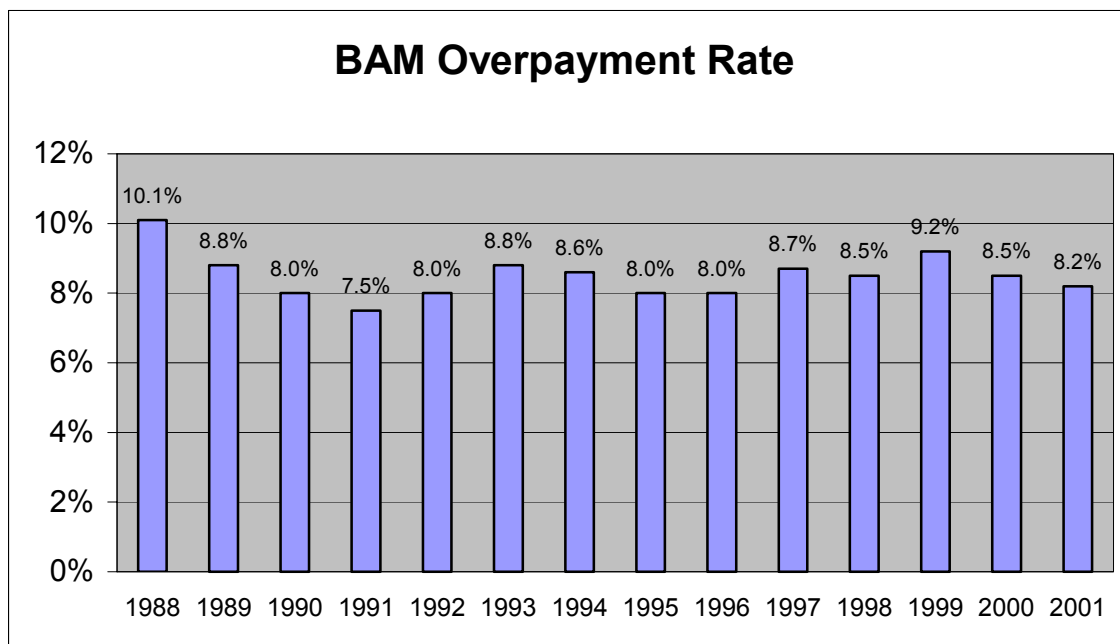


## Calendar Year 2001 Benefit Accuracy Measurement Data Summary

The Unemployment Insurance (UI) Benefit Accuracy Measurement (BAM) program estimated that 8.19 percent of UI benefits in the State UI, Unemployment Compensation for Federal Employees, and Unemployment Compensation for Ex-Servicemembers programs were overpaid in calendar year (CY) 2001, a decrease of 0.38 percentage points from CY 2000. An estimated \$2.45 billion of benefits were overpaid in CY 2001, compared with \$1.72 billion overpaid in CY 2000. Although the overpayment rate decreased, the amount of overpayments increased due to the large increase in UI benefits paid in CY 2001 -- \$29.9 billion, compared with \$20.2 billion in CY 2000. Estimated overpayment rates since the beginning of the BAM program in CY 1988 are summarized in the following chart.



CY 2001 BAM results are based on the 24,190 sample cases completed by April 30, 2002, the date by which states must complete all CY 2001 BAM cases. This represents a completion rate of over 99.8 percent. The BAM paid claims samples are selected from a universe of paid claims in the state UI, Unemployment Compensation for Federal Employees, and Unemployment Compensation for Ex-Service Members programs. *Note: BAM data for Colorado and Puerto Rico are not included in the CY 2001 summary data because these agencies did not complete a sufficient number of sample cases to produce statistically reliable estimates.*

## Overpayment Rates

### Highest Overpayment Error Rate States

State	CY 2001 Overpayment Rate	Change From CY 2000 (Percentage Pts.)	Leading Cause (Pct. Of UI Benefits Paid)
Virginia	22.18%	+4.18	Work Search (11.49%)
Mississippi	19.69%	+4.66	ES Registration (14.80%)
Maryland	19.32%	+4.87	Benefit Yr. Earnings (8.34%)
Maine	18.05%	-1.80	Work Search (7.09%)
Idaho	15.60%	+3.19	Work Search (7.66%)

