

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION UI
	CORRESPONDENCE SYMBOL OUI/DPM
	DATE July 20, 2016

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 34-11,
Change 2

TO: STATE WORKFORCE AGENCIES

FROM: PORTIA WU /s/
Assistant Secretary

SUBJECT: Benefit Year Earnings (BYE) Unemployment Insurance (UI) Integrity
Performance Measure

1. **Purpose.** To disseminate state Acceptable Level of Performance (ALP) targets for the BYE UI Integrity Performance Measure for the calendar year (CY) 2015 performance period and provide information on this measure for future performance periods.
2. **References.**
 - *U. S. Department of Labor Agency Financial Report, Fiscal Year (FY) 2015;*
 - *Unemployment Insurance Program Letter (UIPL) UIPL No. 34-11, Performance Measure for Unemployment Insurance (UI) Integrity; and*
 - *UIPL No. 34-11, Change 1, Benefit Year Earnings (BYE) Unemployment Insurance (UI) Integrity Performance Measure.*
3. **Background.** Historically, BYE overpayments caused when claimants return to work, fail to report earnings, and continue to claim and collect benefits, have been one of the leading causes of UI overpayments. For the 2015 Improper Payments Information Act (IPIA) reporting period (July 1, 2014 to June 30, 2015) the U. S. Department of Labor reported in the *FY 2015 Agency Financial Report* (pp. 166 and 171) that 33.27 percent (\$1.126 billion) of the estimated \$3.384 billion in UI benefits overpayments (fraud, non-fraud recoverable, and non-fraud non-recoverable overpayments) were attributable to BYE issues. This represented 3.42 percent of the \$32.895 billion in UI benefits paid in the State UI; Unemployment Compensation for Federal Employees; and Unemployment Compensation for Ex-service members programs.

To address BYE overpayments, in 2011, the Department established a performance measure for BYE overpayments based on Benefit Accuracy Measurement (BAM) data reported by states (UIPL No. 34-11). In 2014, the Department revised the baseline period to the state's average BYE overpayment rate for CY 2010 to CY 2012 and set a reduction target of 25 percent below the state's baseline rate for the CY 2014 performance period (UIPL No. 34-11, Change 1).

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4. **Reporting Guidance for CY 2015.** The baseline period is the state’s average BYE rate for the previous three calendar years. The baseline period for CY 2015 is the most recent three-year period CY 2012 through CY 2014. The reduction target for the CY 2015 reporting period is 25 percent below the state’s baseline rate. State ALPs for the CY 2015 reporting period are attached.

The BYE overpayment rate is the ratio (expressed as a percentage) of the estimated amount of UI benefits that were overpaid due to BYE issues to the total amount of UI benefits paid. Both the numerator and the denominator are adjusted so that the amounts overpaid and paid represent the population of paid UI weeks from which the BAM survey samples were selected.

$$\text{BYE Overpayment rate} = \frac{\text{Amount overpaid due to BYE}}{\text{Amount of UI benefits paid}} \times 100$$

Because this performance measure is based on sample data, the Department takes into account the sampling error of each state’s estimated BYE overpayment rate to determine whether the state meets the ALP. The Department will evaluate state performance in CY 2015 by the standard established in UIPL No. 34-11. A state will meet the ALP if: 1) its BYE overpayment rate decreases from its baseline rate during the performance period by the 25 percent state reduction target, or 2) its BYE overpayment rate decreases from its baseline rate during the performance period and its BYE overpayment rate is less than the national BYE overpayment rate target of 2.70 percent.

States failing to meet the ALP for the CY 2015 performance period must develop a Corrective Action Plan as part of their FY 2017 State Quality Service Plan.

The Department has developed a software application to allow each state to calculate its BYE overpayment rate using the results of the BAM survey according to the formula defined above. This software application is available at http://oui.doleta.gov/unemploy/bye_overpay.asp.

5. **Future Performance Measurement.** The Department is developing a new UI integrity performance measure and will solicit public comments on the proposed measure in the *Federal Register*. Until the new UI integrity performance measure is implemented, the current BYE performance measure will remain in place. The Department will inform states of updated baseline and target reduction rates through appropriate advisories.
6. **Action Requested.** The Department requests that State Administrators provide the information in this advisory to the appropriate staff.
7. **Inquiries.** Please direct all inquiries to the appropriate Employment and Training Administration Regional Office.

8. **Attachment.** BYE UI Integrity Performance Measure State CY 2012 to CY 2014 Baseline Rates and CY 2015 ALPs.

