Unemployment Insurance

Integrity Update

Gay Gilbert, Administrator
Office of Unemployment Insurance
USDOL/ETA
December 6, 2011
UI Improper Payment Rate

### 2011 IPIA Improper Payment Rates

<table>
<thead>
<tr>
<th>Improper Payment Measures</th>
<th>Rate</th>
<th>Amount&lt;sup&gt;3&lt;/sup&gt; ($ Billions)</th>
<th>Amount&lt;sup&gt;4&lt;/sup&gt; ($ Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IPIA Report&lt;sup&gt;2&lt;/sup&gt;</td>
<td>11.99%</td>
<td>$15.00</td>
<td>$6.10</td>
</tr>
<tr>
<td>Overpayments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual Report</td>
<td>11.35%</td>
<td>$14.19</td>
<td>$5.78</td>
</tr>
<tr>
<td>Operational</td>
<td>6.20%</td>
<td>$7.75</td>
<td>$3.16</td>
</tr>
<tr>
<td>Underpayment Rate</td>
<td>0.65%</td>
<td>$0.81</td>
<td>$0.33</td>
</tr>
<tr>
<td>UI Benefits Paid</td>
<td></td>
<td>$125.02</td>
<td>$50.89</td>
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</tbody>
</table>

<sup>1</sup> Rates are based on 24,439 completed audits for the period July 2010 to June 2011, which was the most recent data available (Oct 4, 2011).

<sup>2</sup> Includes overpayments and underpayments.

<sup>3</sup> Includes State UI, UCFE, UCX, EUC, EB, and FAC.

<sup>4</sup> Includes State UI, UCFE, and UCX only.
UI Improper Payment Rate

UI Overpayment Rates and Amounts

<table>
<thead>
<tr>
<th>Year</th>
<th>Overpayment Rate</th>
<th>Amount OP (In $ Bil.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>0%</td>
<td>$0</td>
</tr>
<tr>
<td>2005</td>
<td>2%</td>
<td>$2</td>
</tr>
<tr>
<td>2006</td>
<td>4%</td>
<td>$4</td>
</tr>
<tr>
<td>2007</td>
<td>6%</td>
<td>$6</td>
</tr>
<tr>
<td>2008</td>
<td>8%</td>
<td>$8</td>
</tr>
<tr>
<td>2009</td>
<td>10%</td>
<td>$10</td>
</tr>
<tr>
<td>2010</td>
<td>12%</td>
<td>$12</td>
</tr>
<tr>
<td>2011*</td>
<td>14%</td>
<td>$14</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$16</td>
</tr>
</tbody>
</table>

IPIA Year

Annual Rpt. Rate

Operational Rate

Annual Rpt. $ OP

Operational $ OP
Why Has the Rate Gone Up?

- Move to remote claims taking
- Lag in data availability for detection
- Overstressed UI system
- “Desperate People”
- Root causes that are not cost beneficial to detect are increasing
- Rate may go up further as economy improves
Detection of Overpayments

Each data point represents the one year period up to and including the given quarter.
Root Causes

Cause of UI Overpayments
July 1, 2010 through June 30, 2011

- Work Search Issues: 21.2%
- Separation Issues: 20.1%
- Benefit Year Earnings: 30.2%
- ES Registration: 9.1%
- Able+Available: 4.8%
- Other Eligibility Iss.: 3.7%
- Other Issues: 2.3%
- Sev./Vac./SSI/Pension: 2.0%
- Dependents Issues: 0.4%
- Base Period Wage Iss.: 6.1%
Getting the Rate Down

- Focus on detection and **prevention** in 3 major root cause areas:
  - Claimants continuing to claim after returning to work (Benefit Year Earnings (BYE))
  - Untimely/insufficient separation information from employers and Third Party Administrators
  - Employment Service (ES) registration

- Targeting on biggest impact states and poorest performing states

- Increased State Direction/Funding/Focus

- New Tools & Technology
Benefit Year Earnings (BYE) Strategies

GOAL: 50% reduction in BYE fraud errors)

- Implement New State Performance Measure Focused on Overpayment Prevention
- Mandate State Use of National Directory of New Hires and Develop Model Standard Operating Procedure
- Claimant Messaging Campaign
- Pilot New Data Sources
- Funding incentives for states to implement
Separation Issue Strategies

Significantly Increase State and Business Take Up of the State Information Data Exchange System (SIDES) through:

- Funding incentives for states
- Deploying marketing messaging for states/businesses
- Promoting additional options for implementation
ES Registration Issues

Aggressive & targeted focus on 10 states (LA, IN, TN, AL, NM, OH, FL, CA, TX):

- Assistant Secretary Calls to State Administrators – already getting results
- Funding incentives to states
- Requested action plans to address
- Continuous monitoring and focus
States Answering the Call to Action

- Collaborative Fed/State Integrity Workgroup with NASWA Providing Direction
- High Impact States Leading the Way
- All States with Task Forces and Strategic Plans Focused on Prevention
- Early Success on ES Registration Issues
- Best Practices Collection/Dissemination
- $192 Million in SBR funding to support improved program integrity
States Getting to Success

Transparency

Unemployment Insurance (UI) Improper Payments By State
Hover over a state for a summary or click on a state for more detailed information
Coming Soon

- New Performance Measures: Improper Payment Rate Reduction, and Recovery
- Implementation of New Integrity Provisions in TAA Bill (15% penalty for claimant fraud, employer non-charging provision, and NDNH collection of rehire data)
- Claimant & Employer Messaging Campaigns
- Guidance to states on processes states need to ensure claimants are protected
Coming Soon (cont.)

- Pilot New Data Sources
- Tackling Work Search as a Root Cause
- Targeted Technical Assistance/Peer to Peer Mentoring
- Collaboration with NASWA UI Integrity Subcommittee
Thank You

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