### Lowest Overpayment Error Rate States

State	CY 2001 Overpayment Rate	Change From CY 2000 (Percentage Pts.)	Leading Cause (Pct. Of UI Benefits Paid)
North Dakota	1.96%	-1.42	Separation Issues (0.86%)
Georgia	2.07%	-2.03	Benefit Yr. Earnings (0.72%)
West Virginia	2.83%	-0.28	Benefit Yr. Earnings (1.88%)
Massachusetts	2.93%	-1.47	Benefit Yr. Earnings (1.25%)
Hawaii	3.05%	-0.86	ES Registration (1.07%)

### Overpayment Rates in the Ten Largest States

State	Amount Paid (In Millions)	CY 2001 OP Rate (Percentage Pt. Change From CY 2000)	State	Amount Paid (In Millions)	CY 2001 OP Rate (Percentage Pt. Change From CY 2000)
California	\$3,392.3	5.64% (+0.59)	New Jersey	\$1,479.3	11.51% (+4.75)
New York	\$2,648.1	4.79% (-0.56)	Texas	\$1,477.5	14.34% (-3.11)
Pennsylvania	\$2,149.4	6.71% (+0.48)	Massachusetts	\$1,343.8	2.93% (-1.47)
Illinois	\$1,895.0	11.49% (+1.07)	Washington	\$1,231.6	10.90% (-5.62)
Michigan	\$1,511.7	8.01% (-2.33)	Ohio	\$1,151.1	7.69% (-5.73)

### Changes in Overpayment Rates

In CY 2001, 28 State Workforce Agencies (SWA) reported decreases in their overpayment rates from the previous year, and 22 SWAs reported increases in their overpayment rates. Most of the national decrease in the overpayment rate is attributable to decreases in the percentages of UI benefits that were overpaid due to benefit year earnings and base period wage issues. The following table shows the cause of UI benefits that were overpaid in CY 2001, and the change from CY 2000.

### Cause of CY 2001 Overpayments -- National Data

Overpayment Cause	CY 2001 Percentage of UI Benefits Paid	Percentage Pt. Change From CY 2000
Benefit Year Earnings	2.56%	-0.30
Separation Issues	1.73%	+0.21
Work Search	1.25%	-0.07
ES Registration Issues	0.70%	+0.09
Base Period Wage Issues	0.67%	-0.17
Able and Available	0.56%	-0.05
Dependents and Other Issues	0.37%	+0.02
Other Eligibility Issues*	0.36%	-0.07

\* Includes work refusals, self-employment, and illegal alien status.

