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Report to Congressional Requesters

October 2016

UNEMPLOYMENT INSURANCE

Various Factors Affect Head Start and Other Early Childhood Teachers' Eligibility for Benefits

Accessible Version

GAO-17-34

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GAO Highlights

Highlights of GAO-17-34, a report to congressional requesters

Why GAO Did This Study

In 2015, the Head Start child development program provided federal funds to local grantees that employed over 90,000 teachers. Some of these grantees run programs that do not run during the summer, and some teachers may, in turn, seek UI benefits to help meet expenses during that time. All states have laws generally prohibiting certain employees of educational institutions from collecting UI benefits between terms, though they have flexibility in setting specific eligibility restrictions. GAO was asked to review Head Start and other ECE teachers' eligibility for UI benefits during the summer months.

This report examines (1) the extent to which states have laws or policies that affect whether Head Start and other ECE teachers are eligible for UI benefits during summer breaks; (2) how many Head Start teachers may have been eligible for these benefits during their summer breaks in 2015; and (3) what is known about how states communicate information about eligibility for UI benefit payments to Head Start and ECE employees and the effectiveness of these efforts. GAO surveyed UI directors in all 50 states, the District of Columbia, Puerto Rico, and the Virgin Islands (with 100 percent responding); analyzed Head Start data from program year 2015; reviewed relevant federal laws; and interviewed federal officials and stakeholders, including employer associations and teacher associations, in five states selected using criteria such as their benefit restrictions.

What GAO Recommends

GAO is not making recommendations.

View GAO-17-34. For more information, contact Cindy Brown Barnes at (202) 512-7215 or brownbarnesc@gao.gov

What GAO Found

In response to GAO's survey, officials from all 50 states, the District of Columbia, and two territories reported that they have various laws or policies that may affect whether Head Start and other early childhood education (ECE) teachers are allowed to collect unemployment insurance (UI) benefits during summer breaks. Officials in three states—Indiana, Pennsylvania, and Wyoming—reported that Head Start teachers are generally not eligible for UI benefits over summer breaks. In other states, officials outlined various factors that can affect eligibility. Specifically, officials from 30 states said the type of employer—for-profit, non-profit, or municipality—can influence eligibility for Head Start teachers (officials in 28 states reported this for ECE teachers). In addition, officials in 17 states reported that eligibility for Head Start teachers can be affected by the program's relationship to a school or board of education (officials in 11 states reported this for ECE teachers). For example, West Virginia officials reported that Head Start teachers considered under the authority of the board of education are generally not eligible for UI benefits.

In 2015, about half of the 90,000 Head Start teachers (about 44,800) across the country may have been eligible for UI benefits during their summer break, according to GAO's analysis of available data and the information states reported about their laws, regulations, and policies in response to GAO's survey. The remaining teachers and assistant teachers were likely not eligible because they worked for school districts or charter schools (about 14,150); worked in programs with breaks that were too short to allow them to collect benefits (about 28,940); or were generally not eligible under state laws, regulations, or policies (about 2,510).

To communicate UI eligibility rules to both employers and employees, state UI agencies reported using a variety of methods; however, selected stakeholders identified several concerns with these efforts. According to GAO's survey, state directors reported that they use various communication channels to provide general information to both employers and employees on matters, such as how to file a claim in their states. The three most commonly cited methods used by the states included websites, hotlines, and handbooks. Even though most states reported that they are using multiple methods of communication with employers and employees, some Head Start and ECE stakeholders in five selected states told GAO that the complexity of federal and state laws and policies governing state programs continue to make UI eligibility rules difficult to understand, even with information that their states are providing. While some of this confusion can be attributed to the variability and complexities of states' eligibility policies, GAO also found that states are generally not evaluating the effectiveness of their communication approaches. Specifically, over half of the states reported that they have not evaluated the effectiveness of their communication approaches with employees, and about two-thirds reported they have not evaluated the effectiveness of their communication approaches with employers. The states that were conducting evaluations reported that the feedback allowed them to make improvements in their communication materials for both employers and employees. For example, some states reported making their claims processing applications more user friendly and understandable as a result of this feedback.

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Abbreviations

DOL	Department of Labor
ECE	early childhood education
HHS	Department of Health and Human Services
UI	Unemployment Insurance

U.S. GOVERNMENT ACCOUNTABILITY OFFICE
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October 17, 2016

The Honorable Todd Rokita
Chairman
Subcommittee on Early Childhood, Elementary, and Secondary Education
Committee on Education and the Workforce
House of Representatives

The Honorable Vern Buchanan
Chairman
Subcommittee on Human Resources
Committee on Ways and Means
House of Representatives

The Head Start program is one of the largest early childhood education (ECE) programs overseen by the federal government. For fiscal year 2016, Congress appropriated nearly $9.2 billion for the program, and it served approximately 1.1 million children in program year 2015. Head Start services—including early learning for children and parenting guidance and nutrition education for adults—were provided through approximately 1,600 local organizations and funded by grants administered by the Department of Health and Human Services (HHS). Similar to other entities providing educational services, organizations administering ECE might not run during the summer months, potentially leaving their teachers and teaching assistants without work during that time. To help meet expenses, some of these employees may seek unemployment benefits until they return in the fall.

