

PERFORMANCE AUDIT

Work in progress: Audit description

Washington's Unemployment Benefit Programs during the 2020 Pandemic:

Understanding improper payments and service delays

Washington had the nation's first reported case of the novel coronavirus in January 2020, and the first coronavirus-related death the following month. In late March, Governor Inslee directed the state's residents to stay at home, and later closed all non-essential businesses in response to the COVID-19 pandemic. As the number of people filing for unemployment benefits nationwide grew at an unprecedented rate and soon hit record highs, the federal government approved nearly \$2 trillion in aid for states.

The federal aid package, known as the Coronavirus Aid, Relief, and Economic Security (CARES) Act, was designed to expand states' ability to help workers affected by the pandemic, including those not typically eligible for unemployment benefits. In Washington, the funds were added to unemployment insurance taxes collected by the Employment Security Department (ESD) from the state's businesses. ESD then provided unemployment assistance to eligible unemployed workers.

ESD reported that between early March and mid-October 2020, it paid out nearly \$12 billion in unemployment benefits to 1.4 million people. Early in the pandemic, the number of unemployment claims filed each week rose by a staggering percentage relative to the same week in the previous year, up by 3,500 percent in one week in March. The flood of claims, many submitted by people who had never before applied for benefits, strained ESD infrastructure and staff. As a result, some people applying for unemployment insurance said they encountered long wait times or had calls go unanswered when seeking help with their claims. Some claimants said they experienced long delays before receiving their benefit payments. In addition, international cyber-criminals targeted the state, resulting in ESD reporting it paid out roughly \$576 million in fraudulent claims, of which it also said it recovered \$346 million.

Preliminary scope and objectives

This audit will draw upon results of our Office's financial and system audits, and will seek to understand the reasons behind both the payments on fraudulent claims and the difficulties some claimants experienced in receiving timely disbursements and customer service. The audit will also examine whether Washington has opportunities to learn from these experiences to help avoid problems that result from a sudden surge in unemployment claims in the future. The audit will answer the following questions:

- What led to the state's substantial payments to fraudulent unemployment claimants during the pandemic?
- What was the extent of customer service difficulties for unemployment claimants during the pandemic, and what were the factors that contributed to them?
- How did ESD's pandemic response compare to other state workforce agencies?



Office of the
Washington
State Auditor
Pat McCarthy

**Director of
Performance and
IT Audit:**
Scott Frank

(564) 999-0809

[Scott.Frank@sao.](mailto:Scott.Frank@sao.wa.gov)

wa.gov

**Principal
Performance Auditor:**
Shauna Good, CPA

(564) 999-0825

[Shauna.Good@sao.](mailto:Shauna.Good@sao.wa.gov)

wa.gov

**Lead Performance
Auditor:**

Deborah Stephens

(564) 999-0074

[Deborah.Stephens@](mailto:Deborah.Stephens@sao.wa.gov)

sao.wa.gov

Office of the
Washington State
Auditor

P.O. Box 40021

Olympia, WA

98504-0021

www.sao.wa.gov

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