The United States District Court District of Colorado 901 19th St, Denver, CO 80294 | (303) 844-3433 Plaintiff: Joshua Abrams v. Defendant(s): Division of Unemployment Insurance, 251 E 12th Ave Denver, CO 80203 [Joe Barela, Jeff Fitzgerald, John/Jane Doe(s)]	**FILED** **UNITED STATES DISTRICT COURT** **DENVER, COLORADO** *8:06 am, Mar 19, 2025* **JEFFREY P. COLWELL, CLERK** ▲COURT USE ONLY▲
Joshua Abrams, Pro Se | abramslive@gmail.com |609-968-9360 10722 N Parfet Street Westminster Colorado 80021	Case Number: 1:24-cv-03390-RMR Division: Courtroom
Legal Brief In Support Of Emergency Injunction	

Plaintiff submits this Memorandum to highlight systemic and unconstitutional administrative failures by the Colorado Department of Labor and Employment (CDLE), specifically regarding overly broad unemployment benefit integrity holds. The CDLE's practices have violated federal statutes and multiple constitutional protections, causing severe economic hardship to thousands of legitimate claimants, necessitating immediate judicial intervention.

Plaintiff respectfully submits this Legal Memorandum addressing systemic administrative failures and constitutional violations arising from the Colorado Department of Labor and Employment's (CDLE) aggressive implementation of unemployment integrity holds. In response to a significant surge in fraudulent claims during 2020 and 2021, resulting in losses exceeding $75 million, CDLE substantially intensified its fraud detection protocols. However, rather than enhancing administrative efficiency and accountability, these intensified measures resulted in extensive and unreasonable delays, unjust denials, and systemic harm to thousands of legitimate claimants statewide.

Under Title III, Section 303 of the Social Security Act, the CDLE has an explicit federal mandate to ensure unemployment insurance benefits are paid promptly when due, balancing timely distribution with effective fraud prevention. Furthermore, the Colorado Employment Security Act (C.R.S. § 8-73-108) establishes specific criteria governing claimant eligibility, reinforcing the obligation of CDLE to fairly and promptly administer benefits. Despite these clear statutory directives, CDLE's reliance on overly broad, prolonged integrity holds has systematically undermined these mandates, subjecting claimants to unwarranted economic distress and violating both state and federal legal requirements. This Memorandum will address the legal foundation and implications of these administrative actions, highlighting explicit violations of statutory obligations and constitutional protections.

I. Integrity Holds and Their Consequences : In January 2021, CDLE partnered with ID.me to enhance identity verification and fraud prevention efforts. As documented in the Colorado Office of the State Auditor's November 2021 Unemployment Insurance Benefits Performance Audit, the deployment of integrity holds and stringent verification measures resulted in widespread delays. The CDLE received an overwhelming volume of assistance requests from claimants facing indefinite benefit holds, exacerbating administrative inefficiencies and creating extreme backlogs.

The department asserts that these integrity holds align with its duty to prevent fraudulent claims. However, in practice, these holds have functioned as de facto denials, preventing lawful claimants from accessing benefits without a formal appeal process. The indefinite nature of these holds contradicts the statutory requirement to ensure full payment of unemployment benefits when due, thereby violating federal law.

The financial justification for the integrity hold system and third-party verification services, such as ID.me and LexisNexis, remains unclear, with no publicly available data outlining the true cost of implementation. While the state claims to be preventing fraudulent claims to protect taxpayer dollars, it simultaneously spends unchecked amounts on external vendors with little to no transparency, oversight, or accountability. If the cost of these third-party verification systems approaches or even exceeds the estimated $75 million in fraudulent claims, then the entire justification for their implementation becomes questionable. The government cannot claim to be saving taxpayer money while indiscriminately funneling funds into private entities whose effectiveness is, at best, dubious and, at worst, harmful to the legitimate claimants they are meant to assist.

Furthermore, the potential for waste, mismanagement, and even fraud in the administration of these third-party contracts cannot be ignored. If these vendors receive taxpayer dollars with no measurable benchmarks, no accountability for wrongful denials, and no direct responsibility for resolving claims efficiently, this system begins to resemble a harm against the American people rather than a legitimate fraud prevention effort. The outsourcing of core government functions to private entities with financial incentives to over-restrict benefits—while actively failing to process and resolve legitimate claims—serves only to unjustly enrich these third parties at the expense of those in desperate need. This unchecked spending, coupled with the suffering imposed upon legitimate claimants, raises serious concerns about whether the fraud prevention system itself is inflicting more harm than the fraud it was designed to stop.

