



Industry, Insurance, and Labor

Contains Recommendations*

Unemployment Insurance Pandemic Response

Workforce Development

Contains No Recommendations

Tuition Equalization Grant

Special Tax Deduction for Life Insurance Companies

Insurance Premium Tax Abatement

*Until the follow-up review is completed, the recommendation status is based on the most recent agency update to DOAA. The status is subject to change.



Performance Audit Division

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GDOL's Unemployment Insurance Pandemic Response

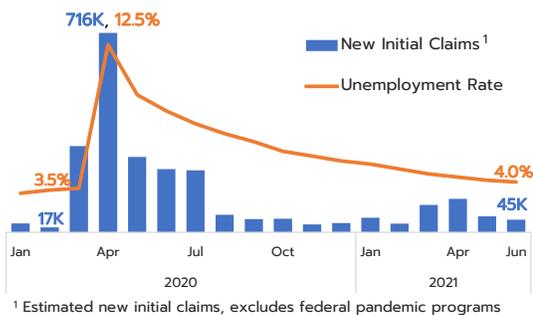
Many factors contributed to payment delays

BACKGROUND

Unemployment insurance (UI) provides payments to eligible individuals who have become unemployed through no fault of their own. The program is administered by the Georgia Department of Labor and overseen by the U.S. Department of Labor.

During the COVID-19 pandemic, Georgia's unemployment rate increased to 12.5%, compared to a previous rate of 3.5%. UI claims also increased significantly.

The House and Senate Appropriations Committees requested an evaluation of the timeliness of UI benefits paid during the COVID-19 pandemic, as well as staff hiring and training.

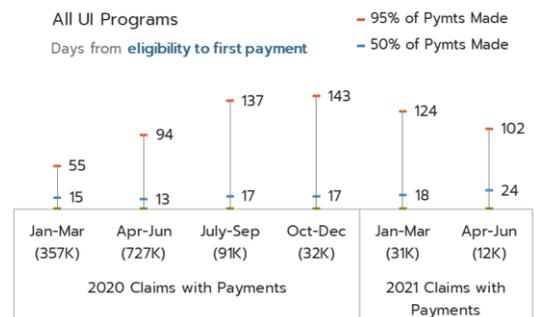


KEY FINDINGS

During the COVID-19 pandemic, claims for UI benefits increased significantly, and many claimants experienced lengthy delays in receiving payments. While the unprecedented volume of claims made some delays inevitable, the Georgia Department of Labor's (GDOL) claims management and customer service systems were also factors. GDOL should continue planned improvements to both and create a formal recession plan.

Many claimants experienced significant delays in their UI benefit payments.

- Half of UI payments were made in less than three weeks of the first week the claimant was eligible for benefits. However, approximately 37,400 initial payments were made more than 120 days after initial eligibility.



- Some delays were inevitable due to the unprecedented volume of claims—which spiked to approximately 716,000 within two months and remained elevated for more than a year.

Delays were driven by several underlying causes.

- GDOL's claims processing requires significant staff involvement, with limited automation. GDOL increased hours devoted to UI by diverting staff, encouraging overtime, and hiring contractors and retirees.
- The claim surge included many first-time filers who were unfamiliar with UI, and errors were more likely because key communications were unclear and claimants could not reach GDOL for assistance.
- Other factors contributing to delays included the implementation of new federal benefit programs, system controls to prevent fraud, and some employers' untimely certification of unemployment.

GDOL was unable to adequately respond to claimants' customer service needs.

- Call volume increased significantly during the pandemic; however, only 4% of calls were answered; most were not connected due to limited phone system capacity.
- Inquiries were directed to staff in the career centers and other GDOL divisions, who also assisted with claims. GDOL expanded its dedicated customer service unit to 16 staff in April 2021 but did not hire contractors for customer service.

GDOL needs better data to manage the UI program, particularly when claims increase.

- While GDOL has significant information in its claims management system, it does not produce sufficient reporting to help evaluate performance, identify areas for improvement, or set priorities.
- GDOL does not have adequate systems to track call volume or typical customer service performance metrics, or to ensure claimant inquiries have been addressed.

