

<b>Employment and Training Administration          Advisory System          U. S. Department of Labor          Washington, D.C. 20210</b>	<b>CLASSIFICATION</b> UI
	<b>CORRESPONDENCE SYMBOL</b> OWS/DUIO
	<b>DATE</b> August 22, 2005

**ADVISORY:** UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 30-05

**TO:** STATE WORKFORCE AGENCIES

/s/

**FROM:** CHERYL ATKINSON  
 Administrator  
 Office of Workforce Security

**SUBJECT:** Interstate and Combined Wage Claim Overpayment Detection,  
 Recovery, and Reporting

1. Purpose. To encourage states to participate in interstate overpayment detection and recovery activities for state and federal programs and to remind states about the requirements for reporting information related to these activities.
2. References. Section 303(g) of the Social Security Act (SSA); Section 3304(a)(9)(B) of the Federal Unemployment Tax Act (FUTA); 20 CFR 616; ET Handbooks Nos. 392, 399 and 401; UIPL No. 50-86; UIPL No. 23-87; and UIPL No. 31-04.
3. Background. Prevention, detection and recovery of unemployment insurance (UI) overpayments is a top priority for the Department of Labor. In 1986, Section 303(g) was added to the Social Security Act which allowed for the development and implementation of the Interstate Reciprocal Overpayment Recovery Arrangement (IRORA) under which participating states recover overpayments for each other. Tools available to states include the Quarterly Interstate Crossmatch/Claimant Locator and the Interstate Inquiry (IBIQ), which provide access to other states' wage and claim data in order to: a) detect overpayments to individuals who are working in one state and claiming benefits in another; and b) locate individuals who owe overpayments in one state and are working or claiming benefits in another. More detailed information about the opportunities and requirements relating to interstate overpayment detection and recovery, including federal programs, is provided below.
4. Overpayment Recovery Requirements/Agreements.
  - A. Combined Wage Program Requirements 20 CFR 616.7(d) and 20 CFR 616.8(e).

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> August 22, 2006
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Section 3304(a)(9)(B) of the FUTA requires each state to participate in the combined wage program, as prescribed by the Secretary of Labor in consultation with the states, as a condition of state law approval. Federal regulations at 20 CFR 616 contain the requirements of the CWC program. The regulation at 20 CFR 616.8(e) requires the paying state on a CWC to recover outstanding overpayments for states that transfer wages for use on the CWC under the paying state's law, unless the paying state's law prohibits recovery of overpayments for another state. This means that if there is no specific prohibition(s) in the paying state's law, the state is required to recover overpayments for wage transferring states that meet the specified conditions.

In providing for the withdrawal of a CWC, 20 CFR 616.7(d) stipulates, that as a condition of withdrawal, the claimant can authorize the state accepting the substitute claim to withhold benefits payable in an amount sufficient to recover and reimburse benefits paid by a former paying state. This is in addition to the provision requiring interstate overpayment recovery for a transferring state. The procedures required by these provisions should have been in place in states since the early 1970s. There is no relationship between this requirement and IRORA. Recovery under this requirement takes precedent over recoveries under IRORA.

- B. Interstate Reciprocal Overpayment Recovery Arrangement (IRORA). Effective in 1987, the IRORA is the states' voluntary agreement to recover overpayments on an interstate basis under the provisions of Section 303(g)(1) of the SSA. That section of the SSA is a permissive provision that allows a state to offset benefits otherwise payable to an individual to recover an overpayment under another state's law. Procedures and forms for handling interstate overpayment recovery under this agreement are published in ET Handbook No. 392, Section IX. A copy of the agreement and the suggested regulations for implementing the agreement are also published in this Handbook in Appendix B. To date, thirty-three (33) states have signed the IRORA. The twenty (20) states that have not signed this agreement are indicated in Attachment A.
  
- C. Cross-Program Overpayment Recovery Agreement (CPORA) Between the States and the U.S. Department of Labor. The CPORA is a reciprocal agreement between a state and the U.S. Department of Labor that allows the state to offset Federal benefits to recover state UI overpayments and to offset state UI benefits to recover Federal benefit overpayments. The CPORA resulted from the same amendment to the Social Security Act as IRORA. It is relevant to this UIPL because it impacts interstate activities under IRORA, i.e., a state that has signed the CPORA and IRORA cannot offset Federal benefits to recover a state UI overpayment for a state which has signed the IRORA but has not signed the CPORA. To date, 48 states have signed the CPORA. The five (5) states that have not signed the CPORA are listed in Attachment A. These states have also not signed IRORA.