II.A. Evidentiary Support for Violations : The Colorado Department of Labor and Employment (CDLE) inflicts systemic harm on Colorado citizens through its integrity holds, a pattern substantiated by compelling evidence, including Plaintiff's experience with a 2023 hold blocking a 2025 unemployment insurance (UI) claim. The following exhibits highlight the scope and severity of these administrative failures, underscoring the urgent need for injunctive relief.

1. Exhibit A: Google Maps Reviews : Exhibit A, four Google Maps reviews among over 500 one-star ratings, documents the desperation of claimants statewide. Ali Taylor's plea, "I'm writing in desperation, I fear for my life, I applied in December," and Mr. Jones's report, "I've been pursuing my claim for 2 years," illustrate how CDLE's lack of viable communication channels forces citizens to resort to public forums typically reserved for business feedback. Alison Tyler's "11 weeks been calling asking for help" further reflects the prolonged delays and isolation claimants endure, a pattern mirrored by Plaintiff's unresolved hold despite submissions and an in-person visit.

2. Exhibit B: 9NEWS Article : Exhibit B, a 9NEWS article dated August 18, 2023, details the hardship inflicted by CDLE's aggressive fraud-prevention measures. It highlights claimant Tony Martinez, who faced months without critical financial support after CDLE escalated its fraud detection software, trapping valid claims in prolonged holds. The article notes CDLE's admission that call center representatives cannot provide specific claim information due to security protocols, leaving claimants like Martinez—and Plaintiff, stalled from 2023 to 2025—without recourse or adequate communication, exacerbating financial distress and anxiety statewide.

3. Exhibit C: OIG Oversight Report Excerpt : Exhibit C, an excerpt from the U.S. Department of Labor OIG Oversight Report (updated Dec. 5, 2024),[1] confirms CDLE's ongoing systemic failures since 2021. It reveals an institutional focus on superficial metrics, such as phone statistics, over meaningful resolution of claimant issues, despite known delays affecting citizens like Plaintiff, whose 2023 hold persists into 2025 with ignored responses. This evidence, corroborated by additional state and national reports, underscores CDLE's failure to address persistent administrative breakdowns.

III. Procedural and Constitutional Violations : The Social Security Act, specifically Title III, Section 303, imposes a clear and explicit federal mandate requiring state agencies, including the Colorado Department of Labor and Employment (CDLE), to administer unemployment insurance programs in a manner that ensures both the timely payment of benefits to eligible claimants and the effective detection and prevention of fraud. This dual responsibility is inherently balanced, preventing states from prioritizing fraud prevention measures at the expense of prompt and fair distribution of unemployment benefits.

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[1] (U.S. Department of Labor, Office of Inspector General, "OIG Oversight of the Unemployment Insurance Program," last updated December 5, 2024, available at: https://www.oig.dol.gov/doloiguioversightwork.htm#ong

However, the CDLE has demonstrably failed to uphold this statutory balance. By excessively implementing integrity holds as a primary mechanism to combat fraud, the agency has created systemic and prolonged delays, significantly undermining the timely payment obligation mandated by federal law.

The CDLE's reliance on integrity holds, which frequently impose indefinite and unexplained suspensions of benefit payments, directly violates the explicit intent and statutory requirements set forth in Title III, §303. While the prevention of fraud is indeed an essential governmental objective, federal law does not permit states to adopt procedures that indiscriminately or disproportionately burden legitimate claimants. CDLE's systemic prioritization of integrity holds, in response to prior failures in fraud detection that allowed substantial fraudulent disbursements, has resulted in widespread harm to eligible claimants, delaying their payments indefinitely and thus breaching the statutory obligation to ensure benefits are paid "when due." This practice effectively penalizes legitimate claimants by withholding urgently needed economic support under the guise of fraud prevention. Such administrative methods are inherently flawed, incompatible with federal requirements, and require immediate correction to restore compliance with Title III, §303 of the Social Security Act.

The integrity holds implemented by the Colorado Department of Labor and Employment (CDLE) infringe upon the constitutional rights of Colorado citizens by systematically obstructing lawful access to unemployment insurance (UI) benefits, resulting in pervasive, predictable, and ongoing constitutional harm.

