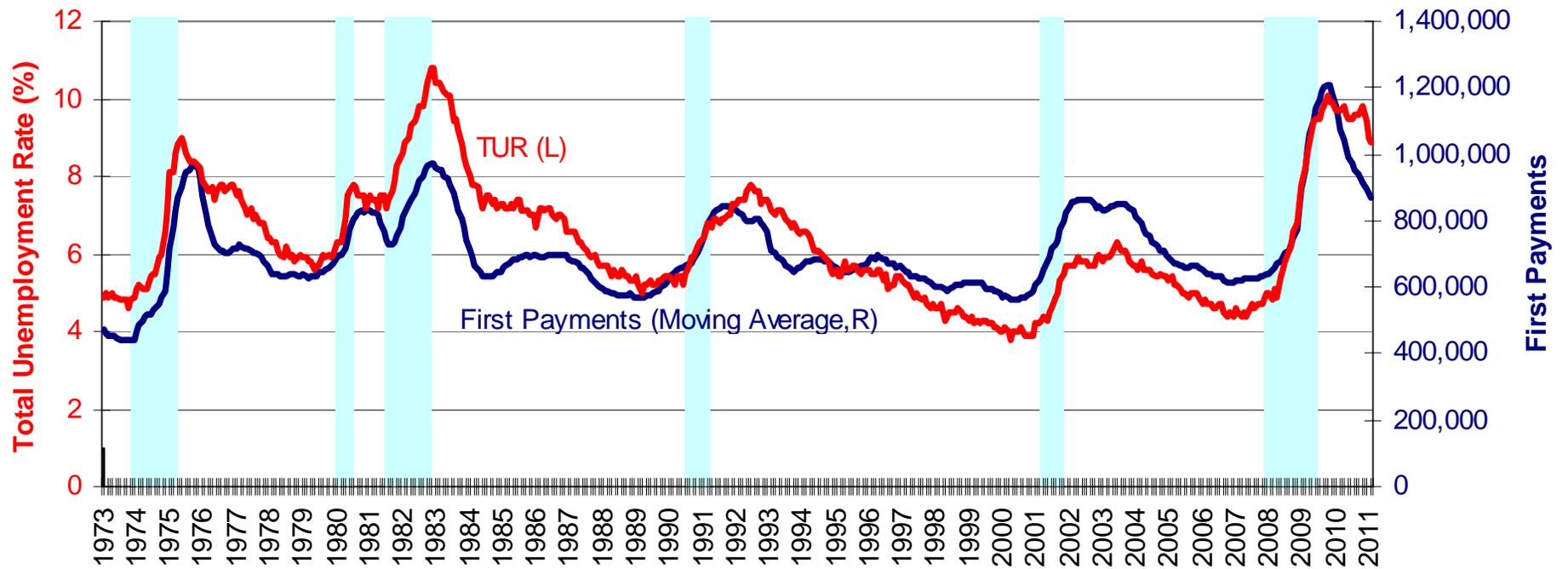
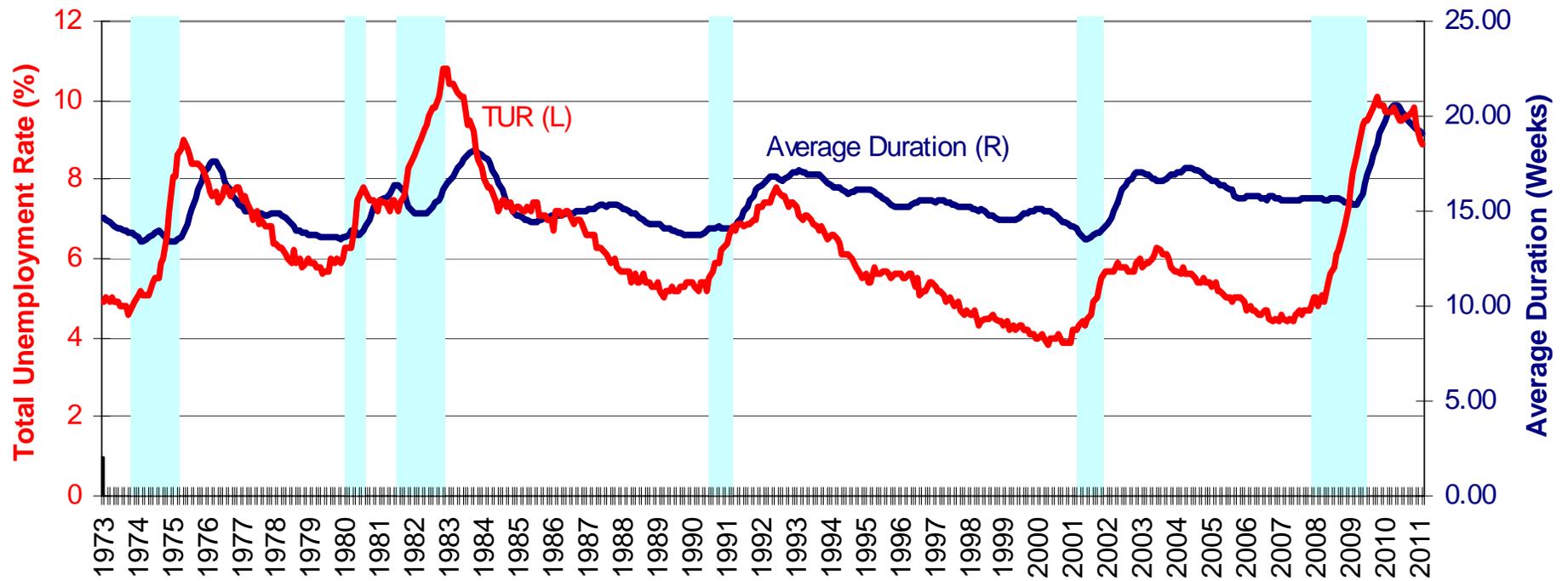

