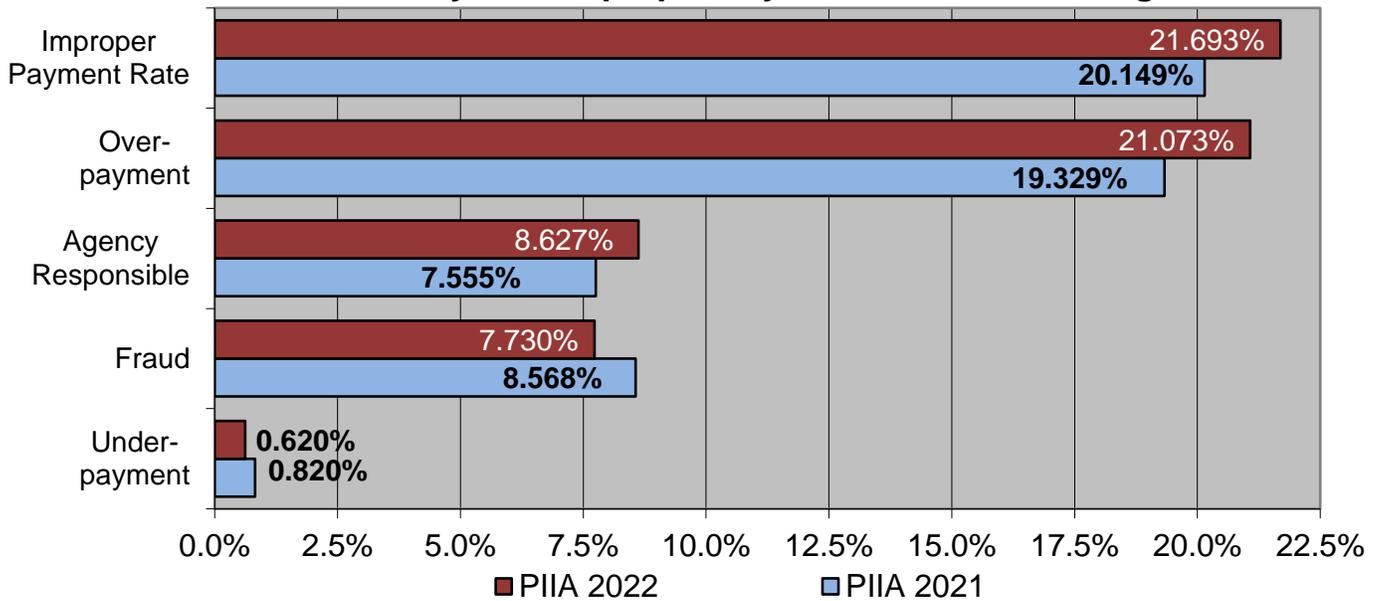


UI Benefit Payment Improper Payment Rates and Changes



Improper Payment Rate – The statutory definition of an improper payment is “any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements; and includes any payment to an ineligible recipient” This rate includes UI benefits overpaid plus UI benefits underpaid divided by the total amount of UI benefits paid. Overpayments, underpayments, and total UI benefits paid are estimated from the BAM survey results of paid UI claims in the state UI, UCFE, and UCX programs. Overpayments and underpayments determined to be technically proper under state UI law for finality and other reasons are excluded from the measure.

Overpayment Rate - The overpayment rate is defined in UIPL No. 09-13, Change 1. It is the total weighted amount of payments determined to be overpaid divided by the weighted dollar amount paid in the BAM sample population. The rate includes fraud, nonfraud recoverable, and nonfraud nonrecoverable overpayments. All causes and responsible parties are included in this rate.

Agency Responsibility Rate - This rate includes overpayments for which the SWA was either solely responsible or shared responsibility with claimants, employers, or third parties, such as labor unions or private employment referral agencies. The rate includes fraud, nonfraud recoverable overpayments, and nonfraud nonrecoverable overpayments. It excludes payments that are technically proper due to finality or other rules.

Fraud Rate - The definition of unemployment compensation (UC) fraud varies from state to state – there is no federal definition of fraud in the UC program. Generally, fraud involves a knowing and willful act and/or concealment of material facts to obtain or increase benefits when benefits are not due. States vary on the level of evidence required to demonstrate a knowing and willful act or the concealment of facts. An overpayment which is classified as a fraud overpayment in one state might be determined to be a nonfraud overpayment in another state. Often fraud determinations include looking at a pattern of action or the claimant’s certification of erroneous information under the penalty of perjury. Also states differ on the implementing fraud administrative penalty determinations. In some states, a fraud determination becomes effective on the date of the fraudulent act. In other states, the administrative penalty takes effect on the determination date. Since fraud determination criteria and thresholds vary throughout the SWAs, the individual state rates reflect these differences. The rate includes all causes and responsible parties.

Underpayment Rate – The underpayment rate is defined in UIPL No. 9-13, Change 1. It is the total weighted dollar amount of payments determined to be underpaid divided by the weighted dollar amount paid in the BAM sample population. All causes and responsible parties are included in this rate. It includes errors where additional payment is made to the claimant. It excludes those errors that are technically proper due to finality rules or technically proper due to rules other than finality.

*** Please Note: UI improper payment data displayed on these web pages are derived from the Benefit Accuracy Measurement (BAM) program. BAM is a quality control statistical survey used to identify errors and support corrective action in the state unemployment insurance (UI) system. Approximately 24,000 cases are drawn from states annually, with sample sizes ranging from 360 cases per year in the 10 states with the smallest UI workloads to 480 cases in the remainder of the states.