KEY RECOMMENDATIONS

To prepare for future increases in claim volume, GDOL should:

- Incorporate lessons learned from the pandemic into a formal recession plan.

To better manage the UI program, GDOL should:

- Collect additional, reliable information to manage the UI program, particularly related to customer service.

To improve its service to claimants, GDOL should:

- Increase automation of its claims processing.
- Improve its claimant communications regarding claim status and document submission.
- Identify ways to make the application process clearer.

Unemployment Insurance Follow-Up Review Completed July 2025

Finding 1: Benefit payment delays were driven by unprecedented volume, limited automation of claims processing, and other factors.	
No recommendations included	
Finding 2: GDOL lacks information that would assist UI program management with planning and decision making.	
To manage the UI program more systematically, GDOL should collect additional information and ensure all information is reliable and accurate.	Partially Implemented
Finding 3: A documented plan would help GDOL better manage future increases in claim volume.	
To prepare for future increases in claim volume, GDOL should create a formal recession plan that considers lessons learned during the pandemic.	Partially Implemented
Finding 4: While GDOL has made key updates to its claims management system, the system could better facilitate claims processing and communication with claimants.	
GDOL should increase automation of its claims processing.	Partially Implemented
GDOL should continue to improve its communications with claimants through the portal—particularly with regard to status updates and document submission.	Fully Implemented
The General Assembly should consider additional funding to upgrade/modernize GDOL’s UI systems. The General Assembly could require a list of planned projects and periodic status reports for the additional funds provided, similar to oversight reports found in O.C.G.A. 50-25-7.1	Fully Implemented
Finding 5: The number of GDOL employees has declined over time, resulting in fewer employees to address the surge in claims.	
No recommendations included	
Finding 6: GDOL’s staffing actions to address the claims increase were similar to strategies used by other state UI programs.	
GDOL should work with the General Assembly to create an exception to the retiree work limit during periods of high unemployment. In future situations like the public health emergency, GDOL could work with the Office of the Governor to include a waiver in any related executive order.	Not Implemented
Finding 7: GDOL’s staffing actions to address the claims increase were similar to strategies used by other state UI programs.	
GDOL should identify and implement ways to make the application process clearer for claimants (e.g., clarifying language for questions, verification prompts for illogical answers).	Partially Implemented
GDOL should provide plain language explanations in its determination letters.	Partially Implemented

Unemployment Insurance Follow-Up Review Completed July 2025

GDOL should use surveys or focus groups to test the clarity of language with claimants and/or employers.	Partially Implemented
When changes are made to processes, GDOL should ensure all communications are updated so claimants understand what steps they should follow.	Partially Implemented
Finding 8: GDOL adjusted policies to reduce claims processing times but could have considered additional steps.	
GDOL should include language in the determination letters to notify claimants of the option to request a redetermination or reconsideration.	Partially Implemented
Finding 9: GDOL's requirement that employers file claims on behalf of certain claimants led to faster processing of many claims but to delays or overpayments in some cases.	
No recommendations included	
Finding 10: Career center closures allowed staff to focus on claims processing but increased challenges for claimants.	
No recommendations included	
Finding 11: The need for claimant assistance grew exponentially during the pandemic, but many claimants were unable to obtain a response.	
No recommendations included	
Finding 12: GDOL does not have systems in place to track claimant inquiries, which leads to unfulfilled requests, delays in claims processing, and additional inquiries.	
GDOL should develop a system to track which contacts have received a response to ensure timely responses and to minimize duplication of effort.	Fully Implemented
GDOL should centralize communications to improve efficiency.	Fully Implemented



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Workforce Development

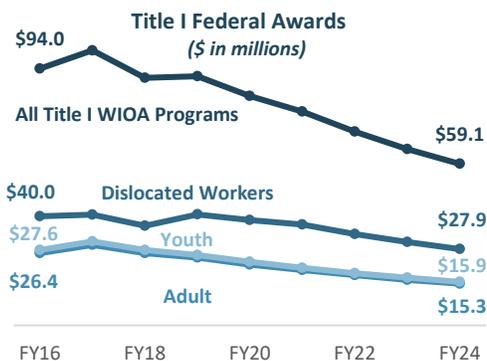
Requested information on selected workforce development programs

BACKGROUND

Georgia’s workforce development system is a network of federal and state programs designed to help individuals—especially those facing barriers to employment—gain meaningful work and support the state’s economic growth.