National Unemployment Insurance Update

Dale Ziegler, Deputy Administrator
Office of Unemployment Insurance
USDOL/ETA
September 13, 2011

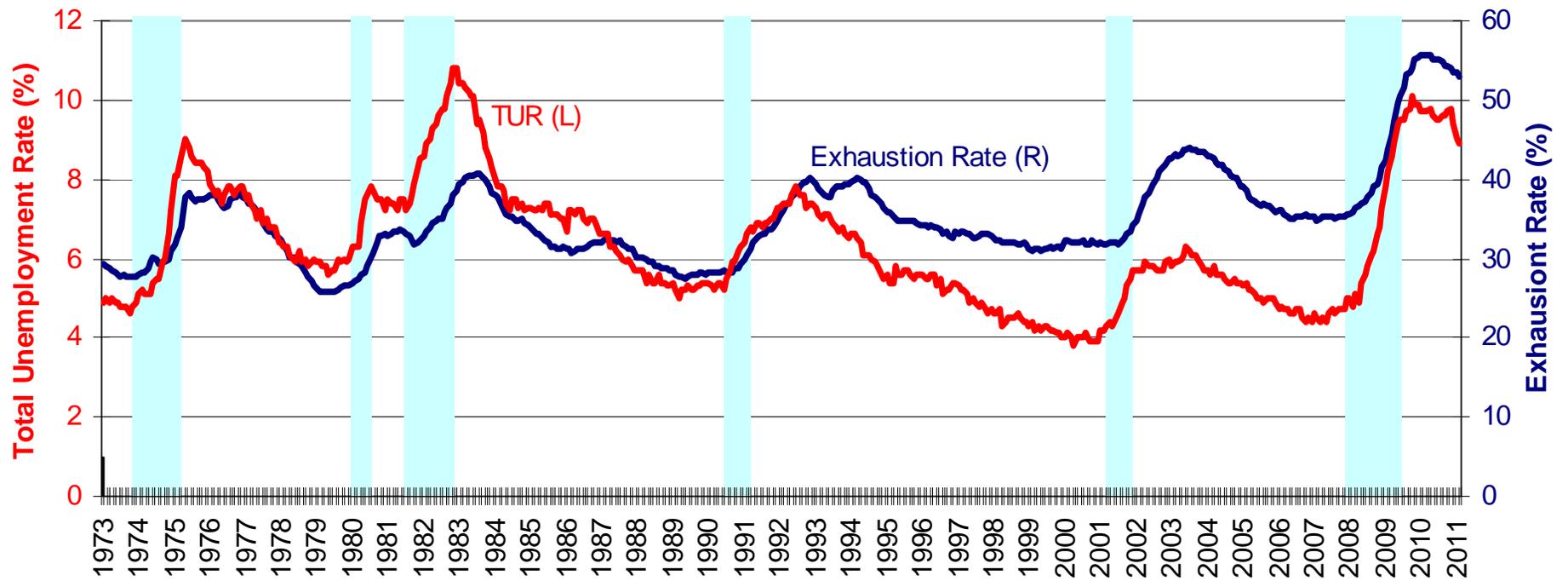
First Payments in the Regular Program



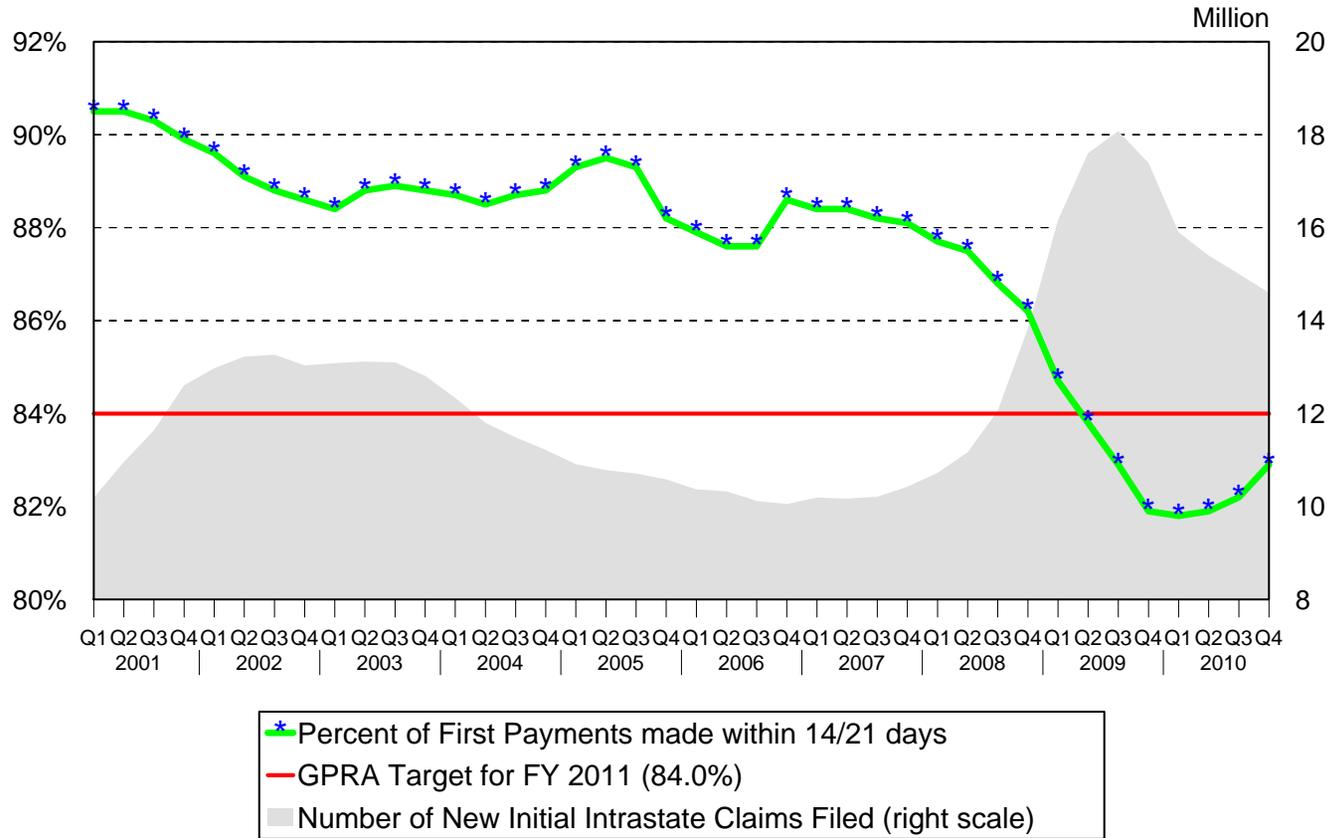
Average Duration on UI in the Regular Program



