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# PANDEMIC UNEMPLOYMENT ASSISTANCE

Federal Program  
Supported Contingent  
Workers amid Historic  
Demand, but DOL  
Should Examine  
Racial Disparities in  
Benefit Receipt

## Why GAO Did This Study

In response to widespread unemployment caused by the COVID-19 pandemic, the CARES Act created the federal PUA program. The first program of its kind and scale, PUA temporarily expanded unemployment benefits to workers generally ineligible for UI, such as self-employed and contingent workers—those without traditional employment arrangements.

The CARES Act includes a provision for GAO to monitor federal efforts to respond to the COVID-19 pandemic. This report examines (1) how state implementation of PUA varied, (2) how the pandemic affected contingent workers in selected states, and to what extent the UI system assisted them, and (3) how PUA benefit receipt varied by demographic characteristics.

GAO interviewed officials from DOL and five states selected for variation in claims volume and implementation timing. GAO also analyzed PUA data obtained from the selected states and data DOL collects from all states. In two states, GAO held discussions with contingent workers who applied for PUA. GAO also reviewed relevant federal law and program guidance.

## What GAO Recommends

GAO is making two recommendations to DOL to advise the Congress and other policymakers on future options to support unemployed contingent workers and examine the extent and causes of inequities in the receipt of PUA. DOL agreed with the first and partially agreed with the second recommendation, expressing concern that an analysis of PUA would compete with its other efforts to improve equity. GAO continues to see value in this analysis, as discussed in the report.

View [GAO-22-104438](#). For more information, contact Thomas Costa at (202) 512-4769 or [costat@gao.gov](mailto:costat@gao.gov).

# PANDEMIC UNEMPLOYMENT ASSISTANCE

## Federal Program Supported Contingent Workers amid Historic Demand, but DOL Should Examine Racial Disparities in Benefit Receipt

### What GAO Found

When the pandemic began, states faced historic demand and urgency to pay unemployment insurance (UI) benefits, and their experiences implementing the new Pandemic Unemployment Assistance (PUA) program varied. According to data reported to the Department of Labor (DOL), most states started paying PUA claims by the end of May 2020. States faced high demand for PUA early in the pandemic and demand generally remained high through June 2021. As selected states implemented PUA, they faced IT and staffing challenges, among others, which contributed to payment delays. Selected states also had to balance paying PUA claims quickly with minimizing improper payments.

The 48 contingent workers GAO spoke with in two states experienced sudden unemployment, and those who reported receiving PUA generally said they relied on the benefits to meet their basic financial needs. These workers also faced challenges, such as long wait times for benefits, customer service difficulties, and having to draw on savings or borrow money. With PUA's expiration in September 2021, benefits are generally no longer available for self-employed and contingent workers. DOL does not have plans to comprehensively assess if there are ways for the UI system to support this substantial part of the workforce. Without doing so, DOL may not realize its stated vision for a UI system that provides a lifeline to workers in the modern economy and may limit information available to Congress and other policymakers considering options to support these workers.

GAO found substantial racial and ethnic disparities in PUA benefit receipt in three of four selected states (see table). For example, in two states, the percentage of Black applicants who received PUA was about half that of White applicants. Results from two national surveys show similar disparities in UI receipt. Various factors could explain these disparities, such as how states reviewed claims or whether fraudsters more frequently used certain demographics when filing. In its August 2021 modernization plan, DOL emphasized the need to create a more equitable UI system and subsequently made funds and technical assistance available to states to examine and address equity issues. However, DOL has not yet analyzed the extent and cause of racial disparities in PUA to determine whether such inequities were isolated or caused by broader issues in the system.

State (analyzed through):	Louisiana (Oct. 2020)	New York (Dec. 2020)	North Dakota (Apr. 2021)	Wisconsin (Apr. 2021)
White, non-Hispanic/Latino	66.9%	84.4%	39.0%	43.3%
Black, non-Hispanic/Latino	72.3%	83.5%	19.5% *	21.9% *
Asian, non-Hispanic/Latino	91.7% *	91.4%	61.7% *	41.8%
American Indian/Alaskan Native, non-Hispanic/Latino	73.7%	82.6%	39.6%	27.2% *
Hispanic/Latino	67.4%	85.5%	36.8%	24.8% *

Source: GAO analysis of aggregated Pandemic Unemployment Assistance (PUA) claimant data provided by states. | GAO-22-104438

Notes: GAO limited its analyses of Louisiana and New York PUA claims to those prior to influxes of potentially fraudulent claims. GAO excluded the fifth state, Arizona, due to large amounts of potential fraud in multiple months. Minority groups with substantial differences compared to White, non-Hispanic/Latino (the largest group of applicants in each state) are shown with an asterisk.

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## Abbreviations

BLS	Bureau of Labor Statistics
Census	Census Bureau
COVID-19	Coronavirus Disease 2019
DOL	Department of Labor
DUA	Disaster Unemployment Assistance
ETA	Employment and Training Administration
FPUC	Federal Pandemic Unemployment Compensation
LWA	lost wages assistance
MEUC	Mixed Earner Unemployment Compensation
OIG	Office of Inspector General
PUA	Pandemic Unemployment Assistance
UI	unemployment insurance
UIPL	Unemployment Insurance Program Letter

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June 7, 2022

Congressional Committees

The COVID-19 pandemic caused significant economic disruptions nationwide including widespread unemployment in part due to stay-at-home orders, temporary business closures, and other reductions in economic activity. In April 2020, the percentage of the U.S. population that was employed reached the lowest level ever measured, according to the Bureau of Labor Statistics (BLS).<sup>1</sup> Enacted on March 27, 2020, the CARES Act created temporary federal programs that expanded unemployment insurance (UI) benefits in response to the crisis, including Pandemic Unemployment Assistance (PUA).<sup>2</sup> PUA expanded unemployment benefit eligibility to traditionally ineligible workers—including self-employed and certain contingent workers—who were unemployed or unable to work due to COVID-19, were not otherwise eligible for UI benefits, and met other eligibility criteria.<sup>3</sup> We use the term “contingent workers” to refer broadly to workers without traditional employment arrangements, such as those with temporary or gig employment, independent contractors, and self-employed workers.<sup>4</sup> However, not all PUA claimants were contingent workers and not all contingent workers were eligible for PUA.<sup>5</sup>

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<sup>1</sup>The employment-to-population ratio, which measures the share of the civilian noninstitutional population age 16 years and older that is currently employed, fell to 51.3 percent in April 2020. According to BLS, seasonally adjusted data are available back to January 1948. Department of Labor, Bureau of Labor Statistics, *The Employment Situation—April 2020* (Washington, D.C.: May 8, 2020; reissued Sept. 23, 2020).

<sup>2</sup>Pub. L. No. 116-136, 134 Stat. 281.

<sup>3</sup>PUA also covered workers with limited recent work history and others who were not covered by the UI program under some state laws.

<sup>4</sup>As self-employed workers are a sizable group among those who were potentially eligible for PUA, we have included them in the term “contingent workers” for the purposes of discussing the contingent worker experience during the pandemic and with the PUA program. In other contexts, self-employed workers might be considered distinct from other types of contingent workers given their greater control over the terms of their employment.

<sup>5</sup>For example, some PUA claimants had traditional employment but insufficient work history to qualify for regular UI, and some contingent workers may have qualified for regular UI if they also had a traditional part-time job.

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PUA was the first nationwide unemployment program that included contingent workers and the Department of Labor (DOL) has reported that a total of \$131.1 billion in PUA compensation was paid to claimants as of April 30, 2022.<sup>6</sup> Given the urgency of the crisis and the scale of the PUA program, it is critical to understand states' experiences implementing PUA and the role the program played in supporting contingent workers during the pandemic. The CARES Act included a provision for us to conduct monitoring and oversight of the use of funds made available to prepare for, respond to, and recover from the COVID-19 pandemic.<sup>7</sup> As part of this monitoring effort, we issued a series of reports that include information about UI programs, including PUA, and other issues. This review, conducted under this CARES Act oversight provision, examines the PUA program in greater depth, including: (1) how state implementation of the PUA program varied in terms of timing and volume of claims and benefits; (2) how the pandemic affected contingent workers in selected states and to what extent the UI system assisted them; and (3) how PUA benefit receipt varied by demographic characteristics in selected states, and to what extent DOL has examined variation systemwide. Determining the presence of improper payments and fraud in PUA was outside the scope of this work, but is being addressed in other reviews. We are also issuing two reports concurrently with this review that cover other aspects of UI, including implementation and administration of CARES Act UI programs and broad challenges facing the UI program.<sup>8</sup>

To examine state implementation of the PUA program, we interviewed officials from DOL and its Office of Inspector General (OIG), and analyzed

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<sup>6</sup>Department of Labor, Employment and Training Administration, "Families First Coronavirus Response Act and Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding to States," accessed May 3, 2022: [https://oui.doleta.gov/unemploy/docs/cares\\_act\\_funding\\_state.html](https://oui.doleta.gov/unemploy/docs/cares_act_funding_state.html).

<sup>7</sup>Pub. L. No. 116-136, div. B, § 19010, 134 Stat. at 579-81. We have regularly issued government-wide reports on the federal response to COVID-19. For the latest report, see GAO, *COVID-19: Current and Future Federal Preparedness Requires Fixes to Improve Health Data and Address Improper Payments*, [GAO-22-105397](https://www.gao.gov/products/GAO-22-105397) (Washington, D.C.: Apr. 27, 2022). Our government-wide reports are available on GAO's website at <https://www.gao.gov/coronavirus>.

<sup>8</sup>See GAO, *Unemployment Insurance: Pandemic Programs Posed Challenges, and DOL Could Better Address Customer Service and Emergency Planning*, [GAO-22-104251](https://www.gao.gov/products/GAO-22-104251) (Washington, D.C.: June 7, 2022), and GAO, *Unemployment Insurance: Transformation Needed to Address Program Design, Infrastructure, and Integrity Risks*, [GAO-22-105162](https://www.gao.gov/products/GAO-22-105162) (Washington, D.C., June 7, 2022).

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PUA data that states and territories reported to DOL, including the dates they made their first PUA payments, and numbers of PUA applications received, first payments made, weeks claimed, and amounts compensated.<sup>9</sup> To obtain nongeneralizable information about state implementation experiences, we met with workforce agency officials in five states: Arizona, Louisiana, New York, North Dakota, and Wisconsin. We selected these states to include variety across several characteristics, including the volume of PUA claims received and the timing of PUA implementation. For additional context, we met with at least one worker advocacy organization in each of our five selected states, as well as representatives of national organizations.

To examine how the pandemic and PUA affected contingent workers in selected states, we conducted nongeneralizable discussion groups with contingent workers in two states—Arizona and New York—selected because they both experienced a high volume of PUA claims but differed in when they began making PUA payments.<sup>10</sup> We held four discussion groups in each state (8 total): three with contingent workers who reported receiving PUA (37 workers total) and one with contingent workers who reported applying for but not receiving PUA (11 workers total).

To examine how PUA benefit receipt varied by demographic characteristics in selected states, we primarily analyzed aggregated PUA claimant data obtained from four of our selected states on numbers of individuals claiming and receiving benefits, including by race and gender.<sup>11</sup> We analyzed PUA benefit receipt rates overall, by gender, and

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<sup>9</sup>States and territories may submit adjusted data for prior months at any time for up to 3 years, according to DOL officials; thus, the data are current as of the date they are downloaded. Some states and territories have not submitted data for certain months or data fields and we also observed data anomalies in some states' and territories' data. For some analyses, such as those examining total claims or compensation paid, we included all states' and territories' data. In these cases, missing data and anomalies introduce imprecision, but we determined the data were sufficiently reliable to reflect nationwide demand for benefits, dollars paid, and claims processing workloads. For other analyses, such as those examining variation across states, we excluded states and territories with substantial amounts of missing data or data anomalies. For more information, see appendix I.

<sup>10</sup>We contracted with a vendor to recruit and screen discussion group participants and transcribe the sessions.

<sup>11</sup>We obtained final data from selected states in June, July, and August 2021. We determined the data obtained from Arizona were not sufficiently reliable for these analyses due to substantial numbers of potentially fraudulent PUA claims that state officials said were included in multiple months of the data. For more information, see appendix I.



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by racial and ethnic group. We established the following definitions to characterize differences between groups:

- **Relatively similar:** Differences of less than 3 percentage points
- **Relatively small differences:** Differences of between 3 and 10 percentage points
- **Substantial differences:** Differences of more than 10 percentage points

Our analysis is generalizable to PUA claimants in the selected states we analyzed, but not to other states. For additional context, we analyzed two national surveys on UI benefit receipt during the pandemic: the Census Bureau's (Census) COVID-19 Household Pulse Survey (Household Pulse Survey) and the Just Recovery Survey, which was administered by the research firm SSRS.<sup>12</sup>

We conducted a reliability assessment for all of the data elements used in our study and determined that the elements we used from DOL's monthly PUA data, the data we obtained from Louisiana, New York, North Dakota, and Wisconsin for months prior to spikes in potentially fraudulent claims identified by state officials, and the data from the Household Pulse Survey and Just Recovery Survey were sufficiently reliable for the purposes of this report.<sup>13</sup> For all objectives, we also reviewed relevant federal laws and regulations. See appendix I for more detailed information about our scope and methodology, including our assessment of the reliability of each data source.

We conducted this performance audit from July 2020 to June 2022 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

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<sup>12</sup>The Household Pulse Survey was conducted in phases during 2020 and 2021 by Census, in partnership with seven other federal agencies. The Just Recovery Survey was administered in fall 2020 by the research firm SSRS, in coordination with the Cornell Survey Research Institute. For more information about the surveys, see appendix I.

<sup>13</sup>Louisiana had a spike in individuals submitting PUA initial claims in November 2020 and New York had a spike in January 2021. In both cases, state officials said these spikes represented an influx of potentially fraudulent claims. Including large numbers of potentially fraudulent claims could distort comparisons of benefit receipt rates between groups.

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the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

### Contingent Workers

Definitions of contingent work vary widely, focusing on the temporary nature or precariousness of a work arrangement, the lack of a traditional employer-employee relationship, or other concepts. Estimates of the size of this workforce also vary based on the definition. The broad concept of contingent workers we use includes a sizable population. For example, in a 2015 report, we used data from the 2010 General Social Survey to estimate that this population made up about a quarter of the employed labor force.<sup>14</sup> Specifically, agency temps, on-call workers, and contract company workers, combined, represented an estimated 7.9 percent (+/- 1.7) of the employed labor force, independent contractors represented 12.9 percent (+/- 2.5), and self-employed workers represented 3.3 percent (+/- 1.2). We also found that certain contingent worker groups were more likely than those with full-time, traditional work arrangements to face employment instability and were less likely to receive employer-provided retirement and health benefits.

Determinations about whether the contingent workforce has been growing recently are inconclusive. Comparing the most recent data from the 2017 Current Population Survey supplement on contingent work with prior surveys dating back to 1995, researchers found that more narrowly defined estimates of the size of the contingent workforce that focus primarily on temporary arrangements have declined slightly, and that alternative work arrangements (like those included in the broad concept of contingent work we use) have remained relatively steady.<sup>15</sup> However, other research that considers the 2017 survey data in combination with other sources concludes that there has likely been a modest increase

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<sup>14</sup>See GAO, *Contingent Workforce: Size, Characteristics, Earnings, and Benefits*, [GAO-15-168R](#) (Washington, D.C.: Apr. 20, 2015). In the Current Population Survey's supplement on contingent work, most recently administered in 2005 and 2017, BLS uses narrower definitions that focus primarily on temporary arrangements. We reported that BLS's definitions estimated the size of the contingent workforce in 2005 to be at most 4.1 percent of the labor force (+/- 1.0).

<sup>15</sup>See Katharine G. Abraham and Susan N. Houseman, "Contingent and Alternative Employment: Lessons from the Contingent Worker Supplement, 1995–2017," Prepared for the Department of Labor, Chief Evaluation Office (Oct. 2020). See also GAO, *Contingent Workforce: BLS is Reassessing Measurement of Nontraditional Workers*, [GAO-19-273R](#) (Washington, D.C.: Jan. 29, 2019).

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during the 2000s in the share of the U.S. workforce in alternative work arrangements.<sup>16</sup> A comprehensive study in 2020 by the National Academies of Sciences, Engineering, and Medicine also noted that evidence suggests that many people working solely in certain nontraditional employment arrangements are not captured in household surveys, and thus these surveys may underestimate the proportion of the labor force in alternative arrangements, such as independent contractors.<sup>17</sup>

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## Regular UI and Reciprocity

The UI program is a federal-state partnership that provides temporary financial assistance to eligible workers who become unemployed through no fault of their own. According to DOL, UI is a social insurance program designed to provide benefits to most individuals out of work such that a significant proportion of their weekly needs can be met while they search for work. The UI program also acts as an economic stabilizer during economic downturns, according to DOL. States design and administer their own UI programs within federal parameters and DOL oversees states' compliance with federal requirements.<sup>18</sup> To be eligible for regular UI benefits, applicants must generally demonstrate workforce attachment, be able and available for work, and be actively seeking work.<sup>19</sup> However, according to DOL, state statutes establish the specific benefit structure, eligibility provisions, benefit amounts, and other aspects of the program. Regular UI benefits—those provided by state UI programs since before the CARES Act was enacted—are funded primarily through state taxes levied on employers. These benefits are intended to replace a portion of a claimant's previous earnings, according to DOL.

The proportion of unemployed workers filing for UI benefits (referred to as the reciprocity rate) declined overall from the 1950s to just before the pandemic—the reciprocity rate was 54.6 percent in 1958 and 28.1

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<sup>16</sup>Lawrence F. Katz and Alan B. Krueger, "Understanding Trends in Alternative Work Arrangements in the United States," National Bureau of Economic Research, NBER Working Paper 25425 (Jan. 2019).

<sup>17</sup>National Academies of Sciences, Engineering, and Medicine, *Measuring Alternative Work Arrangements for Research and Policy* (Washington, D.C.: The National Academies Press, 2020).

<sup>18</sup>Within DOL, the Employment and Training Administration's (ETA) Office of Unemployment Insurance is responsible for leadership and oversight of the UI system.

<sup>19</sup>42 U.S.C. § 503(a)(12).

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percent in 2019, according to DOL.<sup>20</sup> The historical decline has multiple causes, including state restrictions on eligibility, according to DOL. Recently, researchers have examined other potential causes, including the increase in workers experiencing long-term unemployment from 2000 to 2018, the percentage of workers who quit or were fired for cause, and trends in certain types of contingent work; workers in each of these groups do not typically qualify for UI.<sup>21</sup>

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## PUA and Enhanced Unemployment Benefits during the Pandemic

In response to the dual public health and economic crises brought on by the COVID-19 pandemic, Congress established temporary, federally funded programs that expanded eligibility and enhanced UI benefits.<sup>22</sup> Among these programs, PUA generally authorized up to 79 weeks of benefits (at the time of its expiration) to individuals not otherwise eligible for UI benefits who were unable to work as a result of specified COVID-19 reasons.<sup>23</sup> Individuals who were potentially eligible for PUA included self-employed and contingent workers, individuals with insufficient work history, workers who may not be covered by the regular UI program under some state laws, and individuals who exhausted their regular UI and any extended benefits. Individuals whose primary income was from self-

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<sup>20</sup>This overall decline included a drop after the 2007-2009 recession, from 40.1 percent in 2009 to 25.7 percent in 2013. In 2020, the reciprocity rate increased sharply due to the large number of UI claims during the pandemic, according to DOL.

<sup>21</sup>See Ryan Nunn and David Ratner, Tax Policy Center, Urban Institute and Brookings Institution, *Rethinking Unemployment Insurance Taxes and Benefits* (Oct. 28, 2019), and William J. Congdon and Wayne Vroman, Urban Institute, *Covering More Workers with Unemployment Insurance: Lessons from the Great Recession* (Washington, D.C.: Feb. 2021).