During state fiscal years 2022-2024, annual expenditures for reviewed programs averaged approximately \$156 million. Core programs are funded by the federal Workforce Innovation and Opportunity Act (WIOA) and administered by the Technical College System of Georgia (TCSG), the Georgia Vocational Rehabilitation Agency (GVRA), and 17 Local Workforce Development Areas (LWDAs). Non-core programs are administered by TCSG, the Georgia Department of Labor (GDOL), and the Georgia Department of Human Services (DHS).

The House Appropriations Committee requested this special examination.



KEY FINDINGS

We reviewed 10 workforce development programs that have a primary goal of assisting individuals with barriers to employment. Funding constraints have limited services to individuals eligible for WIOA Title I programs and reduced the number of one-stop locations, which are intended to serve as access points for workforce development services. We also identified opportunities to improve coordination and the transparency of program performance information.

Federal funding declines have resulted in fewer Title I participants and expanded use of waiting lists.

- Federal awards account for nearly 80% of expenditures for Georgia’s workforce development programs, with state and other sources making up the remainder.
- The primary source of funding for the LWDAs—WIOA Title I—has declined significantly over the past decade, from \$94.0 million in 2016 to \$59.1 million in 2024. This decline is a result of the federal formulas that allocate less to states like Georgia that have relatively lower unemployment rates.
- The impact of declining federal funding is significant for those still seeking employment services. The number of individuals enrolled in Title I programs fell by more than half in the last five years, with adults and dislocated workers experiencing the largest drops. In addition, delayed federal allocations have forced 11 of 17 LWDAs to create waiting lists for at least one program.

Enhanced coordination can improve service delivery, reduce duplications, and better serve individuals with barriers to employment.

- Georgia has made progress in aligning core workforce programs within a single agency, but coordination with other programs serving similar populations seems limited. Compared to other southeastern states, Georgia’s workforce plan includes fewer non-core programs.
- Coordination with programs outside the combined plan is inconsistent. Most LWDAs report little or no coordination with SNAP E&T, despite overlapping target populations and similar services. Better coordination between WIOA and SNAP E&T can create efficiencies, such as using WIOA funds for training and SNAP E&T funds for supportive services.

KEY RECOMMENDATIONS

The State Workforce Development Board, in consultation with the governor, should:

- Consider several steps to enhance the coordination of programs, including adding programs to the state workforce development plan, enhancing relationships, and improving data sharing.
- Assess the current number of LWDAs due to the decline in federal funding.

All agencies that administer the workforce development programs in our review should:

- Improve performance measurement and the transparency of results.

While Georgia’s programs often met their performance goals, additional measures for all programs could be adopted to improve transparency.

- In fiscal year 2024, Georgia’s core workforce programs generally met or exceeded federally negotiated performance goals for measures such as employment rates, median earnings, and credential attainment. Many also surpassed national averages.
- Non-core programs are less likely to have established performance goals, making it difficult to assess their effectiveness.
- Additional performance measures—such as job retention rates, cost per participant, and employer satisfaction—would provide a more comprehensive evaluation of the workforce system and allow additional program comparisons.
- Existing performance information is spread across various sources, with no single location containing information for the programs reviewed.

