



JUL 22 2016

MEMORANDUM FOR: SCOTT S. DAHL
Inspector General

FROM: PORTIA WU *PW*
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 second quarter (January to March 2016) 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 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 second quarter (January to March 2016) 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 second quarter of FY 2016, a total of 50 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 January to March 2016 reporting period, BAM completed audits for 6,073 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 January to March 2016 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 2

States Reporting at the \$25,000 Threshold

ST	State UI	State UI	EB	EB	Total High	Total High
	UCFE/UCX	UCFE/UCX			Dollar	Dollar
	Cases	Amount	Cases	Amount	Cases	Amount
AK	0	\$0	0	\$0	0	\$0
AL	0	\$0	0	\$0	0	\$0
AR	1	\$35,674	0	\$0	1	\$35,674
CA	1	\$46,160	0	\$0	1	\$46,160
CO	0	\$0	0	\$0	0	\$0
CT	1	\$34,449	0	\$0	1	\$34,449
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	1	\$25,193	0	\$0	1	\$25,193
IN	3	\$92,154	0	\$0	3	\$92,154
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	1	\$29,609	0	\$0	1	\$29,609
MO	0	\$0	0	\$0	0	\$0
MS	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
NV	0	\$0	0	\$0	0	\$0
NY	1	\$31,436	0	\$0	1	\$31,436
OH	0	\$0	0	\$0	0	\$0
OR	0	\$0	0	\$0	0	\$0
PA	7	\$219,141	0	\$0	7	\$219,141
PR	0	\$0	0	\$0	0	\$0
RI	0	\$0	0	\$0	0	\$0

Unemployment Insurance High Dollar Report

Reporting Quarter: FY 2016 Quarter 2

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

ST	State UI	State UI	EB	EB	Total High	Total High
	UCFE/UCX	UCFE/UCX			Dollar	Dollar
	Cases	Amount	Cases	Amount	Cases	Amount
SC	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
VI	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	16	\$513,816	0	\$0	16	\$513,816

States Reporting at the \$5,000 Threshold

ST	State UI	State UI	EB	EB	Total High	Total High
	UCFE/UCX	UCFE/UCX			Dollar	Dollar
	Cases	Amount	Cases	Amount	Cases	Amount
IA	1,413	\$9,506,136	0	\$0	1,413	\$9,506,136
US	1,414	\$9,506,136	0	\$0	1,414	\$9,506,137

States Not Reporting on the 227

BAM Unemployment Insurance High Dollar Report

Reporting Quarter: FY 2016 Quarter 2

Reported at the \$25,000 Level

ST	BAM	BAM
	Cases	Amount OP
AZ	0	\$0
OK	0	\$0
WA	0	\$0
US	0	\$0

Source: ETA 227 Report, BAM

Prepared by OUI Division

of Performance Management on 06 Jul 16