Exhaustion Rate in the Regular Program

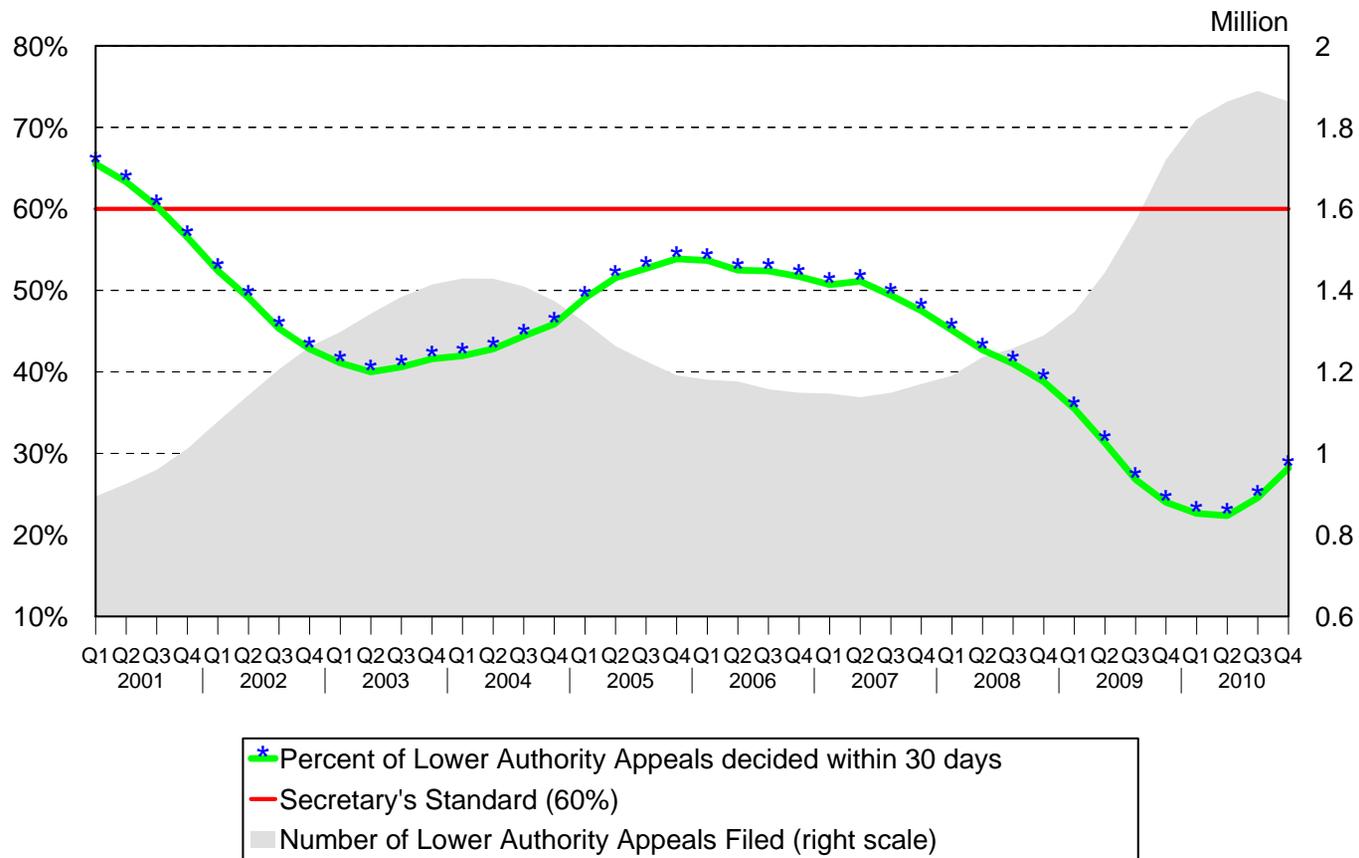


First Payment Timeliness



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

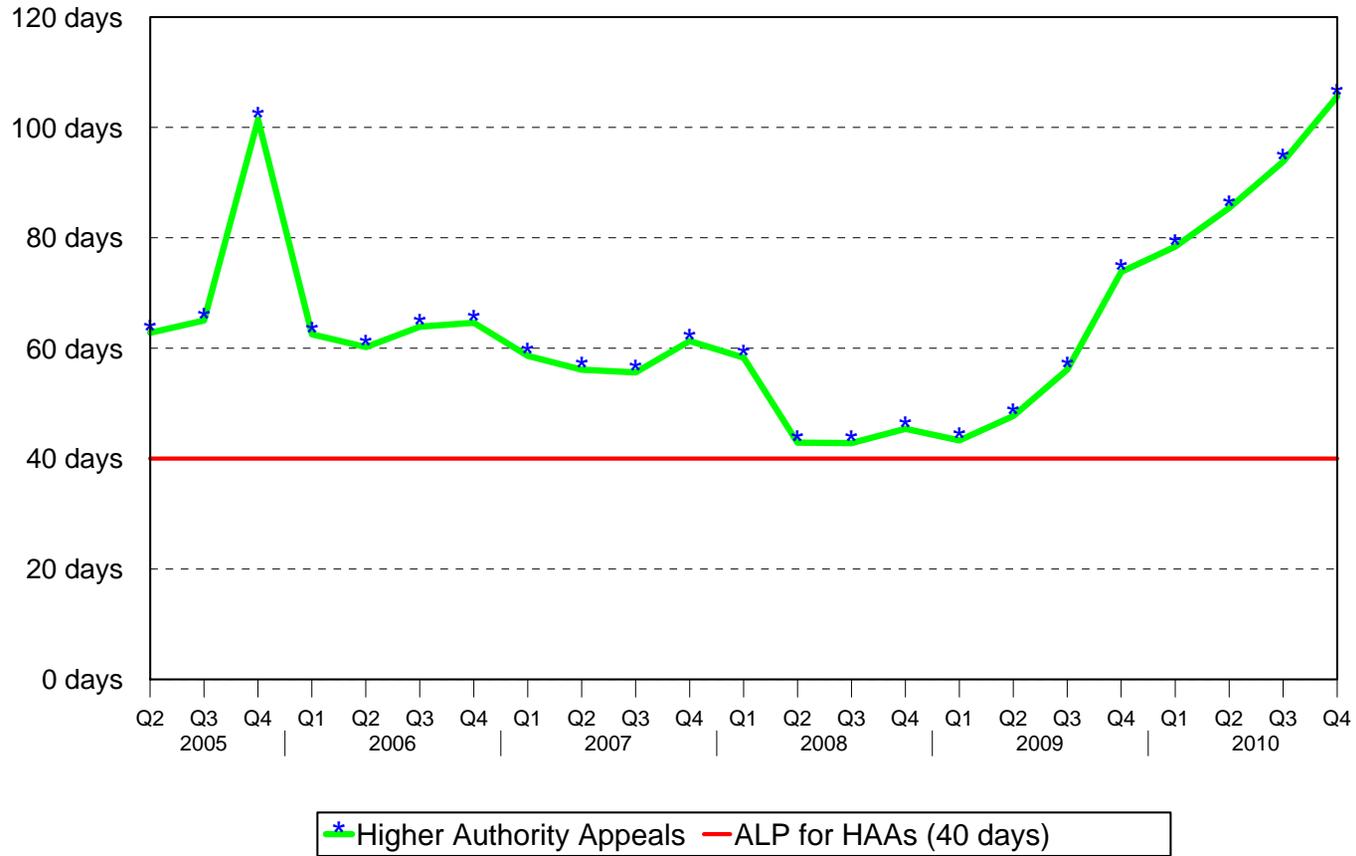
Lower Authority Appeals Timeliness



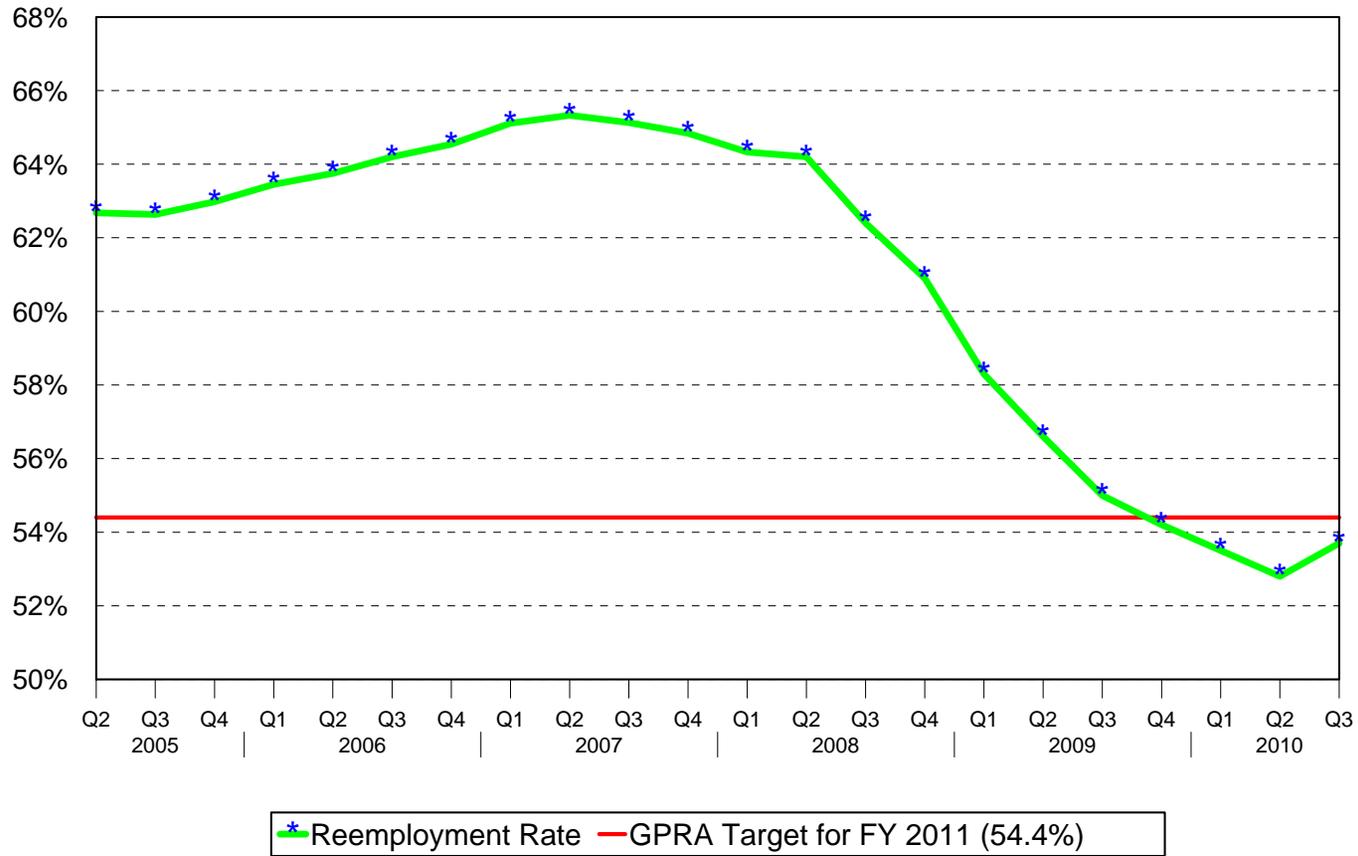
Each data point represents the one year period up to and including the given quarter.

Average Age of Pending Appeals

Higher Authority Appeals



Facilitation of Reemployment



Each data point represents the one year period up to and including the given quarter. Referenced quarter is that of reemployment.

Performance/Program Accountability

- UI program performance has been in decline since pre-recession
- Improving program administration in order to achieve improved performance is one of the top priorities

Performance Improvement Strategies