Workforce Development
Final Status Pending – Follow-Up Review will be completed in 2028

Finding 1: Georgia’s workforce development system consists of a network of federal and state programs administered by TCSG and other agencies.	
No recommendations included	
Finding 2: Most funding for the workforce development programs in our review comes from federal awards, which have declined significantly for Title I programs.	
The SWDB, in consultation with the governor, should evaluate the current number of LWDAAs due to the consistent reduction in Title I funds used to support the system.	Status Pending
Finding 3: Declining federal funding and delayed allocations have reduced enrollment and led many LWDAAs to adopt Title I program waiting lists.	
The General Assembly should consider appropriating one-time funds to TCSG to enable the agency to establish a revolving loan program that provides bridge loans to LWDAAs to mitigate the impact of federal funding delays.	Status Pending
Finding 4: Incorporating additional programs into the state’s workforce development plan would strengthen coordination.	
The SWDB, in consultation with the governor, should consider including additional non-core programs in the combined state plan to better incorporate other workforce programs that serve similar populations.	Status Pending
Finding 5: Better coordination between WIOA and SNAP E&T could create efficiencies in service delivery.	
DHS and TCSG should increase interagency cooperation, which may include establishing a formal referral mechanism between SNAP E&T and Title I or designating all LWDAAs as SNAP E&T training providers.	Status Pending
Finding 6: Limited data sharing across workforce programs hinders cross-agency coordination of services.	
The SWDB, in consultation with the governor, should continue efforts to integrate data systems across workforce programs.	Status Pending
TCSG and DHS should establish a data sharing mechanism that assists LWDA staff with determining WIOA program eligibility.	Status Pending
Finding 7: Title I and Wagner-Peyser programs met performance goals for most indicators and often surpassed national average performance.	
All agencies should establish goals for each performance measure to provide information useful for assessing program results.	Status Pending
Finding 8: Adopting additional performance measures and compiling measures in a single location would enable a more effective evaluation of the workforce development system.	
The SWDB, in consultation with the governor, should require state agencies with workforce development programs to report a common set of state performance measures.	Status Pending
TCSG should coordinate with the SWDB to collect and publish program performance data in a common location, such as the SWDB website.	Status Pending
The SWDB should consider adopting systemwide measures that demonstrate the collective performance of the state’s workforce development system programs and initiatives.	Status Pending

Workforce Development
Final Status Pending – Follow-Up Review will be completed in 2027

Finding 8: Fewer one-stop center locations, the absence of required partners, and unreliable location information may decrease access to services.	
TCSG should continue efforts to expand virtual one-stop locations and services across the state.	Status Pending
The SWDB, in consultation with the governor, should consider adding SNAP as a required partner at comprehensive one-stop centers to assist with Title I eligibility determinations.	Status Pending
LWDAs should ensure information on their websites about the number, location, and names of one-stop centers is accurate and consistent.	Status Pending
TCSG should coordinate with one-stop operators to ensure information about their locations is accurate and consistent on the TCSG website.	Status Pending
TCSG should include a one-stop location search feature on its new WorkSource Georgia website to provide accessible information for job seekers.	Status Pending
Finding 10: Obstacles such as affordable childcare and adequate transportation prevent some participants from obtaining workforce development services.	
No recommendations included	



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Tuition Equalization Grant

Requested Information on the Grant's Purpose and Impact

BACKGROUND

The Senate Appropriations Committee requested this special examination of the Tuition Equalization Grant (TEG). Based on the request, we reviewed trends in TEG enrollment, fields of study, and education outcomes. We also evaluated TEG's impact on student costs, as well as employment outcomes for TEG recipients. Finally, we reviewed TEG's provisions in comparison to other financial aid programs in supporting workforce needs.

TEG was created in 1971 to provide financial assistance to Georgia residents attending in-state, independent institutions. Recipients must be enrolled full-time at an approved school but do not have to meet requirements related to merit or financial need. The current annual award is \$900.

State law and regulation set requirements, such as accreditation, for approved institutions. These institutions may be nonproprietary (nonprofit) or proprietary (for-profit), although 2011 legislation limited the proprietary institutions to those that were eligible at the time. For the 2022-2023 academic year, 33 schools are approved for TEG, 31 (94%) of which are nonproprietary.

