



MAY 11 2012

MEMORANDUM FOR: DANIEL R. PETROLE  
Deputy Inspector General

FROM: JANE OATES *Jane Oates*  
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 2012 first quarter (October to December 2011) 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 Department's annual Agency Financial Report and has been designated as a high-priority program.

Attachments

cc: Council of Inspectors General on Integrity and Efficiency

## Narrative for the Unemployment Insurance High-Dollar Report

As required by Section 3 (f) of Executive Order 13520 and according to the guidelines specified in section C (3) of Part III to Office of Management and Budget (OMB) Circular A-123, Appendix C, the Department of Labor (Department) has identified in the attached report the number of individuals who received over \$5,000 in Unemployment Insurance (UI) benefits and who received erroneous UI payments in excess of 50 percent of the correct amount paid during the first quarter (October to December 2011) of Fiscal Year (FY) 2012. Please note that cumulative UI benefits may have been paid during more than a single quarter.

According to section C (3) (j) of Part III to OMB Circular A-123, Appendix C:

Subsequent to the first [High-Dollar] report, agencies shall complete, submit, and publicize these reports at least once a quarter (i.e., four times per year) thereafter. Each quarterly report shall be completed, submitted, and published by the last day of each quarter.

Information on high-dollar overpayments is collected through Benefit Accuracy Measurement (BAM), which is a statistical survey of paid and denied UI claims. State BAM investigators are required to complete 95 percent of their cases within 90 days of selection. States must also complete 98 percent of their calendar year cases by April 30 of the following year. 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	September 30	October 31
July - September	December 31	January 31
October - December	April 30	May 31

During the October to December 2011 reporting period, BAM completed audits for 6,252 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.

State UI Benefit Payment Control (BPC) units are responsible for identifying and recovering all UI overpayments. States currently report to the Department aggregate data on overpayment dollars established and recovered but do not identify specific individuals who received UI

benefits overpayments. The Department has modified the Employment and Training Administration (ETA) 227 - Overpayment Detection and Recovery Activities report to accommodate reporting of the total number of high-dollar overpayments identified by state BPC operations. On August 25, 2011, OMB approved our request, required by the Paperwork Reduction Act, to modify the ETA 227 report.

ETA issued reporting instructions to the state agencies (UI Program Letter No. 08-12, January 11, 2012), which will now have to complete the computer programming required to assemble and report the data. We estimate that ETA will begin reporting high-dollar overpayment data for some state populations beginning with the third quarter of FY 2012 (April to June). We anticipate that not all states will be ready to report at this time due to resource and capacity limitations. We will continue to provide sample counts from the BAM survey for those states not submitting population data on the revised ETA 227 report.

In response to the level of improper payments, the Department has aggressively addressed the issue by developing a multifaceted Integrity Strategic Plan ([http://oui.doleta.gov/unemploy/pdf/StrategicPlan\\_Improp\\_Pay.pdf](http://oui.doleta.gov/unemploy/pdf/StrategicPlan_Improp_Pay.pdf)). Some of the initiatives in the Strategic Plan target specific root causes while others support a broader effort to reduce improper payments. 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>.

Our goal is to reduce the improper payment rate below the 10 percent criterion in the Improper Payments Elimination and Recovery Act of 2010 (IPERA), and we are confident that the initiatives in the Integrity Strategic Plan will allow us to meet this goal. ETA has established a performance measure under UI Performs, the Department's performance management system for UI, requiring states to meet the IPERA less than 10 percent improper payment rate requirement. ETA has drafted an advisory, which is currently in Department clearance, implementing this performance measure, along with a measure requiring states to meet the UI overpayment recovery targets published in the Department's FY 2011 Agency Financial Report. These measures are effective with the calendar year 2012 performance period.

The UI High-Dollar Overpayment Report for October to December 2011 is 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](http://www.oui.doleta.gov/unemploy/improp_pay.asp)).

