

Congress of the United States
Washington, DC 20515

May 15, 2020

The Honorable Gene L. Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
441 G St NW
Washington, DC 20548

Dear Mr. Dodaro:

We write to request that the Government Accountability Office (GAO) conduct a study of the challenges and opportunities for improvement experienced by the Department of Labor (DOL) and state unemployment insurance (UI) agencies as they have implemented the provisions of the various COVID-19 relief packages and grappled with the sudden influx of claims caused by COVID-19.

As you know, several recent pieces of legislation have been enacted to respond to the pandemic. Several of these acts have addressed the burgeoning unemployment engendered by the response to the virus. The Families First Coronavirus Response Act (FFCRA; P.L. 116-127) included the Emergency Unemployment Insurance Stabilization and Access Act of 2020. This legislation provides \$1 billion for emergency grants to states for processing and paying unemployment insurance benefits, including staffing, technology, systems, and other administrative costs. Half of this total is reserved for emergency grants to states who experience an increase in unemployment of at least 10 percent. The Act also provides interest-free loans to help pay UI benefits, authorizes the Secretary of Labor to provide technical assistance for work-sharing programs, and provides 100 percent federal funding for Extended Benefits in states who experience an unemployment increase of 10 percent or more.

Furthermore, the Coronavirus Aid, Relief, and Economic Security Act, or CARES (P.L. 116-136), provides federal expansions to state unemployment insurance programs. Significantly, CARES established Pandemic Unemployment Assistance, Federal Pandemic Unemployment Compensation, and Pandemic Emergency Unemployment Compensation. These provisions created a program to provide unemployment benefits to those who do not qualify for regular unemployment benefits, add an additional federal \$600 in compensation to every weekly state unemployment benefit, and provide an additional 13 weeks of federally-funded unemployment benefits for those who have exhausted state unemployment benefits. These are but a few of the unemployment provisions contained in CARES to address the growing unemployment crisis.

Unfortunately, many states have run into obstacles while trying to implement new COVID-related provisions, trying to handle the recent influx of claims, or as a result of the interaction of the two. Florida is a prominent example of a state that has experienced significant trouble with its unemployment programs throughout this public health emergency.

States like Florida had issues with their unemployment insurance programs prior to COVID-19; the pandemic exacerbated these problems and added new challenges. According to an analysis of U.S. Department of Labor data performed by the Associated Press, nearly 7 of every 8 Floridians who filed unemployment claims from mid-March to early April were still waiting on the Department of Economic Opportunity (DEO) to process their claims by the end of April. This represents the worst rate in the country.

DEO's online application system, known as CONNECT, has gone offline on multiple occasions, either due to overwhelming demand or for maintenance. This is despite several warnings from state auditors to Governors Rick Scott and Ron DeSantis (in 2015, 2016, and 2019). Floridians have complained to their Members of Congress that they have not been able to file a claim due to the disruptions to the system. For many Americans, any delay in the processing or receipt of benefits during unemployment can lead to financial disaster. As a consequence of this delay, Governor DeSantis removed and replaced Ken Lawson as the Director of DEO. According to the Miami Herald, Deloitte Consulting was paid more than \$40 million to overhaul the dysfunctional CONNECT, and total costs of oversight and implementation reached \$77 million. However, the system still buckled under the increased demand.

Additionally, hundreds of thousands of Floridians who managed to submit a claim found that they were inexplicably deemed ineligible for state assistance. Nearly 40 percent of confirmed unique claims processed were deemed ineligible for state assistance (but may be eligible for the benefits provided by CARES). Many individuals have not been provided a reason. Further, confusion abounds regarding the processing of claims for federal benefits; many applicants are not sure if they must submit additional claims for federal benefits, and DEO's processing of the federal portion of benefits has been extraordinarily slow. This is especially troubling given that Florida recently surpassed California as the state with the highest weekly unemployment claims.

According to the Committee on Ways and Means, there is still a fair amount of the \$1 billion Congress provided in administrative funding in FFCRA in the pipeline. Additionally, CARES provides uncapped, unlimited reimbursement for administrative costs related to all new federal UI benefits. However, according to the Committee, Congress is still trying to learn from states and DOL whether the problem is caused by a lack of funding, funding not getting through the pipeline fast enough, funding not being available for the right uses, or states not figuring out how to spend the funding. Congress provided funding to the states, but it is unclear where the breakdown is occurring.

Specifically, we request that GAO study the following issues and provide recommendations as appropriate:

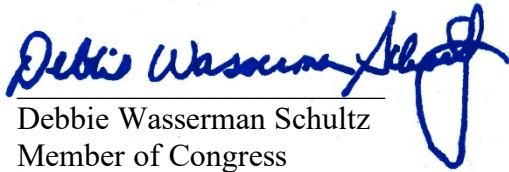
1. How can DOL improve its oversight of state UI programs?
2. How can DOL work with states to ensure smooth processing and payment of UI benefits?
3. What lessons can be learned from states' (like Florida's) failure to handle a rapid increase in the number of UI claims?

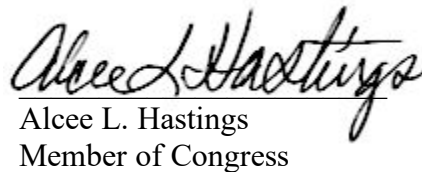
4. What must states like Florida do to ensure their online systems are fully functioning and prepared for large increases in demand?
5. Why is federal aid failing to help states like Florida smooth out these issues?
6. To what degree are states' current challenges caused by issues in place prior to the COVID-19 crisis and to what degree are these challenges a result of COVID-19?

Given the sudden, severe financial toll that tens of millions of jobless Americans and two million jobless Floridians face at this time, and the shared federal-state interest in providing relief to them, there is a compelling DOL interest in helping to remediate and help prevent the types of persistent structural failures that plague unemployment systems in states such as Florida.

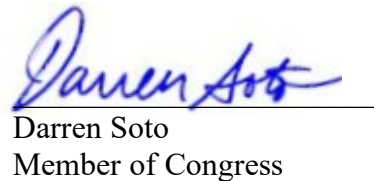
Thank you for your consideration of our concerns.

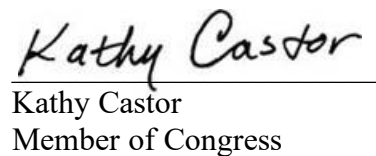
Sincerely,

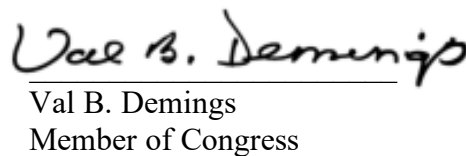

Debbie Wasserman Schultz
Member of Congress

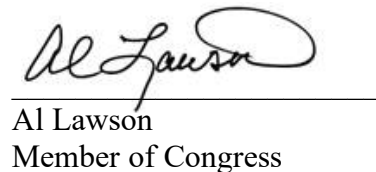

Alcee L. Hastings
Member of Congress

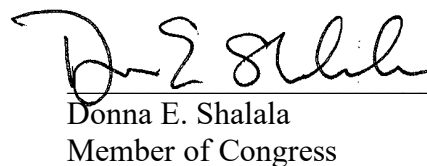

Stephanie Murphy
Member of Congress


Darren Soto
Member of Congress


Kathy Castor
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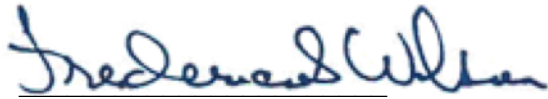

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