The federal-state unemployment insurance (UI) program, nationally overseen by the Department of Labor (DOL), temporarily replaces part of the lost earnings of those who become unemployed through no fault of their own. Federal law provides a broad rule on eligibility for instructional employees of certain educational institutions, though the specifics of eligibility are determined by each state. Given this state flexibility, state laws may vary in whether Head Start and other ECE employees are eligible for UI benefits.

In 1985, HHS's Office of Inspector General audited the Head Start program and found widespread problems related to the receipt of UI payments by its grantees' personnel. The Inspector General

recommended, in turn, that routine UI payments should be discontinued for those employees.[1]

You asked us to provide information on the eligibility of Head Start and other ECE teachers[2] for UI benefits during the summer months. Specifically, this report examines:

1. the extent to which states have laws or policies that affect whether Head Start and other ECE teachers can claim UI benefits during summer breaks;
2. how many Head Start teachers may have been eligible for UI benefits during their summer breaks in 2015; and
3. what is known about how states communicate information about eligibility for UI benefit payments to Head Start and ECE employees and the effectiveness of these efforts.

To address these questions, we surveyed state UI directors (including all 50 states, the District of Columbia, Puerto Rico, and the Virgin Islands)[3]; analyzed data from the Head Start program in conjunction with survey results; and interviewed stakeholders in four states and one territory. Specifically, for the first question we surveyed state UI directors about state laws, regulations, and policies that might affect whether Head Start and other ECE teachers are eligible to claim UI benefits during summer breaks.[4] We obtained responses from 100 percent of the states surveyed. For the second question, we used data from the Office of Head Start's

[1] The 1985 Inspector General report recommended that HHS conduct "a grantee-by-grantee and state-by-state analysis of the extent and magnitude of the problem of unemployment compensations costs." See "A Program Inspection of Head Start Unemployment Insurance Cost." Office of the Inspector General, Department of Health and Human Services. (Washington, D.C. February 1985). During our review, we asked HHS officials if the analysis recommended by the report was performed, but officials could not determine whether such an analysis was conducted.

[2] In this report, "teachers" refers to both classroom teachers and teaching assistants.

[3] In this report, we are using the term "states" in reference to the states, the District of Columbia, and the 2 territories included in our review.

[4] While we asked states to provide a description of their relevant laws, regulations, and policies, we did not confirm their description with an independent review of each law, regulation, and policy. Thus, in this report all descriptions and analyses of state laws, regulations, and policies are based solely on what states reported to us.

Program Information Report, which each Head Start grantee is required to submit on an annual basis. In conjunction with data from the 2014-2015 program year (the most recent available), we used information from our survey on state laws, regulations, and policies to estimate the number of Head Start teachers and teaching assistants who may be eligible for UI benefits during summer breaks.[5] After reviewing the Head Start program data and interviewing knowledgeable officials about them, we found the data to be sufficiently reliable for our purposes. For the third question, we used our survey of state directors to ask about their respective states' efforts to communicate with stakeholders regarding UI eligibility, and how they evaluate these efforts. We also selected four states (Alabama, Indiana, New Jersey, and Wyoming) and one territory (Puerto Rico) where we interviewed state UI directors, Head Start grantees, and other stakeholders to gather more in-depth information. We selected these states to obtain a mixture of stakeholder experiences based on factors such as the number of Head Start centers and survey responses regarding eligibility and improper payments. The results of these interviews are not generalizable to all states. In addition, we interviewed DOL, HHS, and state officials and stakeholders (including the National Head Start Association and the National Association of State Workforce Agencies) to obtain information on how they have assisted states and grantees in communicating UI eligibility restrictions. Lastly, we reviewed relevant federal laws, regulations, and policies on agency roles and responsibilities. For more information on our methodology, see appendix I.

We conducted this performance audit from August 2015 to October 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

[5] In making this estimate we made a number of assumptions that affected our analysis. For a discussion of those assumptions, see appendix I.

Background

The Head Start program, which is overseen by HHS's Office of Head Start, performs its mission to promote school readiness and development among children from low-income families through its nearly 1,600 grantees. More specifically, Head Start grants are awarded directly to state and local public agencies, private nonprofit and for-profit organizations, tribal governments, and school systems for the purpose of operating programs in local communities. According to Head Start program reports, more than 90,000 employees taught in grantee programs during program year 2014-2015.[6] Of these employees, about half were preschool classroom teachers (44,677), and the other half were preschool assistant teachers (45,725). Head Start officials told us that many grantees do not run programs during the summer months, which could leave these teachers and teaching assistants without wages from these employers during that time. According to HHS, Head Start teachers were paid about $29,000 annually (compared to annual median earnings of nearly $52,000 for kindergarten teachers). Head Start teachers and teaching assistants are among the approximately 960,000 ECE employees across the nation, according to the Bureau of Labor Statistics.[7]

The nation's UI system is a joint federal-state partnership originally authorized by the Social Security Act and funded primarily through federal and state taxes on employers. Under this arrangement, states administer their own programs according to certain federal requirements and under the oversight of DOL's Office of Unemployment Insurance, but they have flexibility in setting benefit amounts, duration, and the specifics of eligibility. In order for employers in the states to receive certain UI tax benefits, states must follow certain requirements, including that the states have laws generally prohibiting instructional employees of certain educational institutions from collecting UI benefits between academic

[6] Numbers in this report do not include teachers and assistant teachers in Early Head Start programs.