First Amendment violations arise from CDLE's practice of imposing unexplained and indefinite integrity holds, effectively silencing legitimate claimants by preventing them from advocating their eligibility or protesting wrongful denials. Thousands of Coloradans, reportedly up to 10,000, find themselves unable to petition for redress due to these indefinite and opaque barriers. This systematic suppression directly contravenes citizens' fundamental right to free speech and petition by blocking avenues through which they could otherwise demand accountability or resolve disputes with governmental authorities. Such pervasive silencing constitutes a predictable and ongoing harm. Furthermore, the indefinite nature of these integrity holds which are absent of meaningful appeal processes or adequate notification have transformed temporary administrative measures into permanent impediments, leaving claimants without any effective means to rectify errors or challenge wrongful denials.

Fourth Amendment rights are violated by CDLE's integrity holds, which have transformed legitimate verification procedures into unreasonable and excessively burdensome intrusions. While measures to prevent fraud, such as identity verification, are constitutionally permissible, these holds become unconstitutional when they impose prolonged, unexplained, and indefinite delays on legitimate claimants. Thousands of individuals face indefinite deprivation of benefits based solely on suspicion without evidence or clear accusations of wrongdoing, turning justified security measures into punitive actions. The systemic lack of transparency and functionality in the appeals or resolution process exacerbates this violation, as claimants are subjected to arbitrary state action without adequate procedural safeguards or timely resolution.

Fifth Amendment Due Process rights are systematically violated by CDLE through its failure to provide adequate notice or meaningful opportunities to respond before depriving claimants of their unemployment insurance benefits, a constitutionally protected property interest. Claimants face indefinite holds without being informed of specific issues or accusations against them, stripping them of the basic right to address and correct errors. This procedural deficiency creates predictable harm, as claimants have no mechanism to contest or appeal decisions that directly impact their economic survival. The absence of effective notification and a transparent appeals process effectively renders claimants powerless to challenge wrongful denials or administrative errors, exacerbating economic hardship.

Sixth Amendment rights are infringed by CDLE's implicit accusations of fraud against claimants, who are denied prompt and fair adjudication. The indefinite integrity holds effectively impose penalties without formal charges, treating claimants as quasi-criminal suspects without the constitutionally mandated procedural protections of a timely and impartial hearing. This systemic practice unfairly stigmatizes legitimate claimants, subjecting them to prolonged uncertainty and economic harm without an opportunity for resolution.

Ninth Amendment protections for unenumerated rights, essential for economic dignity and survival, are violated by CDLE’s arbitrary and indefinite integrity holds. These holds deny claimants timely access to benefits for which they are eligible, infringing upon their implicit rights to equitable treatment and fair administration of government aid. Without a transparent process or timely resolution, claimants suffer predictable and continuous harm, losing economic stability and dignity. The CDLE's unchecked use of indefinite holds without accountability or transparency violates fundamental rights implicitly safeguarded under the Ninth Amendment, necessitating judicial remedy to restore fairness and prevent ongoing harm.

Under the Tenth Amendment, CDLE's integrity holds represent an overreach of state authority, infringing upon powers reserved to the people. By imposing indefinite holds without meaningful recourse or transparency, CDLE effectively usurps individuals' reserved rights to participate in government processes and hold authorities accountable. This systemic overreach undermines claimants’ autonomy and economic agency, depriving them of their rightful influence over decisions affecting their economic wellbeing.

Finally, CDLE’s integrity holds violate the Fourteenth Amendment’s guarantees of due process and equal protection. By implementing arbitrary, indefinite holds without clear justification or functional appeal processes, CDLE denies claimants their right to procedural fairness, leaving them unable to contest wrongful denials or administrative errors. Additionally, the arbitrary application of these holds creates a disparity among claimants, disproportionately burdening certain individuals without a rational basis. The unequal treatment and procedural unfairness represent ongoing and predictable constitutional harms requiring judicial correction.

IV. Administrative Failures, Malfeasance, and Accessibility Violations : The Colorado Department of Labor and Employment (CDLE) has demonstrated systemic administrative malfeasance and severe accessibility violations, profoundly harming thousands of unemployment insurance (UI) claimants through persistent and deliberate failures in communication and service delivery. Each month, hundreds of claimants—and cumulatively thousands over the years—are left stranded by integrity holds compounded by dysfunctional communication systems for which the state spends tens of millions of taxpayer dollars annually. Despite this substantial investment, the current communication infrastructure remains entirely inadequate, providing minimal basic information such as claim amounts, past messages, correspondence, and decisions, yet critically lacks the fundamental capability to directly send or receive responsive communications regarding claim issues. Instead, claimants are continuously instructed to repeatedly call the chronically overloaded call queue, which routinely results in immediate disconnections, indefinite holds, and an inability to speak with knowledgeable representatives. This negligent design perpetuates indefinite waiting periods, exploitation, and severe economic instability for vulnerable populations, including disabled and economically disadvantaged individuals.