<sup>22</sup>These programs were created in March 2020 by the CARES Act and then amended in December 2020 by the Consolidated Appropriations Act, 2021 and in March 2021 by the American Rescue Plan Act of 2021.

<sup>23</sup>Pub. L. No. 117-2, § 9011(a), (b), 135 Stat. 4, 118; Pub. L. No. 116-260, div. N, tit. II, § 201(a), (b), 134 Stat. 1182, 1950-51 (2020); Pub. L. No. 116-136, § 2102, 134 Stat. 281, 313 (2020). The Consolidated Appropriations Act, 2021 increased the CARES Act's authorized maximum number of weeks of PUA benefits from 39 to 50 and generally extended the expiration of the program from December 31, 2020, to March 14, 2021. The American Rescue Plan Act of 2021 further increased the maximum number of weeks of PUA benefits to 79 and generally extended the expiration of the program to September 6, 2021. The CARES Act also provided funding for up to an additional 7 weeks of PUA benefits in certain states with high rates of unemployment. Department of Labor, Employment and Training Administration, *CARES Act of 2020 – Pandemic Unemployment Assistance (PUA) Program Operating, Financial and Reporting Instructions*, Unemployment Insurance Program Letter (UIPL) No. 16-20 (Washington, D.C.: Apr. 5, 2020).

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employment or contingent work, but who had sufficient wage earnings to qualify for regular UI were generally not eligible for PUA.

PUA was modeled after the Disaster Unemployment Assistance (DUA) program, which provides benefits to workers who are not eligible for regular UI if they lose their employment as a direct result of a presidentially declared disaster, such as following a hurricane. Under the CARES Act, the regulations for DUA generally applied to PUA.<sup>24</sup> For example, in its initial PUA guidance, DOL noted that to the extent possible, states should administer the PUA program using the same initial application, weekly certification, and other procedures used for the DUA program.

**Claims process.** To claim PUA, individuals submitted an initial application (also referred to as an initial claim) to their state to receive a determination of basic eligibility for the program. The application process included a self-certification that the applicant's unemployment or inability to work was due to one of the COVID-19 related reasons identified in the CARES Act, such as an individual's place of work was closed due to COVID-19, or an individual was the primary caregiver for a child or household member whose school or care facility was closed due to COVID-19.<sup>25</sup> After the initial application, claimants completed weekly certifications of their continued eligibility for PUA, and to claim benefits for the prior week of unemployment (also referred to as continued claims). As we have previously reported, due to backlogs in states' processing of claims during the pandemic, individuals sometimes submitted continued claims for multiple prior weeks of benefits at a time.<sup>26</sup> In addition, although not enacted until March 27, 2020, the CARES Act authorized PUA to be

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<sup>24</sup>Pub. L. No. 116-136, § 2102(h), 134 Stat. 281, 317. The law states that the DUA regulations would apply, except where section 2102 of the CARES Act conflicts with the DUA regulations or section 2102 otherwise provides.

<sup>25</sup>For a complete list of reasons, see Department of Labor, *PUA Program Operating, Financial, and Reporting Instructions*, UIPL 16-20 (Apr. 5, 2020) and Department of Labor, Employment and Training Administration, *Expanded Eligibility Provisions for the Pandemic Unemployment Assistance (PUA) Program*, Unemployment Insurance Program Letter (UIPL) No. 16-20, Change 5 (Washington, D.C.: Feb. 25, 2021). The Consolidated Appropriations Act, 2021 added new requirements to the PUA program, including that individuals must generally provide documentation substantiating their prior employment or self-employment. Pub. L. No. 116-260, div. N, tit. II, § 241(a), 134 Stat. 1182, 1959-60.

<sup>26</sup>GAO, *COVID-19: Urgent Actions Needed to Better Ensure an Effective Federal Response*, [GAO-21-191](#) (Washington, D.C.: Nov. 30, 2020).

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payable retroactively for unemployment due to COVID-19 reasons for weeks starting on or after January 27, 2020.<sup>27</sup>

Because each week claimed by an individual is counted as a separate continued claim, the number of continued claims reported by states has not approximated the number of individuals claiming benefits during the pandemic.<sup>28</sup> As we reported in November 2020, multi-week claims for PUA were especially prevalent because individuals accumulated weeks of unemployment as states implemented the new program. In that report, we approximated the extent to which PUA continued claims exceeded the number of claimants across a group of selected states. Using data we obtained for this report, we have now refined this analysis for three selected states (see app. II). In November 2020, we also made two recommendations related to identifying UI claimant numbers, including regular UI and PUA programs. DOL implemented one of these recommendations and has begun efforts related to the second.<sup>29</sup>

**Compensation amounts.** Eligible PUA claimants were entitled to a minimum weekly compensation amount of no less than the minimum

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<sup>27</sup>Pub. L. No. 116-136, § 2102(c), 134 Stat. 281, 314-15. The Consolidated Appropriations Act, 2021, limited the backdating for claims that were filed after December 27, 2020 to weeks starting on or after December 1, 2020. Pub. L. No. 116-260, div. N, tit. II, § 201(f), 134 Stat. 1182, 1952.

<sup>28</sup>Prior to the pandemic, according to DOL officials, the number of continued claims approximated the number of people claiming benefits because each week individuals typically filed a claim for just the previous one week of continued unemployment.

<sup>29</sup>See [GAO-21-191](#). Specifically, we recommended that DOL (1) revise its weekly news releases to clarify that the numbers it reports for weeks of unemployment claimed do not accurately estimate the number of unique individuals claiming benefits and (2) pursue options to report the actual number of distinct individuals claiming benefits from January 2020 onward. DOL implemented our first recommendation and we consider it closed. DOL partially agreed with our second recommendation, taking issue with implementing a retroactive change in state reporting. DOL has stated that it is developing a new state report that would capture data related to distinct individuals claiming regular UI benefits. We maintain that DOL should pursue options to report the actual number of distinct individuals claiming UI benefits, retroactive to January 2020. An accurate accounting of the size of the population supported by the UI system during the pandemic may be critical to helping DOL and policymakers identify lessons learned.

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weekly DUA benefit in the state where they claimed benefits.<sup>30</sup> To demonstrate eligibility for a weekly benefit amount higher than the minimum compensation, claimants were to submit documentation of prior earnings. In program guidance, DOL clarified that claimants could submit documentation at any time during the program.<sup>31</sup> As we have previously reported, DOL officials told us that to facilitate implementation of the new program, most states decided to initially pay PUA claimants the minimum allowable benefit, and then recalculate their benefits at a later point based on claimants' documentation of their prior earnings.<sup>32</sup> DOL officials said they advised states to rely on self-certification when initially setting a benefit amount, rather than defaulting to the minimum, and also noted that some states previously used this approach in the DUA program to pay benefits more expediently.

At times during the pandemic, PUA recipients were also eligible to receive additional weekly benefits from the federally funded Federal Pandemic Unemployment Compensation (FPUC) program, another of the CARES Act UI programs, and the presidentially directed lost wages assistance

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<sup>30</sup>According to DOL, states must use the amounts set in UIPL 3-20 as the minimum PUA weekly benefit for all claims. See Department of Labor, Employment and Training Administration, *Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Pandemic Unemployment Assistance (PUA) Program Reporting Instructions and Questions and Answers*, Unemployment Insurance Program Letter (UIPL) No. 16-20, Change 1 (Washington, D.C.: Apr. 27, 2020), and Department of Labor, Employment and Training Administration, *Minimum Disaster Unemployment Assistance (DUA) Weekly Benefit Amount: January 1 - March 31, 2020*, Unemployment Insurance Program Letter (UIPL) No. 3-20 (Washington, D.C.: Dec. 12, 2019).

<sup>31</sup>DOL guidance also noted that when individuals submit sufficient documentation of wages, states must recalculate their weekly benefits and pay the full PUA benefit amount with the greatest promptness that is administratively feasible. Department of Labor, *PUA Program Reporting Instructions and Questions and Answers*, UIPL 16-20, Change 1 (Apr. 27, 2020); see also 20 C.F.R. § 625.9(e). Under the CARES Act, the regulations for DUA generally apply to PUA. Pub. L. No. 116-136, § 2102(h), 134 Stat. 281, 317.

<sup>32</sup>For more information, see GAO, *COVID-19: Critical Vaccine Distribution, Supply Chain, Program Integrity, and Other Challenges Require Focused Federal Attention*, [GAO-21-265](#) (Washington, D.C.: Jan. 28, 2021).

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(LWA) program.<sup>33</sup> Specifically, for states with benefit weeks ending on Saturdays:<sup>34</sup>

- an additional \$600 per week in FPUC from March 29 through July 25, 2020;
- an additional \$300 or \$400 per week in LWA from July 26 through September 5, 2020; and
- an additional \$300 per week in FPUC from December 27, 2020 through September 4, 2021.

**DOL guidance and program revisions.** DOL issued initial guidance on the PUA program on April 5, 2020, and subsequently issued additional guidance clarifying aspects of program implementation, and relaying program changes, such as increased program integrity requirements and expanded eligibility (see fig. 1). For example, guidance issued on April 27 and July 21, 2020, respectively, clarified that self-certification was not sufficient to determine a claimant was ineligible for regular UI, and that proof of net income (as opposed to gross) was required for self-employed individuals to qualify for a higher benefit than the weekly minimum.<sup>35</sup>

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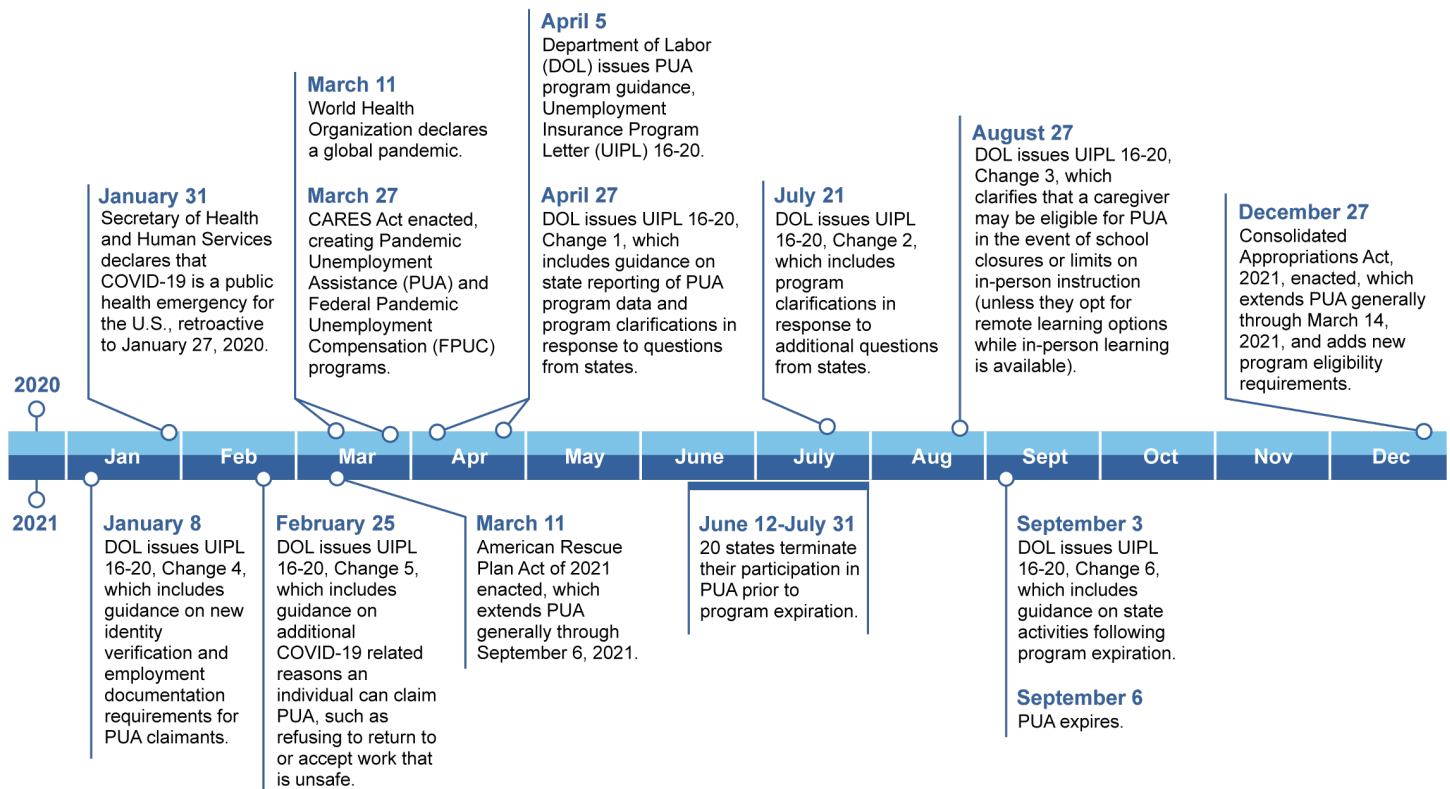
<sup>33</sup>The CARES Act generally authorized, through FPUC, a \$600 weekly benefit through July 2020 for individuals who were eligible for weekly benefits under the regular UI and CARES Act UI programs. Later, the Consolidated Appropriations Act, 2021 authorized an additional \$300 benefit for these workers for weeks of unemployment beginning after December 26, 2020 and through March 14, 2021, and the American Rescue Plan Act of 2021 extended that benefit through September 6, 2021. Pub. L. No. 117-2, § 9013, 135 Stat. 4, 119; Pub. L. No. 116-260, div. N, tit. II, § 203, 134 Stat. 1182, 1953; Pub. L. No. 116-136, § 2104, 134 Stat. 281, 318. On August 8, 2020, the President signed a memorandum directing the Federal Emergency Management Agency to provide grants to states and territories to provide lost wages assistance to eligible claimants in addition to their UI benefits—a \$300 or \$400 benefit per week, which included a \$300 federal contribution. The White House, *Memorandum on Authorizing the Other Needs Assistance Program for Major Disaster Declarations Related to Coronavirus Disease 2019* (Aug. 8, 2020). The funding ultimately provided benefits for 6 weeks, beginning with claims filed for the week ending August 1, 2020, and continuing through the week ending September 5.

<sup>34</sup>According to DOL, a week of unemployment is generally considered to be Sunday through Saturday, and benefit weeks in most states end on Saturday.

<sup>35</sup>Department of Labor, PUA Program Reporting Instructions and Questions and Answers, UIPL 16-20, Change 1 (Apr. 27, 2020); and Department of Labor, Employment and Training Administration, *Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Pandemic Unemployment Assistance (PUA) Additional Questions and Answers*, Unemployment Insurance Program Letter (UIPL) No. 16-20, Change 2 (Washington, D.C.: July 21, 2020).



**Figure 1: Timeline of Selected Laws and DOL Guidance Regarding PUA**



Source: GAO analysis of Pandemic Unemployment Assistance (PUA) legislation and guidance issued by the Department of Labor (DOL). | GAO-22-104438

**PUA expiration.** The PUA and FPUC programs expired on September 6, 2021, though some states ended participation earlier. As we have previously reported, according to DOL, 20 states terminated participation in the PUA program between mid-June and late July 2021.<sup>36</sup> States participated in PUA under agreements with the Secretary of Labor, and according to DOL were permitted to terminate their participation, on providing 30 days’ prior written notice to DOL. As we have previously

<sup>36</sup>The 20 states that terminated PUA early are Alabama, Arkansas, Georgia, Idaho, Iowa, Louisiana, Mississippi, Missouri, Montana, Nebraska, New Hampshire, North Dakota, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah, West Virginia, and Wyoming. In addition, according to DOL, Indiana and Maryland announced their intent to terminate participation in the PUA program early, but because of litigation at the state level, did not end their participation before the program expired. See GAO, *COVID-19: Additional Actions Needed to Improve Accountability and Program Effectiveness of Federal Response*, GAO-22-105051 (Washington, D.C.: Oct. 27, 2021).

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reported, demand for PUA benefits across these states remained relatively high prior to their early termination of the program.<sup>37</sup>

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## Historic Demand for Regular UI

During the pandemic, regular UI initial claims rose to historic levels in March 2020. Initial claims peaked at about 6.2 million submitted nationwide during the week ending April 4, 2020, more than 30 times the number submitted during the corresponding week in 2019.<sup>38</sup> In addition, the number of continued claims submitted each week for regular UI (including any extended benefits) and Pandemic Emergency Unemployment Compensation, which generally authorized additional weeks of benefits for those who exhausted regular UI, remained at almost 12 million into March 2021.<sup>39</sup>

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## Increased Risk of Improper Payments

DOL, DOL's OIG, and states have expressed concerns about the potential for overpayments and fraud in UI programs during the pandemic, given the urgency to pay benefits, historic numbers of claims, and increased weekly benefit amounts from FPUC. As of March 28, 2022, states and territories had identified \$35.1 billion in overpayments made in UI programs, including \$13.3 billion in PUA overpayments, from April 2020 through December 2021.<sup>40</sup> These reported overpayments may have been caused by unintentional error, and were not necessarily a result of fraud, though some were.<sup>41</sup> As part of our regular monitoring of CARES Act funds, we have previously recommended that DOL take steps to better track PUA overpayments. Specifically, DOL has partially addressed

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<sup>37</sup>For more information, including states' reasons for terminating programs early, how we measured demand for PUA, and states' responsibilities for paying PUA benefits for any weeks of unemployment that occurred prior to program termination (even if claimed afterward), see [GAO-22-105051](#).

<sup>38</sup>For more information, see GAO, *COVID-19: Continued Attention Needed to Enhance Federal Preparedness, Response, Service Delivery, and Program Integrity*, [GAO-21-551](#) (Washington, D.C.: July 19, 2021). Historically, prior to the pandemic, the highest number of regular UI initial claims submitted during any given week was about 1 million.

<sup>39</sup>For more information, see [GAO-22-105051](#). Historically, prior to the pandemic, the highest number of regular UI continued claims submitted during any given week was about 6.5 million.

<sup>40</sup>We accessed the overpayments data on March 28, 2022; these data are subject to change as states and territories report data and revise previously reported data. For more information, see [GAO-22-105397](#).

<sup>41</sup>For more information, see [GAO-22-105397](#). Fraud involves obtaining something of value through willful misrepresentation. According to DOL, in the case of these payments made by states, whether an act is fraudulent is defined by states and must be determined through the appropriate adjudication process.

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previous recommendations to collect data from states on the amount of PUA overpayments recovered and waived.<sup>42</sup>

Early in the pandemic, DOL's OIG flagged PUA's reliance on self-certification to determine program eligibility as a factor that could potentially increase improper payments and fraud.<sup>43</sup> DOL agreed with the OIG's concerns, but noted that self-certification was an intended aspect of the PUA program set by the CARES Act. Subsequently, the Consolidated Appropriations Act, 2021 added new requirements for the PUA program, including that PUA claimants provide documentation substantiating employment or self-employment, and that states have procedures to verify or validate PUA claimant identities.<sup>44</sup>

We have made several recommendations related to managing fraud risks in the UI system overall.<sup>45</sup> In addition, since the pandemic began, DOL's OIG has opened thousands of complaints and investigations involving alleged UI fraud. DOL's OIG has also issued reports on CARES Act UI program integrity, including PUA, and has multiple audit projects still underway.<sup>46</sup>

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<sup>42</sup>See [GAO-22-105291](#).

<sup>43</sup>Department of Labor, Office of Inspector General, *Alert Memorandum: The Pandemic Unemployment Assistance Program Needs Proactive Measures to Detect and Prevent Improper Payments and Fraud*, 19-20-002-03-315 (Washington, D.C.: May 26, 2020).

<sup>44</sup>Pub. L. No. 116-260, div. N, tit. II, §§ 241(a), 242(a), 134 Stat. 1182, 1959-60.

<sup>45</sup>For more information, see the UI fraud risk management enclosure of [GAO-22-105051](#).