Unemployment Insurance High Dollar Report  
Reporting Quarter (FY QTR) - 2012.1

State	Amount Paid	Amount Proper	Amount Overpaid	Note
AK	\$7,770	\$4,949	\$2,821	*
	\$950	\$0	\$5,450	#
Cases			2	
Total OP			\$8,271	
AR	\$7,635	\$4,059	\$3,576	*
	\$6,069	\$0	\$8,211	#
	\$6,256	\$544	\$5,712	
Cases			3	
Total OP			\$17,499	
AZ	\$6,240	\$3,091	\$3,149	*
	\$1,920	\$0	\$6,038	#
	\$5,910	\$3,661	\$2,249	*
	\$5,380	\$3,018	\$2,362	*
Cases			4	
Total OP			\$13,798	
CA	\$5,390	\$0	\$7,315	#
	\$8,550	\$3,260	\$5,290	
	\$8,794	\$1,468	\$7,326	
	\$6,650	\$2,516	\$4,134	*
Cases			4	
Total OP			\$24,065	
CO	\$3,500	\$0	\$7,500	#
	\$8,010	\$4,022	\$3,988	*
	\$4,498	\$0	\$5,536	#
Cases			3	
Total OP			\$17,024	
DC	\$6,940	\$0	\$6,940	
	\$2,240	\$0	\$5,120	#
Cases			2	
Total OP			\$12,060	
DE	\$3,580	\$0	\$11,910	#
Cases			1	
Total OP			\$11,910	

Notes:

\* Overpayment is <= \$5,000 but exceeds 50% of amount properly paid.  
# Overpayment includes Extended Benefits and Emergency Unemployment Compensation. Amount paid includes State UI, UCFE, and UCX payments only.

Source: UI Benefit Accuracy Measurement

Prepared by OUI Division of Performance Management on 02 May 12

Unemployment Insurance High Dollar Report  
Reporting Quarter (FY QTR) - 2012.1

State	Amount Paid	Amount Proper	Amount Overpaid	Note
FL	\$6,875	\$0	\$8,250	#
	\$2,356	\$0	\$5,104	#
	\$7,150	\$2,409	\$4,741	*
Cases			3	
Total OP			\$18,095	
GA	\$4,950	\$0	\$5,940	#
Cases			1	
Total OP			\$5,940	
IA	\$5,054	\$722	\$4,332	*
	\$9,776	\$1,794	\$7,982	
	\$7,144	\$0	\$10,152	#
Cases			3	
Total OP			\$22,466	
IL	\$7,200	\$380	\$6,820	
	\$5,700	\$0	\$5,700	
Cases			2	
Total OP			\$12,520	
IN	\$1,810	\$0	\$15,745	#
	\$4,680	\$0	\$9,870	#
Cases			2	
Total OP			\$25,615	
KS	\$494	\$0	\$6,687	#
	\$11,310	\$2,175	\$9,135	
	\$5,198	\$2,126	\$3,072	*
	\$654	\$0	\$5,112	#
Cases			4	
Total OP			\$24,006	
KY	\$100	\$0	\$6,675	#
	\$5,286	\$0	\$6,301	#
Cases			2	
Total OP			\$12,976	

Notes:

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Unemployment Insurance High Dollar Report  
Reporting Quarter (FY QTR) - 2012.1

State	Amount Paid	Amount Proper	Amount Overpaid	Note
LA	\$3,910	\$0	\$5,980	#
	\$5,681	\$2,156	\$3,525	*
Cases			2	
Total OP			\$9,505	
MA	\$8,786	\$0	\$9,060	#
	\$3,600	\$0	\$6,480	#
	\$8,125	\$0	\$13,377	#
	\$5,749	\$1,281	\$4,468	*
Cases			4	
Total OP			\$33,385	
MD	\$5,330	\$1,697	\$3,633	*
	\$6,240	\$0	\$8,990	#
	\$7,972	\$2,439	\$5,533	
Cases			3	
Total OP			\$18,156	
ME	\$2,076	\$0	\$7,048	#
	\$4,335	\$0	\$6,877	#
Cases			2	
Total OP			\$13,925	
MI	\$9,412	\$0	\$9,412	
	\$5,792	\$1,086	\$4,706	*
Cases			2	
Total OP			\$14,118	
MN	\$5,340	\$1,769	\$3,571	*
Cases			1	
Total OP			\$3,571	
MS	\$4,752	\$0	\$5,616	#
	\$4,440	\$0	\$5,133	#
Cases			2	
Total OP			\$10,749	
NC	\$6,319	\$2,999	\$3,320	*