### Largest Overpayment Error Rate Increases

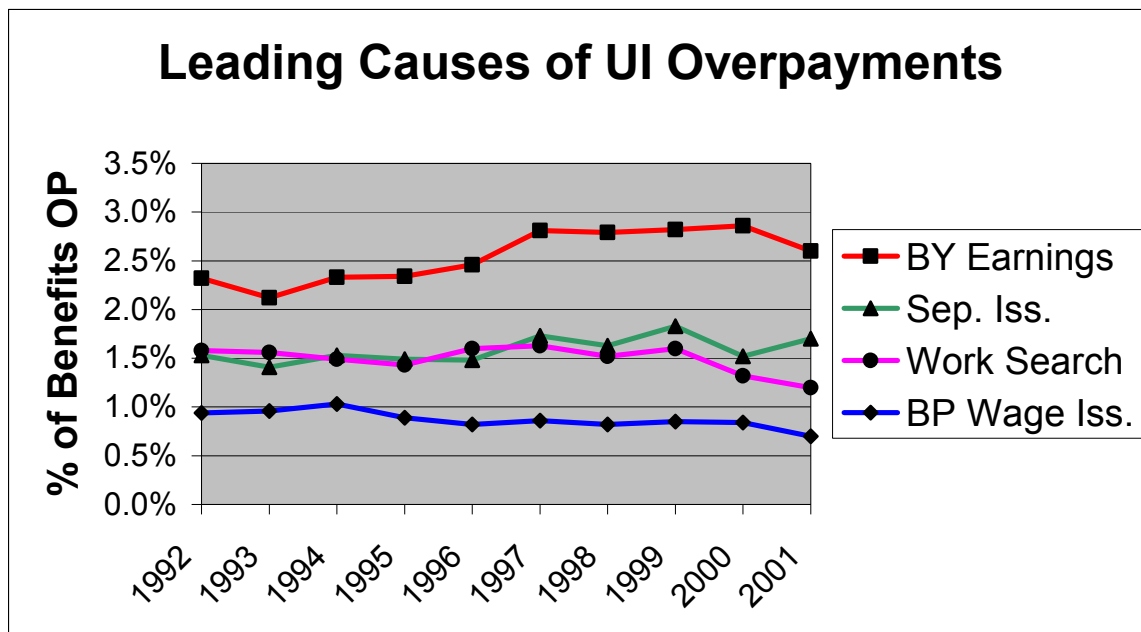
State	Percentage Point Increase From CY 2000	Leading Cause of Increase (Percentage Point Increase)
Maryland	4.87	Work Search (+3.20)
New Jersey	4.75	Separation Issues (+3.24)
Mississippi	4.66	ES Registration (+7.39)
Virginia	4.18	Work Search (+2.39)

### Largest Overpayment Error Rate Decreases

State	Percentage Point Decrease From CY 2000	Leading Cause of Decrease (Percentage Point Decrease)
Kansas	-7.71	ES Registration (-3.47)
District of Columbia	-5.77	Benefit Yr. Earnings (-5.77)
Ohio	-5.73	Benefit Yr. Earnings (-2.92)
Washington	-5.62	Separation Issues (-2.36)

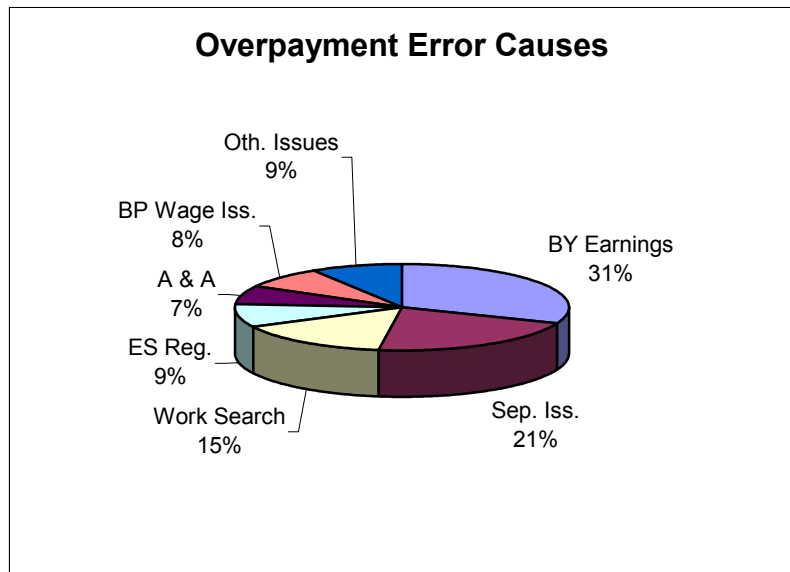
## Overpayment Cause Trends

Over the last ten years, unreported or erroneously reported benefit year earnings, social security, pension, or severance/vacation pay issues have accounted for the largest portion of overpayments. In recent years, separation issues have been the second leading cause of overpayments, followed by work search issues. The percentage of UI benefits that were overpaid because of errors in reporting or recording base period wage issues has decreased slightly in recent years as the automation of wage reporting has improved.