This chronic failure to ensure reasonable accessibility alternatives has egregiously harmed claimants, particularly those with disabilities such as autism or other mental health challenges, who critically rely on clear, predictable, and accessible communication methods. The purported accessibility measure—an offer for a representative to attempt calling the congested queue for 30 minutes—is available exclusively to legally blind individuals, deliberately excluding countless other disabled claimants. Additionally, CDLE mandates in-person visits without providing virtual alternatives, creating unreasonable barriers and direct safety risks for disabled claimants physically unable or disproportionately burdened by traveling into city or office spaces. Such rigid, discriminatory requirements violate federal accessibility mandates, notably the Americans with Disabilities Act (ADA), resulting in substantial, ongoing harm to individuals already facing significant socio-economic hardships.

Further compounding this injustice, outsourced call center representatives, operating without meaningful oversight or accountability, routinely engage in unethical practices. These contracted representatives frequently terminate calls prematurely, provide false assurances, and deliberately mislead claimants to artificially enhance performance metrics. This sabotage not only exacerbates existing delays but cruelly misrepresents the concept of "integrity" that the CDLE purports to uphold, actively discriminating against and unjustly depriving entitled claimants of the economic stability legally promised to them. Consequently, disabled and impoverished claimants are systematically silenced, insulted, and left utterly confused and disempowered by a deliberately impossible and constitutionally deficient process. The cumulative result is the widespread devastation of thousands of lives, exacerbating poverty, homelessness, and severe mental distress. Most disturbingly, the intricate and restrictive nature of the CDLE's administrative processes effectively silences countless claimants who lack the resources, knowledge, or capacity to seek redress through federal courts or effectively challenge these egregious violations, intensifying the urgent necessity for comprehensive judicial intervention and immediate systemic reform.

V. Immediate Reforms Required for Injunctive Relief : The Colorado Department of Labor and Employment (CDLE) has inflicted widespread constitutional and statutory harm on Colorado citizens through its indefinite integrity holds, violating Title III, § 303 of the Social Security Act's mandate to pay unemployment insurance (UI) benefits "when due" within 14–21 days (U.S. DOL standard) and C.R.S. § 8-73-108(4)(a)'s requirement for timely hearings. To halt this ongoing harm, restore legal compliance, and protect all Coloradans' rights, Plaintiff petitions the following reforms be ordered via emergency injunction:

1. Dedicated Integrity Hold Appeals Process: The current unemployment appeals framework does not accommodate challenges to integrity holds, overburdening existing resources and delaying justice. CDLE must promptly establish a specialized appeals process exclusively for integrity holds, ensuring rapid, fair resolutions tailored to this issue, thereby optimizing efficiency and upholding claimants' rights without taxing traditional unemployment adjudication channels.

2. Enhanced Notices and Follow-up Requirements: CDLE must deliver comprehensive, unambiguous notices to claimants under integrity holds, detailing the specific trigger, exact documentation needed, and clear submission instructions with confirmation protocols. To guarantee awareness and action, CDLE shall issue automatic follow-up notices—up to four if necessary—maintaining continuous, proactive communication until resolution, aligning with federal and state mandates for timely benefit administration.
3. Integrity Hold Time Limits and Automatic Review: Every integrity hold must undergo automatic review within 30 days, enforcing a strict deadline to prevent indefinite benefit suspensions and ensure compliance with Title III, § 303's prompt payment requirement. This streamlined mechanism guarantees swift adjudication, protecting claimants from prolonged economic distress while maintaining fraud prevention efficacy.
4. Expanded Communication and Priority Support Channels: CDLE shall immediately upgrade its communication infrastructure to include callback scheduling and virtual appointments, enabling direct, real-time claimant-agent interactions. Concurrently, a dedicated priority channel—via portal or phone—must be launched for claimants unresolved beyond four weeks, offering expedited support to alleviate severe financial hardship and ensure urgent cases receive immediate attention, reinforcing equitable access to benefits.

