

BRIEFLY...

Highlights of Report Number: 22-03-009-03-315, a report to the Assistant Secretary, Employment and Training Administration. September 30, 2003.

WHY READ THE REPORT

In 1987, the Employment and Training Administration (ETA) implemented the Benefit Accuracy Measurement (BAM) program to monitor the accuracy of Unemployment Insurance (UI) payments made to claimants, and statistically project the amount of claimant overpayments throughout the country. Over a 12-year period, the rate of overpayments remained flat at between 8 and 9 percent. In calendar year 2002 alone, BAM estimated \$3.7 billion in overpayments.

WHY OIG CONDUCTED THE AUDIT

The audit objectives were to determine whether: (1) BAM accurately detected and projected overpayments; (2) ETA used BAM information to prevent overpayments; and (3) program improvements based on states' best practices could reduce overpayments.

READ THE FULL REPORT

The full report, including the scope, methodology, and agency response, is available at:

<http://www.oig.dol.gov/public/reports/oa/2003/22-03-009-03-315.pdf>

September 2003

MORE EFFECTIVE USE OF BENEFIT ACCURACY MEASUREMENT (BAM) MAY REDUCE UNEMPLOYMENT INSURANCE OVERPAYMENTS

WHAT OIG FOUND

BAM accurately detected and reported overpayments; however, improvements could be made to detect overpayments related to unreported earnings. We found that ETA did not use BAM data to strengthen controls over benefit payments, costing the UI program millions of dollars every year. Using ETA's BAM overpayment projections and data mining techniques, we estimated that expediting the implementation of New Hire database connectivity in 10 states, and increasing its use in another 8 states, could save the Unemployment Trust Fund about \$428 million annually.

WHAT OIG RECOMMENDED

We recommended that ETA:

- Modify the system used to project overpayments related to unreported earnings.
- Make overpayment oversight a top priority.
- Expedite the implementation of New Hire database connectivity in 10 states, and require 8 other states to perform cross match procedures (to their states' New Hire database) at least weekly.

ETA generally agreed with our findings and recommendations.