[7] This employee group includes preschool teachers, special education preschool teachers, and childcare workers. According to the Bureau of Labor Statistics, there were approximately 960,000 jobs in these three occupations combined as of May 2014. ECE workers had lower wages than Head Start teachers in 2015 with an annual median income of about $20,320 (or 30 percent less than Head Start teachers and more than 60 percent less than kindergarten teachers), according to a 2016 study by HHS and the Department of Education.

terms if they have a contract for, or "reasonable assurance" of, employment in the second term.[8] However, the Act does not define educational institution, leaving states discretion with this classification. Federal policies regarding the eligibility of Head Start teachers for UI benefits have remained the same for decades, according to DOL officials, and are stated in a 1997 policy letter in which DOL's position is clarified on applying the federal provision regarding employees of educational institutions.[9]

State Officials Reported That State Laws and Policies Can Affect Teacher Eligibility for Unemployment Insurance Benefits

In responding to our survey, state UI directors reported having to follow various state laws and policies that may affect whether Head Start and other ECE teachers are allowed to collect benefits during the summer.

All Head Start Teachers are Generally Not Eligible in Some States

In 3 of the 53 states and territories in which we conducted a survey about laws and policies that may affect teacher eligibility, officials reported that Head Start teachers are generally not eligible for UI benefits over summer breaks. Specifically, in 2 of the states we surveyed, officials reported that Head Start teachers are generally not eligible for UI benefits over summer breaks but other ECE teachers may be. In the first state, Pennsylvania, officials told us that because of a 2007 state court decision, Head Start teachers are generally not eligible for UI benefits because the state generally considers Head Start teachers to be employees of educational institutions, and such employees are generally not eligible. For other ECE teachers, however, Pennsylvania officials said that eligibility may vary by employer. More specifically, the officials told us that employees of for-

[8] See 26 U.S.C. § 3304(a)(6). This provision applies to educational institutions run by states, local governments, Indian tribes, and 501(c)(3) non-profit entities. States may, but are not required to, apply this provision to educational institutions run by for-profit entities.

[9] See Unemployment Insurance Program Letter (UIPL) No. 41-97, *Application of Between and Within Terms Denial to Head Start Program Personnel.*

profit institutions would not be subject to the educational institution restriction, and therefore may be eligible for UI benefits over summer breaks. In the second state, Wyoming, officials reported that their state excludes from UI eligibility those engaged in instructional work of an educational institution. The officials also reported that Head Start teachers "fall under this provision by consistent interpretation and precedent decisions" in Wyoming and therefore are not eligible for UI benefits over summer breaks, though other ECE teachers not employed by educational institutions are potentially eligible for benefits during that time.

Officials in a third state, Indiana, told us that state law restricts eligibility for employees who are on a vacation period due to a contract or the employer's regular policy and practice, which affects both Head Start and other ECE teachers who are on summer break. The officials explained that these workers are not considered unemployed during regularly scheduled vacation periods and are therefore not eligible to receive UI benefits. This law was not targeted at Head Start or other teachers but instead was meant to address those individuals with predictable vacation periods, according to officials. Indiana's Department of Workforce Development determines whether the employee is on a regularly scheduled vacation period by analyzing historical data, rather than relying on the employer to notify the department. Officials told us they have an internal unit that works to detect claims patterns over time to identify these vacation periods for specific employers.

In contrast, based on what officials in the remaining 50 states and territories we surveyed reported to us, Head Start and other ECE teachers in the remaining states may be eligible for benefits over summer breaks in those states, usually depending on a number of factors, such as the type of employer or the program's connection to a school or board of education, as discussed below.[10]

[10] In their survey responses, some states used other phrases such as "academic institution," "school system," or "school board."

Type of Employer Can Affect Eligibility

Officials told us that eligibility for UI benefits can be affected by the type of employer in 30 states for Head Start and 28 for ECE.[11] State officials reported having to abide by a wide ranging set of laws and policies in this area, including those that sometimes include or exclude certain types of organizations from the state's definition of educational institution. For example:

- **Employers included as educational institutions.** Officials in some states told us that their laws include certain types of employers in the definition of an educational institution. Consequently, Head Start and ECE teachers at these institutions are generally not eligible for UI benefits over summer breaks. For example, New York officials told us that nursery schools and kindergartens would be considered educational institutions but day care providers generally would not. Alaska officials reported that the state generally defines an educational institution as a "public or not-for-profit" institution that provides an organized course of study or training. Head Start employees of private for-profit institutions, however, may be eligible.

  In a separate example, New Jersey officials told us that teachers who work in private preschools mandated by the state to operate in districts known as "Abbott districts" are generally not eligible for UI benefits during summer breaks, because they are considered employees of educational institutions.[12] In Abbott districts, they said, the state must provide preschool for all students living in that district, either directly through a public agency or by contracting with a private provider, which could also potentially be a Head Start grantee organization. They further explained that Abbott teachers are paid significantly higher salaries than Head Start teachers outside of Abbott districts are paid. As a result, they said, Abbott teachers may be less in need of UI benefits during summer breaks. Furthermore,

[11] As mentioned earlier, we are using the term "states" in reference to the states, the District of Columbia, and the 2 territories included in our review. In some cases, we were not able to definitively categorize state laws or policies based on the state's responses; in addition, some states' laws or policies could be categorized in multiple categories. Therefore, totals may not add to 53.