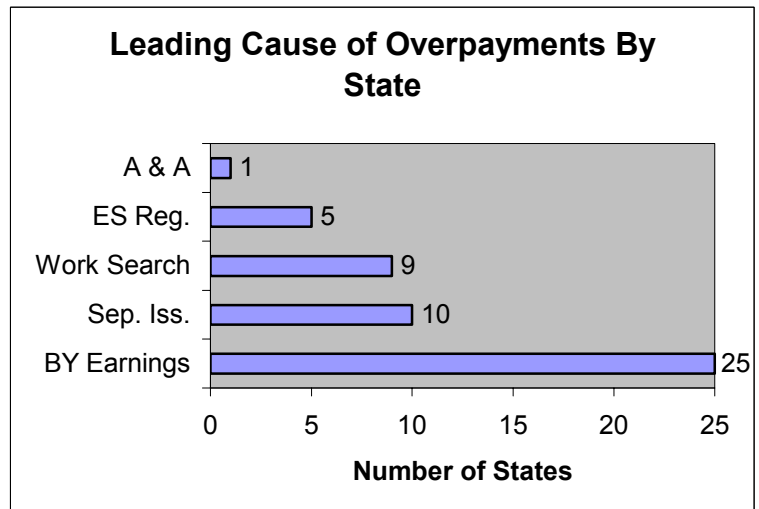
## Causes of Overpayments in CY 2001

The leading cause of overpayment errors in CY 2001 was unreported or erroneously reported benefit year earnings, including social security, pension, or severance/vacation pay issues, which accounted for nearly one-third of the \$2.45 billion overpaid and 2.6 percent of the \$29.9 billion in UI benefits paid in CY 2001. Separation issues were the second leading cause of overpayments, accounting for 21 percent of the amount overpaid and 1.7 percent of benefits paid.



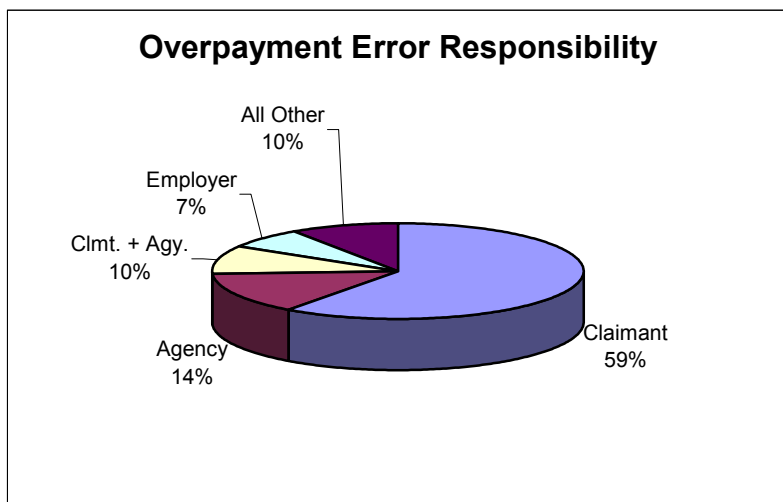
## Leading Cause of Overpayments by State

Unreported or erroneously reported benefit year earnings, including social security, pension, or severance/vacation pay issues were the leading cause of overpayment errors in half of the SWAs. Separation issues were the principal cause of overpayment errors in 10 states, and work search issues were the leading cause in 9 states. Employment service registration issues were the leading cause of overpayments in five states, and able and available issues were the leading cause of overpayments in one state.



## Responsibility for Overpayments in CY 2001

Claimants alone were responsible for overpayments representing 4.9 percent of total UI benefits paid in CY 2001; claimant responsibility accounted for nearly 60 percent of the dollars overpaid. Errors resulting in overpayments that were attributed exclusively to the state agency represented 1.2 percent of the UI benefits paid and approximately 14 percent of the amount overpaid.

