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STATE WORKFORCE AGENCY ISSUANCE NO. 03-05

SUBJECT: Unemployment Insurance (UI) Benefit Accuracy Measurement (BAM) Data Collection and Coding

1. Purpose. To request State Workforce Agency (SWA) assistance with respect to three UI BAM data collection and coding issues: 1) use of New Hire data as part of the BAM investigation; 2) re-review of BAM cases in States with operational overpayment rates significantly below the national average; and 3) BAM investigation and coding of work search issues.

Issue 1 – Use of New Hire Data

2. Background. To support the goals of preventing UI overpayments and facilitating the early detection of overpayments that do occur, the Employment and Training Administration (ETA) is encouraging SWAs to use their State's New Hire Directory data in their Benefit Payment Control (BPC) and BAM activities to identify UI claimants who have returned to work but who continue to collect UI benefits. The BAM State Operations Handbook (ET Handbook 395, Chapter VI, p. 5) instructs BAM units that, "The potential for claimant employment during the benefit year should be verified using the State Directory of New Hires where available."

While the revised ETA 227 report of BPC activity includes a specific category for SWAs to report overpayments detected through crossmatches of UI benefit recipients with the New Hire database, there is no specific code in the BAM data record that captures whether BAM investigators use New Hire data as part of the BAM audit. We wish to assess the extent to which the BAM investigators are using New Hire database and determine the need for assistance for those BAM units that are not using this important resource to detect improper UI payments.

3. Requested Action. In order to evaluate whether BAM units are using New Hire data in accordance with ET Handbook 395, please submit the following information from your BAM units: 1) whether the BAM unit routinely uses New Hire data as part of its BAM investigations; 2) for BAM units that are not currently using New Hire data, whether they have a specific date by which they expect to gain access to and begin using the data; and 3) for BAM units with no current access or expectation of access, the reason for the inaccessibility and whether they require any technical assistance or administrative intervention by the Department of Labor (DOL) to gain access. Please provide the information to the regional office (RO), Attention: Walter Kozik, either by email (wkozik@doleta.gov) or by fax (404-562-2153) by November 25, 2002.

Issue 2 – BAM Operational Rate for GPRA **Issue**

2. **Background.** For Fiscal Year (FY) 2002 and beyond, ETA has established four UI goals under the Government Performance and Results Act (GPRA). One of these goals is to “Improve Payment Accuracy for Unemployed Workers.” In addition, one of the five government-wide initiatives of the President’s Management Agenda is “Improved Financial Performance,” which includes the requirement to establish a “baseline of the extent of erroneous payments.” To support the goal of improved UI payment accuracy, the Office of Workforce Security (OWS) developed three options for a UI payment accuracy measure and sought State and stakeholder comment (through UIPL No. 33-02 and consultations). Two of the three proposed measures use BAM-paid claims data.

OWS has recommended to the Assistant Secretary that ETA use as its GPRA UI payment accuracy measure the ratio of the amount of overpayments established through BPC operations to the amount of overpayments estimated by BAM. The operational BAM overpayment rate used for this measure includes only fraud and nonfraud recoverable overpayments and excludes three major causes of errors – work search, Job Service registration, and monetary determination errors – that SWAs are unlikely to detect through their BPC activities or that are not cost effective to detect.

Although the national average for the BPC/BAM ratio for FY 1999 to FY 2001 was around 60 percent, ratios for five States – California, Georgia, New York, North Dakota, and Oklahoma – exceeded 100 percent. That is, more overpayments were detected and established for recovery by BPC than were estimated by BAM. In addition, in FY 2001, the BPC/BAM ratio for Indiana was 181 percent, and for the 12-month period ending July 2002, Kansas reported BPC overpayments five times the amount estimated by BAM. We know that BAM underestimates overpayments attributable to benefit year earnings because wage record data are not available to crossmatch with the BAM samples with the 90-day period established to complete the BAM audits. However, the States with ratios over 100 percent consistently under-report overpayments in most cause categories, including separation and continued eligibility issues, compared with the national averages.

3. **Requested Action.** The national office (NO) will conduct a re-review of samples of BAM cases selected for RO monitoring over the past year from these seven States. The purpose of this re-review is to evaluate the independent fact finding conducted by the BAM investigators and verify that all issues affecting claimant eligibility have been fully addressed by the BAM investigators. A list of these cases is attached.

Please request that the BAM unit supervisor assemble the complete case files, including all supporting documents used for the BAM case audits, and send photocopies of these case materials by November 25, 2002, to:

Julius Green
U.S. Department of Labor
Employment and Training Administration
200 Constitution Avenue, NW
Room S-4522
Washington, DC 20210

Issue 3 – BAM Coding of Work Search Issues

2. **Background.** During recent consultations with the Office of Management and Budget, General Accounting Office, and the DOL Office of the Inspector General, these organizations expressed the view that although work search is not included in the BAM operational overpayment definition proposed for the GPRA UI payment accuracy measure, ETA should continue to collect and publish data for all causes of erroneous UI payments. During recent monitoring of BAM investigations, the NO identified several cases in which States have failed to adequately investigate work search issues. An examination of BAM data for Calendar Year (CY) 2001 shows that 12 States did not report any work search errors and that many of these States did not report any work search errors in CY 2000 and 1999 as well, as summarized in the following table.

No Work Search Errors CY 1999-2001	Connecticut, District of Columbia, Florida, Kentucky, Massachusetts, Tennessee
No WS Errors in CY 2001 and 2000	Missouri, New York
No WS Errors in CY 2001 Only	New Hampshire, New Jersey, North Dakota, West Virginia

In addition, thus far in CY 2002, 16 States have reported no work search errors: Alabama, California, Colorado, Connecticut, District of Columbia, Florida, Georgia, Hawaii, Massachusetts, New Jersey, New York, North Dakota, South Carolina, Tennessee, Vermont, and West Virginia.

An analysis of BAM data for these States shows that there are a substantial number of cases for which BAM investigators reported no work search errors, even though the claimant was required to seek work but either reported no work search contacts for the UI compensable week or for whom BAM investigators did not obtain work search data.

3. **Requested Action.** Please obtain the following information from the State BAM unit if your State has not reported any work search errors during CY 2001 or CY 2002:

The written laws and policies that are used by the BAM unit as the basis for evaluating claimant eligibility with respect to work search requirements, and an explanation of BAM case coding that indicates: 1) the claimant was required by the SWA to conduct work search; 2) the claimant reported no work search contacts for the UI compensable week (or the BAM investigator did not obtain work search data from the claimant); and 3) the BAM investigator identified no payment accuracy issue related to work search requirements.

Please provide the requested information to the RO, Attention: Walter Kozik, either by email (wkozik@doleta.gov) or by fax (404-562-2153), by November 25, 2002. Follow-up action may be required based on analyses of the information collected.

4. **Inquiries.** Questions on any of the three issues addressed in this issuance should be addressed to Walter Kozik, either by email (wkozik@doleta.gov), or Stephen Dean, email (sdean@doleta.gov), or telephone (404-562-2122).

5. Expiration Date. December 31, 2002.

Anna W. Goddard
ANNA W. GODDARD
Regional Administrator

Attachment for Georgia only: List of BAM cases for NO review.