



MAY 21 2013

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 2013 first quarter (October to December 2012) 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.

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 Department of Labor (Department) has identified in the attached reports the number of individuals who received high-dollar overpayments of Unemployment Insurance (UI) benefits during the first quarter (October to December 2012) of Fiscal Year (FY) 2013.

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 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. 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 first quarter of FY 2013, 39 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 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 2012 reporting period, BAM completed audits for 5,802 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, and we are confident that these initiatives will allow us to meet this goal. 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 2012 are attached. Previous UI High-Dollar reports are posted on the OUI Payment Accuracy Web page (http://www.oui.doleta.gov/unemploy/improp_pay.asp).

Unemployment Insurance High Dollar Report
Reporting Quarter: FY 2013 Quarter 1

ST	State UI UCFE/UCX Cases	State UI UCFE/UCX Amount	EB Cases	EB Amount	Total High Dollar Cases	Total High Dollar Amount
AR	134	\$939,183	0	\$0	134	\$939,183
CA	1,734	\$12,745,996	40	\$249,283	1,774	\$12,995,279
CO	227	\$1,753,785	5	\$34,010	232	\$1,787,795
CT	98	\$867,917	2	\$12,030	100	\$879,947
DC	63	\$567,221	3	\$19,570	66	\$586,791
DE	53	\$349,383	1	\$5,940	54	\$355,323
FL	391	\$2,305,389	1	\$5,841	392	\$2,311,230
GA	125	\$789,388	3	\$17,576	128	\$806,964
HI	50	\$409,001	0	\$0	50	\$409,001
ID	125	\$959,602	0	\$0	125	\$959,602
IL	1,790	\$11,713,883	289	\$883,266	2,079	\$12,597,149
IN	280	\$1,896,820	14	\$88,194	294	\$1,985,014
KY	72	\$518,087	1	\$7,055	73	\$525,142
MD	523	\$3,966,038	2	\$10,608	525	\$3,976,646
ME	46	\$286,844	0	\$0	46	\$286,844
MN	264	\$1,963,473	0	\$0	264	\$1,963,473
MO	57	\$304,740	0	\$0	57	\$304,740
MS	49	\$173,150	0	\$0	49	\$173,150
MT	40	\$342,507	0	\$0	40	\$342,507
ND	10	\$66,059	0	\$0	10	\$66,059
NE	46	\$302,827	0	\$0	46	\$302,827
NH	29	\$223,525	0	\$0	29	\$223,525
NV	182	\$1,347,387	8	\$52,971	190	\$1,400,358
NY	1,039	\$6,467,736	130	\$567,158	1,169	\$7,034,894
OH	379	\$3,186,049	2	\$11,614	381	\$3,197,663
OR	174	\$1,353,400	0	\$0	174	\$1,353,400
PA	1,357	\$11,020,582	45	\$311,143	1,402	\$11,331,725
RI	61	\$568,933	3	\$23,714	64	\$592,647
SC	568	\$3,132,493	20	\$118,022	588	\$3,250,515
SD	8	\$49,849	0	\$0	8	\$49,849
TN	101	\$314,437	2	\$2,615	103	\$317,052
TX	830	\$5,634,424	16	\$107,296	846	\$5,741,720
UT	55	\$439,952	0	\$0	55	\$439,952
VA	106	\$911,495	0	\$0	106	\$911,495
VI	29	\$258,943	0	\$0	29	\$258,943
VT	4	\$54,672	0	\$0	4	\$54,672
WI	1,096	\$1,266,210	0	\$0	1,096	\$1,266,210
WV	52	\$272,903	3	\$14,592	55	\$287,495
WY	12	\$108,094	0	\$0	12	\$108,094
US	12,259	\$79,832,377	590	\$2,542,498	12,849	\$82,374,875

Source: ETA 227 Report

Prepared by OUI Division of Performance Management on 14 May 13

BAM Unemployment Insurance High Dollar Report
Reporting Quarter: FY 2013 Quarter 1

ST	BAM Cases	BAM Amount OP
IA	2	\$16,242
KS	2	\$10,584
MA	3	\$24,634
MI	2	\$11,591
NC	4	\$37,981
NJ	4	\$37,945
OK	1	\$6,624
WA	1	\$3,199 *

* Overpayment is \leq \$5,000 but exceeds 50% of amount properly paid.

Source: UI Benefit Accuracy Measurement

Prepared by OUI Division of Performance Management on 14 May 13