


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: Mississippi's Suspension of Controls Resulted in the Payment of at Least \$25 Million in Disaster Unemployment Assistance to Claimants Whose Eligibility was Unsubstantiated
Draft Management Letter No. 06-07-004-03-315

This response addresses recommendations for the Employment and Training Administration (ETA) contained in the Office of Inspector General (OIG), Draft Management Letter No. 06-07-004-03-315. During an audit, in response to the 2005 Gulf Coast Hurricanes, the OIG determined that the Mississippi Department of Employment Security (MDES): 1) failed to obtain adequate proof of employment (POE) to support some claimants' entitlement to Disaster Unemployment Assistance (DUA) and 2) paid at least \$7.7 million more in DUA because it paid the state unemployment insurance maximum weekly benefit amount (WBA) to all claimants eligible for DUA.

Our response to each recommendation is provided below:

Continue to monitor MDES's collection efforts for all claimants who did not provide POE.

ETA will monitor the collection efforts of the MDES for all DUA payments that were found to have been made to individuals who failed to provide required proof of employment. ETA has worked closely with the MDES to ensure that adequate controls are in place to ensure that proof of employment at the time of a disaster, as well as proof of wages during the prior calendar year (the DUA base period), are obtained from each DUA claimant.

Provide guidance to the states regarding the advisability of paying DUA at the maximum WBA.

The ETA believes that it is not possible to provide states with prospective general guidance about the advisability of paying DUA at the maximum WBA. DUA regulations provide that WBA for DUA are calculated by the same formula used for determining state UI benefit amounts. In Mississippi, all UI beneficiaries were paid the maximum UI WBA by executive order following Hurricane Katrina; this resulted in DUA being paid at the same WBA. Any action to alter/augment UI benefit amounts in response to a disaster is a state decision; how such an action in the future would impact the calculation of DUA WBA would have to be determined at that time, taking into account the specific state

action to alter/augment its UI benefits and how that action impacts DUA benefit calculations.