<sup>46</sup>For example, see Department of Labor, Office of Inspector General, *COVID-19: More Can Be Done to Mitigate Risk to Unemployment Compensation Under the CARES Act*, 19-20-008-03-315 (Washington, D.C.: Aug. 7, 2020). For more information on DOL OIG's ongoing work on unemployment insurance, see DOL OIG's website on Oversight of the Unemployment Insurance Program, <https://www.oig.dol.gov/doloiguoversightwork.htm>.

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## Amid Unprecedented Claims Volumes and Urgency to Pay Benefits, States Faced Various Challenges in Building the PUA Program and Processing Claims

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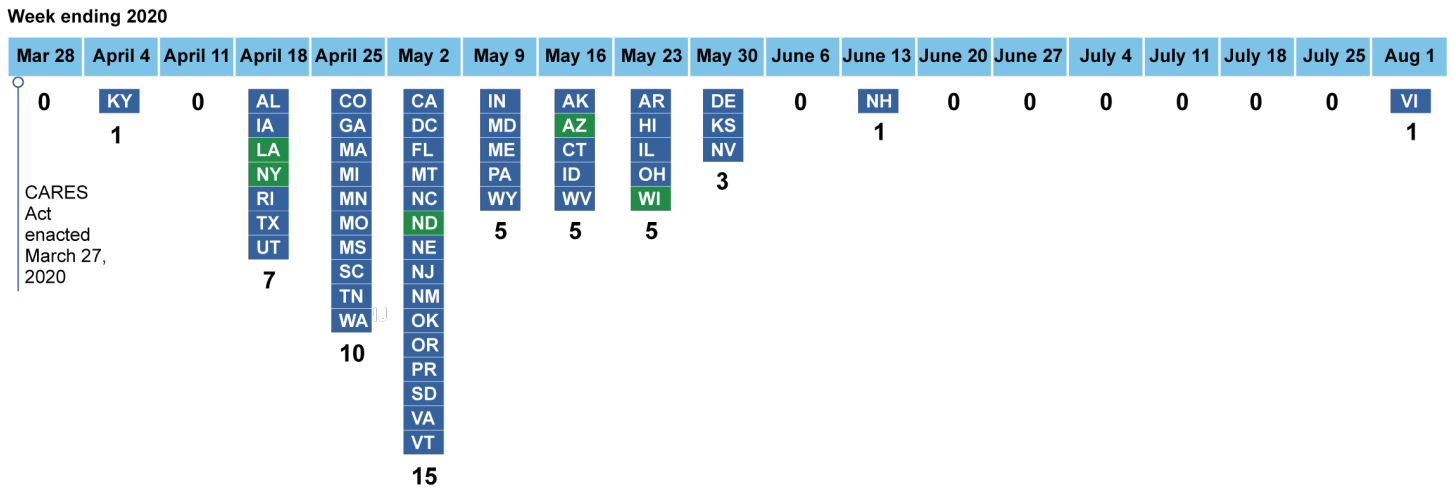
Nationwide, Most States Started Paying PUA Claims by the End of May 2020, and PUA Demand Generally Remained High

Most states and territories began paying PUA benefits between mid-April and the end of May 2020, though some took longer to begin paying substantial numbers of claimants.<sup>47</sup> Specifically, according to information that DOL collected from states, 33 states and territories had begun paying PUA benefits by May 2, 2020, about 5 weeks after the CARES Act was enacted on March 27, 2020, 18 began paying PUA later in May 2020, and two took longer (see fig. 2).

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<sup>47</sup>We did not independently verify the accuracy of the PUA first payment dates that DOL collected from states and territories. Throughout the report, we often refer to states and territories, which includes the 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, all of which administer the UI program. PUA was also available in Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau.

**Figure 2: Number of States and Territories Making First PUA Payments, by Week**



The five states shown in green are those we selected to interview about PUA implementation experiences.

Source: GAO analysis of Pandemic Unemployment Assistance (PUA) first payment dates collected by the Department of Labor from each state and territory. | GAO-22-104438

Notes: We did not independently verify the accuracy of the PUA first payment dates that DOL collected from states and territories. PUA was also available in Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau, though these entities are not included in the figure because they are not traditionally covered by the UI system.

Although almost all states and territories reported making their first PUA payments by the end of May, some did not start paying a substantial number of claimants right away. For example, New York reported making its first PUA payments on April 13, 2020. However, according to data reported to DOL, New York paid about 7,000 PUA claimants their first benefits in April 2020 before ramping up implementation and paying about 568,000 PUA claimants their first benefits in May 2020.<sup>48</sup> Similarly, Wisconsin reported making its first PUA payments on May 21, 2020, but paid less than 1,000 PUA claimants their first benefits by the end of May. Wisconsin reported paying about 6,000 PUA claimants their first benefits in June, followed by about 17,000 PUA claimants in July 2020.

<sup>48</sup>States and territories report to DOL the number of PUA first payments made by month. According to DOL, a first payment is the first week in which assistance is paid to an individual, and is reported in the month the payment is made. Each PUA recipient generally receives only one first payment. We obtained first payment data on January 28, 2022.

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Variation in the timing of states initiating and ramping up PUA payments may reflect both differences in how long states took to implement the program and, to some extent, the variation in the timing of economic shutdowns due to COVID-19 by state. For example, according to data from the Centers for Disease Control and Prevention published in September 2020, New York, New Jersey, and Illinois, among others, issued statewide stay-at-home orders in late March 2020, whereas other states, such as Arkansas and North Dakota, did not issue any such orders from March through May 2020.

States faced high demand for PUA in the spring of 2020 as they implemented the new program and generally demand remained high throughout the program's existence. Through May 2020, about 2 months after the CARES Act was enacted, states and territories reported receiving 8.0 million initial applications for PUA benefits, in addition to millions of initial applications for regular UI.<sup>49</sup> Although not all initial applications are approved and result in benefit payments, this volume indicates the magnitude of demand for PUA as well as the workload facing states as they implemented the new program. Continued claims for weekly benefits—claims filed by individuals who remain unemployed—also increased significantly early and then remained relatively high throughout the program's existence. For example, states and territories reported receiving claims for 70.2 million weeks of PUA benefits in July 2020 alone, though some of these claims were likely for unemployment that occurred during prior months due to processing backlogs.<sup>50</sup> Although the total number of PUA weeks claimed nationwide declined somewhat over time as states cleared claims backlogs and as some claimants returned to work, the monthly total of weeks claimed remained above 25 million through June 2021, more than a year after the CARES Act was enacted.<sup>51</sup>

In addition, the number of individuals submitting claims—which is distinct from the number of weeks claimed—remained high each month from July

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<sup>49</sup>We obtained PUA initial claims data on January 28, 2022. As we previously reported, states and territories reported a spike in regular UI initial claims in late March and early April 2020. See [GAO-21-551](#). From March 15, 2020 through May 30, 2020, states and territories reported receiving 38.4 million regular UI initial claims nationwide.

<sup>50</sup>We obtained PUA weeks claimed data on January 28, 2022.

<sup>51</sup>As we have previously reported, due to backlogs in states' processing of claims during the pandemic, individuals sometimes submitted continued claims for multiple prior weeks of benefits at a time. See [GAO-21-191](#).

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2020 through the end of 2020 in three of our five selected states.<sup>52</sup> For example, New York reported that about 1.1 million individuals submitted PUA continued claims in July 2020, and 1.1 million individuals submitted continued claims in December 2020. Similarly, Wisconsin reported that about 28,000 individuals submitted PUA continued claims in July 2020, and 24,000 individuals submitted continued claims in December 2020.<sup>53</sup>

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### Selected States Built the PUA Program amid Urgency to Pay Benefits, Though Staffing Challenges and Persistent Demand Hampered Their Ability to Process Claims

**From the beginning of the pandemic, states faced public urgency to pay PUA benefits.** As many states issued stay-at-home orders and temporarily closed businesses to curb the spread of COVID-19, millions of workers lost jobs and needed unemployment benefits, such as PUA, to pay for living expenses. Officials in three selected states told us that public perception was that when the CARES Act was enacted, states would pay PUA benefits immediately. However, it took time for DOL to issue guidance (see fig. 1) and for states to implement the PUA program in line with that guidance.<sup>54</sup> Officials from these three states told us that they struggled to manage the public's expectations of paying PUA claimants quickly. This mismatch in expectations may have exacerbated challenges faced by states as they rolled out the PUA program. For example, North Dakota officials said that at the beginning of the pandemic the volume of calls their agency received surged and included repeated calls from some claimants who expected to receive their PUA benefits right away. Louisiana officials told us that Congress and DOL should have signaled to the public that implementing these programs would take some time.

Underscoring the urgency to implement the new PUA program, New York officials told us that individuals who experienced delays in receiving benefits faced “pain and misery.” They said that despite their agency’s efforts, some claimants went weeks or months without having their claims processed and paid, and thus not receiving the income they needed to feed their families or pay their bills. New York officials said that some

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<sup>52</sup>In certain circumstances, an individual can submit multiple claims at a time. We excluded Arizona and Louisiana from this analysis because each state experienced spikes in potentially fraudulent claims before the end of 2020 and thus the data are not reliable for the purposes of this analysis. For more information about the difference between weeks claimed and individuals submitting claims and for graphs of PUA claims and claimant numbers for the three selected states, see appendix II.

<sup>53</sup>In both New York and Wisconsin, individuals submitting PUA claims in each month were not necessarily the same people.

<sup>54</sup>As previously noted, DOL issued initial PUA program guidance on April 5, 2020 and then issued its first clarification guidance on April 27, 2020.

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claimants called the state agency more than 100 times because they were desperate to speak to anyone who could help them.

**Selected states experienced IT and other challenges as they built systems to process PUA claims in the face of intense expectations and demand for benefits.** Because PUA was a new program with its own eligibility criteria, states had to build new or modify existing IT systems to process and pay PUA claims. One North Dakota official compared implementing the PUA program to “trying to build a house at a million miles an hour [without] really know[ing] what you are doing.”

Our five selected states varied in the strategies they used to build systems to process PUA claims. For example, Louisiana officials told us they incorporated the PUA application into their regular UI system. Arizona officials said they contracted with a vendor to develop a new IT system for PUA, which provided some functionality that was not available in their legacy UI system. Louisiana, New York, and North Dakota officials told us their states used existing DUA programming to assist with PUA implementation. However, New York and North Dakota officials said some aspects of PUA were new and could not be modeled after DUA, such as the PUA application.

States faced challenges using older IT systems to implement PUA. For example, Wisconsin officials said the state’s unemployment data system is antiquated, which made programming PUA challenging. Agency officials said they often had to incorporate workarounds or manual fixes. For example, Wisconsin’s system was not set up to pay claimants who had been denied regular UI; however, PUA claimants were often first denied regular UI benefits before officials could determine PUA eligibility. Officials from DOL and DOL’s Office of Inspector General also told us that legacy IT systems challenged many states’ PUA implementation efforts.

**State Example of Challenges with Building a New IT System for PUA**

**Arizona:** State agency officials said their agency used a new vendor-developed system, which provided some efficiencies in PUA implementation. However, they also noted that they faced other IT challenges. For example, officials said it was challenging to figure out how the new PUA system should interact and exchange data with the state’s older legacy systems. In addition, the contracting process and development of the new PUA system took time and extended the state’s initial implementation; officials said the PUA portal went live three weeks after they signed the contract with the vendor, which, in total, was just over six weeks after the CARES Act was enacted.

Source: GAO analysis of interviews with officials in Arizona about Pandemic Unemployment Assistance (PUA) implementation. | GAO-22-104438



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**As states began processing claims, they faced high claims volumes and staffing challenges.** Officials in all five selected states told us that they did not have enough staff to handle the enormous volume of PUA and UI claims, and faced significant challenges hiring or training staff. For example, Louisiana and North Dakota officials emphasized the difficulty of finding staff with UI experience to quickly increase adjudications or call center staffing levels. Officials in most selected states said training new staff who are not familiar with UI under short timeframes posed challenges, such as new staff being unable to answer claimants' questions about the program. Louisiana officials said the typical training period for UI staff is 6 months and they had to condense this into one week. These officials noted that even experienced staff sometimes struggled to understand all of the CARES Act programs' complexities and varying eligibility requirements, suggesting that it was even more challenging for new staff who had little or no UI program experience. North Dakota officials also noted this challenge and said that they triaged claimants' calls and routed more complex questions to experienced staff.

**State Examples of Difficulties Related to Hiring and Training New Staff**

**North Dakota:** State agency officials said they could not find the dozens of new staff they needed to hire all at once, and instead, the agency had to hire staff sporadically, as many as they could at a time. Officials described this process as time-consuming and inefficient because each time the agency brought on new staff, it had to devote an experienced staff member to train the new hires. Officials noted that training and monitoring new staff also took its experienced staff away from their normal claims-processing duties.

**Wisconsin:** State agency officials said that hiring and training new staff was challenging, especially since agency staff simultaneously had to develop the PUA program. Officials said the agency would have needed to hire and train new staff months before the pandemic started to be prepared for the influx of claims the agency received. As a result, the agency was already behind when the CARES Act was enacted, which compounded challenges it faced.

Source: GAO analysis of interviews with officials in North Dakota and Wisconsin about Pandemic Unemployment Assistance (PUA) implementation. | GAO-22-104438

In addition to needing more staff to handle claims and call volumes, selected states also faced challenges ensuring they had the technical expertise needed to implement the PUA program. North Dakota officials said they lacked sufficient IT staff to quickly program the numerous changes necessary for PUA. North Dakota officials also noted that their staff had to perform the same steps and programming as larger states to establish the PUA program, but with only six IT staff. New York officials said IT staff and resources were spread thin across the needs of multiple state agencies. For example, New York officials said they used state IT staff to move the PUA application from a separate online form into the

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main UI system, but these shared IT staff also had to devote work time to other agencies' pandemic response efforts.

**State Examples of How the Pandemic Strained Staff in Other Ways**

**Transition to telework:** Officials in Wisconsin and Louisiana noted that it was challenging to implement the CARES Act UI programs, including PUA, while simultaneously transitioning staff to a virtual work environment. Louisiana officials said it took up to four weeks to transition their staff to telework.

**Staff burnout:** Officials in North Dakota and Louisiana said their staff faced enormous workloads implementing the CARES Act UI programs, including PUA, and worked tirelessly to process these claims. Louisiana officials said their staff had worked long hours since the beginning of the pandemic, which had taken a professional and emotional toll on staff. North Dakota officials said that their staff worked day and night, seven days a week, including holidays, to get the PUA program up and running and emphasized that this was a big lift for staff.

Source: GAO analysis of interviews with officials in Louisiana, North Dakota, and Wisconsin about Pandemic Unemployment Assistance (PUA) implementation. | GAO-22-104438

**Staffing and IT challenges contributed to claims backlogs and payment delays.** Officials in all five selected states told us they experienced a backlog of PUA claims at some point during the pandemic, generally peaking from April through July 2020. State officials attributed the backlogs to the overall volume of claims that needed to be processed, and the lack of staff or IT capacity to do so. For example, North Dakota officials said their agency faced a backlog at the end of April 2020 because it took several weeks to complete the PUA programming needed to pay claimants. Arizona officials said that in the first week the PUA application launched, their agency received about 77,000 applications, with about 45,000 needing reviews. They noted that it could take a long time to review claims with issues that needed clarification. For example, officials told us that in August 2020, it generally took more than 3 weeks to complete reviews of such claims. An official from another state characterized the average time lapse between PUA initial claims and payment of benefits that resulted from these backlogs as “just bad.” However, by the time of our interviews from February through April 2021, officials in most of our selected states said they had either cleared or significantly reduced their backlogs.

In addition, as DOL issued new guidance and new legislation was enacted, states had to adjust to PUA program changes. Officials from Arizona, Louisiana, North Dakota, and Wisconsin told us that implementing PUA changes strained staff and IT resources. Officials in two states also said changes contributed to delays in processing claims.

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**State Examples of Delays Caused by Changing PUA Guidance**

**North Dakota:** State officials said their agency experienced bottlenecks in implementing PUA changes because there was a limited number of staff who could program the changes.

**Wisconsin:** State officials said PUA changes were challenging to implement because their agency had to make IT system changes and their system is antiquated and inflexible. According to officials, even changes that seemed simple, such as extending PUA in December 2020, created significant delays due to IT programming issues.

Source: GAO analysis of interviews with officials in North Dakota and Wisconsin about Pandemic Unemployment Assistance (PUA) implementation. | GAO-22-104438

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**Selected States' Varied Efforts to Balance Processing PUA Claims Swiftly with Minimizing Improper Payments Affected Payment Timing and Amounts for Claimants**

Although all five selected states had to balance paying benefits quickly to claimants in need with ensuring payments went exclusively to eligible claimants, their efforts likely led to trade-offs between expediency and accuracy. Officials in Arizona, New York, and North Dakota said they prioritized getting PUA payments out quickly. For example, North Dakota officials said they did not want to keep claimants waiting while the agency built the PUA program “on the fly,” so they relied on self-certification, as directed by DOL guidance. North Dakota officials said they processed PUA claims expediently, but then continued to review information they had on file from claimants and employers. Similarly, New York officials said that the state paid PUA benefits according to claimants’ self-certification that they were unemployed due to COVID-related reasons. In contrast, officials in Louisiana and Wisconsin emphasized that their states reviewed applications closely from the start to make eligibility determinations. Wisconsin officials said that staff manually reviewed every PUA application before making payments to claimants in an effort to get payments out quickly without inadvertently creating overpayments.

States’ different PUA implementation approaches likely led to variation in claimant experiences across states, such as with the timing and amount of benefits received. For example, Arizona officials said that some straightforward PUA applications could be paid automatically, as long as claimants filed their weekly certifications and no issues were detected (e.g., identity verification issues). In contrast, Wisconsin officials said it took time for the agency to get a team of staff members trained and ready to review applications, and because the state reviewed all PUA applications manually, some claimants waited a long time for payments.

In addition, states took different approaches to calculating PUA weekly benefit amounts.<sup>55</sup> Officials from New York and North Dakota said they

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<sup>55</sup>For more information about states’ approaches to calculating PUA benefit amounts, see [GAO-21-191](#).

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initially paid all PUA claimants the minimum weekly benefit amount and then re-calculated the amount once claimants submitted sufficient documentation of prior earnings. Officials from Arizona and Wisconsin said they took a different approach, initially calculating the weekly benefit amount based on claimants' self-certification of earnings or documentation provided.<sup>56</sup> As a result, claimant experiences may have also differed across states. For example, some individuals may have temporarily received the minimum weekly benefit for many weeks until their state paid the difference between the minimum amount and their calculated weekly benefit amount. Other individuals may have been overpaid and later had to pay back some funds to the state if, for example, they did not submit sufficient documentation to support their self-certified earnings amount.<sup>57</sup>

Facing large-scale potential fraud in the UI system during the pandemic, states took actions to minimize improper payments due to fraud such as by implementing identity verification measures, which sometimes slowed PUA payments.<sup>58</sup> According to state agency officials, three of our selected states experienced drastic increases in potentially fraudulent PUA claims at different times during the pandemic.<sup>59</sup> Officials from all five selected states emphasized the importance of detecting and preventing potential fraud, and to that end, they implemented identity verification measures for PUA claims. For example, officials from one state said that after implementing an identity verification tool from a third party vendor, they observed a substantial drop in potentially fraudulent claims.

However, officials from three states also noted that investigating potentially fraudulent claims and adding identity verification measures contributed to claims backlogs and delays in paying eligible claimants. For example, officials from one of these states said they purchased

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<sup>56</sup>Louisiana officials said they paid a majority of PUA claims filed in April 2020 the minimum benefit amount. Starting in May 2020, claimants were able to self-certify the amount of their previous wages when applying, which also prompted the agency to adjust benefit amounts for some prior claims, as appropriate, according to officials.

<sup>57</sup>As previously reported, states and territories report to DOL the amount of PUA overpayments identified each month. For more information about PUA overpayments, and amounts recovered and waived, see [GAO-22-105291](#).

