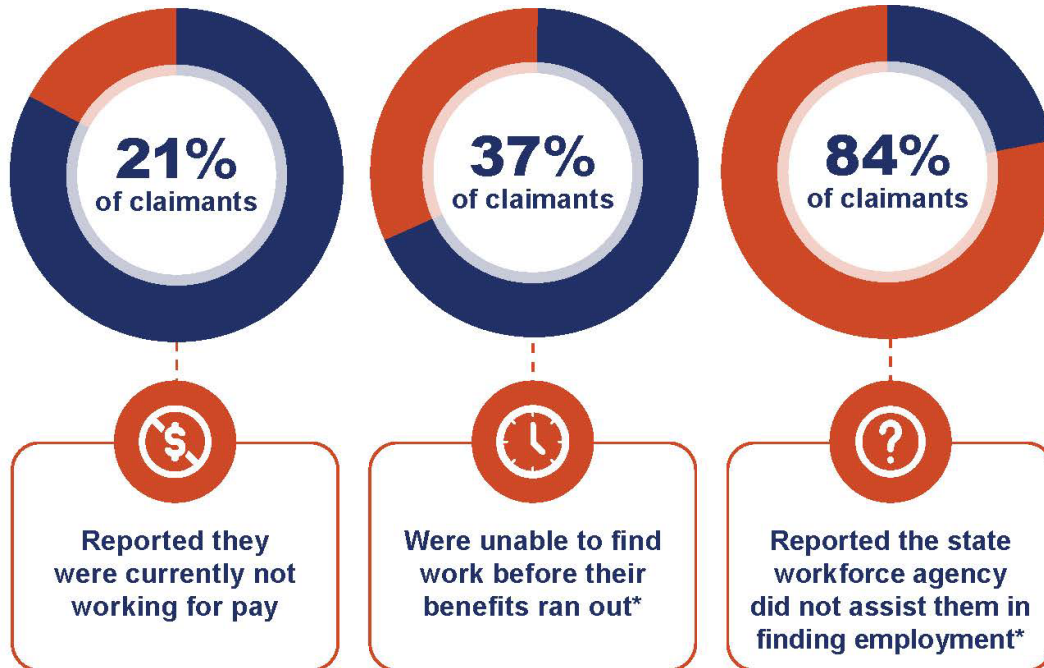
### Surveyed Claimants Generally Still Experienced Difficulty in the Labor Market

At the times the surveys were conducted, 21 percent of claimants reported they were not currently working for pay, and 37 percent reported they were unable to find employment before benefits ran out (see Figure 3).

Additionally, 84 percent of surveyed claimants reported the SWAs did not assist them with gaining re-employment. The survey did not address whether the claimants were aware of the SWAs' job placement services. Furthermore, according to ETA officials, the COVID-19 pandemic led to a tenfold increase in initial claims for federal and state programs, overwhelming the capacity of states' systems. In interviews with regional SWA officials, it was revealed that

employment services had to shift their focus to processing UI claims to meet the heightened demand.

**Figure 3: Surveyed Claimants Return to Work Assessment<sup>12</sup>**



Source: OIG data analysis of claimant surveys conducted from May 2022 to December 2022

Interviews with the regional SWA officials noted that some employers felt surveyed claimants could earn more by collecting UI and, therefore, would not return to work. However, SWA officials stated there were other factors that affected individuals' choices to not to return to work, such as health concerns and virtual school requiring adults to stay home. Furthermore, inflation impacted the cost of resources, like housing in Coeur d'Alene, which deterred certain workers from applying for work in the area. Additionally, regional SWA officials reported there were labor shortages prior to the pandemic.

### **Program Integrity**

With the passage of the CARES Act and subsequent pandemic legislation, pandemic-related UI programs became a target for fraud. OIG investigators,

<sup>12</sup> In the State of Georgia, employers are permitted to file UI claims for employees. As a result, claimants with an employer-filed claim were not asked certain questions, which are indicated with an asterisk (\*) in Figure 1 and Figure 3.



auditors, and data scientists have created a series of fraud indicators<sup>13</sup> to identify potentially fraudulent UI claims. Specifically, we identified 7.6 percent of the claims submitted to the OIG for the six geographic areas as potentially fraudulent (see Table 2).

**Table 2: Fraud Indicators Analysis for the Six Geographic Areas<sup>14</sup>**

<b>Category</b>	<b>Claimants</b>	<b>Percent of Total</b>	<b>Amount Paid</b>
Total Claimants	33,433	-	\$516,034,956
Claimants w/ Potential Fraud Indicator:			
Multistate	1,781	5.3%	\$31,622,552
Suspicious Email	826	2.5%	\$23,337,048
State Flagged	77	<1%	\$1,803,651
Deceased Person	4	<1%	\$93,381
All Preceding Fraud Indicators (claimants with multiple indicators were only included once to avoid duplication)	2,548	7.6%	\$46,436,308

Source: OIG data analysis of SWA claims data for the period March 27, 2020, to September 6, 2021

Prior to the release of this report, the potentially fraudulent claims were referred to the OIG’s Office of Investigations to assess and determine if the claims warrant investigation. If the claims did not warrant investigation, we referred the claims to the appropriate SWA.

### **Conclusion**

One of the primary aims of the CARES Act and subsequent related legislation was to mitigate the economic ramifications stemming from the COVID-19 pandemic. In this context, the satisfaction reported by surveyed claimants

<sup>13</sup> Potentially fraudulent claims are based on data analytics and have not been investigated, adjudicated, or confirmed as fraud by a SWA. Flagged transactions may not be fraudulent, and not all fraudulent transactions may be flagged. More generally, these types of potential fraud measures can be used to identify transactions that may be indicative of potential fraud. They cannot, though, be interpreted directly as measures of the extent of UI fraud in any specific geographic area.

<sup>14</sup> Fraud indicators were created by the OIG to flag potential incidents of fraud. Multistate claimants applied for benefits in multiple states. Claimants with suspicious emails used the same email for multiple applications, used a temporary email address, or an email address with a common fraud technique. Also flagged were claimants with Social Security numbers of a person that was deceased. Additionally, SWAs identified certain claimants as potentially fraudulent.

regarding the CARES Act UI programs was high, both in terms of the overall experience and specific program components, such as the claims process, benefit amount, and benefit duration. These claimants consistently expressed that the programs were impactful, sufficient, and characterized by fairness. Nevertheless, it is important to acknowledge that these individuals still encountered difficulties in navigating the labor market, underscoring the lingering challenges that persist in the face of economic recovery.

This evaluation was intended to identify the federal pandemic funds distributed to local communities to help them respond to the pandemic, assess benefit recipients' experiences, and recognize issues with integrity of the pandemic-related UI programs. As such, we do not provide any recommendations.

We appreciate the cooperation of ETA, state, local, and reservation officials involved in this evaluation. If you have any questions regarding this memorandum, please contact Betty Norwood, Audit Director, at [norwood.betty@oig.dol.gov](mailto:norwood.betty@oig.dol.gov).

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