[12] Officials told us that New Jersey has 35 local school districts that were designated as "Abbott districts" following state court decisions related to inequity in school funding. According to documents provided by the officials, one of these initial court decisions was in the case of *Abbott v. Burke*.

ECE teachers who work for non-Abbott providers are potentially eligible, according to New Jersey officials.

- **Employers not considered educational institutions.** In other cases, state officials reported that their laws specified that certain types of employers are not included in the definition of an educational institution and that teachers working for these specific types of employers are potentially eligible for UI benefits over summer breaks. For instance, officials in 10 states for Head Start and 4 states for ECE reported that community action groups operating Head Start or other ECE programs are not included in the definition of an educational institution. Therefore, the general restriction against employees of educational institutions getting UI benefits during summer breaks does not apply to these teachers. For example, Kansas officials reported that private for-profit institutions are not considered educational institutions, and California officials reported that non-profits are not considered educational institutions. Head Start and ECE teachers in these types of programs may be eligible for benefits.

The Program's Relationship with a School or Board of Education Can Affect Eligibility

Officials in 17 states reported that UI eligibility for Head Start teachers can be affected by the program's relationship to a school or board of education, and officials in 11 states reported similar restrictions for ECE teachers. For example:

- **Program is an "integral part" of a school or school system.** Officials in some states reported that teachers who worked for Head Start and ECE programs that operated as integral parts of a school or school system could be affected by eligibility restrictions. For example, Illinois officials specified in their response to our survey that "integral part" means the Head Start program is conducted on the premises of an academic institution and that the staff is governed by the same employment policies as the other employees of the academic institution.
- **Program's relationship with a school board.** In other states, officials reported potentially allowing or restricting eligibility for Head Start and other ECE programs based on the program's relationship with a board of education. West Virginia officials reported that if a teacher works for a Head Start program that is "under the influence or authority" of a county board of education, and his or her wages are reportedly paid by the board of education, the teacher is generally considered a school employee and is therefore not eligible for UI benefits over the summer break. Colorado officials told us that

"educational institution" does not include Head Start programs that are not part of a school administered by a board of education.

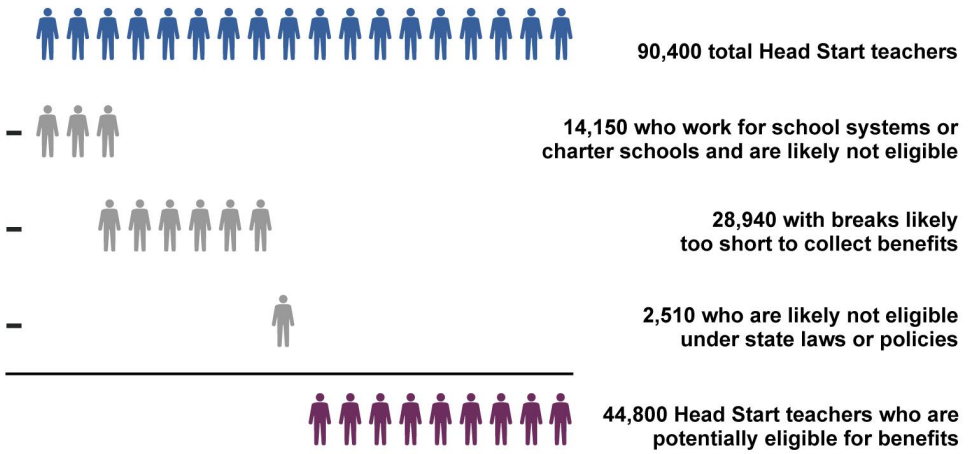
About Half of All Head Start Teachers May Have Been Eligible for Unemployment Insurance Benefits during Summer Breaks in 2015

We estimated that approximately 44,800 of the nearly 90,400 Head Start teachers across the country may have been eligible for UI benefits during their summer breaks in 2015.[13] Among the teachers who were likely ineligible for UI benefits, we estimated that about 14,150 were likely not eligible because they work in school systems or charter schools, which we assumed would be included in the states' definitions of educational institutions. We also estimated that about 28,940 Head Start teachers did not have summer breaks long enough to allow them to collect UI benefits. Because states pay UI benefits on a weekly basis, and in most states individuals must first serve a waiting period of a week, employees must have a summer break of at least 2 weeks in most states before they can collect benefits.[14] This break must be at least 1 week in states without a waiting period. We counted those teachers at employers with shorter summer breaks than these as likely ineligible. Lastly, we estimated that about 2,490 were likely not eligible to receive UI benefits during summer breaks because of state restrictions, as shown in figure 1.

[13] In estimating the population of potentially eligible Head Start teachers, we made a number of assumptions that may affect the analysis. For information on these assumptions and their potential effects, please see appendix I.

[14] See DOL's *2016 Comparison of State Unemployment Laws*, available at http://www.unemploymentinsurance.doleta.gov/unemploy/comparison2016.asp. This document contains a summary of the state laws that set waiting periods.

