




MAY 04 2016

MEMORANDUM FOR: SCOTT S. DAHL
Inspector General

FROM: PORTIA WU 
Assistant Secretary

SUBJECT: Executive Order (E.O.) 13520 Report on High-Dollar
Overpayments in the Unemployment Insurance (UI) Program

This transmittal reflects the Fiscal Year 2016 first quarter (October to December 2015) High-Dollar report for the UI program, as required by E.O. 13520, Reducing Improper Payments.

Section 3 (f) of E.O. 13520 requires that at least once every quarter the head of each agency (or designated official) with programs designated as “high-priority” by the Office of Management and Budget (OMB) shall submit to the agency’s Inspector General and the Council of Inspectors General on Integrity and Efficiency a report on any high-dollar overpayments identified by the agency. The UI program meets the threshold established by OMB of at least \$750 million in improper payments as reported in the U.S. Department of Labor’s annual Agency Financial Report and has been designated as a “high-priority” program.

Please note that this report includes high-dollar overpayments reported by states from two sources: 1) population data provided on the Employment and Training Administration (ETA) 227 - Overpayment Detection and Recovery Activities report, and 2) high-dollar information based on sample cases from the Benefit Accuracy Measurement survey for those states that have not yet submitted data on the ETA 227 report.

Attachments

cc: Council of Inspectors General on Integrity and Efficiency

High-Dollar Report Unemployment Insurance

As required by Section 3 (f) of Executive Order 13520 and according to the guidelines specified in section D of Part III to Office of Management and Budget (OMB) Circular A-123, Appendix C, the U.S. Department of Labor (Department) has identified in the attached report the number of individuals who received high-dollar overpayments of Unemployment Insurance (UI) benefits during the first quarter (October to December 2015) of Fiscal Year (FY) 2016.

According to section D (4) of Part III to OMB Circular A-123, Appendix C:

Agencies with programs susceptible to significant improper payments under the IPIA are required to report quarterly on high-dollar overpayments that occurred within those specific programs.

On October 20, 2014, as part of revised guidance to OMB Circular A-123, Appendix C, OMB issued revised guidance for improper payments reporting, specifying new criteria for high-dollar overpayments to individuals. Only those overpayments to individuals that are at least 50 percent higher than the proper payment and over \$25,000 must now be reported. However, the Department will continue to use the lower threshold of \$5,000 for those states that have not yet modified the information technology systems used for reporting high-dollar overpayments from their payment populations.

State UI Benefit Payment Control (BPC) units are responsible for identifying and recovering all UI overpayments. The number of high-dollar overpayments identified by state BPC operations is reported on the Employment and Training Administration (ETA) 227 - Overpayment Detection and Recovery Activities report. Reporting instructions for the ETA 227 report that were included in UI Program Letter No. 8-12 (January 11, 2012) define fraud and non-fraud high-dollar overpayments as:

The total overpayment established during the reporting quarter for an individual exceeding \$25,000. Overpayments may be for a single payment or for cumulative payments made during or prior to the reporting quarter.

For the first quarter of FY 2016, a total of 48 states submitted high-dollar data on the ETA 227 report. Although the ETA 227 report is due on the first day of the second month following the report period, states frequently send the reports late or submit corrections after the due date. For this reason, the Department allows an additional sixty day grace period after the due date, to ensure that the most accurate data is used in calculating high-dollar overpayments.

For those states that are not currently reporting high-dollar data on the ETA 227, we will continue to provide sample counts from the Benefit Accuracy Measurement (BAM) survey. BAM, a statistical survey of paid and denied UI claims, collects information on high-dollar overpayments. State BAM investigators are required to complete 95 percent of their sample cases within 90 days of selection. Effective with UI Program Letter No. 11-15 (February 26,

2015), states must also complete 98 percent of their cases sampled between July 1 and June 30 (reporting period for UI integrity data published in the Department’s Agency Financial Report) by October 28th. Therefore, high-dollar data will be reported according to the following schedule.

Reporting Quarter	BAM Audit Completion Date	High-Dollar Report Submitted By
January - March	June 30	July 31
April - June	October 28	November 30
July - September	December 31	January 31
October - December	March 31	April 30

During the October to December 2015 reporting period, BAM completed audits for 5,781 paid claims. BAM data are available only at the state level of reporting. BAM covers the three largest permanently authorized unemployment compensation programs: State UI, Unemployment Compensation for Federal Employees (UCFE), and Unemployment Compensation for Ex-Service members (UCX). Although overpayments for all of these programs, including high-dollar overpayments, are included in the population from which BAM samples are drawn, because BAM surveys only a small percentage of total UI paid claims, the number of UI benefit recipients with high-dollar overpayments identified through BAM is significantly less than the number of high-dollar overpayments in the population.

