

APPENDIX D

AGENCY RESPONSE

U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20303

MAR 31 2003

MEMORANDUM FOR: ELLIOT P. LEWIS
Assistant Inspector General for Audit

FROM: BRENT R. ORRELL *Brent R. Orrell*
Acting Assistant Secretary for Employment and Training

SUBJECT: Lack of Contingency Plans Contributed to More Than \$100
Million in Potential Overpayments of Hurricane Related
Unemployment Benefits
Draft Audit Report No. 06-08-001-03-315

Thank you for the opportunity to review and comment on the subject report which summarizes the findings from a series of management letters to which we have responded previously. Please be assured that the Employment and Training Administration (ETA) continues to work with Louisiana and Mississippi to improve overpayment prevention and detection, oversees efforts to recover erroneous payments, and ensure that appropriate actions are taken against those found to have received benefits fraudulently. We agree, in general, with your three new recommendations, and our comments on those are provided below.

We agree with your new recommendation that ETA coordinate contingency planning for state unemployment insurance operations when normal processing is disrupted by disasters, and we have been working with states for some time in this effort. A report entitled, National Unemployment Insurance Disaster Preparedness Planning Effort, was the result of a study commissioned by the Department after Hurricanes Katrina and Rita devastated the Gulf Coast, and we plan to post it on our Web site. The report outlines lessons learned and contains a set of recommendations concerning disaster preparedness planning. While some of the recommendations are not feasible at this time due to resource constraints, the Department has moved forward on one key recommendation which involves the convening of a federal-state workgroup to develop guidance and procedures for states to include in their individual state continuity of operations plans. This guidance is intended to position the Unemployment Insurance (UI) system nationwide to be better prepared to respond in the event of another disaster the magnitude of the 2005 Gulf Coast disasters.

You also recommended that ETA advise states to suspend UI and Disaster Unemployment Assistance (DUA) payments when certain documentation is not provided by beneficiaries. An UI Program Letter will be issued in the near future to

remind states of the DUA eligibility requirements, including the requirement to suspend and deny payment, and establish appropriate overpayments, when timely documentation is not provided.

In general, suspension of UI payments must follow state law and policy; however, the Department will continue to work with states to ensure they maintain program integrity in times following a disaster(s). A workshop addressing UI program integrity after a disaster will be conducted at the National UI Integrity Conference in April 2008. Other conference workshops and plenary sessions will highlight best practices and information sharing, including use of effective data matching tools.

We are actively engaged in activities that support your recommendation to promote data matching. States have multiple tools available to them to cross match data in order to minimize invalid, duplicate or fraudulent payments. A number of states match data against their state Department of Motor Vehicles to help prevent identity theft and use the UI Interstate Benefits Inquiry system to check for wages or claims in other states. States also have access to the Social Security Administration (SSA) data to verify identity and receipt of SSA benefits and the Systematic Alien Verification for Entitlements data to verify citizenship and immigration status. In addition, the Department has been strongly promoting use of the National Directory of New Hires data to access information on claimants who have returned to work. Many states use all of these tools, and most states use one or more in addition to other data matching within each state. FTA will continue to actively support the use of these and other tools to reduce improper payments.

The FTA appreciates the collaborative approach taken by your office in identifying potential improper payments that occurred in large part because Mississippi and Louisiana did not have operational plans in place to process the unprecedented increase in claims following the Gulf Coast Hurricanes in 2005.