<sup>58</sup>We do not name states in the following paragraphs because of sensitivities related to fraud investigation activities. For more information about potential fraud in the UI system during the pandemic, see the UI fraud risk management enclosure of [GAO-22-105051](#).

<sup>59</sup>In general, states may have experienced large-scale potential fraud at different times due to the changing types and targets of fraudsters.

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software to verify identities using driver's licenses. However, according to officials, because people who change their addresses or names often do not update their driver's licenses, agency staff often had to manually review identity verification documents, which was a huge undertaking. These officials also noted there have been more delays in paying PUA claimants since establishing identity verification procedures in response to an increase in potentially fraudulent claims. Officials said they have reviewed tens of thousands of PUA claims to verify claimant identities.

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## Despite Some Challenges Accessing Benefits, Selected Contingent Workers Relied on PUA, and DOL Has Not Identified or Assessed Future Ways to Support Such Workers

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### Selected Contingent Workers Experienced Sudden Unemployment and Challenges Claiming PUA, Such As Long Waits for Payments and Customer Service

**Sudden unemployment.** All but one of the 48 workers we spoke with said they lost employment due to a sudden drop in client demand or restrictions on in-person services.<sup>60</sup> These individuals had varied careers prior to the pandemic, including working as web developers, real estate agents, actors, a hairstylist, rideshare drivers, cashiers, and construction workers. Many described being available for work during the pandemic but experiencing a sharp decline in client demand. For example, rideshare drivers we spoke with said they no longer had clients requesting rides. Many other workers we spoke with said they lost their employment because they were unable to provide in-person services due

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<sup>60</sup>Of the 48 contingent workers who participated in our Arizona and New York discussion groups, 37 reported receiving PUA and 11 reported applying for but not receiving PUA. The one worker who did not cite decreased demand for their services or restrictions on in-person services explained that they stopped working due to childcare demands. We use the terms "contingent worker", "worker", and "claimant" interchangeably in this section as the participants in the discussion groups were all contingent workers who applied for PUA.

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to government restrictions, business closures, or their own concerns about health risks. For example, a waiter told us their restaurant closed its dining room due to government restrictions and a delivery driver with an autoimmune disorder said they received medical instructions to stay at home.

A few workers discussed difficulties related to their job loss that may be more common to contingent employment.<sup>61</sup> For example, a few workers we spoke with said that due to the nature of their work, which relies on many individual clients, they experienced extra financial insecurity due to uncertainty in whether or when they would be paid for already completed work. In addition, a freelance salesperson in New York told us that they “felt very expendable” when the pandemic hit and “a little disheartened” with the lack of communication and follow-up from their employers. The Just Recovery Survey, administered during the pandemic, also underscores the precarious nature of contingent employment. Although it examined a more narrowly-defined subset of contingent workers, the survey found that an estimated 36 percent of temporary workers, freelancers, and independent contractors reported losing work during the pandemic, nearly double the 19 percent of direct hire employees who reported losing work.<sup>62</sup>

**Waiting period to receive PUA.** Many workers we spoke with reported waiting a long time to receive their first PUA payment after losing their

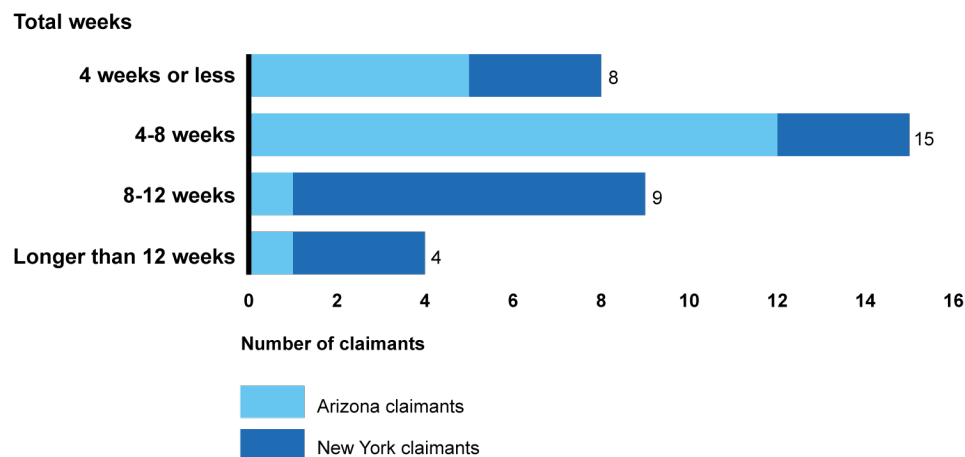
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<sup>61</sup>We generally characterize the frequency of workers’ experiences in broad terms such as “a few,” “some,” and “many” because the open-ended format of most discussion questions and time constraints meant that participants may not have discussed all aspects of their experiences. Thus, exact counts of worker experiences could be misleading. We generally consider “a few” to indicate two or more workers, “some” to indicate four or more workers, and “many” to indicate more than half of the group of workers being discussed. However, for multiple-choice poll questions we asked workers, we present exact counts of responses.

<sup>62</sup>This difference is statistically significant at the 95 percent confidence level and the margins of error for lost work for contingent worker and direct hire groups are +/- 9.1 and 2.5 percentage points, respectively. The survey finding does not control for other factors that may have affected likelihood of job loss during the pandemic, such as industry, location, or worker demographics. The survey, administered by the research firm SSRS in September and October of 2020, used a nationally representative random sample with an oversample of Black and Hispanic/Latino respondents. Of the 5,382 individuals invited to participate, 3,100 respondents completed the survey. The authors of the survey report shared this additional analysis of lost work with us. Color of Change, National Employment Law Project, Time’s Up Foundation, and The Worker Institute at Cornell ILR, *Foundations for a Just and Inclusive Recovery: Economic Security, Health and Safety, and Agency and Voice in the COVID-19 Era* (National Employment Law Project, Feb. 3, 2021).

employment. For example, 13 of 36 responding discussion group participants who received PUA benefits reported that they received their first payment more than 2 months after they lost their employment (see fig. 3).<sup>63</sup> The long waits workers reported likely reflect the challenges state officials told us they had with processing payments quickly given the high volume of claims, and the difficulties workers experienced in reaching customer service staff and verifying their eligibility, discussed in more detail below.

**Figure 3: Reported Time between Discussion Group Participants' Employment Loss and Receipt of First PUA Payment**



Source: GAO analysis of information from discussion groups with unemployed contingent workers who received Pandemic Unemployment Assistance (PUA) benefits in Arizona and New York. | GAO-22-104438

Notes: We posed this multiple-choice poll question to all 37 discussion group participants. However, one PUA recipient experienced connectivity challenges during the discussion group and did not respond to this question. We provided the categories, which overlap slightly, to help participants recollect their experiences. Participants generally selected one of the options. Two participants said 8 weeks and we counted them in the 4-8 week category.

The long waits for payments caused financial and other hardships for some workers. Some claimants we spoke with said they needed to negotiate rent payment delays, defer bills, or accrue credit card debt while they were waiting for their first PUA payment. For example, one worker told us that despite cutting expenses, they had to arrange with their

<sup>63</sup>We posed a multiple-choice poll question to all 37 discussion group participants about the length of time between employment loss and receipt of first PUA payment. However, one participant experienced connectivity challenges during the discussion group and did not respond to this question.

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landlord to pay half their rent upfront and the remainder upon receipt of PUA.

**Worker Perspectives: Long Wait for Pandemic Unemployment Assistance (PUA)**

**New York Worker:** “[The waiting period] was extremely stressful. I had no other income and no idea when I would start earning my regular income again. So although [PUA] was a lifesaver, [because] it took eight to 12 weeks to arrive... I had to apply for mortgage forbearance and borrow money to meet my commitments.”

Source: GAO analysis of information from discussion groups with unemployed contingent workers who applied for PUA benefits in Arizona and New York. | GAO-22-104438

**Customer service challenges.** Many workers we spoke with reported experiencing long wait times or an inability to reach customer service representatives, and once connected, some reported a lack of clarity in official communications or difficulty resolving their issue. These worker experiences reflect some of the challenges state officials described. For example, as previously discussed, state officials said they faced significant challenges hiring and training staff for call centers. The long wait times to reach customer service were a common theme in New York discussion groups as participants described calling the state office to verify their PUA eligibility as a final step in completing their online application.<sup>64</sup> Claimants in both Arizona and New York reported stress and uncertainty over when their claim would be processed, and some described being overwhelmed by the time demands of continually calling state agencies.

**Worker Perspectives: Long Wait Times to Reach Customer Service**

**New York Worker:** “It was a nightmare... It took me about 15 to 20 times to get through... [and] each time I waited for between an hour and a half [to] two hours [to get through to] someone.”

**New York Worker:** “It took about... two months [to reach the state office] and that was [with] making it almost a full-time job of... calling. I called hours and hours and hours every single day for at least a month and a half to two months... [because the message from the state office] was just keep on calling.”

**Arizona Worker:** “For the first 20 calls, I was not able to reach any person [on] the customer care line.... [When] I was able to reach them finally... they put me on hold [for] nearly three hours.”

Source: GAO analysis of information from discussion groups with unemployed contingent workers who applied for Pandemic Unemployment Assistance (PUA) benefits in Arizona and New York. | GAO-22-104438

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<sup>64</sup>All but four workers in the New York PUA recipient discussion groups said they had to call the state office. Two of the workers who did not mention this step were both experiencing technical difficulties during the discussion group and only responding through the chat function at this point in the discussion.



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A few claimants also told us about difficulties with call center staff being unfamiliar with the requirements of the new PUA program or a lack of follow up when they were told someone would get back to them. For example, one worker told us that they spoke with call center staff who were not clear on whether independent contractors were eligible for PUA, especially if they had a separate part-time job.

In addition, the 11 workers we spoke with who had not received PUA had either had their claims denied as ineligible, or had claims that had been pending for extended periods with no response from the state. Those denied eligibility generally reported that they were unsure of the reason they were deemed ineligible. According to DOL guidance issued in April 2020, states were not required to list all the eligibility criteria the applicant did not meet, and could simply notify the claimant that they were not considered unemployed, partially unemployed, or unable or unavailable to work for one of the qualifying reasons listed in the CARES Act.<sup>65</sup>

However, some claimants we spoke with expressed frustration with that lack of clarity. For example, one New York worker told us they were not given any information on how to contact the state or file an appeal and received no response to emails asking why they were not approved. The worker said they stopped considering an appeal after sending 10 emails requesting clarification with no response. In addition, one Arizona worker said their application had been pending for months with no response, which they described as being difficult emotionally and hindering their ability to plan their next steps.

**Eligibility verification challenges.** Claimants we spoke with faced some difficulties navigating how to verify their eligibility, including gathering and providing the appropriate documentation and verifying their eligibility when they had been victims of identity theft. A few of these workers said these challenges were in part due to being new to the UI system and unfamiliar with the process and its requirements. Some claimants reported challenges with gathering required employment and income documentation. Others said they were unsure what tax documentation they needed to demonstrate their income, and a few claimants said they had to reach back out to former employers to obtain proof of employment and income. For example, one claimant who ultimately did not receive benefits said they had difficulty verifying their employment because they

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<sup>65</sup>DOL's guidance states that qualifying reasons are listed under section 2102(a)(3)(A)(ii)(I) of the CARES Act. Department of Labor, *PUA Program Reporting Instructions and Questions and Answers*, UIPL 16-20, Change 1 (Apr. 27, 2020).

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were an actor who worked for numerous production companies across many separate shows.

**Examples from Selected States: Technical Challenges with Obtaining Workers' Documentation**

**Louisiana** state officials told us they had significant challenges verifying identities due to the poor resolution of uploaded drivers' licenses. Officials said they ultimately recommended that claimants use their Louisiana digital driver's license, accessible through a free app, rather than attempting to upload an image of their physical license.

**Wisconsin** state officials said initially claimants were required to mail or fax documents until the state enhanced its online portal to enable uploading documents.

Source: GAO analysis of interviews with state officials in Louisiana and Wisconsin. | GAO-22-104438

**Resolving claims delayed by identity theft.** A few claimants we spoke with who were victims of identity theft said they experienced long delays before receiving benefits as the fraud was investigated. They also told us they invested substantial time investigating their own cases. For example, a victim of identity theft in New York said they had payments paused for two months because a fraudulent account was opened in their name in another state. The claimant told us they had to call both states' UI agencies repeatedly to resolve their case. An Arizona claimant who said they applied for PUA in late October 2020 told us they were a victim of identity theft and that they had not yet received PUA benefits as of early July 2021 because their case had not yet been resolved. They said they relied on mortgage forbearance and selling various possessions to get by in the meantime.

**Other challenges identified by state officials and worker advocates.**

State officials and advocacy groups serving PUA claimants highlighted challenges related to language barriers, workers paid in cash, and mixed earners.

- **Language barriers.** Worker advocates told us that non-English speaking claimants faced challenges accessing translated information in a timely manner. According to officials in Louisiana, North Dakota, and Wisconsin, when we spoke with them, the PUA online application was only available in English, and claimants who needed language assistance were directed to call in to the state office for translation services. In addition, officials with two New York worker advocacy groups reported that some Spanish-speaking applicants who needed a call back from the state workforce agency were called by a staff person who did not speak Spanish.
- **Cash income.** According to worker advocacy groups in Louisiana and New York, cash workers faced difficulty reporting their earnings in

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PUA applications because many do not have the appropriate documentation to prove their income, or must provide numerous receipts to show earnings. Officials from two New York advocacy groups told us these workers received lower benefit amounts than they would have if their income had been formally documented.

- **Mixed earners.** Worker advocates in Louisiana and New York told us that some individuals whose primary income was from contingent work but who had sufficient wages from traditional employment to qualify for regular UI were not eligible for PUA, though they would have received a higher benefit under PUA. As we have previously reported, the Mixed Earner Unemployment Compensation (MEUC) program was created in December 2020 to address this situation.<sup>66</sup> However, earlier in the pandemic and while waiting on states to implement their MEUC programs, contingent workers eligible for MEUC received a lower than expected benefit given their prior income. Moreover, two states decided not to participate in the MEUC program, and not all participating states had begun paying benefits as of February 2022, according to DOL.<sup>67</sup>

**Resolving common challenges.** While many claimants we spoke with said they experienced customer service challenges, some recognized the difficulties facing states as they received historic numbers of claims and expressed appreciation for the efforts of state staff. In addition, some claimants told us that when they connected with the correct staff person—even if that took a long time and was after being transferred a number of times—the representative was helpful and resolved their issue in a timely manner. Workforce agency officials from Louisiana, New York, and North Dakota told us that they took steps to reduce call wait times by increasing call center staff and using various strategies such as implementing interactive voice response systems or chat bots, and enabling applicants

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<sup>66</sup>See GAO, *COVID-19: Sustained Federal Action Is Crucial as Pandemic Enters Its Second Year*, [GAO-21-387](#) (Washington, D.C.: Mar. 31, 2021). MEUC benefits were available to eligible individuals in participating states starting with the week of unemployment beginning on December 27, 2020, according to DOL. Department of Labor, Employment and Training Administration, *Continued Assistance for Unemployed Workers (Continued Assistance) Act of 2020 — Federal Pandemic Unemployment Compensation (FPUC) Program Reauthorization and Modification and Mixed Earners Unemployment Compensation (MEUC) Program Operating, Reporting, and Financial Instructions*, Unemployment Insurance Program Letter (UIPL) No. 15-20, Change 3 (Washington, D.C.: Jan. 5, 2021).

<sup>67</sup>According to DOL, Idaho and South Dakota opted not to participate in the MEUC program. For more information, see [GAO-22-105051](#), [GAO-22-105291](#), and [GAO-22-105397](#).

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to schedule a time to receive a call back. A few workers we spoke with in New York told us they observed improvement over time.

**Worker Perspectives: Gratitude for Efforts of State Customer Service Staff**  
**New York Worker:** “I can only imagine the stress and anxiety [of] the people answering... from all of us calling in. And I always was impressed by how receptive and easy they were to speak to.”  
**Arizona Worker:** “I just had a little issue with the exact document to upload, but... I got that figured out, thanks to the awesome customer service.”

Source: GAO analysis of information from discussion groups with unemployed contingent workers who applied for Pandemic Unemployment Assistance (PUA) benefits in Arizona and New York. | GAO-22-104438

A few claimants we spoke with also reported that frequently asked questions documents and other resources posted on social media helped them resolve their challenges. State officials we spoke with in Arizona, Louisiana, New York, and North Dakota said they identified common questions and concerns by, for example, tracking inquiries and monitoring social media. Officials said the states subsequently updated their websites and social media pages to more efficiently address frequent questions.

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### Selected Contingent Workers Relied on Unemployment Benefits and Other Resources, and DOL Has Not Yet Assessed How the UI System Could Support Such Workers Moving Forward

**Meeting financial needs during the pandemic.** Many of the 37 claimants who received PUA told us that their benefits allowed them to pay for their housing and basic bills, though they needed to supplement these benefits with other financial resources. Two claimants called PUA a “lifesaver” and others echoed the sentiment that PUA was critical to getting by financially during the pandemic.

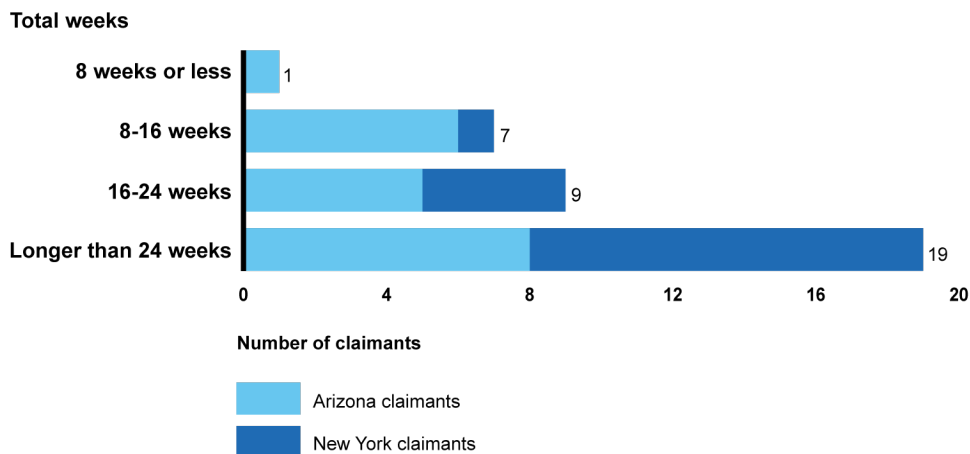
**Worker Perspectives: Importance of Pandemic Unemployment Assistance (PUA) Support**  
**New York Worker:** “[PUA] gave me the ability to keep my business afloat, because I could make sure that I had a place to live... and pay all my bills, and food... I don’t know where I would be if it wasn’t available.”  
**Arizona Worker:** “[With PUA] I was able to clear the rent bills that had accumulated and I was able to find some funds to pay my utility bills, to be able to buy some groceries and... everything for day-to-day life.”

Source: GAO analysis of information from discussion groups with unemployed contingent workers who applied for PUA benefits in Arizona and New York. | GAO-22-104438

In addition, claimants we spoke with typically relied on PUA for a lengthy period. For example, 28 of the 36 responding discussion group participants who received PUA reported claiming benefits for longer than 4 months, and some were still receiving PUA at the time of our

discussions in May through July 2021 (see fig. 4).<sup>68</sup> The experiences of the workers in our discussion groups were similar to PUA recipients nationally, according to claims data states have reported to DOL. For example, across the 40 states we analyzed, the average PUA benefit duration was about 30 weeks.<sup>69</sup>

**Figure 4: Discussion Group Participants’ Reported Total Weeks of PUA Benefits Claimed**



Source: GAO analysis of information from discussion groups with unemployed contingent workers who received Pandemic Unemployment Assistance (PUA) benefits in Arizona and New York. | GAO-22-104438

Notes: Weeks claimed are as of the time of the discussion groups, which we held with Arizona workers in June and July 2021 and with New York workers in May and June 2021. Some workers were still receiving PUA at the time of the discussion groups. We posed this multiple-choice poll question to all 37 discussion group participants. However, one PUA recipient experienced connectivity challenges during the discussion group and did not respond to this question. We provided the categories, which overlap slightly, to help participants recollect their experiences. Participants generally selected one of the options. One participant said 16 weeks and we counted them in the 8-16 week category.