In response to the level of improper payments, the Department has aggressively addressed the issue by developing a multifaceted Integrity Strategic Plan. Some of the initiatives target specific root causes, while others support a broader effort to reduce improper payments. Our goal is to reduce the improper payment rate below the 10 percent criterion in the Improper Payments Elimination and Recovery Act of 2010. These core strategies to reduce improper payments are described in: <http://www.dol.gov/dol/maps/Strategies.htm>.

Detailed data on state improper payments and state status reports on progress in implementing the Department’s integrity initiatives can be found at: <http://www.dol.gov/dol/maps/map-ipia.htm>.

The BPC and BAM UI High-Dollar Overpayment Reports for October to December 2015 are attached. Previous UI High-Dollar reports are posted on the Office of Unemployment Insurance Payment Accuracy Web page (http://www.oui.doleta.gov/unemploy/improp_pay.asp).

Unemployment Insurance High Dollar Report
Reporting Quarter: FY 2016 Quarter 1

States Reporting at the \$25,000 Threshold

ST	State UI UCFE/UCX Cases	State UI UCFE/UCX Amount	EB Cases	EB Amount	Total High Dollar Cases	Total High Dollar Amount
AK	0	\$0	0	0	0	\$0
AR	0	\$0	0	0	0	\$0
CA	1	\$32,315	0	0	1	\$32,315
CO	0	\$0	0	0	0	\$0
CT	2	\$125,535	0	0	2	\$125,535
DC	0	\$0	0	0	0	\$0
DE	0	\$0	0	0	0	\$0
FL	0	\$0	0	0	0	\$0
GA	0	\$0	0	0	0	\$0
HI	0	\$0	0	0	0	\$0
ID	0	\$0	0	0	0	\$0
IL	2	\$51,496	0	0	2	\$51,496
IN	3	\$115,515	0	0	3	\$115,515
KS	0	\$0	0	0	0	\$0
KY	0	\$0	0	0	0	\$0
LA	0	\$0	0	0	0	\$0
MA	0	\$0	0	0	0	\$0
MD	0	\$0	0	0	0	\$0
ME	0	\$0	0	0	0	\$0
MI	0	\$0	0	0	0	\$0
MN	0	\$0	0	0	0	\$0
MO	0	\$0	0	0	0	\$0
MT	0	\$0	0	0	0	\$0
NC	0	\$0	0	0	0	\$0
ND	0	\$0	0	0	0	\$0
NE	0	\$0	0	0	0	\$0
NH	0	\$0	0	0	0	\$0
NJ	0	\$0	0	0	0	\$0
NM	0	\$0	0	0	0	\$0
NY	1	\$34,828	0	0	1	\$34,828

Unemployment Insurance High Dollar Report
Reporting Quarter: FY 2016 Quarter 1

States Reporting at the \$25,000 Threshold (continued)

ST	State UI UCFE/UCX Cases	State UI UCFE/UCX Amount	EB Cases	EB Amount	Total High Dollar Cases	Total High Dollar Amount
OH	0	\$0	0	0	0	\$0
OR	0	\$0	0	0	0	\$0
PR	0	\$0	0	0	0	\$0
SD	0	\$0	0	0	0	\$0
TN	0	\$0	0	0	0	\$0
TX	0	\$0	0	0	0	\$0
UT	0	\$0	0	0	0	\$0
VA	0	\$0	0	0	0	\$0
VT	0	\$0	0	0	0	\$0
WI	0	\$0	0	0	0	\$0
WV	0	\$0	0	0	0	\$0
WY	0	\$0	0	0	0	\$0
US	9	\$359,689	0	0	9	\$359,689

States Reporting at the \$5,000 Threshold

ST	State UI UCFE/UCX Cases	State UI UCFE/UCX Amount	EB Cases	EB Amount	Total High Dollar Cases	Total High Dollar Amount
IA	1348	\$9,066,831	0	\$0	1348	\$9,066,831
MS	0	\$0	0	\$0	0	\$0
NV	158	\$1,194,177	0	\$0	158	\$1,194,177
PA	8	\$243,608	0	\$0	8	\$243,608
RI	52	\$425,975	1	\$5,102	53	\$431,077
VI	0	\$0	0	\$0	0	\$0
US	1575	\$11,290,280	1	5,102	1576	\$11,295,382

**States Not Reporting on the 227
BAM Unemployment Insurance High Dollar Report
Reporting Quarter: FY 2016 Quarter 1
Reported at the \$25,000 Level**

ST	BAM Cases	BAM Amount OP
AL	0	\$0
AZ	0	\$0
OK	0	\$0
SC	0	\$0
WA	0	\$0

Source: ETA 227 Report, BAM
Prepared by OUI Division
of Performance Management on 15 Apr 16