These reforms offer a strategic, resource-efficient framework to deliver immediate relief to claimants, ensure full compliance with constitutional mandates and statutory obligations with minimal delay or administrative burden. Plaintiff stands ready to collaborate with the Court and Defendant to tailor these solutions, preserving fraud prevention efficacy and cost considerations, provided the outcome decisively eliminates the pervasive constitutional violations and halts the ongoing, life-threatening harm inflicted on thousands of Colorado citizens by a fundamentally broken system.

In compliance with emergency injunctions Plaintiff has demonstrated a strong likelihood of success on the merits by providing clear evidence that the Colorado Department of Labor and Employment's (CDLE) current practices violate both federal and state law, as well as the constitutional rights of thousands of legitimate unemployment claimants. CDLE's use of indefinite and unjustified integrity holds directly contravenes its legal obligation under Title III, Section 303 of the Social Security Act to ensure timely payment of unemployment benefits while balancing fraud prevention. This failure is well documented through state audits, media coverage, public testimony, and hundreds of direct accounts from affected claimants.

The harm caused by CDLE's policies is immediate, ongoing, and irreparable. Every day that claimants are unjustly denied their legally entitled benefits, they face severe financial hardship, risk of eviction, homelessness, and substantial emotional distress—none of which can be adequately remedied later through monetary compensation alone. Plaintiff, personally and on behalf of similarly situated claimants, continues to suffer these harms with each passing day.

In balancing the equities, the requested injunction poses minimal administrative hardship to CDLE, especially considering the tens of millions of dollars already spent annually on ineffective fraud-prevention methods and outsourced third-party services. By contrast, the injunction would provide immediate relief to thousands who desperately need access to their benefits for basic economic survival. Thus, equity strongly favors Plaintiff and similarly situated claimants.

The public interest is clearly served by issuing this emergency injunction. Ensuring that government agencies adhere to constitutional requirements, statutory mandates, and principles of basic fairness and transparency is fundamentally in the public's best interest.

The CDLE has a duty to safeguard public funds against fraudulent claims. However, its reliance on broad 'integrity holds' as a primary fraud prevention tool has resulted in widespread harm to legitimate claimants, violating both statutory mandates and constitutional protections. Immediate reforms are necessary to restore compliance with federal and state laws and to uphold the fundamental rights of Colorado's unemployed workers.

The state must act swiftly to implement procedural safeguards that balance fraud prevention with due process and timely benefit distribution. Failure to address these systemic issues will not only continue to harm claimants but also expose the state to further widespread liability and potential legal challenges based on due process violations and statutory noncompliance making it the right and necessary thing to do for the state and its citizens.

Joshua Abrams

Date: 03-18-2025 | ❑Petitioner/Plaintiff

Joshua Abrams, Pro Se

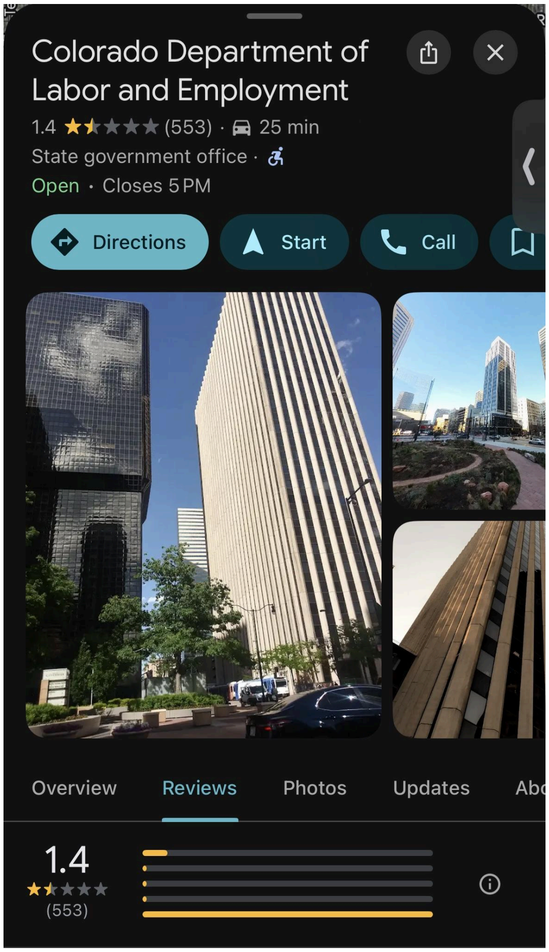
Attachments:

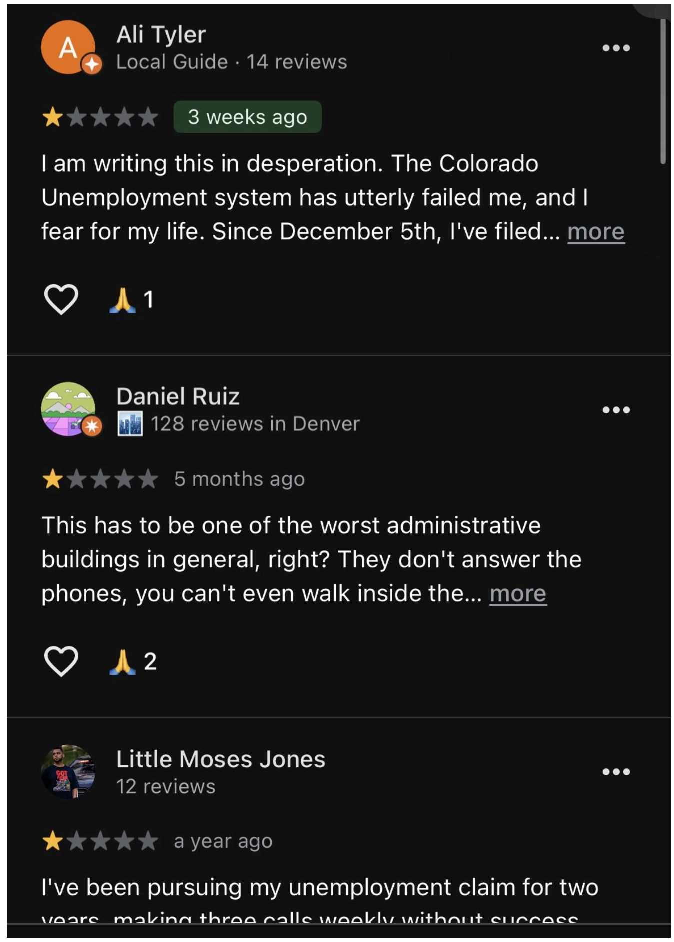
Exhibit A: Google Maps Reviews (4 Pictures)

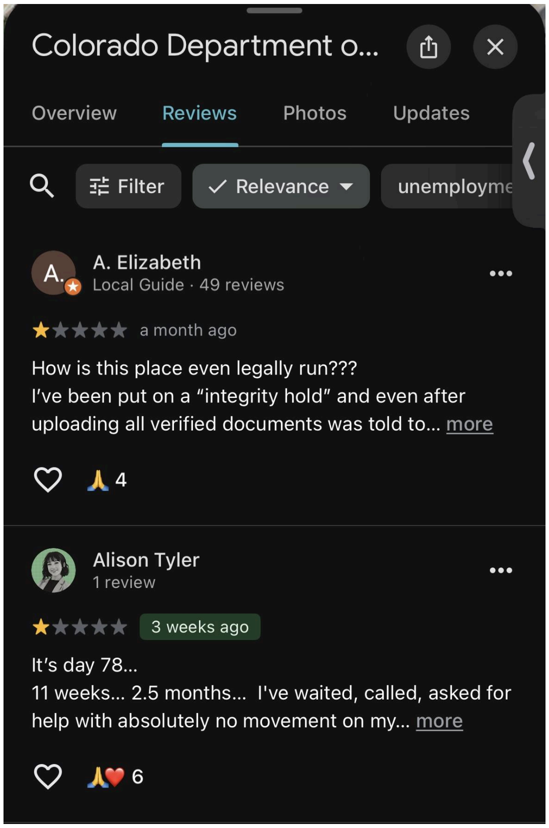
Exhibit B: 9NEWS Article, Aug. 18, 2023

Exhibit C: OIG Oversight Report Excerpt (U.S. DOL, Dec. 5, 2024)

Exhibit A


Colorado Department of Labor and Employment
1.4 (553) · 25 min
State government office ·
Open · Closes 5 PM
Directions
Start
Call
Overview
Reviews
Photos
Updates
1.4
(553)