Some of the 37 claimants reported that while PUA was important for being able to afford necessities, the benefits were not sufficient on their

<sup>68</sup>We posed a multiple-choice poll question to all 37 discussion group participants about the length of time they received PUA. However, one participant experienced connectivity challenges during the discussion group and did not respond to this question.

<sup>69</sup>We calculated average PUA benefit duration by dividing the total number of weeks compensated by the total number of first payments made through June 2021 (an approximation of individuals paid). We excluded states and territories from our analysis if they had multiple months of missing data or data anomalies, such as reporting more first payments made than initial claims submitted. For a full listing of average PUA benefit duration in each of the states we analyzed, see appendix III.

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own. For example, one claimant told us that PUA enabled them to pay rent, but they still sometimes had to “stretch” meals. Some claimants told us that the cost of living in their community was an important factor in the extent to which PUA met their financial needs. For example, a few workers told us that PUA was barely sufficient to cover the high cost of living in New York City. Across the 40 states we analyzed, the average PUA compensation amount was \$232 per week, though this varied substantially by state and ranged from \$113 in Mississippi to \$326 in Kansas.<sup>70</sup>

Some PUA claimants reported that benefits played a larger role in meeting their basic needs when they received both PUA and the FPUC supplement, which was \$600 through July 2020 and later \$300 in 2021. One worker told us that when FPUC provided the \$600 weekly supplement they were able to meet their basic needs, but when it expired and was later reauthorized at a reduced amount, they needed to get a roommate and rely on their personal savings.

**Other financial strategies.** Although claimants told us PUA was helpful, many said they had to rely on other strategies and forms of support to supplement PUA benefits. Claimants who had high housing costs or multiple children told us they were more reliant on other forms of support to supplement PUA benefits. For example, one single mother with two young children in New York told us she relied on a city emergency food program to provide groceries for her family. She told us this city-provided program prevented her from having to decide between paying for food or making car and medical insurance payments. Some claimants also described accruing debt through loans, use of credit cards, or arrangements with companies to delay payments. In addition, some claimants told us they supplemented their PUA benefits with personal savings, income from a still-employed spouse, support from friends or extended family, or limited work.

Many claimants described needing to cut expenses while receiving PUA. For example, one worker told us they reduced their phone and internet plans. A few participants reported losing or downgrading their health

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<sup>70</sup>We calculated average PUA weekly benefits by dividing the total amount compensated by the total number of weeks compensated through June 2021. We excluded states and territories from our analysis if they had multiple months of missing data or data anomalies, such as reporting more weeks compensated than weeks claimed. For a full listing of minimum and average benefits in each of the states we analyzed, see appendix III.

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insurance during the pandemic, either due to working too few hours to qualify or because they could no longer afford it.<sup>71</sup> Similarly, officials from the Freelancers Union told us they observed declines in health insurance enrollment among their national membership, with over one third of membership forgoing coverage due to cost, according to the officials.

**Worker Perspectives: Other Household Income or Prior Savings Sometimes Prevented Hardship**

Some claimants who told us that they had sufficient savings or that they relied on their partner's income to supplement Pandemic Unemployment Assistance (PUA) said they were able to meet their needs without significant hardship during the pandemic. For example, one worker told us, "Once [augmented benefits from Federal Pandemic Unemployment Compensation] got cut down, it definitely tightened things. But... because I have... a significant other who has remained fully employed throughout [the pandemic], we haven't had any major crisis."

Source: GAO analysis of information from discussion groups with unemployed contingent workers who applied for PUA benefits in Arizona and New York. | GAO-22-104438

**Support for contingent workers after PUA expiration.** Although PUA benefits were critical for many of the contingent workers we spoke with during the pandemic, much of this population is generally ineligible for regular UI benefits. Contingent workers, broadly defined, represent a substantial proportion of the U.S. workforce, and states and territories reported making 17.8 million PUA first payments through June 2021 (an approximation of the number of individuals who received PUA).<sup>72</sup> However, the UI system was not designed to cover self-employed workers or others with nontraditional attachments to the workforce. Thus, a significant population of workers do not generally have access to this financial support during periods of unemployment. In addition, state officials told us that some standard eligibility verification practices used for regular UI are not applicable to some workers in alternative work arrangements, and that they do not have other options for verifying these workers' prior employment if future temporary programs expand eligibility to this population.

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<sup>71</sup>As we have previously reported, employer-sponsored health insurance rates declined in 2020, but loss of employer-sponsored coverage was less than originally expected and there was increased enrollment in alternative sources of coverage including Medicaid and Patient Protection and Affordable Care Act exchanges. See [GAO-22-105051](#) and [GAO-22-105397](#).

<sup>72</sup>Not all states and territories have reported data for all months, so the actual number of individuals paid through June 2021 is likely greater. We obtained these data on January 28, 2022. States and territories may submit adjusted data to DOL over time.

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The mission of DOL’s Employment and Training Administration is to contribute to the more efficient functioning of the U.S. labor market, including through provision of income maintenance services. According to DOL, UI is a social insurance program designed to provide benefits to most individuals out of work such that a significant proportion of their weekly needs can be met while they search for work. In August 2021, DOL issued a UI modernization plan and announced the creation of the temporary Office of Unemployment Insurance Modernization to create a more resilient and equitable UI system. DOL’s UI modernization plan refers to UI as “a lifeline for millions of workers” and calls for “strengthening the [UI] system to ensure that it works for all workers.” The modernization plan states that one of the principles for any reform of the UI program is “addressing the lack of access to UI for [certain] workers... [including] low-income and part-time workers, and workers with non-traditional work histories.” DOL’s fiscal year 2022 and 2023 budget justifications elaborate on these principles, noting, “The UI system must reflect the modern economy and labor force... [and the] Administration supports finding a way to address the lack of support in the existing UI system for many workers, including independent contractors, low-income and part-time workers, and workers with nontraditional work histories.”

According to DOL officials, the agency has historically provided technical assistance to Congress about UI legislative proposals, including comprehensive UI reform. As the agency responsible for leadership and oversight of the UI system, DOL is uniquely positioned to identify and assess the costs, benefits, and risks of various options for addressing the lack of access to UI for underserved categories of workers identified in its vision for UI modernization. Federal standards for internal control state that management should identify, analyze, and respond to new risks resulting from changing conditions, including economic instability or potential emergencies.<sup>73</sup> However, DOL officials stated that the agency does not currently plan to comprehensively examine options for systematically supporting contingent workers, beyond providing targeted technical assistance to Congress on individual legislative proposals, which, according to DOL, Congress had not sought as of April 2022. Without proactive consideration of options by DOL, Congress and other policymakers lack potentially valuable information about whether it is feasible or what options may exist to serve the substantial population of contingent workers outside of emergencies, or whether it is possible to

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<sup>73</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington D.C.: Sept. 2014).



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better serve these workers through temporary disaster programs. As a result, policymakers may also miss opportunities to respond more effectively to future economic downturns, especially if short-term or contract work become more common. In addition, states may again face challenges and greater fraud risks if called on to implement temporary benefit programs that include these workers without advance consideration of options, including eligibility verification practices.

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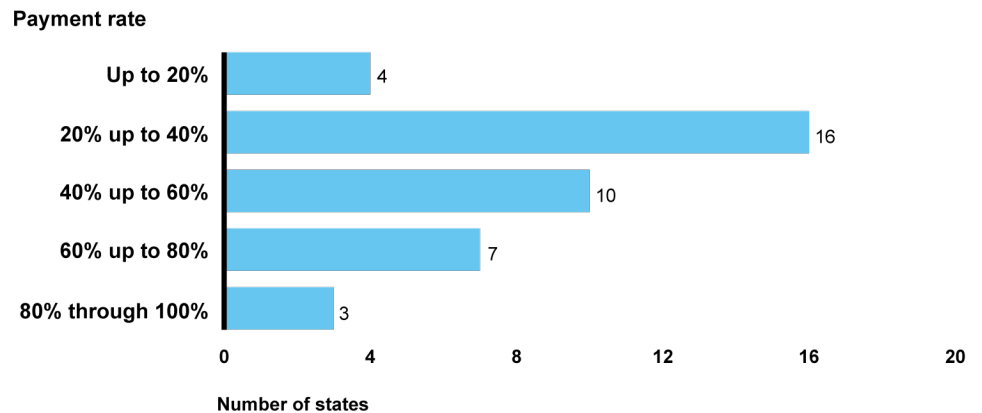
## Selected States' Data Show Racial or Ethnic Disparities in Receipt of PUA and DOL Has Not Yet Systematically Examined Such Disparities in Its Efforts to Improve UI Equity

We found wide variation in the percentage of PUA claimants who received benefit payments across the 40 states we analyzed, which suggests substantial differences in the program circumstances and claimant experiences across states (see fig. 5).<sup>74</sup> Various factors could explain the payment rate in a given state. For example, if a state received a large number of claims from individuals who did not meet program eligibility criteria or a large number of potentially fraudulent claims, which the state then appropriately did not pay, then its payment rate would be lower. Payment rates could also be affected by differences in how states applied federal program criteria. As noted above, states structured applications and reviewed claims differently, which could lead to higher or lower approval and payment rates. In addition, because the payment rates we calculated represent a snapshot in time, if a state had a large number of pending claims that it later determined to be eligible, its payment rate could increase.

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<sup>74</sup>We calculated the percentage of PUA claimants who received benefits by dividing each state's total number of first payments made by the total number of initial applications submitted. Generally, each PUA claimant submits one initial application and each recipient receives one first payment. We ended our analysis at June 2021, the last month during which the PUA program was in effect in all states; 20 states terminated the PUA program from mid-June to late July, before its expiration. First payment and initial applications data are from DOL's ETA 902P data file, which we obtained on January 28, 2022. States and territories may submit adjusted data to DOL over time. We limited our analysis to 40 of 53 states and territories because the PUA claims data they reported to DOL were sufficiently reliable for our purposes. We excluded the other states and territories due to their having multiple months of missing data or data anomalies.

**Figure 5: First Payments Made to PUA Claimants as a Percentage of Initial Applications Submitted among 40 States, March 2020 through June 2021**



Source: GAO analysis of the Department of Labor’s monthly Pandemic Unemployment Assistance (PUA) claims data reported by states. | GAO-22-104438

Notes: We calculated the percentage of PUA claimants who received benefits (i.e., payment rate) by dividing each state’s total number of first payments made by the total number of initial applications submitted. Generally, each PUA claimant submits one initial application and each recipient receives one first payment. Various factors could explain the payment rate in a given state, such as how a state reviewed and determined claimant eligibility or the volume of potentially fraudulent claims in the months analyzed. We ended our analysis at June 2021, the last month during which the PUA program was in effect in all states; 20 states terminated the PUA program from mid-June to late July, before its expiration. First payment and initial applications data are from the Department of Labor’s (DOL) ETA 902P data file, which we obtained on January 28, 2022. States and territories may submit adjusted data to DOL over time. We limited our analysis to 40 of 53 states and territories because the PUA claims data they reported to DOL were sufficiently reliable for our purposes. We excluded the other states and territories due to their having multiple months of missing data or data anomalies.

Aggregated claimant data provided by four of our selected states also show substantial differences in the percentage of PUA applicants who received benefits during the period analyzed for each state (see table 1).<sup>75</sup>

<sup>75</sup>We obtained aggregated data from our selected states on the number of unique individuals who submitted PUA initial claims and who received benefits at any time during specified periods of the pandemic. Due to substantial numbers of potentially fraudulent PUA claims across multiple months, the program data we obtained from Arizona were not sufficiently reliable for the purposes of this analysis. Louisiana had a spike in individuals submitting PUA initial claims in November 2020 and New York had a spike in January 2021. In both cases, state officials said these spikes represented an influx of potentially fraudulent claims. Thus, we analyzed PUA claims submitted and paid during the period prior to the influx of these potentially fraudulent claims. Including large spikes in potentially fraudulent claims could distort comparisons of benefit receipt rates. For more information, see appendix I.

**Table 1: Individuals Who Applied for and Received PUA Benefits in Four Selected States**

State (period analyzed)	Louisiana (through Oct. 2020)	New York (through Dec. 2020)	North Dakota (through Apr. 2021)	Wisconsin (through Apr. 2021)
Number of unique individuals who submitted PUA initial claims during the period	318,618	1,806,487	36,916	152,988
Number of unique individuals who received PUA benefits during the period	217,523	1,534,911	12,846	58,242
Percentage of applicants who received PUA benefits during the period	68.3%	85.0%	34.8%	38.1%

Source: GAO analysis of aggregated Pandemic Unemployment Assistance (PUA) claimant data provided by states. | GAO-22-104438

Notes: We obtained aggregated data from our selected states on the number of unique individuals who submitted PUA initial claims and who received benefits at any time during specified periods of the pandemic. Louisiana had a spike in individuals submitting PUA initial claims in November 2020 and New York had a spike in January 2021, which state officials said represented an influx of potentially fraudulent claims. Thus, we analyzed PUA claims submitted and paid during the period prior to the influx of potential fraud. Various factors could explain benefit receipt rates, such as how a state reviewed and determined claimant eligibility or the volume of potentially fraudulent claims in the months analyzed.

**Racial and ethnic disparities.** Our analysis of aggregated claimant data from four selected states showed substantial racial and ethnic disparities in PUA benefit receipt among individuals who submitted claims in three of the states and relatively small differences between groups in one state (see table 2).<sup>76</sup> Both the magnitude and types of disparities we found varied.<sup>77</sup> For example, in two states, the percentages of PUA applicants in certain racial and ethnic minority groups who had received benefits were substantially lower than White applicants (the largest group of applicants in each state). In three states, the percentages of Asian PUA applicants

<sup>76</sup>For purposes of this analysis, we consider groups within 3 percentage points of each other to be relatively similar. We consider differences between groups of between 3 and 10 percentage points to be relatively small, and differences between groups of more than 10 percentage points to be substantial. We also analyzed differences in PUA benefit receipt by gender. In New York, benefit receipt rates of female and male applicants were relatively similar. In Louisiana, North Dakota, and Wisconsin, we found relatively small differences with higher percentages of female applicants receiving benefits.

<sup>77</sup>Because disparities were among individuals who had already submitted claims, they cannot be explained by barriers to applying for benefits that may affect certain groups disproportionately.

who had received benefits were substantially higher than other groups.<sup>78</sup> Specifically:

- In North Dakota and Wisconsin through April 2021, the percentage of Black PUA applicants who had received benefits was about half the percentage of White applicants.
- In Wisconsin, the percentages of Hispanic/Latino and American Indian/Alaskan Native PUA applicants who had received benefits were also substantially lower than White applicants.
- In Louisiana and North Dakota, a substantially higher percentage of Asian PUA applicants had received benefits than all other groups during the periods we analyzed.<sup>79</sup> In addition, in Wisconsin, the percentage of Asian PUA applicants who had received benefits was relatively similar to White applicants, but substantially higher than other racial and ethnic minority groups.

**Table 2: Racial and Ethnic Disparities in the Receipt of PUA Benefits in Selected States**

State (period analyzed)	Louisiana (through Oct. 2020)	New York (through Dec. 2020)	North Dakota (through Apr. 2021)	Wisconsin (through Apr. 2021)
<b>Percentage of PUA applicants who received benefits during the period</b>				
White, non-Hispanic/Latino	66.9%	84.4%	39.0%	43.3%
Black, non-Hispanic/Latino	72.3%	83.5%	19.5% <sup>a</sup>	21.9% <sup>a</sup>
Asian, non-Hispanic/Latino	91.7% <sup>a</sup>	91.4%	61.7% <sup>a</sup>	41.8%
American Indian/Alaskan Native, non-Hispanic/Latino	73.7%	82.6%	39.6%	27.2% <sup>a</sup>
Hispanic/Latino	67.4%	85.5%	36.8%	24.8% <sup>a</sup>

Source: GAO analysis of aggregated Pandemic Unemployment Assistance (PUA) claimant data provided by states. | GAO-22-104438

Notes: We do not include individuals of other/unknown race or ethnicity because the mix of individuals who did not select a race/ethnicity or selected more than one means the results cannot be meaningfully interpreted. Louisiana had a spike in individuals submitting PUA initial claims in November 2020 and New York had a spike in January 2021, which state officials said represented an influx of potentially fraudulent claims. Thus, we analyzed PUA claims submitted and paid during the

<sup>78</sup>Unless otherwise noted, the racial groups discussed are limited to non-Hispanic/Latino individuals.

<sup>79</sup>Louisiana had a spike in individuals submitting PUA initial claims in November 2020, which state officials said represented an influx of potentially fraudulent claims. Thus, we analyzed PUA claims submitted and paid during the period prior to the influx of these potentially fraudulent claims. Including large spikes in potentially fraudulent claims could distort comparisons of benefit receipt rates between groups, especially if the potentially fraudulent claims were concentrated in certain racial or ethnic groups.

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period prior to the influx of potential fraud. Various factors could explain benefit receipt rates and differences between groups, such as how states reviewed claimant eligibility or the volume of potentially fraudulent claims in the months analyzed, especially if fraudsters more frequently selected a certain race when applying. Non-Hispanic/Latino race groups in the table are listed, in general, in order of descending population size, followed by the Hispanic/Latino ethnic group.

<sup>3</sup>Minority groups with substantial differences compared to White, non-Hispanic/Latino (the largest group of applicants in each state). For purposes of this analysis, we consider groups within 3 percentage points of each other to be relatively similar. We consider differences between groups of between 3 and 10 percentage points to be relatively small, and differences between groups of more than 10 percentage points to be substantial.

In contrast to the substantial disparities we found in three states, in New York through December 2020, benefit receipt rates between all but one racial and ethnic group were relatively similar (i.e., within 3 percentage points).<sup>80</sup> Asian applicants in New York received benefits at a higher rate than other groups, but the differences were relatively small. We also found some other relatively small differences between non-Asian groups in Louisiana. Through October 2020, Black and American Indian/Alaskan Native groups received benefits at a higher rate than White and Hispanic/Latino groups, but the differences were relatively small.

Results from two national surveys also suggest the presence of racial and ethnic disparities in the receipt of any UI benefits during the pandemic, including both regular UI and PUA.<sup>81</sup> As we previously reported, according to our analysis of nationwide data from Census's Household Pulse Survey, a higher percentage of White applicants than Black applicants reported receiving benefits at some time during the pandemic from UI programs, including regular UI and PUA (an estimated 80.2

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<sup>80</sup>New York had a spike in individuals submitting PUA initial claims in January 2021, which state officials said represented an influx of potentially fraudulent claims. Thus, we analyzed PUA claims submitted and paid during the period prior to the influx of these potentially fraudulent claims.

<sup>81</sup>In addition, prior to the pandemic, the Current Population Survey has included a supplement with questions about respondents' application for and receipt of UI benefits, most recently in 2005 and 2018. In the 2018 survey's news release, BLS reported that there was little difference in the likelihood of receiving UI benefits by race or Hispanic ethnicity. Department of Labor, Bureau of Labor Statistics, *Characteristics of Unemployment Insurance Applicants and Benefit Recipients—2018* (Washington, D.C.: Sept. 25, 2019; reissued Nov. 7, 2019). However, a couple reports analyzing the 2005 survey results found some evidence of racial and ethnic disparities in UI receipt. Alix Gould-Werth and H. Luke Shaefer, "Unemployment Insurance Participation by Education and By Race and Ethnicity," *Monthly Labor Review*, vol. 135, no. 10 (Oct. 2012). Wayne Vroman, The Urban Institute, IMPAQ International, *UI Benefits Study: An Analysis of Unemployment Insurance Non-Filers: 2005 CPS Supplement Results*, submitted to Department of Labor, Employment and Training Administration (Sept. 2008).

