

United States Senate

WASHINGTON, DC 20510-3203

June 8, 2020

The Honorable Scott Dahl
Inspector General
U.S. Department of Labor
200 Constitution Avenue, NW
Room S-5502
Washington, DC 20210

Dear Mr. Dahl,

We write to request that your office conduct an investigation into the Department of Labor's oversight of the Florida Department of Economic Opportunity's failure to implement the expanded unemployment insurance benefits provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020.

As you are aware, the CARES Act significantly expanded and extended unemployment benefits to provide critical financial assistance to the over 42 million Americans who have filed for jobless claims since the beginning of the deadly COVID-19 pandemic. These changes, including the newly created Pandemic Unemployment Assistance program (PUA) which extends benefits to those who are ineligible for traditional state unemployment insurance, were signed into law to expediently provide payments to out of work Americans so workers and families could continue to put food on the table and keep a roof over their head. In order to ensure these unemployment benefits are being implemented and disbursed as intended, the CARES Act also provided an additional \$25 million to the Office of the Inspector General of the Department of Labor (OIG) to conduct audits, investigations and other oversight activities of unemployment insurance programs.

As part of OIG's ongoing work to ensure this expansion of unemployment benefits meets the intent of the CARES Act to support workers and the economy, OIG has identified state preparedness as a key area of concern. While unemployment insurance (UI) is a joint federal-state program that follows general guidelines established by federal law, each state is responsible for the administration of its own UI program. Each state manages the staffing and system resources needed to effectively process unemployment claims, including personnel and information technology. In light of the extraordinary increases in the number of jobless claims being filed, it is imperative that each state have functional systems in place to quickly process these claims and deliver payments to those in need. With regard to unemployment insurance programs, the U.S. Department of Labor is required to ensure conformity and substantial compliance of state law, regulations, rules, and operations with Federal law; including the Federal Unemployment Tax Act.

Accordingly, we ask that you immediately begin an audit and investigation into the Department of Labor's oversight of the Florida Department of Economic Opportunity's (FLDEO) failure to efficiently process unemployment insurance claims and deliver benefit payments during an economic crisis and the persistent, critical flaws in the state's unemployment systems. While all states have seen record increases in the number of its residents applying for unemployment, the state of Florida's performance has proved uniquely poor in its abject inability to assist millions of Florida residents who have applied for and continue to await unemployment benefits.

Since March 15th, FLDEO has processed payments for only 28 percent of the nearly 2 million Florida residents who have applied for unemployment assistance. As unemployment claims continued to sharply increase, Florida's Unemployment Trust Fund grew in size between March 1st and April 16th (by nearly \$17 million), a time period during which the state should have been ramping up its disbursement of unemployment benefits and where a decrease in the state's fund would be expected. The most recent data available from the U.S. Treasury Department shows that Florida is the only state in the nation whose trust fund gained money during that time period. Additionally, FLDEO's unemployment system, CONNECT, has been plagued by repeated crashes and glitches as claims skyrocketed, raising serious questions about the adequacy of the state's information technology systems to handle increased demand from millions of its residents.

It appears concerns with FLDEO's unemployment system long preceded the COVID-19 pandemic and went unaddressed despite repeated warnings from state auditors. In a series of reports in 2015, 2016 and 2019, the State of Florida's Auditor general repeatedly identified a series of widespread, systemic problems with FLDEO's CONNECT system and its continued failure to correct them. A 2019 report by the state's auditor general issued 17 different findings outlining the CONNECT website's flaws, including serious problems in the system's accuracy, efficiency and security. The state auditor's 2019 report also found that its findings from its previous audit of CONNECT in 2017 had not been corrected. In addition to information technology challenges, several reforms at the state level have further hindered the processing of claims and made it more difficult for those in need to access unemployment benefits, including extremely onerous eligibility requirements, low base weekly unemployment compensation and short base benefit periods, and deep cuts to state employer taxes that fund unemployment programs.

Despite the system's well documented problems, inaction from both current and past gubernatorial administrations in Florida left FLDEO completely unprepared to respond to record increases in unemployment claims caused by a pandemic. Florida Governor Ron DeSantis recently stated that the program was "designed with all these different things, basically to fail" and acknowledged that more changes are needed. Drastic improvements are needed, and it is unclear what steps are being taken immediately to mitigate the possibility of future failures in FLDEO's unemployment processing system.

As Americans seek essential assistance from their government during a time of crisis, it is of the utmost importance that their government be ready and able to meet the needs of its people. Accordingly, we ask that OIG conduct an investigation into FLDEO's failure to process unemployment claims and deliver benefits in a timely fashion and whether its unemployment programs are being administered in accordance with guidelines established by the CARES Act.

Thank you for your attention to this matter.

Sincerely,



Charles E. Schumer
United States Senator



Ron Wyden
United States Senator