Figure 1: Estimated Number of Head Start Teachers Potentially Eligible to Receive Unemployment Insurance Benefits in Summer 2015, after Factoring in State Restrictions



Source: GAO analysis of Head Start data, survey of state unemployment insurance directors, and interviews of state officials. | GAO-17-34

Note: We made various assumptions in conducting this analysis that impacted the results. If different assumptions were made, the results would have been different.

Based on our analysis of available data, about 2,100 of these teachers work in Indiana, Pennsylvania, and Wyoming, where, as mentioned earlier, Head Start teachers are generally not eligible for UI benefits over summer breaks. The other Head Start teachers we estimated were likely not eligible for UI benefits were potentially affected by restrictions on

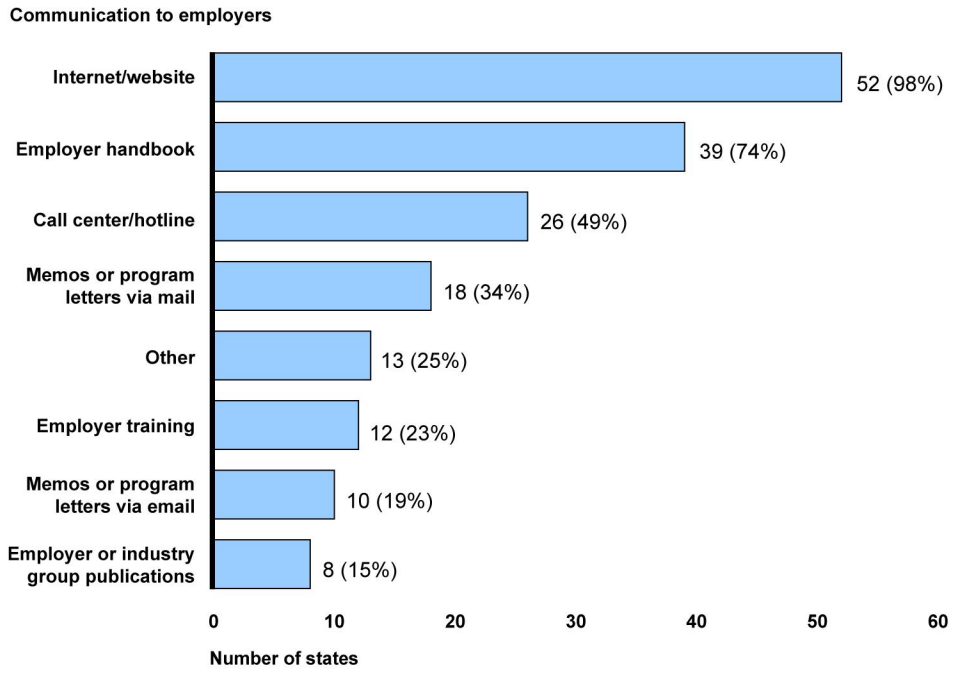
teachers who work for certain types of employers, such as government agencies or non-profits.[15]

States Identified Various Communication Efforts with Employees and Employers of Head Start and Early Childhood Education Programs, and Stakeholders Identified a Number of Limitations with These Efforts

States reported using a variety of methods to communicate general UI eligibility information to both Head Start and ECE employers and employees. Specifically, state officials most frequently reported using websites to communicate laws, regulations, and policies regarding UI benefit eligibility to employers and employees (52 out of 53 states, or 98 percent), followed by the use of handbooks with 39 out of 53 states (74 percent) reporting using this method for employers and 47 out of 53 states (89 percent) reporting using this method for employees. Beyond these approaches, state officials often reported being in contact with employers through call centers, with 26 out of 53 states (49 percent) reporting this method. The other most frequently used communication approach for employees was through hotlines, with 44 out of 53 states (83 percent) reporting using this method. See figure 2 for more information on communication methods states reported using to employers and figure 3 for communication methods states reported using to employees.

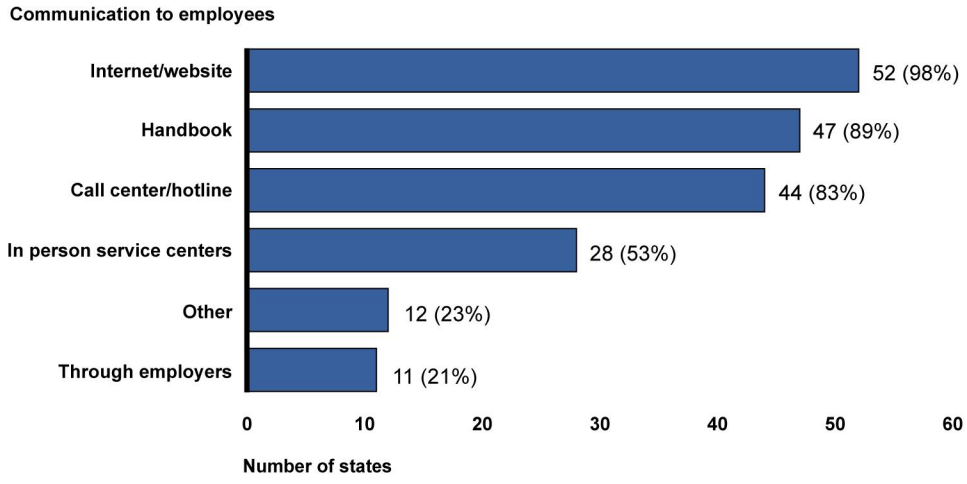
[15] We were not able to fully identify affected grantees in all states. For example, in New Jersey, officials told us that employees who work in private preschools mandated by the state to operate in certain school districts are generally not eligible for UI benefits during summer breaks. We were not able to identify which grantees are included in these districts and therefore did not eliminate any teachers from our estimate. In addition, some states reported classifying employees of certain types of employers as subject to benefit restrictions, but there may not be grantees that fall into this category. For example, Massachusetts officials reported that if a Head Start program is operated by a municipality in their state, its employees would be subject to the same restrictions as other school employees during the vacation period. However, there were no grantees in this category during the 2014-2015 program year, according to Head Start data.