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percent versus 73.0 percent, respectively).<sup>82</sup> Though this difference is relatively small compared to some of those we found in our selected states' aggregated PUA data, it is statistically significant and represents a nationwide disparity. In addition, the Just Recovery Survey, administered during the pandemic, found that among individuals who applied for some form of unemployment support (including both regular UI and PUA) between March and October 2020, an estimated 34 percent of Black individuals and 26 percent of Hispanic/Latino individuals applying for these benefits were denied, a significantly higher share than the 14 percent of White, non-Hispanic/Latino individuals who were denied.<sup>83</sup>

Various factors could explain the racial and ethnic disparities we observed during the pandemic in the selected states' aggregated PUA data and in the national surveys. Racial and ethnic disparities could result from any differences affecting benefit receipt rates—including eligibility

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<sup>82</sup>GAO, *Management Report: Preliminary Information on Potential Racial and Ethnic Disparities in the Receipt of Unemployment Insurance Benefits during the COVID-19 Pandemic*, [GAO-21-599R](#) (Washington, D.C.: June 17, 2021). Because the questions in the Household Pulse Survey refer broadly to UI benefits, they likely include applicants for regular UI and PUA benefits. Both Black and White applicant groups discussed are limited to non-Hispanic/Latino individuals. The percentages represent responses to the final phase 3 survey (week 27), which collected data from March 17, 2021 through March 29, 2021. The difference in the rate of reported UI benefit receipt is statistically significant at the 95 percent confidence level and the margins of error for the White and Black, non-Hispanic/Latino groups are +/- 1.9 percentage points and +/- 4.8 percentage points, respectively. We also examined responses from each of the 10 phase 3 surveys (weeks 18-27). We found that applicants in the following racial and ethnic groups reported receiving UI benefits at a lower rate than White, non-Hispanic/Latino applicants, and these differences were statistically significant in multiple surveys: 1) Black, non-Hispanic/Latino UI applicants (this difference was statistically significant in 8 of the 10 phase 3 surveys); 2) Hispanic or Latino UI applicants (this difference was statistically significant in 2 of the 10 surveys); 3) Other or multiple races, non-Hispanic/Latino UI applicants (this difference was statistically significant in 4 of the 10 surveys). In all remaining surveys, each of these groups reported receiving benefits at a lower rate than White, non-Hispanic/Latino applicants, but the differences were not statistically significant.

<sup>83</sup>According to additional information provided by the survey report authors, the 95 percent confidence intervals around the Black, Hispanic/Latino, and White group results are +/- 9.7, +/- 10.1, and +/- 4.9 percentage points, respectively. According to the survey report, Black respondents include those who identified as both Hispanic/Latino and non-Hispanic/Latino, and the Hispanic/Latino group excludes those individuals who said they were both Black and Hispanic/Latino. Color of Change, National Employment Law Project, Time's Up Foundation, and The Worker Institute at Cornell ILR, *Foundations for a Just and Inclusive Recovery: Economic Security, Health and Safety, and Agency and Voice in the COVID-19 Era* (National Employment Law Project, Feb. 3, 2021).

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requirements—if they are correlated with race and ethnicity.<sup>84</sup> For example, one potential explanation for the disparities we identified is that systemic inequities—such as how states reviewed claims or applied program criteria—or individual biases could result in some states approving PUA claims differently based on applicants’ race or ethnicity. Alternatively or in addition, a high volume of potentially fraudulent PUA claims could result in the appearance of racial and ethnic disparities if these claims were concentrated in certain groups (i.e., if fraudsters more frequently selected a certain race).

We were not able to control for or otherwise take into account factors that might explain PUA benefit receipt rates, due to the aggregated nature of the state PUA data we obtained. Wisconsin officials stated that they did not know what the possible causes might be for the racial and ethnic disparities we found in their state data. Officials stated that their IT system does not capture the reason for denial of claims, and that they would need to examine each PUA application manually. Officials stated they are interested in performing this analysis either fully, or on a sample basis in the future to gain an understanding of these variances across groups. Louisiana and North Dakota officials stated that fraudulent claims could affect the PUA benefit receipt rates observed in their state data. For example, to the extent individuals submitting fraudulent PUA claims disproportionately used identities stolen from Black or Hispanic/Latino individuals relative to a state’s PUA applicants, and the state denied them, it could appear as though Black or Hispanic/Latino applicants received PUA benefits at a lower rate.<sup>85</sup> However, we did not examine rates of potential fraud across demographic groups or the rates at which

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<sup>84</sup>As we previously reported, according to DOL, claimants’ attachment to the workforce can affect their eligibility for regular UI benefits; thus, if certain racial and ethnic groups tend to have less continuous employment than other groups, they might receive regular UI benefits at lower rates. See [GAO-21-599R](#).

<sup>85</sup>North Dakota officials stated that the percentage of Black PUA applicants in the data they provided us (22.4 percent) may be higher than the actual Black PUA claim filing population in the state and disproportionate to the number of Black individuals living in the state, potentially indicating fraudsters claiming PUA disproportionately chose that race. Although not necessarily reflective of North Dakota, results from the Just Recovery Survey shared with us by the survey report authors suggest that nationwide, a significantly greater percentage of Black and Hispanic/Latino individuals applied for PUA than White individuals.

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states may have initially flagged legitimate claims as potentially fraudulent across groups.<sup>86</sup>

Because we cannot determine the causes, the disparities we found in the three selected states and the national surveys suggest the need for a more in-depth analysis of benefit equity in PUA, and potentially in other UI programs. For example, such an analysis could find that disparities in receipt of PUA were isolated, or it could find that disparities were caused by broad issues that could also affect the regular UI program (e.g., insufficient program controls). DOL has not systematically analyzed or monitored the extent of racial disparities in the UI system, including PUA, even though ensuring equitable access to UI is a program priority. For example, claims data DOL collects from states do not include information on the number of claimants by demographic group whose claims were approved and paid or denied. Federal standards for internal control state that management should use quality information to achieve its objectives.<sup>87</sup>

According to DOL, ensuring equitable access to UI is a longstanding priority for the agency. In 2015 guidance on program access, DOL emphasized that policies and practices must be carried out in a way that does not have a disproportionate impact on members of protected groups.<sup>88</sup> The guidance also notes that DOL has a role in providing technical assistance to states on program access. In addition, after PUA was created, a January 2021 executive order reiterated the need for

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<sup>86</sup>As part of its Equity Action Plan, released in April 2022, DOL noted that “fraud and identity verification detection methods may deter or disproportionately flag as ineligible underserved workers, especially workers of color or individuals who have changed names or genders.” DOL also stated that one of the goals of its efforts to improve equity in the UI system is to “revise fraud detection tools to ensure that screening methods do not have disparate impacts on underserved communities, while still effectively combatting fraud.”

<sup>87</sup>[GAO-14-704G](#).

<sup>88</sup>Department of Labor, Employment and Training Administration, *State Responsibilities for Ensuring Access to Unemployment Insurance Benefits*, Unemployment Insurance Program Letter (UIPL) No. 2-16 (Washington, D.C.: Oct. 1, 2015). Guidance issued in 2020 applied this to the CARES Act UI programs; see Department of Labor, Employment and Training Administration, *State Responsibilities for Ensuring Access to Unemployment Insurance Benefits, Services, and Information*, Unemployment Insurance Program Letter (UIPL) No. 2-16, Change 1 (Washington, D.C.: May 11, 2020).



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federal agencies to support equity in federal programs.<sup>89</sup> Subsequently, DOL issued its UI modernization plan, which emphasizes, among other things, that the agency is committed to ensuring the UI system “works for all workers.”<sup>90</sup> Among various efforts, the plan focuses on fixing short-term issues regarding equitable access to UI, and creating a framework for a more “equitable system for the long term.” In addition, in April 2022, DOL released its Equity Action Plan in response to the January 2021 executive order. Among other things, the plan outlined existing barriers to equitable outcomes in the UI system and summarized DOL’s ongoing and planned actions to advance equity and support marginalized, vulnerable, and underserved communities.

DOL has initiated some efforts to examine equity issues at the state level. DOL has noted that states lacked the resources they needed to quickly, accurately, and equitably manage the volume of claims submitted during the pandemic. As a result, according to DOL, underrepresented populations, among others, faced barriers in accessing unemployment insurance. Using some of the \$2 billion in funding made available by the American Rescue Plan Act of 2021, DOL is deploying teams of experts to states to help identify process improvements that can address equity, among other issues.<sup>91</sup> According to DOL officials, as of March 2022, 18 states had volunteered to participate in this effort in staggered cohorts. At that time, the teams of experts had finished gathering information and provided recommendations to six states, were finalizing their work with six states, and had begun initial meetings with six states.<sup>92</sup> Officials said they are in the process of using the expert teams’ findings to identify best practices and solutions for common challenges, which they plan to make available as a resource for all states. In November 2021, DOL also

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<sup>89</sup>Specifically, Executive Order 13985, signed on January 20, 2021, called on agencies to assess whether underserved communities and their members face systemic barriers in accessing benefits and opportunities.

<sup>90</sup>Department of Labor, “Fact Sheet: Unemployment Insurance Modernization: American Rescue Plan Act Funding for Timely, Accurate and Equitable Payment in Unemployment Compensation Programs” (Washington, D.C.: Aug. 11, 2021).

<sup>91</sup>The American Rescue Plan Act of 2021 appropriated \$2 billion for DOL to detect and prevent fraud, promote equitable access, and ensure the timely payment of UI benefits. Pub. L. No. 117-2, § 9032, 135 Stat. 4, 121.

<sup>92</sup>For more information, see [GAO-22-105397](#).

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announced the availability of up to \$200 million in grant funding for states to implement the expert teams' recommendations.<sup>93</sup>

DOL is also providing a total of up to \$260 million in grants to states to promote equitable access to UI.<sup>94</sup> According to DOL guidance, states have broad flexibility to determine what activities to support with grant funds, provided the activities will improve equity in the UI program.<sup>95</sup> In its guidance, DOL noted some examples of activities, including improving claimant outreach and expanding and improving collection of demographic data. DOL's guidance also details that states must identify and report progress on specific outcome measures for their grant-funded activities. At the end of January 2022, DOL officials said that 49 of 53 states and territories had applied for grants, and that DOL was in the process of reviewing submissions and working with states to ensure their applications would meet the requirements for approval. As of May 2, 2022, DOL had awarded grants totaling about \$56.5 million to the District of Columbia and 11 states: Alabama, Idaho, Indiana, Kentucky, Missouri, New Mexico, Oregon, Pennsylvania, Utah, Virginia, and Washington.

According to DOL, the agency has also begun work on its own analyses of equity in the UI system, though on a limited scale thus far. Officials stated that DOL has begun working with several selected states to establish partnerships for sharing UI claims records and wage data with DOL's Chief Evaluation Office to analyze equity-related indicators, including UI application, denial, and reciprocity rates by demographic groups. In its Equity Action Plan, released in April 2022, DOL noted that it plans to recruit more states to participate throughout 2022 and 2023. Though the effort is in its early stages, DOL stated that this analysis is

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<sup>93</sup>See Department of Labor, Employment and Training Administration, *Grant Opportunity to Support States Following a Consultative Assessment for Fraud Detection and Prevention, Promoting Equitable Access, and Ensuring the Timely Payment of Benefits, Including Backlog Reduction, for All Unemployment Compensation (UC) Programs*, Unemployment Insurance Program Letter (UIPL) No. 2-22 (Washington, D.C.: Nov. 2, 2021).

<sup>94</sup>In its guidance to states announcing the grants, DOL referred to our management report that provided preliminary information to DOL about potential racial and ethnic disparities in the receipt of UI benefits in some states during the COVID-19 pandemic. See [GAO-21-599R](#).

<sup>95</sup>Department of Labor, Employment and Training Administration, *Grant Opportunity for Promoting Equitable Access to Unemployment Compensation (UC) Programs*, Unemployment Insurance Program Letter (UIPL) No. 23-21 (Washington, D.C.: Aug. 17, 2021).

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intended to test for demographic differences within and across states, including by race and ethnicity, which can inform efforts to improve program administration and outreach.

In addition to these efforts, DOL has also made available up to \$15 million in total grant funding for selected state UI agencies to form partnerships with community organizations to help underserved workers learn about, apply for, and if eligible, receive UI benefits (referred to as navigator programs). It also launched a grant competition for an academic institution to create a new center to conduct and disseminate research related to the UI system, with a focus on equity in program administration and outcomes.<sup>96</sup>

The technical assistance and grant funds DOL is providing to states, and the planned effort to analyze claimant data in several states for differences in equity-related indicators across demographic groups, are positive steps towards achieving equity in the UI system. However, DOL currently lacks comprehensive information about the extent of inequities that may have occurred in the PUA program, and whether the underlying causes suggest systemic challenges. Without this information, DOL may be unable to determine whether states' efforts to improve equity in the UI system are addressing the most critical issues, including barriers individuals face in applying and variations in benefit receipt rates among eligible applicants. Addressing these issues will be important for DOL to meet its goals for UI modernization and its longstanding priority of ensuring equitable access to UI.

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## Conclusions

The scale of the COVID-19 pandemic and resulting unemployment placed immense strain on the UI system. Despite challenges states faced implementing the new PUA program amid public urgency, unprecedented demand for benefits, and an influx of potentially fraudulent claims, contingent workers we spoke with said that PUA was critical to meeting their financial needs. Now that the PUA program has ended, however, unemployment support is no longer available to a large population of U.S. workers whose financial needs after a job loss are similar to those in traditional employment arrangements.

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<sup>96</sup>For more information about the navigator program grants, see Department of Labor, *Grant Opportunity for States to Participate in the American Rescue Plan Act (ARPA) Unemployment Insurance (UI) Navigator Program*, UIPL 11-22 (Washington, D.C.: Jan. 31, 2022). According to the guidance, states may apply for up to \$3 million in funding.

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There are certain aspects of the UI system that may be challenging to apply to contingent and self-employed workers during normal economic times, such as determining when unemployment is involuntary for these workers outside of an emergency and working with state authorities to redefine benefit eligibility. However, without assessing whether there are systematic ways to support these workers during periods of involuntary unemployment, DOL cannot realize its vision for a modernized UI system that provides a lifeline to all workers. More workers may miss out on this vital lifeline if short term, intermittent, or contract work become more common employment arrangements. In addition, without proactive consideration about how best to support these workers in normal economic times, states may again face challenges, including greater fraud risks, if called on to implement temporary or disaster benefit programs that include these workers. DOL is uniquely positioned to assist the Congress and other policymakers by identifying options and providing insight about the benefits, risks, and feasibility of those options, given the agency's oversight of the UI system and its responsibility to ensure high performance of UI programs. According to DOL, it has historically provided technical assistance to Congress about UI legislative proposals and comprehensive UI reform and thus could do so again.

The racial and ethnic disparities we found in claimants' receipt of PUA in selected states suggest the need for more in-depth analysis of benefit equity in the program. Various factors could explain the disparities, and the data we analyzed did not allow us to examine potential causes. If the underlying causes of inequities in PUA receipt are systemic or indicative of insufficient program integrity controls, they may also affect the regular UI program. DOL has begun some efforts to examine and address UI equity issues at the state level and to modernize UI. However, without comprehensive information about the extent or causes of inequities in PUA benefit receipt and in the UI system nationwide, DOL may be challenged to effectively monitor state practices—including how a state reviews and determines claimant eligibility and whether it has barriers that affect certain groups' ability to access benefits—or meet its goals of advancing racial, geographic, and gender equity in the UI system.

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## Recommendations for Executive Action

We are making the following two recommendations to DOL:

The Secretary of Labor should study and advise the Congress and other policymakers on the costs, benefits, and risks of various options to systematically support self-employed and contingent workers during periods of involuntary unemployment outside of declared disasters,

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including considering options' feasibility and approach to fraud prevention. (Recommendation 1)

The Secretary of Labor should ensure the Office of Unemployment Insurance examines and publicly reports on the extent of and potential causes of racial and ethnic inequities in the receipt of Pandemic Unemployment Assistance benefits, as part of the agency's efforts to modernize UI and improve equity in the system. The report should also address whether there is a need to examine racial, ethnic, or other inequities in regular UI benefit receipt, based on the PUA findings. (Recommendation 2)

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## Agency Comments and Our Evaluation

We provided a draft of this report to DOL for review and comment. We also provided relevant excerpts of this report to officials from Arizona, Louisiana, New York, North Dakota, and Wisconsin for review and comment. We received written comments from DOL that are reproduced in appendix IV and summarized below. DOL and each state provided technical comments, which we incorporated, as appropriate.

DOL agreed with our recommendation to study and advise the Congress and other policymakers on the costs, benefits, and risks of various options to systematically support self-employed and contingent workers during periods of involuntary unemployment.

DOL partially agreed with our recommendation to examine and report on the extent of and potential causes of racial and ethnic inequities in the receipt of PUA benefits. DOL reiterated the importance of equitable access to UI and outlined its various efforts to address equity in the regular UI program. These efforts, which we discuss in more detail in our report, include establishing partnerships with selected states to obtain data to analyze measures of equity, awarding grants to states to support activities that promote equitable access to UI, and deploying teams of experts to states to identify actionable steps to improve equitable access to UI. DOL agreed that there are aspects of PUA worth examining to consider ways to structure future programs. However, DOL stated that enhancing demographic data collection in the permanent UI programs to inform actions to improve equity is a higher priority than performing a complete retrospective review of the PUA program, which is no longer operating.

We appreciate DOL's stated commitment to improving equity in UI programs, and to considering the insights in our report as it advances its ongoing and planned efforts. We are eager to see the results of these

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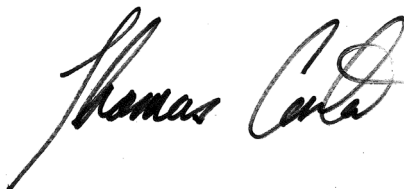
efforts, and we agree that a retrospective review of equity issues in the PUA program should not displace this important work. However, we maintain that examining and reporting on the extent of and potential causes of racial and ethnic inequities in the receipt of PUA benefits would provide valuable information for DOL and policymakers. For example, given the uniqueness of the PUA program—including the claimant population it covered and their less-traditional employment documentation—the causes of disparities in PUA benefit receipt may be different from the issues affecting equitable access to regular UI benefits. Understanding the extent and potential causes of disparities in the PUA program could help safeguard against such disparities in any future temporary programs that expand eligibility. Further, this understanding could inform DOL’s consideration of options to systematically support unemployed contingent and self-employed workers in response to our first recommendation.

Recognizing that DOL has valuable efforts under way, we encourage DOL to pursue such an analysis in tandem with these ongoing efforts. For example, DOL could consider obtaining and analyzing PUA data from the states with which DOL is establishing data partnerships, and then assessing the need for further study based on initial findings.

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We are sending copies of this report to the appropriate congressional committees, the Secretary of Labor, and other interested parties. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-4769 or [costat@gao.gov](mailto:costat@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix V.



Thomas Costa  
Director, Education, Workforce, and Income Security

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*List of Committees*

The Honorable Patrick Leahy  
Chairman  
The Honorable Richard Shelby  
Vice Chairman  
Committee on Appropriations  
United States Senate

The Honorable Ron Wyden  
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Committee on Appropriations  
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The Honorable Frank Pallone, Jr.  
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Committee on Ways and Means  
House of Representatives

The Honorable Danny K. Davis  
Chairman  
The Honorable Jackie Walorski  
Republican Leader  
Subcommittee on Worker and Family Support  
Committee on Ways and Means  
House of Representatives



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# Appendix I: Objectives, Scope, and Methodology

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The objectives of this review were to examine (1) how state implementation of the Pandemic Unemployment Assistance (PUA) program varied in terms of timing and volume of claims and benefits; (2) how the pandemic affected contingent workers in selected states and to what extent the unemployment insurance (UI) system assisted them; and (3) how PUA benefit receipt varied by demographic characteristics in selected states, and to what extent the Department of Labor (DOL) has examined variation systemwide. Determining the presence of improper payments and fraud in PUA was outside the scope of this work, but is being addressed in other reviews.