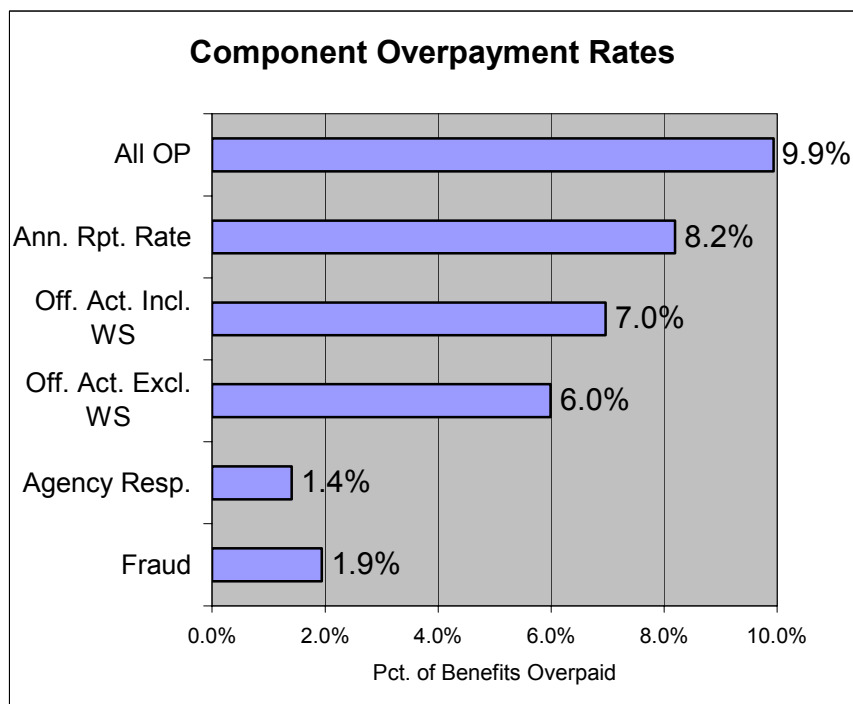


## Component Overpayment Rates

The adjacent chart displays several BAM payment accuracy rates that can be useful in analyzing the components of overpayment errors.

- ◆ All Overpayments - BAM Annual Report rate plus formal warnings of unacceptable work search efforts and overpayments established by BAM but officially reversed.

- ◆ BAM Annual Report Rate - fraud, nonfraud recoverable overpayments, nonfraud nonrecoverable overpayments, official action taken to reduce future benefits, and payments that are technically proper due to finality or other rules; all responsibilities and causes, including work search issues.



- ◆ Official Actions Including Work Search - fraud, nonfraud recoverable overpayments, nonfraud nonrecoverable overpayments, or official action taken to reduce future benefits; all responsibilities and causes, including work search issues.
- ◆ Official Actions Excluding Work Search - fraud, nonfraud recoverable overpayments, nonfraud nonrecoverable overpayments, or official action taken to reduce future benefits; all responsibilities and causes, excluding work search issues.
- ◆ Agency Responsibility - fraud, nonfraud recoverable overpayments, nonfraud nonrecoverable overpayments, or official action taken to reduce future benefits; agency is solely or partially responsible.
- ◆ Fraud - all causes and responsibilities.

Approximately two percent of the \$29.9 billion in UI benefits paid in CY 2001 were overpaid due to fraud. Overpayments for which state workforce agencies were fully or partially responsible amounted to 1.4 percent of total payments. If BAM-identified overpayments that were determined to be technically proper due to finality or other provisions in state law are excluded from the BAM Annual Report rate, the national overpayment rate decreases from 8.2 percent to 7.0 percent, and is further reduced to 6.0 percent if work search issues are excluded. If all types of overpayments (including formal warnings for claimants who failed to meet work search requirements), causes, and responsibilities are counted, the national overpayment rate is 9.9 percent of total UI benefits paid.

### Underpayment Rates

The national underpayment rate for CY 2001 of 0.62 percent represented a slight decrease from the 0.86 percent rate in CY 2000. An estimated \$184.4 million were underpaid in CY 2001, compared with \$172.3 million in CY 2000. The underpayment rate decreased in 38 of the 50 SWAs in CY 2001, and increased in 12 SWAs.

