



NOV 12 2014

**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 2014 third quarter (April to June 2014) 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 from two sources:

1) population data provided on the revised ETA 227 Overpayment Detection and Recovery Activities report, and 2) high-dollar information based on sample cases in 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 C (3) 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 third quarter (April to June 2014) of Fiscal Year (FY) 2014.

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.

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 \$5,000. Overpayments may be for a single payment or for cumulative payments made during or prior to the reporting quarter.

For the third quarter of FY 2014, 44 states submitted high-dollar data on the revised ETA 227 report. For those states that are not currently reporting high-dollar data on the ETA 227 report, 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. 25-13 (August 9, 2013) states must also complete 98 percent of their cases sampled between July 1 and June 30 (the reporting period for UI integrity data published in the Department's Agency Financial Report) by October 28. 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 April to June 2014 reporting period, BAM completed audits for 5,860 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 April to June 2014 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](http://www.oui.doleta.gov/unemploy/improp_pay.asp)).

Unemployment Insurance High Dollar Report  
Reporting Quarter: FY 2014 Quarter 3

ST	State UI UCFE/UCX Cases	State UI UCFE/UCX Amount	EB Cases	EB Amount	Total High Dollar Cases	Total High Dollar Amount
AK	60	\$440,238	0	\$0	60	\$440,238
AR	83	\$588,573	0	\$0	83	\$588,573
CA	1,638	\$11,641,163	5	\$41,001	1,643	\$11,682,164
CO	161	\$1,147,496	1	\$6,214	162	\$1,153,710
CT	272	\$2,245,335	3	\$26,274	275	\$2,271,609
DC	105	\$887,586	1	\$5,026	106	\$892,612
DE	20	\$128,856	0	\$0	20	\$128,856
GA	103	\$610,394	2	\$11,086	105	\$621,480
HI	16	\$114,316	0	\$0	16	\$114,316
IA	1,007	\$6,676,227	0	\$0	1,007	\$6,676,227
ID	48	\$293,897	0	\$0	48	\$293,897
IL	1,870	\$9,188,628	24	\$63,474	1,894	\$9,252,102
IN	4,639	\$42,618,546	133	\$868,587	4,772	\$43,487,133
KS	139	\$1,164,653	0	\$0	139	\$1,164,653
KY	69	\$328,347	1	\$7,055	70	\$335,402
MA	516	\$4,614,939	3	\$23,835	519	\$4,638,774
MD	236	\$1,798,618	0	\$0	236	\$1,798,618
ME	50	\$333,384	0	\$0	50	\$333,384
MI	1,021	\$6,490,247	1	\$5,643	1,022	\$6,495,890
MN	222	\$1,697,805	0	\$0	222	\$1,697,805
MO	56	\$324,010	0	\$0	56	\$324,010
MS	58	\$189,144	0	\$0	58	\$189,144
MT	28	\$195,363	0	\$0	28	\$195,363
NC	522	\$5,137,159	4	\$24,884	526	\$5,162,043
ND	27	\$177,110	0	\$0	27	\$177,110
NE	27	\$159,136	0	\$0	27	\$159,136
NM	78	\$569,143	1	\$6,513	79	\$575,656
NV	175	\$1,058,171	0	\$0	175	\$1,058,171
NY	678	\$5,137,653	33	\$215,476	711	\$5,353,129
OH	309	\$2,429,494	0	\$0	309	\$2,429,494
OR	184	\$1,377,270	2	\$13,421	186	\$1,390,691
PA	1,796	\$14,366,671	10	\$85,516	1,806	\$14,452,187
RI	64	\$494,489	0	\$0	64	\$494,489
SC	26	\$182,817	0	\$0	26	\$182,817
SD	5	\$34,160	0	\$0	5	\$34,160
TN	59	\$368,576	0	\$0	59	\$368,576
TX	555	\$3,932,608	0	\$0	555	\$3,932,608
UT	38	\$275,127	0	\$0	38	\$275,127
VA	78	\$645,467	0	\$0	78	\$645,467
VI	4	\$34,087	0	\$0	4	\$34,087

Source: ETA 227 Report

Prepared by OUI Division of Performance Management on 06 Oct 14

Unemployment Insurance High Dollar Report  
Reporting Quarter: FY 2014 Quarter 3

ST	State UI UCFE/UCX Cases	State UI UCFE/UCX Amount	EB Cases	EB Amount	Total High Dollar Cases	Total High Dollar Amount
VT	12	\$81,866	0	\$0	12	\$81,866
WI	228	\$1,713,608	0	\$5,437	228	\$1,719,045
WV	58	\$320,387	1	\$8,442	59	\$328,829
WY	79,415	\$0	0	\$0	79,415	\$0
US	96,755	\$132,212,764	225	\$1,417,884	96,980	\$133,630,648

Source: ETA 227 Report

Prepared by OUI Division of Performance Management on 06 Oct 14

BAM Unemployment Insurance High Dollar Report  
Reporting Quarter: FY 2014 Quarter 3

ST	BAM Cases	BAM Amount OP
AL	1	\$5,705
AZ	3	\$13,584
LA	1	\$6,422
NH	2	\$14,762
NJ	9	\$43,372
OK	4	\$17,333
WA	3	\$27,447

Source: UI Benefit Accuracy Measurement  
Prepared by OUI Division of Performance Management on 06 Oct 14  
Prepared by OUI Division of Performance Management on 06 Oct 14