Throughout the report we use the term “contingent workers” to refer broadly to workers without traditional employment arrangements. Definitions of contingent work vary widely, focusing on the temporary nature or precariousness of a work arrangement, the lack of a traditional employer-employee relationship, or other concepts. We use a broad concept of contingent work to be inclusive of many different types of workers, such as those with temporary or gig employment, independent contractors, and self-employed and other workers without traditional employer-employee relationships.

The PUA program was designed to cover workers who were not eligible for regular UI, such as certain gig economy workers, self-employed individuals, and others with limited recent work history. Not all PUA claimants were contingent workers, such as those who had a traditional employment arrangement but insufficient work history to qualify for regular UI. In addition, not all contingent workers were eligible for PUA, such as gig workers who also had a part-time job with a traditional employer that made them eligible for regular UI. However, the populations of PUA claimants and the broad concept of contingent workers we use likely overlap substantially.

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## PUA Implementation

To examine state implementation of the PUA program, we reviewed federal agency documents, analyzed PUA data that states and territories reported to DOL, and interviewed officials from DOL and the DOL Office of Inspector General (OIG). We also met with officials from state workforce agencies in five selected states—Arizona, Louisiana, New York, North Dakota, and Wisconsin—to obtain nongeneralizable information about their states’ experiences implementing the PUA program and any challenges they faced. We selected these five states to include variety across several characteristics, including the volume of PUA claims, the timing of PUA implementation, and the percentage of the overall workforce that was self-employed. We also considered other

factors in identifying a diverse selection of states, such as experience with Disaster Unemployment Assistance (DUA), geographic dispersion, and whether states experienced high COVID-19 case rates early in the pandemic. We met with various state workforce agency officials in these five states, including officials who were familiar with PUA program implementation and administration, officials who worked with PUA program data, and officials who were familiar with state agency interactions with PUA claimants.

The PUA implementation experiences of these five selected states are not generalizable to all states and territories. For additional context about PUA implementation, we also met with national organizations familiar with state implementation of the PUA program and claimant experiences, including the National Association of State Workforce Agencies, the National Employment Law Project, and the Freelancers Union, as well as at least one worker advocacy organization in each of our five selected states.

**PUA first payment dates:** To analyze the timing of PUA implementation nationwide, we obtained from DOL the dates that states and territories made their first PUA payments. DOL collected these first payment dates from states and territories through its Employment and Training Administration's (ETA) regional offices, according to officials. We did not independently verify these dates with states and territories.

**DOL data on PUA claims:** To analyze the volume of PUA claims, benefits paid, and related issues, we used data from DOL's ETA 902P data file. States and territories submit PUA data to DOL on a monthly basis, including total numbers of initial applications filed, first payments made, weeks claimed, weeks compensated, and compensation amounts. DOL compiles these data in the ETA 902P data file. Some states and territories have not submitted data for certain months or certain data fields. States and territories, generally, may submit adjusted data for prior months at any time for up to three years following the reporting period, according to DOL officials. Thus, these data are current as of the date they are downloaded from DOL's data website. We obtained the ETA 902P data file on January 28, 2022.

We aggregated these data across states and territories and across months to examine PUA claims volumes, compensation paid, and approximate numbers of individuals paid (i.e., first payments) nationwide

and by selected states.<sup>1</sup> We also calculated summary information, such as

- average weekly compensation by dividing total compensation amounts by total weeks compensated;
- payment rate by dividing total first payments made by total initial applications submitted; and
- average duration that claimants received PUA by dividing total weeks compensated by total first payments made (an approximation of the number of individuals who received PUA).

Some states and territories did not report data in certain months or for certain data elements. In addition, we observed some data anomalies in some states' and territories' data. For some of our analyses, such as those examining total claims volume or total compensation paid, we included all states and territories' data. In these cases, missing data and anomalies may introduce some imprecision in the analyses, but we determined the data were sufficiently reliable to reflect nationwide demand for benefits, dollars paid, and claims processing workloads. For other analyses, such as those examining variation across states or situations in specific selected states, we excluded states and territories with substantial amounts of missing data or data anomalies. Specifically, for these analyses we generally excluded states and territories if:

- they were missing key data elements for any months between June 2020 and June 2021 (by June 2020 almost all states and territories had begun making PUA payments and after June 2021 some states began withdrawing from the PUA program);
- they reported more total first payments made than initial applications received;
- they reported more total weeks compensated than weeks claimed; and
- their reported data showed an average number of weeks compensated per first payment that was less than 8 weeks or more than 70 weeks (i.e., more than the maximum number of weeks from March 2020 through June 2021)—although the length of time

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<sup>1</sup>First payments approximate the number of individuals who received PUA because each recipient, generally, receives only one first payment.

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individual claimants received PUA certainly varied, an overall average length beyond these extremes suggests a data anomaly.

We conducted a data reliability assessment of the data elements used in our report from the ETA 902P data file. We reviewed technical documentation about the data file and interviewed DOL officials about the data file and specific data elements.<sup>2</sup> We also spoke with officials in our selected states about their reporting of PUA monthly data to DOL. We determined that the variables we used were sufficiently reliable for the purposes of this report.

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## Contingent Worker Experiences

To examine how the pandemic affected contingent workers in selected states and how the UI system assisted them, we conducted eight nongeneralizable discussion groups with contingent workers who reported applying for PUA in two of our selected states: Arizona and New York. We selected these states because they both experienced a high volume of PUA claims but differed in when they began making PUA payments. Specifically, New York was one of the first states to start making PUA payments, and Arizona was one of the later states.

We contracted with a vendor to recruit and screen discussion group participants, host the sessions virtually, and transcribe the sessions. To recruit discussion group participants, we provided selection criteria to the contractor. Specifically, we stipulated that potential participants must have been contingent workers prior to their loss of employment or reduction in work. We defined contingent workers as those workers who received their primary individual income as an independent contractor, freelancer, gig worker, tech-based app worker (e.g., rideshare apps), and/or self-employed worker. In addition, we specified that potential participants must have experienced a loss of employment or reduction in work due to the pandemic, and must have applied for PUA benefits in Arizona or New York. The contractor then contacted and screened potential participants. In selecting discussion group participants, we considered demographic characteristics, such as race, ethnicity, gender, and age, with the goal of achieving diversity across these characteristics, to the extent possible. We conducted these discussion group sessions virtually from May through July 2021.

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<sup>2</sup>According to DOL officials, certain data elements in the ETA 902P data file are generally not reliable, including the state-reported data on the number of claims determined eligible and the data for self-employed claimants. We did not use these data in our analyses or in this report.

We conducted four discussion groups in each state, including three groups with workers who reported receiving PUA benefits and one group with workers who reported applying for but not receiving PUA benefits. Across the 8 groups, in total, we spoke with 48 contingent workers who reported applying for PUA benefits. Of these, 37 contingent workers reported receiving benefits, and 11 reported not receiving benefits.

Discussions were facilitated by a moderator who used a standardized list of questions to encourage participants to share their thoughts and experiences. During these discussion groups, we asked participants about the reasons they lost employment or experienced reduced work, and whether they returned to their prior work or obtained new work. We also asked participants about their experiences applying for PUA benefits, including what worked well for them, and what they found challenging about the process. In the groups with workers who received PUA benefits, we asked participants about their experiences certifying for and receiving benefits, and whether the benefits they received were sufficient to meet their financial needs. We also polled participants about how long they waited between losing work and receiving PUA, and how long they received PUA overall. In the groups with workers who did not receive PUA benefits, we asked participants about the reason they did not receive benefits, and how, if at all, not receiving benefits affected them financially or in other ways. In all of the groups, we also asked participants whether the pandemic affected them in other ways.

We conducted a content analysis of the eight discussion group transcripts to identify similarities and differences across participants' responses to each discussion question, by subtopic. Our method of organization for the content analysis was to develop codes that reflected objective subtopics of each discussion group question. We used these subtopic codes to organize participants' responses for further analysis. For example, as noted above, we asked participants what worked well and what was challenging in applying for PUA benefits, submitting weekly certifications, and receiving benefits. For that question, we analyzed participants' responses by two subtopics: what worked well and what was challenging. We identified key themes across responses, as well as illustrative examples of these key themes. Given that participants shared a wide variety of experiences, we also identified examples that were mentioned less frequently, but that illustrated the variation in responses across participants. This content analysis was conducted by one analyst and verified by a second analyst. These two analysts discussed any differences of opinion and reached agreement on the key themes and

illustrative examples that best represented the similarities and differences in the experiences shared by discussion group participants.

Because the discussion groups were conducted in two states and included 48 contingent workers, the information we collected is not generalizable to all states or to all contingent workers or PUA applicants in the two states. We generally characterized the frequency of workers' experiences in broad terms such as "a few," "some," and "many" because the open-ended format of most discussion questions and time constraints meant that participants may not have discussed all aspects of their experiences. Thus, exact counts of worker experiences could be misleading. We generally consider "a few" to indicate two or more workers, "some" to indicate four or more workers, and "many" to indicate more than half of the group of workers being discussed. However, for multiple-choice poll questions we asked workers, we present exact counts of responses. For additional context about contingent worker experiences and some of the challenges workers shared with us, we used information from our interviews with officials from the state workforce agencies and worker advocacy organizations in our selected states. We also used results from some of our analyses of DOL's monthly PUA data, as previously discussed.

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## Variation in PUA Benefit Receipt

To examine how PUA benefit receipt varied by demographic characteristics in selected states, we primarily analyzed aggregated PUA claimant data obtained from our five selected states: Arizona, Louisiana, New York, North Dakota, and Wisconsin. We obtained data from our selected states on numbers of unique individuals claiming and receiving benefits (because DOL's monthly PUA data do not include this type of information). Specifically, we obtained counts by race and gender of the number of unique individuals who submitted initial claims for PUA benefits at any time during a specified period of the pandemic, and the number of unique individuals who received PUA benefits at any time during the same period. We also obtained the following data elements by month, racial and ethnic group, and gender:

- number of individuals who submitted initial claims for PUA, and
- number of individuals who submitted continued claims for PUA.

As part of our assessment of the reliability of these state data, we observed that Arizona's data included unreasonably high numbers of individuals submitting initial claims across multiple months. We also observed spikes in the number of individuals submitting PUA initial claims

in Louisiana's data in November 2020 and in New York's data in January, February, and March 2021. According to state officials, in all of these cases, the inordinately large numbers and spikes represented influxes of potentially fraudulent claims. Including large numbers of potentially fraudulent claims could distort comparisons of benefit receipt rates between groups, especially if these claims were concentrated in certain groups. Thus, for Louisiana and New York, we analyzed PUA claimant numbers during the period prior to the influx of the potentially fraudulent claims in November 2020 and January 2021, respectively. However, we determined the data we obtained from Arizona were not sufficiently reliable for the purposes of our analyses due to the substantial numbers of potentially fraudulent PUA claims across multiple months.

The final version of the data we obtained and analyzed from the four selected states with sufficiently reliable data covered the periods:

- Louisiana: January 2020 through October 2020;
- New York: January 2020 through December 2020;
- North Dakota: January 2020 through April 2021; and
- Wisconsin: January 2020 through April 2021.<sup>3</sup>

For each of these four states, we calculated PUA benefit receipt rates by dividing the number of unique individuals who received PUA benefits at any time during the analysis period by the number of unique individuals who submitted initial claims at any time during the period.<sup>4</sup> We analyzed the PUA benefit receipt rates for each state overall, by gender, and by

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<sup>3</sup>For each state, we requested data starting in January 2020 because the PUA program allowed retroactive claims for weeks of unemployment beginning on or after January 27, 2020. However, for our analyses, we refer to the period covered as the pandemic through each state's ending month. April 2021 is the latest ending month for any state due to the timing of the final data requests. We received final data from Arizona on July 22, 2021, Louisiana on August 10, 2021, New York on August 12, 2021, North Dakota on July 16, 2021, and Wisconsin on June 3, 2021.

<sup>4</sup>Submitting an initial claim for PUA is synonymous with applying for PUA. According to DOL, an initial claim is filed by an unemployed individual after a separation to request a determination of basic eligibility for the program. In Louisiana's data, individuals who selected multiple races are counted in each group they selected. As a result, some people get counted multiple times and the total number of individuals across all race groups is larger than the actual total number of unique individuals submitting initial PUA claims and receiving PUA benefits (about 2 percent larger for each data element). Because the overcounts are relatively small, the team determined the data were sufficiently reliable for the purposes of our analysis.

racial and ethnic group.<sup>5</sup> To summarize our findings, we established the following definitions to characterize differences between groups:

- **Relatively similar:** Differences of less than 3 percentage points
- **Relatively small differences:** Differences of between 3 and 10 percentage points
- **Substantial differences:** Differences of more than 10 percentage points

Our analysis is generalizable to PUA claimants in the four selected states and for the periods we analyzed, but not to other states or periods. For additional context on overall PUA payment rates by state, nationwide, we also used results from our analyses of DOL's monthly PUA data, as previously discussed.

We supplemented our analysis of state data with results from two national surveys on UI benefit receipt. Specifically, we analyzed national data from the Census Bureau's (Census) COVID-19 Household Pulse Survey (Household Pulse Survey), phase 3.<sup>6</sup> We conducted our analysis of the Household Pulse Survey as part of a previously published management

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<sup>5</sup>We do not present results for individuals of other/unknown race or ethnicity because the mix of individuals who did not select a race/ethnicity or selected more than one means the results cannot be meaningfully interpreted. This group represented about 7 percent of PUA applicants in the Louisiana data, 23 percent in the New York data, 2 percent in the North Dakota data, and 12 percent in the Wisconsin data.

<sup>6</sup>The Household Pulse Survey, an experimental data product, is an interagency federal statistical rapid response survey to measure household experiences during the COVID-19 pandemic. The survey was conducted by Census in partnership with seven other agencies from the Federal Statistical System. Phase 3 surveys were conducted on a biweekly basis from October 28, 2020, through March 29, 2021 (a total of 10 surveys). National-level weighted response rates for the phase 3 biweekly surveys ranged from 5.3 to 7.5 percent. For example, for the final phase 3 survey (week 27), 1,040,111 housing units were randomly sampled and 77,104 respondents answered the survey questionnaire (the national level weighted response rate was 7.2 percent). In March 2021, Census published the results of a nonresponse bias analysis that identified evidence of response patterns that could result in biased estimates. The report also concluded that Census found evidence that its adjusted sampling weights help mitigate, though may not completely eliminate, nonresponse bias in the final survey estimates. Census Bureau, *Nonresponse Bias Report for the 2020 Household Pulse Survey* (Mar. 24, 2021).



report.<sup>7</sup> As we reported, the Household Pulse Survey asked respondents whether they had applied for UI benefits since March 13, 2020, and if so, whether they had received UI benefits. Because the questions refer broadly to UI benefits, they likely cover regular UI, PUA, and the other temporary UI programs. To determine whether there were differences in the receipt of benefits by race and ethnicity, we calculated the percentage of UI applicants who reported receiving UI benefits by racial and ethnic group, and tested differences for statistical significance.

We also analyzed published findings and additional analysis results shared with us from the Just Recovery Survey, which was administered during the pandemic by the research firm SSRS.<sup>8</sup> Although we did not independently analyze this survey's data, we interviewed officials who were responsible for administering the survey about its methods and results, and determined that their findings were sufficiently reliable for the purposes of our report. The additional analysis results were shared with us by the survey report's authors.

We conducted a data reliability assessment of the data elements we obtained from our selected states and the data elements we used from the Household Pulse Survey. For the state data, we interviewed officials in our selected states about their data systems and also sent them clarification questions about specific data elements they provided during our preliminary analyses and reliability assessment. For the Household Pulse Survey, we reviewed survey documentation, Census reports on the survey data's accuracy and potential nonresponse bias in the data, and written responses to questions we sent to Census. We determined that the variables we used from the data obtained from Louisiana, New York,

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<sup>7</sup>For additional methodological details, see GAO, *Management Report: Preliminary Information on Potential Racial and Ethnic Disparities in the Receipt of Unemployment Insurance Benefits during the COVID-19 Pandemic*, [GAO-21-599R](#) (Washington, D.C.: June 17, 2021).

<sup>8</sup>The survey research firm SSRS, in coordination with the Cornell Survey Research Institute, administered the Just Recovery Survey in September and October of 2020. The survey used a nationally representative random sample (n=3,100), with an oversample of Black and Hispanic/Latino respondents; 5,382 panelists were invited to participate in the survey. The report notes that survey weights were applied to provide estimates representative of the U.S. adult population, 18 years of age and older, in the labor market, and with internet access. Color of Change, National Employment Law Project, Time's Up Foundation, and The Worker Institute at Cornell ILR, *Foundations for a Just and Inclusive Recovery: Economic Security, Health and Safety, and Agency and Voice in the COVID-19 Era* (National Employment Law Project, Feb. 3, 2021).

North Dakota, and Wisconsin and from the Household Pulse Survey were sufficiently reliable for the purposes of this report.

Related to multiple objectives, we interviewed DOL officials about the agency's activities related to PUA program implementation and administration, as well as ongoing and planned activities analyzing the PUA program, modernizing the UI system, and supporting equity across UI programs. For all objectives, we also reviewed relevant federal laws and regulations.

We conducted this performance audit from July 2020 to June 2022 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.

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# Appendix II: Counts of Pandemic Unemployment Assistance (PUA) Continued Claims versus Individuals Claiming Benefits

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In November 2020, we reported that the number of continued claims—claims filed by individuals who remain unemployed—reported by states during the pandemic does not approximate the number of claimants because individuals sometimes submitted continued claims for multiple prior weeks of unemployment at a time, and each benefit week is counted as a separate claim.<sup>1</sup> As we reported, multi-week claims for PUA were especially prevalent because individuals accumulated weeks of unemployment as states implemented the new program—especially given claimants’ ability to claim benefits retroactively—and as states faced claims processing backlogs. In that report, using claims data reported by states to the Department of Labor (DOL), we estimated that across 20 selected states, the number of PUA continued claims submitted through June 27, 2020, exceeded by almost 20 million the cumulative number of individuals who had submitted an initial claim (an upper bound estimate of individuals who could potentially claim benefits each week).<sup>2</sup> However, due to the nature of the data, this was a broad estimate.

Using aggregated PUA claimant data we obtained for this report, we have refined this analysis for three selected states, and observed a similar pattern of PUA continued claims numbers far exceeding the number of

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<sup>1</sup>GAO, *COVID-19: Urgent Actions Needed to Better Ensure an Effective Federal Response*, [GAO-21-191](#) (Washington, D.C.: Nov. 30, 2020). Prior to the pandemic, according to DOL officials, the number of continued claims approximated the number of people claiming benefits because each week individuals typically filed a claim for just the previous one week of continued unemployment.

<sup>2</sup>As we reported, we selected states from among the 26 that, at the time, had begun reporting PUA initial claims to DOL within 1 week of the implementation date they reported to DOL. We excluded several of these states due to data reliability concerns. We calculated the states’ total PUA initial claims submitted, at that time, from the beginning of the program through the week ending June 27, 2020, and compared that to the number of PUA continued claims submitted each week. Because individuals cannot submit a continued claim without having first been counted as an initial claim, the cumulative count of initial claims submitted represents an upper bound estimate of the number of individuals who could submit a continued claim in any period. The actual number of individuals would be lower than this estimate because some initial claims are denied during eligibility reviews and for other reasons, and some individuals exit the PUA program each week due to obtaining employment or for other reasons. Because initial claim denials and program exits occur each week, an estimate of cumulative initial claims that does not account for these reductions is less accurate the more weeks it includes—i.e., the estimated count is increasingly higher than reality each week, thus underestimating the difference with the number of continued claims. For that reason, our analysis only ran through the week ending June 27, 2020. See [GAO-21-191](#).

