

GAO Highlights

Highlights of [GAO-18-486](#), a report to the Chairman, Subcommittee on Human Resources, Committee on Ways and Means, House of Representatives

Why GAO Did This Study

The UI program, which is overseen by DOL and administered by states, paid \$30 billion to about 5.7 million individuals in 2017. Under federal law, to be eligible for benefits, individuals are generally required to actively search for work, but the specific work search requirements vary by state. Yet, states found that some benefits were overpaid to UI claimants who were ineligible because they were not meeting work search requirements. GAO was asked to review improper payments due to UI claimants' failure to actively search for work. Building on GAO's prior work ([GAO-18-133R](#)), this report examines (1) state administrative practices associated with work search overpayments; (2) selected states' approaches to address work search overpayments; and (3) DOL's oversight and support of states' efforts.

GAO analyzed DOL data, including the results of state reviews of a representative random sample of UI payments made from fiscal years 2013 through 2017. GAO also reviewed UI information from six states selected for variation in work search requirements and overpayment rates, interviewed DOL and state officials, and reviewed relevant federal laws, regulations, and guidance.

What GAO Recommends

GAO is making four recommendations to DOL, including that it provide states information about its determination that the use of state formal warning policies is no longer permissible and clarify its work search verification requirements. DOL agreed with GAO's recommendations and stated that it would take action to address them.

View [GAO-18-486](#). For more information, contact Cindy Brown Barnes at (202) 512-7215 or brownbarnesc@gao.gov.

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UNEMPLOYMENT INSURANCE

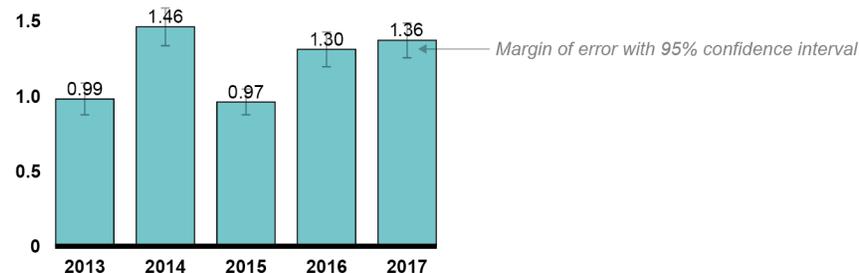
Actions Needed to Ensure Consistent Reporting of Overpayments and Claimants' Compliance with Work Search Requirements

What GAO Found

GAO's analysis of Department of Labor (DOL) data found that certain state administrative practices, such as reviewing a higher percentage of claimant-reported work search activities and frequent use of formal warnings, were associated with lower estimated work search overpayment rates for the Unemployment Insurance (UI) program. According to DOL data, 22 states were warning claimants after the first discovered occurrence of their failure to meet work search requirements (i.e., issuing formal warnings) rather than reporting that an overpayment was made, while the other states were reporting such cases as overpayments. In 2017, DOL determined that federal law does not permit states to use such policies. GAO's analysis of DOL data shows that in fiscal year 2017, estimated work search overpayments were nearly \$1.4 billion (see fig.), but would have been an estimated \$1.8 billion (+/- \$0.2 billion) greater if states had not issued formal warnings and established overpayments. DOL officials told GAO in July 2017 that the agency would issue a letter to states informing them that federal law does not permit them to warn claimants instead of establishing an overpayment. To date, DOL has not issued the letter. Until DOL provides states with such notification, states may continue to report inconsistent information on overpayments.

Estimated overpayments due to failure to meet search requirements

Estimate (in billions of dollars)



Source: GAO analysis of Department of Labor's Benefit Accuracy Measurement data. | GAO-18-486

State officials GAO interviewed reported using multiple approaches to address work search overpayments, including using their online systems that automate collecting information on claimants' work search activities; conducting audits of claimants work search activities beyond those required; and sending automated messages to claimants regarding their work search requirements. Officials said that their approaches encouraged claimants to conduct a more active work search and prevented work search overpayments in some cases.

DOL monitors states' work search overpayment rate estimates and has helped states address such overpayments, but lacks clear procedures for how states should verify claimants' work search activities. DOL directs states to verify a "sufficient" number of work search activities during their audits but has not provided information on what is considered sufficient. DOL data show that some states did not review claimants' work search activities for a majority of audited cases. DOL officials said that the agency plans to clarify its procedures after issuing a letter about formal warnings. By clarifying these procedures, DOL will have greater assurance that states are complying with verification requirements.