Figure 2: Methods Reported by States to Communicate Unemployment Insurance Information to Employers



Source: GAO analysis of survey of state unemployment insurance directors. | GAO-17-34

Figure 3: Methods Reported by States to Communicate Unemployment Insurance Information to Employees



Source: GAO analysis of survey of state unemployment insurance directors. | GAO-17-34

Even with the information states reported providing, the Head Start and ECE employer and employee representatives we interviewed said that state UI programs can remain difficult to understand because of the complexity of the various federal and state laws, regulations, and policies governing the programs. For example, one employer in Wyoming told us that she did not feel she could effectively advise her employees on eligibility policies because there was no clear, readily available information or guidance from the state. More specifically, the employer told us that a general overview of what the benefits are, how long they last, and what requirements claimants have to meet to keep receiving benefits would be helpful. However, through our survey, officials in 51 of 53 states (96 percent) reported that they did not provide any additional communication specific to Head Start or other ECE regarding eligibility policies. As mentioned earlier, the impact of these eligibility rules can vary greatly across states and even within a state, and an employee's eligibility can be affected by certain circumstances, such as the type of employer and the employer's relationship with a school.

State officials also told us that misunderstandings about program eligibility can be perpetuated when state officials inconsistently administer the policies or delay implementation of new state policies. For example, Indiana officials told us the legislature passed a law that eliminated UI benefits during regularly scheduled vacation periods in July 2011, but officials were not able to fully implement this new law until October 2012 because it was difficult to identify all of the industries or employees that would be affected. As mentioned earlier, instead of relying on employers' reports, the Indiana office analyzes historical data by employer to help identify claim patterns that may indicate a regularly scheduled break. Officials said they did not enforce the changes to employees claiming benefits during the summer of 2011 and started attempting to enforce it during the summer of 2012 to the extent that they were able to detect regularly scheduled vacation periods. These officials told us that in hindsight they should have reached out to Head Start and ECE employees after they began to implement the regularly scheduled vacation period provision, but they did not realize the full impact of the policy change until after the provision was fully implemented.

Similarly, New Jersey officials told us that they recently had to hold a meeting among key internal state officials responsible for initial case determinations and appeals because they realized not all staff understood state eligibility policies. According to a New Jersey official, in some cases, when the initial claims adjudicator denied the case, the employees had wrongly obtained benefits through appeals. They also mentioned that

they planned to distribute a letter to the ECE community to clarify the state's eligibility policy.

Due to the complexity of eligibility issues and the potential for inconsistent adjudications that may affect the integrity of the program, officials in New Jersey and Indiana told us they developed dedicated offices to handle claims and monitor improper payments for groups that include Head Start and ECE employees. New Jersey officials told us they have a centralized office that handles all school employee claims to ensure that the adjudication process is uniform and all claims are handled appropriately. According to a New Jersey official, 10 of the best examiners were selected from various field offices to receive specialized training to handle school employee claims from all over the state. Similarly, Indiana officials told us they have an office dedicated to resolving claims that may be affected by a regularly scheduled vacation period.

To some extent, the concerns raised by stakeholders can be associated with the fact that states do not generally assess the effectiveness of their communication approaches. Thirty-four of 53 states (64 percent) reported that they do not conduct evaluations to assess the effectiveness of their communications with employers. Of the remaining 19 states that reported conducting evaluations, 12 states said they conducted those evaluations on an ongoing basis, such as providing employers the opportunity to regularly provide feedback through an evaluation form posted on their website. Of the states that reported conducting evaluations of their communication efforts with employers, 16 of 19 states reported using the results to make program changes. For example, one state reported that it has made changes to its online employer handbook by providing a search tool that allows employers to find information more quickly. Other states reported that they have created employer training materials or mandated customer service training for all employees after assessing their communication efforts.

Similarly, 29 of 53 states (54 percent) also reported that they do not conduct evaluations of their communication with employees. Of the remaining 23 states that reported conducting evaluations, 18 states said they conduct them on an ongoing basis by providing an evaluation form posted on their website.[16] When feedback is collected, these states

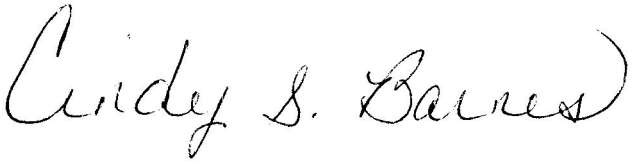
[16] One state did not answer the question.

reported using the information to make program changes. For example, one state official told us they have an ongoing satisfaction survey on their website that employees can fill out after they apply for benefits and that feedback from that survey is used to improve the eligibility determination process. Other states reported making significant changes to their claims processing systems and making the language on the applications more reader friendly and understandable.