TEG is administered by the Georgia Student Finance Authority. In the 2021-2022 academic year, approximately 24,400 students received the award, with expenditures totaling \$18.1 million.

KEY RECOMMENDATIONS

This report is intended to answer questions posed by the Senate Appropriations Committee and to help inform policy decisions.

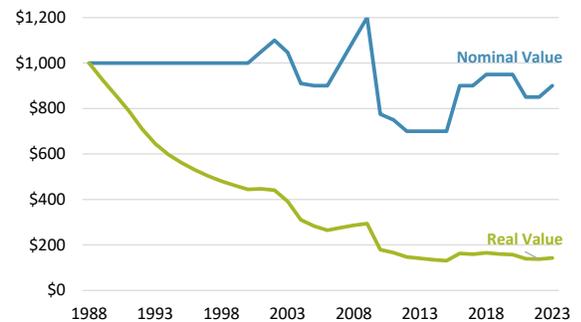
KEY FINDINGS

The Tuition Equalization Grant (TEG) does not cover a significant portion of student costs at eligible postsecondary institutions, and the annual award amount is smaller than similar grants in other states. The number of TEG recipients has declined; however, most are employed in Georgia after receiving the grant.

TEG covers a small portion of costs on its own but is frequently part of a larger financial aid package.

- TEG's impact on costs fell as tuition increased. Nominally, the current \$900 annual award is 10% lower than in the late 1980s, but its real value has fallen 86% once tuition increases are considered—from \$1,000 to \$143.

- TEG currently covers 4.1% of tuition and fees on average, compared to 31% when the program began. TEG covers an average of 2.6% of the cost of attendance when room and board are factored in.



- Most TEG recipients also receive other financial aid, including other state aid, institutional aid, and federal aid. For example, during the 2021-2022 academic year, 58% of TEG recipients received the merit-based HOPE or Zell Miller Scholarship.
- The TEG award is smaller than similar grants for private college students in other southern states. However, when state-funded scholarships are considered, Georgia's combined award amount (TEG plus HOPE) is in line with other states.

The number of TEG recipients has declined over time.

- Since the 2009-2010 academic year, the number of TEG recipients declined by 33%.
- Lower overall enrollment at TEG-eligible institutions was the largest single factor contributing to the decline. Other factors included schools that closed or lost eligibility (resulting in fewer TEG-eligible institutions), more students attending part-time (since TEG requires full-time enrollment), and students transferring to non-TEG eligible schools (e.g., University System of Georgia).

Like Georgia, other states offer financial aid to promote workforce development in specific fields. However, TEG-like grants are not used for this purpose.

- Other southern states with grants for private college students do not restrict them to certain fields of study. However, all of the states we reviewed do offer a variety of other financial aid programs that target specific majors or occupations.
- These financial aid programs are typically service cancelable loans or scholarships that require the recipient to work in the state and in the targeted field. They most frequently target occupations in K-12 education, healthcare, or the military.
- TEG recipients work in a variety of industries in Georgia, including healthcare and social assistance, retail trade, administrative and support services, and educational services. Nearly 90% of TEG recipients were employed in Georgia after receiving their last TEG award, and nearly 75% remained employed in Georgia after 10 years.

Tax Incentive Evaluation: Special Tax Deduction for Life Insurance Companies

DOAA summary of report prepared by the University of Georgia's Carl Vinson Institute of Government

BACKGROUND

Georgia imposes a state premium tax of 2.25% but, unlike most states, also allows local governments to collect premium taxes. O.C.G.A. § 33-8-8.1 allows life insurance companies to deduct their 1% local tax amount from the premium taxes owed to the state. The purpose of the special deduction is not stated but is presumably to reduce the cost of doing business for these companies.

This review was requested by the House Ways and Means Committee and performed in accordance with O.C.G.A. § 28-5-41.1. The University of Georgia's Carl Vinson Institute of Government (the Institute) prepared the report.

ECONOMIC ACTIVITY

To determine the economic activity attributable to the special tax deduction, the Institute estimated the difference between the current premiums and the premiums expected if the deduction did not exist and higher prices reduced demand for policies.