5. Quarterly Interstate Crossmatch/Claimant Locator (ICCL). The ICCL has been operational since 1984 and is run quarterly to match interstate claims against the wage and benefit files of the state (agent state) from which the interstate claim is filed by the claimant. It is also used by some states to conduct border crossmatches. In addition to providing a method for crossmatching weeks claimed against other states' wage and benefit files for fraud and overpayment detection, the ICCL's locator feature allows states to match the social security number of an individual with existing overpayments against the wage and benefit files of other states to locate individuals that may have moved. During the past year, the number of records matched per quarter has ranged from 0.8 to 1.2 million with "hits" ranging from 114,000 to 182,000.

Attachment B to this UIPL provides information about the ICCL activities during FY 2004. The dramatic reduction in the number of records distributed for matching after the 4<sup>th</sup> quarter 2003 cycle is the result of states using the Wage Record Interchange System, Distributive Data Base Index (DDBI) for unemployment insurance purposes. Beginning with the 1<sup>st</sup> quarter 2004 cycle, matching of the incoming request against the DDBI eliminated the forwarding of crossmatch (Type 1) requests where there was no match on the state provided DDBI index, and it dramatically decreased the number of locator (Type 3) records that needed to be replicated for nationwide broadcasting.

6. Reporting of Interstate BPC Activities. Since the implementation of the ICCL, millions of dollars in overpayments have been established for claimants that are no longer in the liable (paying) state or subject to the laws of the state where the overpayment exists. To monitor interstate activities, the ETA 227, *Overpayment Detection and Recovery Activities*, report has been revised to capture information on the number of cases detected via the Quarterly Interstate Crossmatch/Claimant Locator, and the number of cases investigated and the resulting establishment of fraud and nonfraud overpayments.

Page 1 to Attachment C shows \$9.7 million in overpayments detected and established as a result of interstate crossmatching in CY 2004. This is a significant dollar amount even though 10 states are not yet reporting any information, and many states are not reporting all required information.

7. Summary. The level of overpayments established as a result of interstate crossmatching suggests that participation in the interstate and cross-program overpayment recovery agreements aid significantly in a state's ability to recover overpayments from individuals that are no longer in the state. The Department of Labor encourages all states to participate in both agreements because full participation of states in these agreements significantly expands use of the benefit offset recovery method, contributes to the strengthening of states' unemployment funds, and has the potential to reduce employers' taxes.
8. Action Required. State administrators are requested to: 1) provide this information

to appropriate staff, including interstate and benefit payment control staff; 2) support full implementation of these agreements; and 3) ensure that reporting requirements for the ETA 227, *Overpayment Detection and Recovery Activities* are met.

9. Inquiries. Questions should be directed to the appropriate ETA Regional Office.

Attachments:    A - Chart of IRORA and CPORA Participating States  
                          B - Chart of Quarterly Interstate Crossmatch/Locator Data for FY 2004  
                          C - Charts of Interstate Activity Reported via the ETA-227 Report,  
                              Overpayment Detection and Recovery Activities for FY 04

**Attachment A to UIPL No. 30-05**

**INTERSTATE RECIPROCAL OVERPAYMENT RECOVERY ARRANGEMENT  
CROSS-PROGRAM OVERPAYMENT OFFSET AGREEMENT**

**Participating States - as of June 2005**

<b>State</b>	<b>IRORA</b>	<b>CPORA</b>
AL	X	X
AK	X	X
AZ	X	X
AR		X
CA		X
CO	X	X
CT		Withdrew 10/87
DE		X
DC	X	X
FL		X
GA		X
HI	X	X
ID	X	X
IL		X
IN	X	X
IA	X	X
KS		X
KY		X
LA		X
ME		
MD	X	X
MA		X
MI		
MN	X	X
MS	X	X
MO	X	X
MT	X	X
NE	X	X
NV	X	X
NH		
NJ		X
NM		X
NY		X
NC	X	X
ND	X	X
OH	X	X
OK	X	X
OR	X	X
PA		X
PR		
RI		X
SC	X	X
SD	X	X
TN	X	X
TX	X	X
UT	X	X
VT	X	X
VA	X	X
VI	X	X