Ali Tyler
Local Guide · 14 reviews
3 weeks ago
I am writing this in desperation. The Colorado Unemployment system has utterly failed me, and I fear for my life. Since December 5th, I've filed... more
1
Daniel Ruiz
128 reviews in Denver
5 months ago
This has to be one of the worst administrative buildings in general, right? They don't answer the phones, you can't even walk inside the... more
2
Little Moses Jones
12 reviews
a year ago
I've been pursuing my unemployment claim for two


Colorado Department o...
Overview
Reviews
Photos
Updates
Filter
Relevance
unemployme
A. Elizabeth
Local Guide · 49 reviews
a month ago
How is this place even legally run???
I've been put on a "integrity hold" and even after uploading all verified documents was told to... more
4
Alison Tyler
1 review
3 weeks ago
It's day 78...
11 weeks... 2.5 months... I've waited, called, asked for help with absolutely no movement on my... more
6

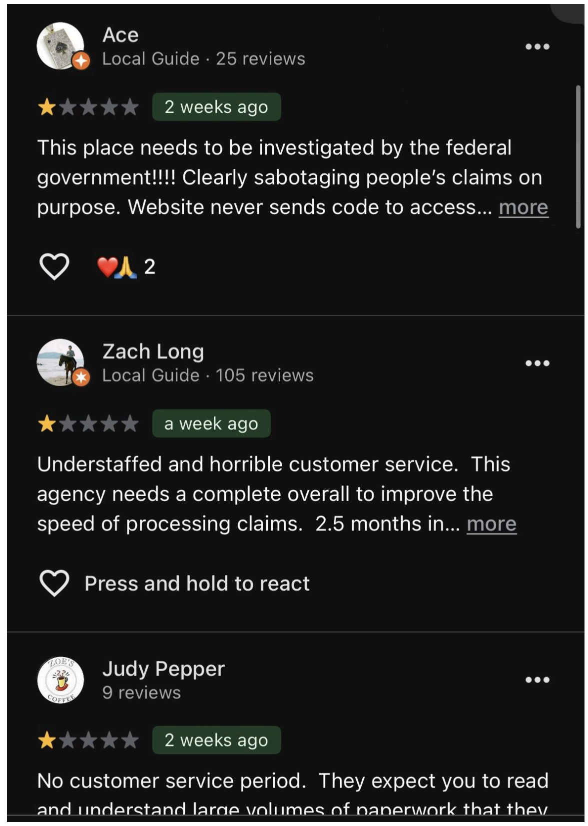

Ace
Local Guide · 25 reviews
2 weeks ago
This place needs to be investigated by the federal government!!!! Clearly sabotaging people's claims on purpose. Website never sends code to access... more
2
Zach Long
Local Guide · 105 reviews
a week ago
Understaffed and horrible customer service. This agency needs a complete overall to improve the speed of processing claims. 2.5 months in... more
Press and hold to react
Judy Pepper
9 reviews
2 weeks ago
No customer service period. They expect you to read and understand large volumes of paperwork that they

Exhibit B

ECONOMY

Colorado tried to weed out unemployment fraud and caught thousands of real claims in the process

The Colorado Department of Labor and Employment said a spike in fraud reports caused it to increase its fraud detection software to the highest possible level.

Author: Cole Sullivan
Published: 5:00 AM MDT August 18, 2023
Updated: 10:41 PM MDT August 17, 2023

DENVER — Tony Martinez is stuck in unemployment purgatory.

He filed for unemployment after losing his tech job in March, started getting benefits and then the money suddenly stopped.

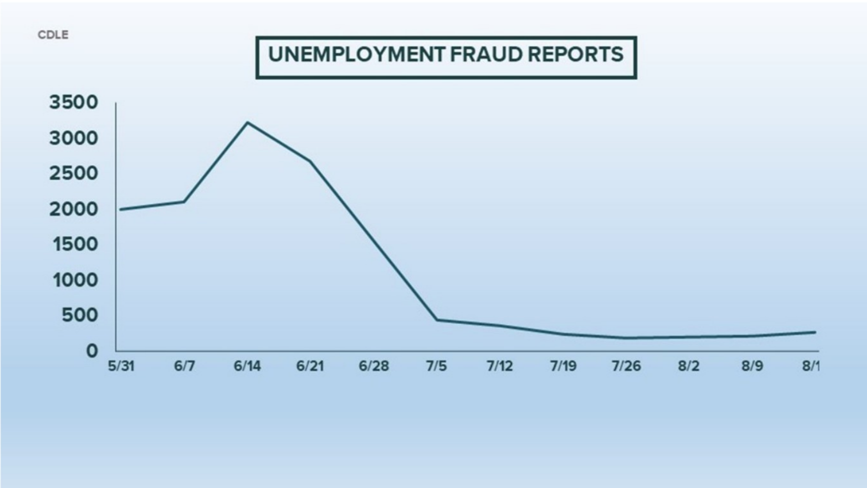
"It's frustrating because you feel helpless," he said. "This is a legitimate claim. I'm out of work, looking for a job. But there's no help on the other end."