As noted on the right, the Institute estimated that the deduction results in almost 1,200 jobs and a contribution of nearly \$160 million to the state economy.

O.C.G.A. § 28-5-41.1 requires the analysis to include net economic activity, which includes the opportunity cost of the tax expenditure. If taxes on the excluded income had been collected and expended by the state, the Institute estimated the creation of 5,836 jobs and \$289.9 million in value added to the economy.

As noted above, the purpose of this special deduction may not be to spur economic development but to keep the total premium tax comparable to rates charged by other states.



Note: Economic activity attributable to the tax deduction

REVENUE

The deduction is estimated to increase from \$217.2 million in FY 2023 to \$263.5 million in FY 2028. The resulting economic activity was estimated to bring in \$8.8 million in state revenue in FY 2023, with the amount growing to \$10.7 million by FY 2028.

Finally, the Institute estimated that the alternate use of the revenue would have generated \$12.7 million in state revenue in FY 2023.



Note: 2023 estimates

COST

The Institute did not calculate administrative costs but noted that the deduction (compared to a lower rate) adds complexity to the taxation system. Complexity adds costs to both payers and Office of the Commissioner of Insurance.

PUBLIC BENEFIT

The Institute noted that lower premium taxes likely decrease the costs of life insurance policies and that higher costs are generally borne by new policy holders without "locked in" premiums.

Tax Incentive Evaluation: Insurance Premium Tax Abatement

DOAA summary of report prepared by the University of Georgia’s Carl Vinson Institute of Government (Institute)

The state of Georgia taxes insurance companies at a rate of 2.25% of annual insurance premiums collected, but the rate is reduced for companies that invest a portion of their assets in certain Georgia-based financial instruments or property. The rate is reduced to 1.25% for companies investing at least 25% of their total assets in specified Georgia-based assets. The rate is reduced to 0.5% if companies invest at least 75% of their assets in Georgia.

PURPOSE

The Georgia insurance premium tax was created in 1960 with the intent of incentivizing in-state investment by insurance companies. While some companies do qualify for the abatement, the Institute was unable to identify a reliable source of information to determine the extent to which the abatement contributes to in-state investment.

IMPACT ON EMPLOYMENT, ECONOMIC ACTIVITY, AND REVENUE

The Institute estimated that insurance companies received abatements of approximately \$280.8 million in FY24. Without the abatement, costs would increase for some customers and total gross premiums would decline approximately 1%.

Using IMPLAN, the Institute found that the economic activity attributed to the abatement led to approximately 1,250 jobs and \$182.4 million added to the Georgia economy in FY24. The additional economic activity led to \$19.2 million in state tax revenue, offsetting 7% of the abatement cost. The economic ROI is less than 100% because the net revenue loss (\$280.8M minus \$19.2M) is greater than the value added to the state economy.

Employment			Economic Impact			Revenue Impact		
Jobs	Cost/Job	Labor Income	Output	Value Added	Economic ROI	State Tax Expenditure	State Tax Generated	Fiscal ROI
1,246	\$209,952	\$94.9M	\$338.4M	\$182.4M	70%	\$280.8M	\$19.2M	7%

ANCILLARY IMPACTS

Lower premium taxes reduce the cost of doing business for insurers, and surveys suggest that a portion of these savings are passed on to Georgia consumers. The Institute noted that insurers taking part in the Georgia Access health insurance market indicated the abatement was important in reducing the rates of the policies, suggesting that the abatement may be especially beneficial for those without employer-sponsored health insurance.

OTHER STATES

Only seven states offer premium tax abatement; including Georgia, five are in the Southeast. The abatements vary in design and value. For instance, Alabama provides a 0.1% rate reduction for every \$1 million in value of real property investment in the state. In West Virginia, insurance companies may reduce their premium tax to zero if 25% of their assets are invested in-state and other criteria related to company size and premium sales are met.

OPTIONS TO IMPROVE RETURN ON INVESTMENT
The Institute did not identify a method to improve the ROI.