<b>WA</b>	<b>X</b>	<b>X</b>
<b>WV</b>	<b>X</b>	<b>X</b>
<b>WI</b>	<b>X</b>	<b>X</b>
<b>WY</b>	<b>X</b>	<b>X</b>
<b>Total</b>	<b>33</b>	<b>48</b>

**Attachment B to UIPL No. 30-05**

<b>Quarterly Interstate Crossmatch/Locator – FY 2004</b>					
	<b>4<sup>th</sup> Qtr 03</b>	<b>1<sup>st</sup> Qtr 04</b>	<b>2<sup>nd</sup> Qtr 04</b>	<b>3<sup>rd</sup> Qtr 04</b>	<b>Total</b>
<b>Incoming Requests</b>					
Xmatch - Type 1	892,706	915,606	671,458	593,188	3,072,958
Locator - Type 3	333,919	350,135	292,264	273,698	1,250,016
<b>Total Records</b>	<b>1,226,625</b>	<b>1,265,741</b>	<b>963,722</b>	<b>866,886</b>	<b>4,322,974</b>
<b>Matched Against DDBI</b>					
Xmatch - Type 1	N/A	834,576	670,752	592,599	1,487,927
Locator –Type 3	N/A	350,046	292,187	273,630	915,863
<b>Total Records</b>	<b>N/A</b>	<b>1,184,622</b>	<b>962,939</b>	<b>866,229</b>	<b>2,403,790</b>
<b>Hit from DDBI</b>					
Xmatch - Type 1	N/A	12,568	2,234	2,075	16,877
Locator – Type 3	N/A	59,744	60,097	56,768	176,609
<b>Total Records</b>	<b>N/A</b>	<b>72,312</b>	<b>62,331</b>	<b>58,843</b>	<b>193,486</b>
<b>Requests Distributed to States</b>					
Xmatch - Type 1	1,145,768	956,927	692,951	605,956	3,401,602
Locator – Type 3	11,732,062	1,772,835	1,244,674	1,126,024	15,875,595
<b>Total Records</b>	<b>12,877,830</b>	<b>2,729,962</b>	<b>1,937,625</b>	<b>1,731,980</b>	<b>19,277,197</b>
<b>Responses</b>					
Xmatch - Type 2	88,576	97,199	65,639	58,660	310,074
Locator - Type 4	93,088	64,268	59,424	55,120	271,900
<b>Total Records</b>	<b>181,664</b>	<b>161,467</b>	<b>125,063</b>	<b>113,780</b>	<b>581,974</b>

<b>Overpayment Cases Detected VIA Interstate Crossmatch                      January 1, 2004 – December 31, 2004                      ETA 227 Report – Line 203</b>					
ST	Number of Cases Investigated	FRAUD		NONFRAUD	
		Cases	Dollars	Cases	Dollars
AK	0	139	\$ 257551	117	\$ 32491
AL	0	0	0	0	0
AR	0	0	0	0	0
AZ	0	492	391708	143	30311
CA	231	223	291910	8	8123
CO	0	35	87732	21	17803
CT	0	0	0	0	0
DC	0	0	0	1	2727
DE	0	0	0	0	0
FL	1396	15	24109	11	10046
GA	0	0	0	4	3302
HI	0	0	0	1	324
IA	260	248	202626	102	22866
ID	111	39	71543	6	0
IL	1527	512	1059098	936	318739
IN	148	95	256849	120	63247
KS	8806	116	267926	61	24788
KY	0	0	0	0	0
LA	1	0	0	2	238
MA	0	0	0	7	15697
MD	0	0	0	11	5927
ME	0	1	2279	10	5529
MI	0	27	42856	122	88300
MN	0	0	0	0	0
MO	574	25	49650	4	1176
MS	12526	509	246825	73	6558
MT	16	7	1125	9	1011
NC	802	114	239397	7	8709
ND	1	0	0	1	26
NE	524	39	63927	48	14191
NH	0	0	0	0	0
NJ	3823	118	428299	370	809356
NM	96	0	0	0	0
NV	0	0	0	0	0
NY	0	359	553424	11	26086
OH	162	99	173092	17	15162
OK	484	0	0	0	0
OR	1553	379	537391	25	10013
PA	4014	6	21240	20	30445
RI	0	0	0	0	0
SC	3216	198	277212	374	135320
SD	153	70	54248	36	18024
TN	642	219	292394	235	67687
TX	10265	48	134303	326	152753
UT	0	118	115311	14	2095
VA	733	207	280207	328	129304
VT	0	0	0	0	0
WA	3216	367	743785	378	267714
WI	142	64	106124	78	31507
WV	151	24	37549	10	3638
WY	0	24	26671	0	0
US	58573	4936	\$ 7,338,561	4047	\$ 2,381,233