He couldn't figure out why the state put a program integrity hold on his — or thousands of other Coloradans' — unemployment claims.

Now we know.

The Department of Labor and Employment said it ratcheted up its fraud protections to the highest possible level after it saw a spike in fraud reports early this summer.

The department said data showed widening the net stopped the fraud — with a big drop-off in reports after the last week of June. "This stopped a massive amount of fraudulent payments from being issued," a department spokesperson said.



Credit: CDLE

Except the wider net caught legitimate claimants like Martinez, too. He said he received his last unemployment check June 24 -- around the same time the enhanced fraud protection took effect.

"Nine weeks later you start to really feel it and worry. There's a lot of worry going on so..." Martinez said.

"We understand how frustrating this can be for legitimate claimants who are experiencing delays in payment because of these fraud holds," the spokesperson said.

"While fraudsters continue to change their tactics, and identities continue to be stolen in major data breaches unrelated to CDLE, the Department continues to review and analyze how it adjusts its fraud triggers to balance catching fraudulent claims while not holding up legitimate ones," the department spokesperson said.

The department said it has already released 5,000 low-risk claims and planned to release another 4,000 this week. Thousands more remain on hold and under review.

"Not knowing when you're going to get help is the hardest part," Martinez said. He said he can't wait much longer. His savings account is looking rough and his HOA is about to put a lien on his condo — all while he waits for the state to decide he's real.

"The process is broken," he said.

And help can be nearly impossible to find.

"Unfortunately, when a claimant calls into our call center to inquire about their program integrity hold, our representatives are unable to provide specific details on the claim in order to prevent sharing information to ambitious bad actors, who have called in pretending to be the claimant," the department spokesperson said.

Related Articles

State may have withheld unemployment benefits from thousands of legitimate applicants

Here's how long Coloradans are waiting for the unemployment division to answer the phone

SUGGESTED VIDEOS: Latest from 9NEWS

Exhibit C

Deploying Benefits Expeditiously and Efficiently

Rapid deployment of CARES Act funding was critical in helping workers in need. Staff at ETA and states struggled during the COVID-19 pandemic as SWAs worked to ensure timely and accurate UI benefits in a time of national emergency. Anticipating and addressing the increased risk that came with the expanded funding was also vital to meeting the intent of the CARES Act. As the OIG's prior audit work has shown, attempts to quickly deploy funds can result in shortcomings in the effective and efficient implementation of stimulus programs. For example, a 2011 audit report found states took over a year to spend most of the American Reinvestment and Recovery Act of 2009 (Recovery Act) funding available for emergency staffing, and at least 40 percent of funding for this purpose was unspent after 15 months.

In addition, a separate audit on the Recovery Act found $1.3 billion of the $7 billion that DOL provided to states for UI modernization, including information technology (IT) modernization, would likely not have been spent before the period of availability expired. To access these funds, states had to meet certain modernization criteria; once accessed, the funds could be spent for several purposes including to modernize IT systems. Of the funds spent from the $7 billion, states did not always take advantage of the opportunity to modernize their IT systems.

To implement the new UI programs authorized by the CARES Act, states needed sufficient staffing and system resources to manage the extraordinary increases in the number of claims and payments. Our pandemic audit work has confirmed that ETA and states continued to face challenges in these areas as they endeavored to implement the new temporary UI programs, including Pandemic Unemployment Assistance (PUA), Pandemic Emergency Unemployment Compensation (PEUC), and Federal Pandemic Unemployment Compensation (FPUC).

Our subsequent reports found continuing programmatic weaknesses led to certain workers, unemployed through no fault of their own, suffering lengthy delays in receiving benefits. For example, states without modernized IT systems faced additional difficulty in promptly implementing the CARES Act programs.[3] Further, for the PEUC program, we identified that it took 49 states, on average, 50 days to implement the program.[4] However, states with modernized IT were able to implement the PEUC program 15 days faster. Similarly, modernized states implemented the PUA program 8 days faster.