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**Appendix II: Counts of Pandemic  
Unemployment Assistance (PUA) Continued  
Claims versus Individuals Claiming Benefits**

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individuals submitting claims.<sup>3</sup> For example, in August 2020, the average number of PUA continued claims submitted per week exceeded the number of unique individuals submitting PUA claims that month by about 34 percent in New York, 41 percent in North Dakota, and 86 percent in Wisconsin (see fig. 6).<sup>4</sup> These illustrative examples depict the differences between counts of PUA claims and claimants with greater precision than the rougher estimate in our November report because we used counts of individuals submitting PUA claims instead of having to use cumulative initial claims as an approximation of people.

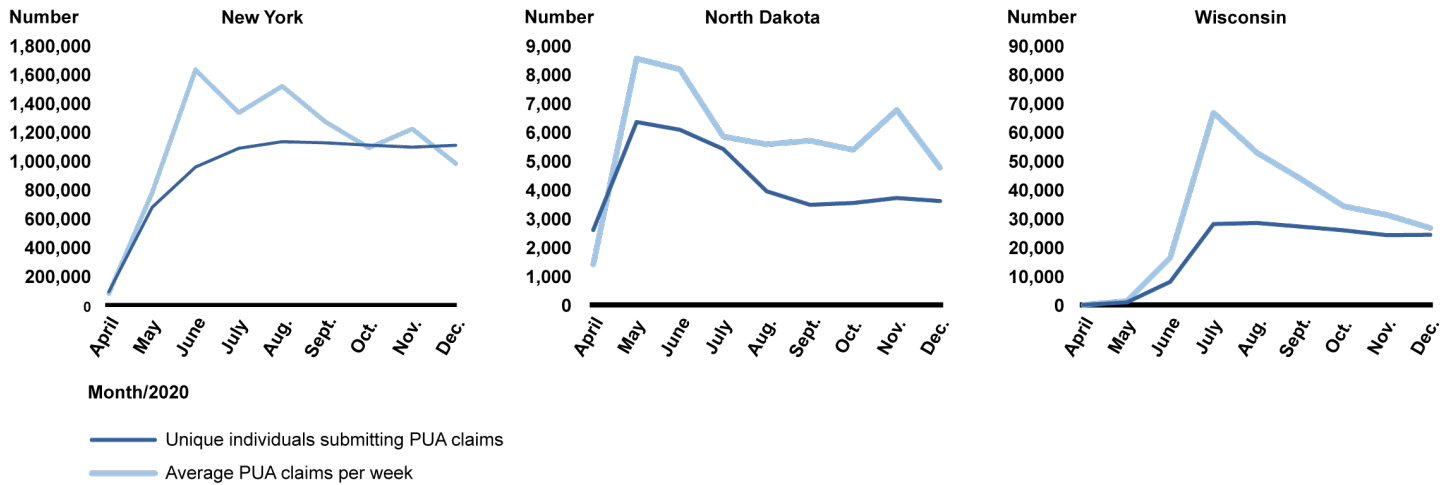
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<sup>3</sup>We excluded Arizona and Louisiana from this analysis because each state experienced spikes in potentially fraudulent claims before the end of 2020 and thus the data are not reliable for the purposes of this analysis.

<sup>4</sup>We compared the number of unique individuals submitting continued claims each month to the average continued claims submitted per week from DOL's ETA 902P data file, which we obtained on January 28, 2022 (states may submit adjusted data to DOL over time). We calculated average continued claims submitted per week by dividing the total number of claims in the month by the number of weeks in that month (e.g., for months with 30 days, we divided by 4.29). We used this comparison as a conservative estimate of the extent to which counts of continued claims each week exceed the number of individuals submitting those claims. If some individuals do not submit a continued claim in every week of a month (which is likely to be the case), then we would expect the average claims submitted per week to be less than the number of individuals submitting those claims. Thus, the count of claims submitted would exceed that expectation by even more than our conservative comparison.

Appendix II: Counts of Pandemic Unemployment Assistance (PUA) Continued Claims versus Individuals Claiming Benefits

Figure 6: Comparison of Average Number of PUA Continued Claims Submitted Per Week and Number of Unique Individuals Submitting PUA Claims during the Month



Source: GAO analysis of aggregated PUA claimant data provided by states and monthly PUA claims data reported by states to DOL. | GAO-22-104438

Notes: Average Pandemic Unemployment Assistance (PUA) claims submitted per week are from the Department of Labor’s (DOL) ETA 902P data file, which we obtained on January 28, 2022. States may submit adjusted data to DOL over time. We calculated average PUA claims submitted per week by dividing the total number of PUA weeks claimed (i.e., continued claims) in the month by the number of weeks in that month (e.g., for months with 30 days, we divided by 4.29). We used this comparison as a conservative estimate of the extent to which counts of continued claims each week exceed the number of individuals submitting those claims. We obtained data on the number of individuals submitting PUA claims each month from New York, North Dakota, and Wisconsin.

# Appendix III: Summary of Pandemic Unemployment Assistance (PUA) Data Reported to the Department of Labor (DOL) by Selected States through June 2021

The table below displays summary information about PUA claims and payments for selected states, based on data they submitted to DOL. We calculated, by state, total PUA applications received, total first payments made, payment rate, total compensation paid, total weeks paid, average amount paid per week, and weeks paid per first payment. We limited our analysis to the 40 states we determined to have sufficiently reliable data for this purpose and, to keep the data comparable, limited the period of analysis to go through June 2021, prior to some states' early termination of the program.

**Table 3: Selected States' PUA Applications, First Payments, and Compensation through June 2021, According to Data Reported by States to DOL**

State	Total initial applications	Total first payments made	Payment rate <sup>a</sup>	Total amount paid	Total weeks paid	Average amount paid per week <sup>b</sup>	Minimum weekly compensation <sup>c</sup>	Weeks paid per first payment <sup>d</sup>
Alabama	260,102	132,854	51%	\$342,454,019	2,654,923	\$129	\$113	20
Alaska	51,150	16,022	31%	\$72,979,802	392,312	\$186	\$133	24
Arizona	4,345,223	1,394,983	32%	\$2,791,883,503	18,723,477	\$149	\$117	13
Arkansas	270,055	82,204	30%	\$459,728,583	3,371,467	\$136	\$132	41
California	4,866,321	2,589,038	53%	\$27,288,172,207	101,195,736	\$270	\$167	39
Colorado	1,329,740	386,051	29%	\$1,531,272,849	5,132,361	\$298	\$223	13
Delaware	17,218	9,115	53%	\$64,791,043	378,372	\$171	\$133	42
Hawaii	182,412	57,190	31%	\$671,845,354	2,397,011	\$280	\$263	42
Idaho	86,687	52,175	60%	\$94,904,339	499,020	\$190	\$168	10
Illinois	740,439	294,081	40%	\$3,479,323,699	14,623,847	\$238	\$198	50
Indiana	691,499	299,076	43%	\$1,298,530,651	7,233,059	\$180	\$149	24
Iowa	98,863	38,926	39%	\$259,833,617	1,089,524	\$238	\$203	28
Kansas	282,475	29,214	10%	\$252,671,337	774,389	\$326	\$192	27
Louisiana	476,121	302,227	63%	\$934,312,019	7,524,552	\$124	\$107	25
Maryland	869,654	522,207	60%	\$3,351,516,908	13,319,126	\$252	\$176	26
Massachusetts	984,279	631,681	64%	\$5,224,853,991	17,709,893	\$295	\$267	28
Michigan	1,782,312	996,048	56%	\$6,275,630,198	29,078,945	\$216	\$160	29
Minnesota	112,695	103,685	92%	\$888,045,473	3,081,476	\$288	\$234	30
Mississippi	321,567	185,201	58%	\$406,304,387	3,596,093	\$113	\$106	19
Missouri	150,051	144,882	97%	\$529,814,701	3,509,866	\$151	\$133	24
Montana	94,567	24,532	26%	\$149,306,252	797,930	\$187	\$184	33
Nebraska	63,189	22,156	35%	\$81,911,766	443,741	\$185	\$173	20
Nevada	1,471,538	193,720	13%	\$1,155,365,017	4,667,035	\$248	\$181	24
New Jersey	800,024	593,233	74%	\$5,403,450,376	20,375,078	\$265	\$230	34

**Appendix III: Summary of Pandemic  
Unemployment Assistance (PUA) Data  
Reported to the Department of Labor (DOL) by  
Selected States through June 2021**

State	Total initial applications	Total first payments made	Payment rate <sup>a</sup>	Total amount paid	Total weeks paid	Average amount paid per week <sup>b</sup>	Minimum weekly compensation <sup>c</sup>	Weeks paid per first payment <sup>d</sup>
New Mexico	205,516	75,061	37%	\$417,780,038	2,168,073	\$193	\$169	29
New York	2,878,819	1,950,612	68%	\$15,996,395,098	71,713,718	\$223	\$178	37
North Carolina	502,777	268,930	53%	\$1,213,532,572	8,396,506	\$145	\$132	31
North Dakota	37,670	15,851	42%	\$70,506,873	261,865	\$269	\$228	17
Ohio	2,481,918	877,150	35%	\$3,135,828,507	13,991,461	\$224	\$189	16
Oklahoma	120,808	39,508	33%	\$242,615,224	1,218,234	\$199	\$189	31
Oregon	346,410	115,293	33%	\$887,655,657	4,124,322	\$215	\$205	36
Pennsylvania	2,402,228	1,297,421	54%	\$9,606,574,757	39,283,873	\$245	\$195	30
Rhode Island	357,018	134,823	38%	\$591,293,870	2,446,931	\$242	\$183	18
Tennessee	280,546	142,276	51%	\$629,757,733	4,214,254	\$149	\$120	30
Texas	1,190,185	765,499	64%	\$5,602,108,328	26,816,085	\$209	\$207	35
Utah	72,615	12,824	18%	\$82,745,573	333,577	\$248	\$211	26
Washington	617,850	205,243	33%	\$2,172,803,051	8,732,179	\$249	\$235	43
West Virginia	201,934	36,292	18%	\$129,992,650	774,728	\$168	\$158	21
Wisconsin	177,745	44,136	25%	\$305,538,566	1,585,701	\$193	\$163	36
Wyoming	6,535	5,671	87%	\$26,590,215	108,928	\$244	\$193	19

Source: GAO analysis of the Department of Labor's (DOL) monthly Pandemic Unemployment Assistance (PUA) claims data reported by states. | GAO-22-104438

Notes: We ended our analysis through June 2021, prior to some states' decisions to terminate the PUA program before its expiration. Data are from DOL's ETA 902P data file, which we obtained on January 28, 2022. States may submit adjusted data to DOL over time. We limited our analysis to 40 of 53 states and territories because the PUA claims data they reported to DOL were sufficiently reliable for our purposes. We excluded the other states and territories due to their having multiple months of missing data or data anomalies.

<sup>a</sup>We calculated PUA payment rate by dividing each state's total number of first payments made (an approximation of the number of individuals who received PUA) by the total number of initial applications submitted. Generally, each PUA claimant submits one initial application and each recipient receives one first payment.

<sup>b</sup>We calculated average PUA compensation amount paid per week by dividing each state's total amount compensated by the total number of benefit weeks compensated.

<sup>c</sup>Minimum weekly compensation amounts for each state are from UIPL 3-20. According to DOL, states must use the amounts set in UIPL 3-20 as the minimum PUA weekly benefit for all claims. See Department of Labor, Employment and Training Administration, *Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Pandemic Unemployment Assistance (PUA) Program Reporting Instructions and Questions and Answers*, Unemployment Insurance Program Letter (UIPL) No. 16-20, Change 1 (Washington, D.C.: Apr. 27, 2020), and Department of Labor, Employment and Training Administration, *Minimum Disaster Unemployment Assistance (DUA) Weekly Benefit Amount: January 1 - March 31, 2020*, Unemployment Insurance Program Letter (UIPL) No. 3-20 (Washington, D.C.: Dec. 12, 2019).

<sup>d</sup>We calculated PUA weeks paid per first payment by dividing the total number of benefit weeks compensated by the total number of first payments made (an approximation of the number of individuals who received PUA). PUA weeks paid per first payment is an approximation of the average duration claimants received PUA.

# Appendix IV: Comments from the Department of Labor

U.S. Department of Labor

Assistant Secretary for Policy  
Washington, D.C. 20210



April 26, 2022

Thomas M. Costa  
Director  
Education, Workforce, and Income Security  
U.S. Government Accountability Office  
441 G St. N.W.  
Washington, DC 20548

RE: Pandemic Unemployment Assistance (PUA) for Contingent Workers, GAO-22-104438

Dear Director Costa:

The U.S. Department of Labor (Department) appreciates the information, analysis, and insights that the U.S. Government Accountability Office (GAO) has shared in this report. Ensuring all eligible workers have fair access to unemployment compensation (UC) is a priority for the Biden-Harris administration. This report will inform the Department's ongoing efforts to address barriers to accessing benefits, especially those which result in or exacerbate existing racial and ethnic inequities. Further, the Department understands that GAO is including two recommendations in this report.

In the first recommendation in its report, the GAO recommends:

The Secretary of Labor should study and advise the Congress and other policymakers on the costs, benefits, and risks of various options to systematically support self-employed and contingent workers during periods of involuntary unemployment outside of declared disasters, including considering options' feasibility and approach to fraud prevention.

The Department agrees with GAO's first recommendation.

As the GAO report correctly notes, the President's FY 2022 Budget included a clear statement on Principles of Reform for the Unemployment Insurance program, including one that states:

- **The UI systems must reflect the modern economy and labor force.** . . . In addition, the Administration supports finding a way to address the lack of support in the existing UI system for many workers, including independent contractors, low-income and part-time workers, and workers with nontraditional work histories.

The Department regularly considers the effect and impact of extending coverage to groups currently excluded under the law and welcomes GAO's recommendation to consider contingent



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**Appendix IV: Comments from the Department of Labor**

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and self-employed workers in particular. The Department continues to stand ready to provide legislative technical assistance to Congress on this topic upon request as well.

In the second recommendation in its report, the GAO recommends:

The Secretary of Labor should ensure the Office of Unemployment Insurance examines and publicly reports on the extent of and potential causes of racial and ethnic inequities in the receipt of Pandemic Unemployment Assistance benefits, as part of the agency's efforts to modernize UI and improve equity in the system. The report should also address whether there is a need to examine racial, ethnic, or other inequities in regular UI benefit receipt, based on the PUA findings.

The Department partially agrees with GAO's second recommendation.

We are both encouraged and excited to see GAO studying, promoting further research, and raising greater awareness of equity in the administration of the UC programs. The President's FY 2022 Budget specifically called out the need to address racial disparities in UI benefit receipt, and the Department shares in this goal. Equitable access to these economic stabilizing programs is needed to ensure that the broadest swath of workers—both in traditional and nontraditional employment relationships as our economy evolves—can benefit from the critical safety net that UI programs provide.

The Department is currently engaged in a thoughtful and strategic approach of identifying enhanced data needed to appropriately inform future guidance, performance measures, and assistance to states. This is an intricate process that will involve working with the states, which administer the day-to-day operations of the UI programs. We need to help states recover from the pandemic's overwhelming impact on UI performance and operations. While there are aspects of PUA worth examining to consider ways to structure future programs, the Department believes in prioritizing the development of enhanced demographic data collections on the permanent UI programs to inform actions to improve equity rather than performing a complete retrospective review on the Pandemic Unemployment Assistance program, which was a temporary program that is no longer operating.

In addition, the Department is currently pursuing workstreams to address equity in the regular UI programs. As GAO is already aware, Congress allocated \$2 billion to the Department to – among other things – promote equitable access to UC programs and benefits. Leveraging these funds, the Department is actively working to identify trends, as well as understand how systemic problems can result in inequities. The Department is presently leading five major initiatives that will support efforts to examine and address barriers to accessing UC benefits.

- **Equity Data Partnerships:** The Department is partnering with a number of states to gather a better understanding of workers' access to UC benefits, as well as the barriers worker communities face when accessing benefits. As part of this equity data partnership, states will share individual-level UI program records with the Department, which will analyze the data and develop summaries and tabulations of key equity-oriented indicators, including application, reciprocity, timeliness, and accuracy rates by race, ethnicity, gender, age, and

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geography, among other groups. With this information in hand, states will have an opportunity to examine their data; analyze trends and gaps, should they exist; and ultimately, use their learnings to improve equitable access to the UI programs.

- **UI Equity Grants:** On August 17, 2021, the Department published Unemployment Insurance Program Letter (UIPL) No. 23-21, which announced the availability of \$260 million for activities that promote equitable access to UC programs. These first-of-their-kind grants in the UC programs may be used for activities that include, but are not limited to, eliminating administrative barriers to benefit application, reducing state workload backlogs, and improving the timeliness of UC payments to eligible individuals. On March 1, 2022, the Department announced the first round of grant awards to four states (District of Columbia, Oregon, Pennsylvania, and Virginia). On March 29<sup>th</sup>, the Department made a second round of equity grant awards to Alabama, Idaho, Missouri, and New Mexico. We plan to announce additional awards on a rolling basis.
- **UI Tiger Teams:** The Department has engaged with 18 states so far to use multidisciplinary teams to identify quickly actionable steps that states can take to rapidly improve equitable access, detect, and prevent fraud, improve customer experience, and support timely delivery of benefits in the UC programs. In addition, the Department is making grant opportunities available to states participating in this Tiger Team initiative to implement the recommendations developed through the engagement. See UIPL No. 02-22, issued on November 2, 2021.
- **UI Navigator Grants:** On January 31, 2022, the Department published UIPL No. 11-22, which announced the availability of \$15 million for pilots in 5 states to help workers learn about, apply for, and, if eligible, receive UI benefits and related services. This funding will support state agencies in delivering timely benefits to workers – especially individuals in groups that are historically underserved, marginalized, and adversely affected by persistent poverty and inequality. States may apply for up to \$3 million in funding for a 36-month period of performance, with an anticipated start date of July 1, 2022.
- **Academic Partnerships:** The Department of Labor is leveraging outside research expertise and capacity to better understand gaps in UI benefits access and strategies for broadening timely access to eligible workers. In 2021, the Department’s Chief Evaluation Office supported two teams of external researchers in conducting research projects on access barriers to the UI system, both before and during the pandemic. These projects have also specified important lessons for how the Department can better leverage existing data, especially federal and private-sector surveys, to track UI reciprocity and access across demographic groups. In addition, on January 10, 2022, the Department’s Chief Evaluation Office forecasted a new grant opportunity, the Elizabeth Brandeis Unemployment Insurance Labor Research Center, to support an academic institution or network of institutions in conducting research on equity issues in the UI program, including through data-sharing partnerships with state governments and the Department.

In addition to these key initiatives, as part of a comprehensive effort to modernize the UI system, the Department has worked and continues to work with states to ensure that they have both the

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resources and knowledge necessary to identify inequities and address disparities, including but not limited to accessibility, benefit levels, and claimant experiences. As we advance these efforts, the Department will remain cognizant of GAO's insights and work in this important area.

Again, we greatly appreciate GAO contributing to the efforts to raise awareness of the need for improved equity in the UI programs. Thank you for sharing this information and for the opportunity to respond to this report.

Sincerely,



Rajesh D. Nayak  
Assistant Secretary for Policy

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# Appendix V: GAO Contact and Staff Acknowledgments

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## GAO Contact

Thomas Costa, (202) 512-4769, [costat@gao.gov](mailto:costat@gao.gov)

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## Staff Acknowledgments

In addition to the contact named above, Nagla'a El-Hodiri (Assistant Director), Michael Kniss (Analyst in Charge), Lauren Anderson, Caitlin Croake, Abby Marcus, and Liz Spurgeon made key contributions to this report. Also contributing to this report were Holly Dye, Justin Fisher, Alex Galuten, Abigail Loxton, Mimi Nguyen, Ardith Spence, Walter Vance, and Adam Wendel.

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