**Overpayment Amounts Recovered For State By Other States  
January 1, 2004 – December 31, 2004  
ETA 227 Report – Line 306**

ST	FRAUD		NONFRAUD	
	UI	UCFE/X	UI	UCFE/X
AK	\$ 3833	\$ 464	\$ 5370	\$ 873
AL	0	0	4608	0
AR	0	0	0	0
AZ	10974	0	6376	0
CA	36652	5070	10449	238
CO	0	0	0	0
CT	0	0	0	0
DC	0	0	0	0
DE	0	0	0	0
FL	0	0	7603	0
GA	0	0	0	0
HI	3265	0	0	0
IA	7248	0	24941	0
ID	7212	0	2155	0
IL	0	0	0	0
IN	215	0	148	0
KS	12704	0	18347	2379
KY	0	0	0	0
LA	4434	0	14702	0
MA	0	0	0	0
MD	37273	0	77037	0
ME	0	0	0	0
MI	0	0	0	0
MN	5525	0	9117	0
MO	118657	5520	35475	2337
MS	13780	0	9529	0
MT	0	0	6553	273
NC	11426	793	22629	141
ND	0	0	0	0
NE	6245	0	4959	0
NH	0	0	0	0
NJ	0	0	0	0
NM	0	0	0	0
NV	0	0	0	0
NY	0	0	0	0
OH	1358	0	6771	0
OK	3555	0	6375	0
OR	22596	0	7016	0
PA	0	0	0	0
RI	0	0	0	0
SC	0	0	0	0
SD	3752	0	1085	0
TN	0	0	0	0
TX	25889	0	60158	0
UT	0	0	0	0
VA	2717	0	25600	0
VT	0	0	223	0
WA	0	0	0	0
WI	0	0	0	0
WV	15187	0	15562	200
WY	0	0	0	0
US	\$ 354,497	\$ 11,847	\$ 382,788	\$ 6441

**Overpayment Amounts Recovered By State For Other States  
January 1, 2004 – December 31, 2004  
ETA 227 Report – Line 321**

ST	FRAUD		NONFRAUD	
	UI	UCFE/X	UI	UCFE/X
AK	\$ 6600	\$ 0	\$ 0	\$ 0
AL	0	0	0	0
AR	0	0	0	0
AZ	4579	0	4061	0
CA	0	0	0	0
CO	16038	0	1048770	0
CT	0	0	0	0
DC	618	0	66023	13326
DE	0	0	0	0
FL	0	0	0	0
GA	0	0	0	0
HI	0	0	0	0
IA	0	0	0	0
ID	0	0	0	0
IL	0	0	0	0
IN	0	0	15869	0
KS	106575	999	50254	302
KY	0	0	0	0
LA	0	0	0	0
MA	0	0	0	0
MD	519	0	330553	0
ME	0	0	0	0
MI	0	0	0	0
MN	33646	0	30288	380
MO	21605	0	45522	1404
MS	1067	0	11261	0
MT	767	0	14413	0
NC	2693	0	8658	0
ND	350	0	8557	0
NE	2155	0	6490	2733
NH	0	0	0	0
NJ	0	0	0	0
NM	0	0	0	0
NV	0	0	0	0
NY	0	0	0	0
OH	4332	0	3327	379
OK	0	0	0	0
OR	9732	843247	5605	0
PA	0	0	0	0
RI	0	0	0	0
SC	0	0	0	0
SD	0	0	2734	0
TN	0	0	0	0
TX	17151	0	21008	0
UT	0	0	7512	8473
VA	8290	0	112982	0
VT	0	0	198	0
WA	6248	0	2108	0
WI	0	0	0	0
WV	0	0	4716	0
WY	762	0	728	0
US	\$ 243,727	\$844,246	\$1,802,684	\$26,997

