

**U.S. Department of Labor
Office of Inspector General
Office of Audit**

BRIEFLY...

Highlights of report number 18-16-003-03-315, 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. The American Recovery and Reinvestment Act of 2009 (Recovery Act) provided additional funding for benefits for the Extended Benefits (EB), Emergency Unemployment Compensation (EUC), and Federal Additional Compensation (FAC) programs.

The audit covered Colorado's efforts to detect, reduce, recover, and report UI improper payments from the February 2009 inception of the Recovery Act through December 2012. The state paid \$3.9 billion in EB, EUC, and FAC benefits, in addition to \$3.3 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 Colorado 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/2016/18-16-003-03-315.pdf>.

December 2015

RECOVERY ACT: EFFECTIVENESS OF COLORADO IN DETECTING AND REDUCING UNEMPLOYMENT INSURANCE IMPROPER PAYMENTS AND IMPLEMENTATION OF EMPLOYMENT AND TRAINING ADMINISTRATION NATIONAL STRATEGIES

WHAT OIG FOUND

We found Colorado did not effectively detect, reduce, or recover improper payments, and the integrity of the data Colorado reported to ETA could not be determined. Colorado's detection rates remained well short of its target of 50 percent from 2010 through 2012, and its improper payment rates remained above the target rate of 10 percent during our audit period. This was due in part to the state experiencing a significant increase in volume of UI claims, combined with the increased complexity of the EB and EUC programs, which overloaded Colorado's capacity and strained its resources. Colorado implemented all nine of the ETA National Strategies, but was not able to demonstrate their effectiveness.

WHAT OIG RECOMMENDED

We made several recommendations for ETA to work with Colorado to help the state demonstrate the effectiveness of ETA's National Strategies and improve its detection and recovery rates.

ETA and Colorado generally agreed with the recommendations and described planned and in-process corrective actions, except Colorado disagreed with the way information was depicted in the graphs. However, Colorado said it would continue to work with ETA to adopt new approaches to prevent, detect, and recover overpayments.