



Highlights of [GAO-06-696T](#), a testimony before the Subcommittee on Human Resources, Committee on Ways and Means, House of Representatives

### Why GAO Did This Study

Unemployment Insurance (UI) has been a key component in ensuring the financial security of America's workforce for over 70 years. In fiscal year 2004, UI covered about 129 million wage and salary workers and paid about \$41 billion in benefits to nearly 9 million workers who lost their jobs. The Department of Labor (Labor) and states have a shared responsibility to enhance UI program performance by ensuring that only eligible individuals receive benefits while on the UI rolls and fostering reemployment. Labor's Office of Inspector General and others have found that aspects of UI may be vulnerable to fraud and improper payments, and despite the size and scope of UI, there has been little national information to fully assess states' efforts to foster reemployment. This testimony draws upon results of several GAO reports on (1) Labor's efforts to identify, estimate, and prevent improper benefit payments and (2) federal and state efforts to help speed UI claimants' return to work.

We are not making new recommendations at this time. Labor generally agreed with the UI findings in our referenced reports, but took issue with our recommendation that the Secretary work with states to consider collecting more comprehensive information on UI claimants' services and outcomes. We continue to believe this information is needed.

[www.gao.gov/cgi-bin/getrpt?GAO-06-696T](http://www.gao.gov/cgi-bin/getrpt?GAO-06-696T).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Sigurd Nilsen at (202) 512-7215 or [nilsens@gao.gov](mailto:nilsens@gao.gov).

## UNEMPLOYMENT INSURANCE

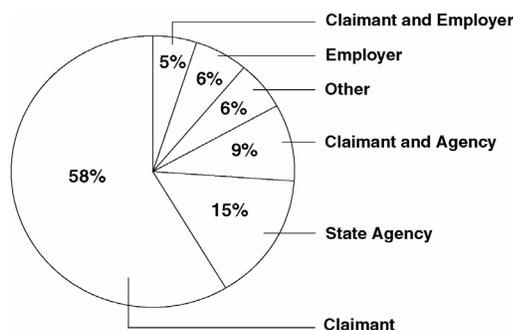
### Enhancing Program Performance by Focusing on Improper Payments and Reemployment Services

#### What GAO Found

Labor estimates that about \$3.4 billion in UI benefits was overpaid nationwide in calendar year 2004, but is taking actions to help states improve their ability to detect and prevent overpayments. According to Labor's Benefit Accuracy Measurement program, in 2004 claimants were responsible for a majority of the overpayments. Claimants may fail to report their work as required, or may use Social Security numbers that did not exist or belonged to other individuals to fraudulently obtain UI benefits, resulting in overpayments. Actions by state agencies and employers may also contribute to overpayments. Labor has introduced a number of initiatives to help states improve their ability to detect and prevent overpayments, including new computer matches with federal databases, a new core performance measure intended to provide states with added incentives for detecting and preventing overpayments, and additional funding for states' overpayment detection efforts. Labor's budget request for fiscal year 2007 includes funding to continue some of these efforts.

In our review of states' efforts to help UI claimants quickly return to work, we found that states most often made use of federal UI program requirements to help connect claimants with reemployment. All federally approved state UI programs must include able-to-work and available-for-work requirements that claimants must meet in order to receive benefits. In many states, these requirements also serve to link claimants to reemployment opportunities and services. In addition, states provide targeted reemployment services to particular groups of UI claimants, most often through federally required claimant profiling. However, despite states' efforts to design systems that link UI claimants to reemployment services, few data are available to gauge whether or not their efforts are having the intended result. Labor has some initiatives that may begin to shed light on claimant outcomes, but they fall short of providing a comprehensive understanding of services and outcomes for UI claimants. Labor's fiscal year 2007 budget request does not include funding for additional evaluations on federally required efforts to target reemployment services.

Responsibility for UI Overpayments (Calendar Year 2004)



Source: Labor.