Benefit Year Earnings Overpayment Performance Measure
CY 2012 to CY 2014 Baseline and CY 2015 ALP

ST	Sample	UI Benefits Paid	Estimated BYE Overpayments	BYE Baseline CY 2012- CY 2014	CY 2015 ALP*
AK	1,467	\$471,513,826	\$16,635,867	3.528%	2.646%
AL	1,444	\$855,058,511	\$31,568,836	3.692%	2.769%
AR	1,442	\$917,365,730	\$45,872,963	5.001%	3.750%
AZ	1,447	\$1,100,032,239	\$57,915,620	5.265%	3.949%
CA	2,025	\$18,828,040,477	\$686,933,276	3.648%	2.736%
CO	1,461	\$1,662,242,553	\$59,843,265	3.600%	2.700%
CT	1,458	\$2,334,200,671	\$36,615,584	1.569%	1.176%
DC	1,089	\$457,273,573	\$46,497,898	10.169%	7.626%
DE	1,080	\$307,473,759	\$9,958,375	3.239%	2.429%
FL	840	\$2,085,370,438	\$46,394,605	2.225%	1.669%
GA	1,463	\$2,070,661,145	\$48,729,289	2.353%	1.765%
HI	1,083	\$676,077,979	\$12,910,166	1.910%	1.432%
IA	1,440	\$1,247,010,900	\$47,424,211	3.803%	2.852%
ID	1,479	\$430,547,000	\$13,934,094	3.236%	2.427%
IL	1,422	\$6,269,743,738	\$300,544,514	4.794%	3.595%
IN	1,387	\$1,661,464,395	\$77,253,350	4.650%	3.487%
KS	1,402	\$968,862,343	\$28,727,556	2.965%	2.224%
KY	1,476	\$1,313,371,994	\$34,480,194	2.625%	1.969%
LA	1,464	\$585,115,234	\$48,161,724	8.231%	6.173%
MA	1,745	\$4,695,905,242	\$185,511,585	3.950%	2.963%
MD	1,456	\$2,269,112,111	\$102,204,675	4.504%	3.378%
ME	1,430	\$485,114,219	\$9,035,905	1.863%	1.397%
MI	1,422	\$3,214,742,425	\$127,304,589	3.960%	2.970%
MN	1,490	\$2,507,261,439	\$102,158,341	4.074%	3.056%
MO	1,440	\$1,377,464,502	\$46,343,831	3.364%	2.523%
MS	1,487	\$486,749,746	\$31,029,632	6.375%	4.781%
MT	1,083	\$362,386,264	\$11,702,786	3.229%	2.422%
NC	1,558	\$2,902,082,425	\$136,460,026	4.702%	3.527%
ND	1,087	\$235,628,744	\$5,288,956	2.245%	1.683%
NE	1,080	\$312,642,227	\$10,078,664	3.224%	2.418%
NH	1,087	\$265,382,630	\$6,283,603	2.368%	1.776%
NJ	1,319	\$6,315,327,567	\$200,455,183	3.174%	2.381%
NM	1,320	\$556,246,668	\$22,090,905	3.971%	2.979%
NV	1,471	\$1,255,827,527	\$70,634,010	5.624%	4.218%
NY	1,431	\$9,054,546,300	\$216,490,869	2.391%	1.793%
OH	1,433	\$3,441,712,699	\$67,123,195	1.950%	1.463%
OK	1,447	\$757,712,233	\$19,896,505	2.626%	1.969%
OR	1,468	\$1,969,620,488	\$69,788,526	3.543%	2.657%
PA	1,535	\$7,980,987,540	\$471,257,403	5.905%	4.429%
PR	1,441	\$591,137,094	\$28,648,734	4.846%	3.635%

* Target rate equals 25 percent reduction from baseline rate.

Benefit Year Earnings Overpayment Performance Measure
CY 2012 to CY 2014 Baseline and CY 2015 ALP

ST	Sample	UI Benefits Paid	Estimated BYE Overpayments	BYE Baseline CY 2012- CY 2014	CY 2015 ALP*
RI	1,385	\$649,784,514	\$12,261,875	1.887%	1.415%
SC	1,518	\$763,546,444	\$52,644,591	6.895%	5.171%
SD	1,080	\$94,053,363	\$809,356	.861%	.645%
TN	1,440	\$1,122,821,054	\$49,388,011	4.399%	3.299%
TX	1,450	\$6,693,679,409	\$111,498,080	1.666%	1.249%
UT	1,433	\$639,889,561	\$12,803,876	2.001%	1.501%
VA	1,443	\$1,751,076,553	\$52,367,654	2.991%	2.243%
VT	1,111	\$261,869,506	\$4,579,735	1.749%	1.312%
WA	1,378	\$3,469,199,848	\$79,799,965	2.300%	1.725%
WI	1,503	\$2,441,088,497	\$112,970,923	4.628%	3.471%
WV	1,440	\$660,310,677	\$16,209,093	2.455%	1.841%
WY	1,071	\$216,331,913	\$5,099,209	2.357%	1.768%
US	71,851	\$114,042,667,937	\$4,100,621,675	3.596%	2.697%

* Target rate equals 25 percent reduction from baseline rate.

Prepared By ETA Office of Unemployment Insurance on 08 Jun 16