


U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20210

SEP 28 2007

MEMORANDUM FOR ELLIOT P. LEWIS

FROM: EMILY STOVER DeROCCO 

SUBJECT: The Louisiana Department of Labor Paid \$51 Million in Hurricane
Related Unemployment Benefits on Questionable Claims
Draft Management Letter No. 06-07-003-03-315

This response addresses recommendations for the Employment and Training Administration (ETA) contained in the Office of Inspector General (OIG), Draft Management Letter No. 06-07-003-03-315. During an audit, in response to the 2005 Gulf Coast Hurricanes, the OIG determined that the Louisiana Department of Labor (LDOL) did not effectively and timely utilize the National Directory of New Hires (NDNH) to make determinations on claimants' continued eligibility. The OIG also determined that LDOL had not timely notified claimants of their obligation to repay benefits to which they were not entitled.

Our response to each recommendation is provided below:

Work with LDOL to conduct investigations to determine whether \$51,180,655 of DUA and UC benefits paid to those who reportedly obtained employment—according to NDNH matches—should be recovered; and ensure appropriate actions are taken for those claimants found to have fraudulently obtained benefits.

ETA Regional Office staff conducted its most recent on-site review of the LDOL during the week of March 26-30, 2007. At that time, LDOL estimated that an additional nine months of work were needed to complete the case investigations related to the NDNH data matches. An on-site follow up visit will be conducted in Fiscal Year 2008.

Provide assistance and resources to LDOL along with other SWAs in establishing procedures to utilize data from NDNH in the most effective and efficient manner to mitigate the risk of overpayments and improve the prospects of cost recovery through early detection of claimants who are ineligible for benefits.

Since Fiscal Year 2005, funds have been provided to states to implement data matching against the NDNH. The ETA Dallas Regional Office assisted Louisiana in implementing the NDNH data matching system, and Louisiana has taken actions to establish overpayments using NDNH information. The Dallas Regional Office also assisted the other states in the region to implement NDNH data matching, and all states in the region are now using it to prevent and detect overpayments.

Ensure that LDOL receives the resources and assistance needed to implement effective and efficient collection methods to recover overpaid benefits from their claimants.

The ETA Dallas Regional Office has also provided technical assistance to the LDOL concerning its benefit overpayment recovery efforts. It sanctioned the LDOL plan to use the Louisiana Attorney General's Office to assist in this effort.

Encourage the states to use the UIPL 01-04 option of suspending payments while eligibility determinations are pending.

UIPL 04-01 permits states to withhold/suspend UI benefit payments while a potential eligibility issue is resolved only when that issue can be resolved on a timely basis. Federal guidelines define "timely" as 14 days from the date an issue is identified. Judicial interpretation of Federal UC law prohibits states from suspending payments indefinitely while such issues are resolved. Data matches against the NDNH only indicate a "possible" overpayment. States must verify the week(s) in which wages were earned to determine whether an overpayment exists or not, and some overpayments will occur while these investigations are underway. The Computer Matching Agreement between the Department of Health and Human Services and the states specifies that states shall not suspend payment or take any adverse action against individuals until the NDNH information is verified. The ETA Dallas Regional Office will monitor the states' adherence to this guidance.