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Unemployment Insurance High Dollar Report  
Reporting Quarter (FY QTR) - 2012.1

State	Amount Paid	Amount Proper	Amount Overpaid	Note
NC	\$5,605	\$2,950	\$2,655	*
Cases			2	
Total OP			\$5,975	
ND	\$4,230	\$0	\$6,580	#
	\$7,506	\$4,587	\$2,919	*
Cases			2	
Total OP			\$9,499	
NH	\$2,619	\$0	\$12,764	#
	\$7,644	\$0	\$7,951	#
	\$995	\$0	\$5,433	#
Cases			3	
Total OP			\$26,148	
NJ	\$5,552	\$2,988	\$2,564	*
	\$5,832	\$824	\$5,008	
	\$7,240	\$0	\$7,970	#
	\$5,382	\$2,971	\$2,411	*
	\$2,960	\$0	\$5,074	#
	\$3,928	\$0	\$5,158	#
	\$6,233	\$0	\$7,046	#
	\$7,774	\$0	\$7,774	
	\$1,215	\$0	\$6,528	#
Cases			9	
Total OP			\$49,533	
NM	\$2,561	\$0	\$5,790	#
	\$6,176	\$3,936	\$2,240	*
	\$5,225	\$550	\$4,675	*
	\$2,316	\$0	\$5,600	#
Cases			4	
Total OP			\$18,305	
NV	\$7,960	\$0	\$9,638	#
	\$5,891	\$1,253	\$4,638	*
	\$6,558	\$0	\$7,936	#
	\$6,061	\$1,914	\$4,147	*
Cases			4	
Total OP			\$26,359	

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State	Amount Paid	Amount Proper	Amount Overpaid	Note
NY	\$1,625	\$0	\$7,442	#
	\$6,624	\$1,587	\$5,037	
	\$5,066	\$0	\$5,364	#
	\$450	\$0	\$5,002	#
Cases			4	
Total OP			\$22,845	
OH	\$3,281	\$0	\$5,018	#
	\$5,418	\$3,132	\$2,286	*
Cases			2	
Total OP			\$7,304	
OK	\$1,074	\$0	\$7,400	#
Cases			1	
Total OP			\$7,400	
PA	\$5,359	\$3,089	\$2,270	*
	\$11,420	\$92	\$11,328	
Cases			2	
Total OP			\$13,598	
RI	\$8,424	\$4,688	\$3,736	*
	\$12,673	\$0	\$13,224	#
Cases			2	
Total OP			\$16,960	
SC	\$5,868	\$0	\$6,194	#
Cases			1	
Total OP			\$6,194	
SD	\$6,280	\$2,198	\$4,082	*
	\$1,788	\$0	\$16,517	#
	\$1,615	\$0	\$5,168	#
Cases			3	
Total OP			\$25,767	
TN	\$5,775	\$0	\$7,150	#
	\$6,818	\$0	\$7,150	#

Notes:

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Unemployment Insurance High Dollar Report  
Reporting Quarter (FY QTR) - 2012.1

State	Amount Paid	Amount Proper	Amount Overpaid	Note
TN	\$5,096	\$0	\$5,096	
Cases			3	
Total OP			\$19,396	
TX	\$4,520	\$0	\$19,597	#
Cases			1	
Total OP			\$19,597	
UT	\$2,192	\$0	\$8,411	#
Cases			1	
Total OP			\$8,411	
VA	\$7,560	\$0	\$9,072	#
Cases			1	
Total OP			\$9,072	
VT	\$5,525	\$180	\$5,345	
Cases			1	
Total OP			\$5,345	
WA	\$4,013	\$0	\$11,100	#
Cases			1	
Total OP			\$11,100	
WI	\$5,636	\$0	\$5,636	
	\$5,222	\$3,059	\$2,163	*
Cases			2	
Total OP			\$7,799	
WV	\$5,062	\$0	\$5,302	#
	\$10,764	\$0	\$11,024	#
	\$6,974	\$4,490	\$2,484	*
Cases			3	
Total OP			\$18,810	
US Cases			104	
US \$OP			\$665,071	

Notes:

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