



**JAN 25 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 2012 fourth quarter (July to September 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 fourth quarter (July to September 2012) of Fiscal Year (FY) 2012.

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 fourth quarter of FY 2012, 36 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 July to September 2012 reporting period, BAM completed audits for 6,008 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 July to September 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](http://www.oui.doleta.gov/unemploy/improp_pay.asp)).

Unemployment Insurance High Dollar Report  
Reporting Quarter: FY 2012 Quarter 4

ST	State UI UCFE/UCX Cases	State UI UCFE/UCX Amount	EB Cases	EB Amount	Total High Dollar Cases	Total High Dollar Amount
AR	151	\$1,064,756	0	\$0	151	\$1,064,756
CA	2,060	\$14,868,008	87	\$560,408	2,147	\$15,428,416
CO	232	\$1,801,838	11	\$87,281	243	\$1,889,119
CT	101	\$828,283	10	\$74,536	111	\$902,819
DC	75	\$636,208	0	\$0	75	\$636,208
DE	76	\$515,977	0	\$0	76	\$515,977
GA	79	\$504,516	1	\$5,760	80	\$510,276
HI	42	\$357,771	0	\$0	42	\$357,771
ID	116	\$781,108	0	\$0	116	\$781,108
IL	1,033	\$8,072,404	80	\$550,182	1,113	\$8,622,586
IN	265	\$1,812,891	19	\$123,879	284	\$1,936,770
KY	83	\$613,323	1	\$5,122	84	\$618,445
ME	105	\$577,675	1	\$5,960	106	\$583,635
MN	238	\$2,140,285	0	\$0	238	\$2,140,285
MO	80	\$465,361	1	\$5,274	81	\$470,635
MS	137	\$409,600	0	\$0	137	\$409,600
MT	40	\$351,621	0	\$0	40	\$351,621
ND	8	\$54,770	0	\$0	8	\$54,770
NE	46	\$323,337	0	\$0	46	\$323,337
NH	28	\$201,540	0	\$0	28	\$201,540
NV	269	\$2,011,946	14	\$81,707	283	\$2,093,653
NY	1,125	\$6,925,086	161	\$657,919	1,286	\$7,583,005
OH	445	\$3,699,303	5	\$30,296	450	\$3,729,599
OR	173	\$1,296,501	9	\$60,858	182	\$1,357,359
PA	1,558	\$12,425,464	117	\$825,496	1,675	\$13,250,960
PR	2	\$11,837	0	\$0	2	\$11,837
RI	58	\$488,610	3	\$20,331	61	\$508,941
SC	123	\$669,611	1	\$6,257	124	\$675,868
SD	9	\$62,489	0	\$0	9	\$62,489
TN	61	\$179,380	8	\$16,405	69	\$195,785
TX	1,008	\$7,093,932	67	\$432,026	1,075	\$7,525,958
UT	42	\$298,510	0	\$0	42	\$298,510
VA	125	\$1,151,865	0	\$0	125	\$1,151,865
WI	163	\$1,147,388	0	\$0	163	\$1,147,388
WV	29	\$203,195	3	\$17,740	32	\$220,935
WY	9	\$68,264	0	\$0	9	\$68,264
US	10,194	\$74,114,653	599	\$3,567,437	10,793	\$77,682,090

Source: ETA 227 Report

Prepared by OUI Division of Performance Management on 11 Jan 13

BAM Unemployment Insurance High Dollar Report  
Reporting Quarter: FY 2012 Quarter 4

ST	BAM Cases	BAM Amount OP
AZ	3	\$10,845
IA	4	\$16,181
KS	3	\$29,418
LA	2	\$8,736
MA	5	\$55,974
MD	3	\$18,545
MI	2	\$14,118
NC	6	\$48,044
NJ	11	\$73,075
NM	2	\$18,060
VT	3	\$11,036
WA	1	\$6,996

Source: UI Benefit Accuracy Measurement  
Prepared by OUI Division of Performance Management on 11 Jan 13