Agency Comments

We provided a draft of this report to the Department of Health and Human Services and the Department of Labor for review and comment. Officials from both agencies provided technical comments which we incorporated in the draft as appropriate.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies of this report to the Secretary of Health and Human Services, the Secretary of Labor, appropriate congressional committees, and other interested parties. In addition, the report will be available at no charge on the GAO website at http://www.gao.gov. Please contact me on (202) 512-7215 or at brownbarnesc@gao.gov if you or your staff have questions about this report. Contact points for our Offices of Congressional Relations and Public Affairs may be found of the last page of this report. Key contributors to this report are listed in appendix II.



Cindy S. Brown Barnes
Director
Education, Workforce, and Income Security

Appendix I: Objectives, Scope, and Methodology

We examined (1) the extent to which states have laws or policies that affect whether Head Start and other ECE teachers can claim UI benefits during summer breaks; (2) how many Head Start teachers may have been eligible for UI benefits during their summer breaks in 2015; and (3) what is known about how states communicate information about eligibility for UI benefit payments to Head Start and ECE employees and the effectiveness of these efforts.

Survey of State UI Programs

To address all three objectives, we conducted a web-based survey of state UI directors (including all 50 states, the District of Columbia, Puerto Rico, and the Virgin Islands) from February to April 2016. The survey included questions about state laws, regulations, and policies that might affect whether Head Start employees and other ECE teachers are able to receive UI benefits during summer breaks. For example, we asked whether the type of employer would affect eligibility for benefits. The survey also included questions about key internal controls, especially those related to communication and monitoring, such as whether states targeted communication to Head Start or other ECE employers or employees and whether states were aware of improper payments to Head Start or other ECE employees. We received responses from all 53 states.[1] We followed up with states when necessary to clarify their responses, but we did not independently verify the information they provided. For example, while we asked states to provide a description of relevant state laws, regulations, and policies, we did not confirm their descriptions with an independent review. Thus, in this report all descriptions and analysis of state laws, regulations, and policies are based solely on what states reported to us.

Analysis of Survey Responses and Data Quality

We used standard descriptive statistics to analyze responses to the questionnaire. Because we surveyed all states, the survey did not involve sampling errors. To minimize non-sampling errors, and to enhance data quality, we employed recognized survey design practices in the development of the questionnaire and in the collection, processing, and analysis of the survey data. For example, we pretested the questionnaire

[1] As mentioned earlier, we are using the term “states” in reference to the states, the District of Columbia, and the 2 territories included in our review.

with three state UI directors to minimize errors arising from differences in how questions might be interpreted and to reduce variability in responses that should be qualitatively the same. We further reviewed the survey to ensure the ordering of survey sections was appropriate and that the questions within each section were clearly stated and easy to comprehend. An independent survey specialist within GAO also reviewed a draft of the questionnaire prior to its administration. To reduce nonresponse, another source of non-sampling error, we followed up by e-mail with states that had not responded to the survey to encourage them to complete it. We reviewed the data for missing or ambiguous responses and followed up with states when necessary to clarify their responses. On the basis of our application of recognized survey design practices and follow-up procedures, we determined that the data were of sufficient quality for our purposes.

Analysis of Head Start Data

To address our second objective, we used data from the Office of Head Start's Program Information report, which each Head Start grantee is required to submit on an annual basis through HHS's Head Start Enterprise System. We interviewed knowledgeable HHS officials to determine the reliability of the data, and we concluded that they were sufficiently reliable for the purposes of our audit. We analyzed data from the 2014-2015 program year, the most recent available. In conjunction with this data, we used information from our survey on state laws, regulations, and policies to estimate the number of Head Start teachers and teaching assistants who may have been eligible for UI benefits during summer breaks in 2015. We assessed the potential eligibility of teachers and assistant teachers based solely on their wages while employed by Head Start programs. We were not able to identify whether these teachers had wages from other employment that would affect their eligibility for benefits based on those wages. In addition, we were not able to determine whether a Head Start grantee may be offering work to its employees during the summer that is outside of the Head Start program, which may affect eligibility for benefits.

