What GAO Did This Study

Labor’s UI program is a federal-state partnership that provides partial compensation for lost earnings of eligible individuals who become unemployed through no fault of their own. In fiscal year 2011, about $117 billion was spent on the UI program. To administer the program, states rely heavily on IT, including benefits and tax systems. However, a July 2010 state survey noted that most of the UI IT systems are outdated and cannot efficiently handle their current workloads.

GAO was asked to (1) determine Labor’s role in facilitating UI IT modernization efforts, (2) identify and describe the types of federal funding selected states have spent on modernization, (3) provide the status of modernization for selected states, (4) determine key modernization challenges, and (5) determine what management controls have been established for IT modernization. To do this, GAO analyzed documentation and interviewed officials from a nongeneralizable sample of nine states (selected based on varying location, size, and modernization status); and reviewed Labor policies; and interviewed department officials.

What GAO Recommends

GAO recommends that Labor (1) comprehensively analyze and document challenges and lessons learned and (2) distribute the lessons learned to each state to share and foster ideas for effective modernization of UI systems. Labor generally agreed with the first recommendation; it did not agree or disagree with the second recommendation, but said it is committed to sharing lessons learned.

View GAO-12-957. For more information, contact Valerie Melvin at (202) 512-6304 or melvinv@gao.gov.