### Highest and Lowest Underpayment Rates

States With Highest UP Rates	CY 2001 UP Rate (Percentage Pt. Change from CY 2000)	States With Lowest UP Rates	CY 2001 UP Rate (Percentage Pt. Change from CY 2000)
New Jersey	1.77% (-0.34)	Texas	0.12% (-0.38)
Louisiana	1.59% (+0.43)	Missouri	0.15% (-0.10)
Massachusetts	1.42% (-0.07)	Alabama	0.18% (-0.18)
Ohio	1.36% (+0.10)	Arizona	0.19% (-0.24)
Iowa	1.16% (-0.54)	Nevada	0.22% (-0.32)



- ◆ Errors in reporting or recording base period wages accounted for nearly 80 percent of the amount underpaid and represented 0.49 percent of the amount of UI benefits paid in CY 2001.
- ◆ Employers alone were responsible for just over half of the amount underpaid, which represented 0.33 percent of the amount of UI benefits paid. Claimants alone were responsible for an additional 16 percent of the amount underpaid, which represented 0.1 percent of the amount of UI benefits paid.

The attached table summarizes the BAM data for CY 2001 and CY 2000.

### **Denied Claims Accuracy (DCA)**

The underpayment rates estimated from BAM paid claims samples represent underpayments only for those claimants eligible for unemployment compensation (UC). Underpayments also result from claims for UC that have been erroneously denied. BAM units in the state workforce agencies began selecting samples of denied UC claims in August 2001. Because DCA data are available for less than half of CY 2001, the estimated accuracy rates may not be fully representative of the state agency's performance for the entire calendar year, and the statistical precision of the estimated rates may not be sufficient for publication. Therefore, CY 2001 DCA data will not be included in the CY 2001 UI PERFORMS Annual Report. The Department plans to publish CY 2002 accuracy rates for monetary, separation, and nonseparation denials, based on a complete year of sampling and DCA investigation.

UI Benefit Accuracy Measurement CY 2001 Data  
Rate Changes From CY 2000

ST	2001 Compl. Cases	2001 Amount Paid	2001 OP Rate	2000 OP Rate	2000-01 Change	2001 UP Rate	2000 UP Rate	2000-01 Change
AK	481	\$107,245,423	7.00%	8.91%	-1.91	.77%	1.12%	-.35
AL	500	\$263,644,096	7.67%	6.11%	1.55	.18%	.36%	-.18
AR	480	\$277,085,564	12.67%	13.37%	-.70	.64%	.48%	.17
AZ	457	\$257,328,382	13.25%	12.45%	.81	.19%	.44%	-.24
CA	1,657	\$3,392,291,011	5.64%	5.05%	.59	.32%	.56%	-.24
CO#	.	.	.	16.27%	.	.	.50%	.
CT	480	\$469,100,984	3.32%	3.86%	-.54	.51%	.73%	-.22
DC	360	\$87,208,506	8.40%	14.17%	-5.77	.60%	.93%	-.33
DE	302	\$82,904,706	13.29%	10.98%	2.31	.45%	1.95%	-1.51
FL	485	\$932,909,544	4.61%	4.36%	.25	.47%	.19%	.29
GA	486	\$554,124,359	2.07%	4.11%	-2.03	.33%	.40%	-.07
HI	481	\$143,102,172	3.05%	3.91%	-.86	.85%	.68%	.17
IA	480	\$311,474,799	8.02%	9.38%	-1.36	1.16%	1.70%	-.54
ID	493	\$146,449,236	15.60%	12.41%	3.19	.66%	.83%	-.16
IL	607	\$1,895,045,346	11.49%	10.42%	1.07	.53%	.75%	-.22
IN	480	\$590,978,249	7.57%	8.47%	-.90	.25%	.38%	-.12
KS	484	\$222,332,040	9.75%	17.46%	-7.71	.33%	.08%	.26
KY	485	\$399,903,815	8.17%	6.70%	1.47	1.13%	.67%	.47
LA	478	\$218,575,973	11.33%	9.01%	2.32	1.59%	1.16%	.43
MA	480	\$1,343,793,777	2.93%	4.39%	-1.47	1.42%	1.48%	-.07
MD	483	\$363,904,063	19.32%	14.45%	4.87	.27%	.39%	-.12
ME	481	\$96,810,087	18.05%	19.85%	-1.80	.45%	.72%	-.27
MI	480	\$1,511,713,296	8.01%	10.35%	-2.33	.63%	1.74%	-1.12
MN	400	\$609,317,950	8.81%	10.83%	-2.02	.80%	.70%	.10
MO	479	\$443,843,014	6.68%	6.58%	.10	.15%	.25%	-.10
MS	480	\$178,275,538	19.69%	15.04%	4.66	.32%	.40%	-.08
MT	361	\$62,995,415	14.49%	16.88%	-2.39	1.00%	1.46%	-.46
NC	520	\$930,968,455	11.11%	8.77%	2.34	.32%	.71%	-.39
ND	360	\$34,110,307	1.96%	3.38%	-1.42	.35%	.21%	.14
NE	360	\$86,919,471	11.96%	8.95%	3.01	.27%	.54%	-.28
NH	389	\$56,869,280	3.50%	5.35%	-1.84	.94%	1.41%	-.48
NJ	446	\$1,479,282,722	11.51%	6.76%	4.75	1.77%	2.11%	-.34
NM	482	\$92,164,158	6.01%	7.23%	-1.22	.45%	.39%	.05
NV	483	\$281,703,736	9.69%	9.85%	-.16	.22%	.54%	-.32
NY	481	\$2,648,135,067	4.79%	5.35%	-.56	.80%	.93%	-.13
OH	486	\$1,151,114,126	7.69%	13.42%	-5.73	1.36%	1.26%	.10
OK	480	\$178,958,014	4.43%	5.36%	-.94	.24%	.57%	-.33
OR	456	\$550,472,041	7.52%	5.41%	2.11	.87%	.62%	.25
PA	482	\$2,149,416,730	6.71%	6.23%	.48	.35%	.85%	-.51
PR#	.	.	.	9.01%	.	.	1.67%	.