In conducting this analysis, we made various assumptions that could impact the results. For example, we assumed that two grantee types—charter schools and school systems—are classified as educational institutions by all states and are therefore ineligible for UI benefits. This assumption may not always be correct, however, as there may be instances in which charter schools or school systems are not defined as educational institutions in their state. In addition, according to HHS officials, grantees self-report their category, and HHS does not verify this

information. Therefore, there may be grantees that would be classified as educational institutions by states because they are charter schools or school systems that we were unable to identify in the data. We also assumed that all employees have reasonable assurance of continued employment after the summer break. However, not all employees may have such assurance, which may lead to an underestimation of the employees who are potentially eligible for UI benefits between terms. We also identified programs that did not have a long enough break to allow employees to collect UI benefits by examining the start and end of the program year. In doing so, we assumed that all teachers at such employers were employed for the full school year and were thus not eligible for UI benefits. However, we were not able to identify whether all teachers and teacher assistants in those programs were employed for the entire length of the program year. Therefore, this may be an overestimate of the population with breaks too short to collect UI benefits. In the course of following up with certain states, we asked various questions that were not asked on the survey, and as a result, these states answered additional questions and gave additional details about their state laws which affected the results of our analysis for those states. In conducting this analysis, when faced with uncertainty about the status of a Head Start grantee, we classified employees of such grantees as potentially eligible for UI benefits since we did not have enough information to conclude that they are ineligible.[2] We assessed the potential eligibility of teachers and assistant teachers based solely on their wages while employed by Head Start programs. We were not able to identify whether these teachers had wages from other employment that would affect their eligibility for benefits based on those wages.

[2] For example, Alabama state officials reported that in their state, Head Start teachers who are paid over a 12 month period (as opposed to a 9 month period) for 9 months of work are ineligible for UI benefits in the summer. Since we did not have data to determine how those teachers actually got paid, we assumed that all Head Start teachers in Alabama are potentially eligible. Similarly, we were not able to identify employees in New Jersey who work for Abbott districts and who according to state officials are generally not eligible for UI benefits. We thus assumed that all Head Start teachers in New Jersey are potentially eligible. As another example, officials in Puerto Rico and the Virgin Islands reported that Head Start employees generally received wages during the summers, thus making them ineligible for UI benefits. However, because the Head Start data does not indicate whether teachers receive wages during summer breaks, we chose to characterize teachers in these territories as potentially eligible.

Site Visits

Concurrent with our survey, we conducted site visits to two states, Indiana and New Jersey, and phone interviews with officials and stakeholders in Alabama, Puerto Rico, and Wyoming. We selected these states and that territory based on factors such as the number of Head Start centers and survey responses regarding eligibility and experiences with improper payments and because they are located in geographically diverse regions. In each state, we interviewed state UI program officials as well as stakeholders, such as ECE association officials and Head Start grantees. The results from our interviews with state UI programs and stakeholders are not generalizable. In our interviews with state officials, we asked about eligibility policies and changes to such policies, improper payments, communication with employers and employees, and other internal controls. In our interviews with stakeholders, we asked about their awareness of eligibility policies, the extent to which their employees collect UI benefits, and their experiences with the state UI department.

We conducted this study from August 2015 to October 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: GAO Contact and Staff Acknowledgements

GAO Contact

Cindy S. Brown Barnes, (202) 512-7215, brownbarnesc@gao.gov.

Staff Acknowledgements

In addition to the contact named above, Danielle Giese, Assistant Director; Amy Sweet, Analyst-in-Charge; Meredith Lilley, and Vernette Shaw made significant contributions to this report. Also contributing to this report were Amy Buck, David Chrisinger, Alex Galuten, Jill Lacey, Mimi Nguyen, Jerome Sandau, and Almeta Spencer.

Appendix III: Accessible Data

Data Tables/Accessible Text

Accessible Text for Figure 1: Estimated Number of Head Start Teachers Potentially Eligible to Receive Unemployment Insurance Benefits in Summer 2015, after Factoring in State Restrictions

90,400 total Head Start teachers
Minus 14,150 who work for school systems or charter schools and are likely not eligible
Minus 28,940 with breaks likely too short to collect benefits
Minus 2,510 who are likely not eligible under state laws or policies
44,800 Head Start teachers who are potentially eligible for benefits

Source: GAO analysis of Head Start data, survey of state unemployment insurance directors, and interviews of state officials. | GAO-17-34

Data Table for Figure 2: Methods Reported by States to Communicate Unemployment Insurance Information to Employers

Communication to employers	Number of states/Percent
Internet/website	52 (98%)
Employer handbook	39 (74%)
Call center/hotline	26 (49%)
Memos or program letters via mail	18 (34%)
Other	13 (25%)
Employer training	12 (23%)
Memos or program letters via email	10 (19%)
Employer or industry group publications	8 (15%)

Source: GAO analysis of survey of state unemployment insurance directors. | GAO-17-34

Data Table for Figure 3: Methods Reported by States to Communicate Unemployment Insurance Information to Employees

Communication to employees	Number of states/Percent
Internet/website	52 (98%)
Handbook	47 (89%)
Call center/hotline	44 (83%)
In person service centers	28 (53%)
Other	12 (23%)
Through employers	11 (21%)

Source: GAO analysis of survey of state unemployment insurance directors. | GAO-17-34

Related GAO Products

Unemployment Insurance: States' Customer Service Challenges and DOL's Related Assistance. GAO-16-430. Washington, D.C.: May 12, 2016.

Unemployment Insurance: States' Reductions in Maximum Benefit Durations Have Implications for Federal Costs. GAO-15-281. Washington, D.C.: April 22, 2015.

Managing for Results: Selected Agencies Need to Take Additional Efforts to Improve Customer Service. GAO-15-84. Washington, D.C.: October 24, 2014.

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Unemployment Insurance: Economic Circumstances of Individuals Who Exhausted Benefits. GAO-12-408. Washington, D.C.: February 17, 2012.