

## **BRIEFLY...**

Highlights of Report Number 18-15-003-03-315, issued to the Assistant Secretary for Employment and Training.

### **WHY READ THE REPORT**

The Unemployment Insurance (UI) program is designed to provide benefits to individuals out of work and is administered at the state level, but benefits are funded by both state and federal monies derived primarily from employer taxes. The New York State Department of Labor's Unemployment Insurance Division (New York) is responsible for designing controls to detect and recover UI benefit overpayments. The American Recovery and Reinvestment Act of 2009 (Recovery Act), which was enacted in February 2009, provided additional funding for the Extended Benefits (EB), Emergency Unemployment Compensation (EUC), and Federal Additional Compensation (FAC) programs.

The audit covered the processes and procedures New York used to detect, reduce, recover, and report UI improper payments from the inception of the Recovery Act through December 2012. The state paid \$17.6 billion in EB, EUC, and FAC benefits, in addition to \$14 billion in state-funded UI benefits during that period.

### **WHY OIG CONDUCTED THE AUDIT**

Our audit objective was to answer the following question:

How effective was New York at detecting, reducing, recovering, and reporting UI improper payments and at implementing Employment and Training Administration (ETA) National Strategies to reduce improper payments?

### **READ THE FULL REPORT**

To view the report, including the scope, methodology, and full agency response, go to:

<http://www.oig.dol.gov/public/reports/oa/2015/18-15-003-03-315.pdf>.

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## **RECOVERY ACT: EFFECTIVENESS OF NEW YORK IN DETECTING AND REDUCING UNEMPLOYMENT INSURANCE IMPROPER PAYMENTS AND IMPLEMENTATION OF ETA NATIONAL STRATEGIES**

### **WHAT OIG FOUND**

We found New York showed significant improvement in its detections of improper payments and generally met or exceeded the goals established by ETA for reducing and recovering improper payments. However, the accuracy of New York's reporting of overpayment and recovery activities could not be determined because New York was not able to pass ETA's data validation process.

New York took a proactive approach in implementing and developing new and innovative methods to detect, reduce, and recover improper payments. New York was able to initiate all eight ETA National Strategies prior to experiencing a large increase in claims due to the implementation and extension of federal UI benefits.

### **WHAT OIG RECOMMENDED**

We recommended the Assistant Secretary for Employment and Training work with and encourage New York to develop controls for the periodic review and testing of its legacy systems' data extraction and reporting process, and include in its systems modernization effort the necessary applications and processes to enable New York to pass ETA data validation requirements.

ETA agreed with the recommendations and has already taken steps to implement the recommendations.