# Colorado and Puerto Rico completed an insufficient number of BAM cases in CY 2001 to produce statistically reliable estimates.

Prepared on 20 Jun 02 by: OWS Division of Performance Management

UI Benefit Accuracy Measurement CY 2001 Data  
Rate Changes From CY 2000

	2001 Compl. ST Cases	2001 Amount Paid	2001 OP Rate	2000 OP Rate	2000-01 Change	2001 UP Rate	2000 UP Rate	2000-01 Change
RI	480	\$160,398,456	7.17%	5.90%	1.28	.43%	.54%	-.11
SC	591	\$372,619,354	8.38%	8.28%	.10	.27%	.30%	-.04
SD	360	\$21,875,397	7.80%	6.49%	1.32	.25%	.53%	-.29
TN	481	\$532,724,837	4.91%	6.30%	-1.39	.32%	.56%	-.24
TX	492	\$1,477,468,530	14.34%	17.45%	-3.11	.12%	.50%	-.38
UT	360	\$168,498,847	13.65%	12.74%	.91	.86%	1.06%	-.20
VA	438	\$310,149,461	22.18%	17.99%	4.18	.57%	.71%	-.15
VT	345	\$55,600,473	5.59%	8.96%	-3.37	.67%	.71%	-.04
WA	578	\$1,231,626,090	10.90%	16.52%	-5.62	.35%	.64%	-.28
WI	480	\$809,927,076	6.75%	8.24%	-1.50	.34%	.97%	-.63
WV	480	\$130,004,227	2.83%	3.11%	-.28	.72%	.65%	.07
WY	360	\$24,259,716	11.85%	12.18%	-.32	.33%	.97%	-.64
US	24,190	\$29,897,623,916	8.19%	8.56%	-.38	.62%	.86%	-.24
Amount Proper*		\$27,450.1						
Amount OP*		\$2,447.6						
Amount UP*		\$184.4						

\* In millions of dollars.

# Colorado and Puerto Rico completed an insufficient number of BAM cases in CY 2001 to produce statistically reliable estimates.

Prepared on 20 Jun 02 by: OWS Division of Performance Management