■ NASWA Federal/State Workgroup

- Benchmarking Best Business Processes for Core UI Functions
- Developing new approaches to knowledge sharing and technical assistance for states and front-line workers.

■ “At Risk” State Designation

- Continue “At Risk” project in FY 2012

Improper Payment Elimination and Recovery Act (IPERA)

- May be due to either non-performance of required procedures or >10% improper payment rate
- OIG assesses compliance for each program and activity – required to report results of assessment to agency head, Congress, Comptroller General, and OMB
- Increased interest by Congress and OMB

Improper Payment Elimination and Recovery Act (IPERA)

- Secretary must testify to Congress on noncompliance - must submit plan naming accountable senior agency official, including measurable milestones, an accountability mechanism, incentives and consequences
- Noncompliance for two fiscal years – Funding redirected to compliance efforts
- Noncompliance for three fiscal years – Secretary submits to Congress reauthorization proposal or proposed statutory changes

UI Improper Payment Rate

FY 2010 Improper Payment Rates¹

Improper Payment Measures	Rate	Amount ³ (\$ Billions)	Amount ⁴ (\$ Billions)
IPIA Report ²	11.2%	\$17.48	\$7.25
Overpayments:			
Annual Report	10.60%	\$16.54	\$6.86
Operational	5.70%	\$8.89	\$3.69
Underpayment Rate	0.60%	\$0.94	\$0.39
UI Benefits Paid		\$156.00	\$64.73

¹ Rates are based on 22,089 completed audits for the period July 2009 to June 2010, which was the most recent data available at the IPIA reporting deadline. Excludes Georgia data, which are currently under review by the Department to resolve methodology issues.

² Includes overpayments and underpayments.

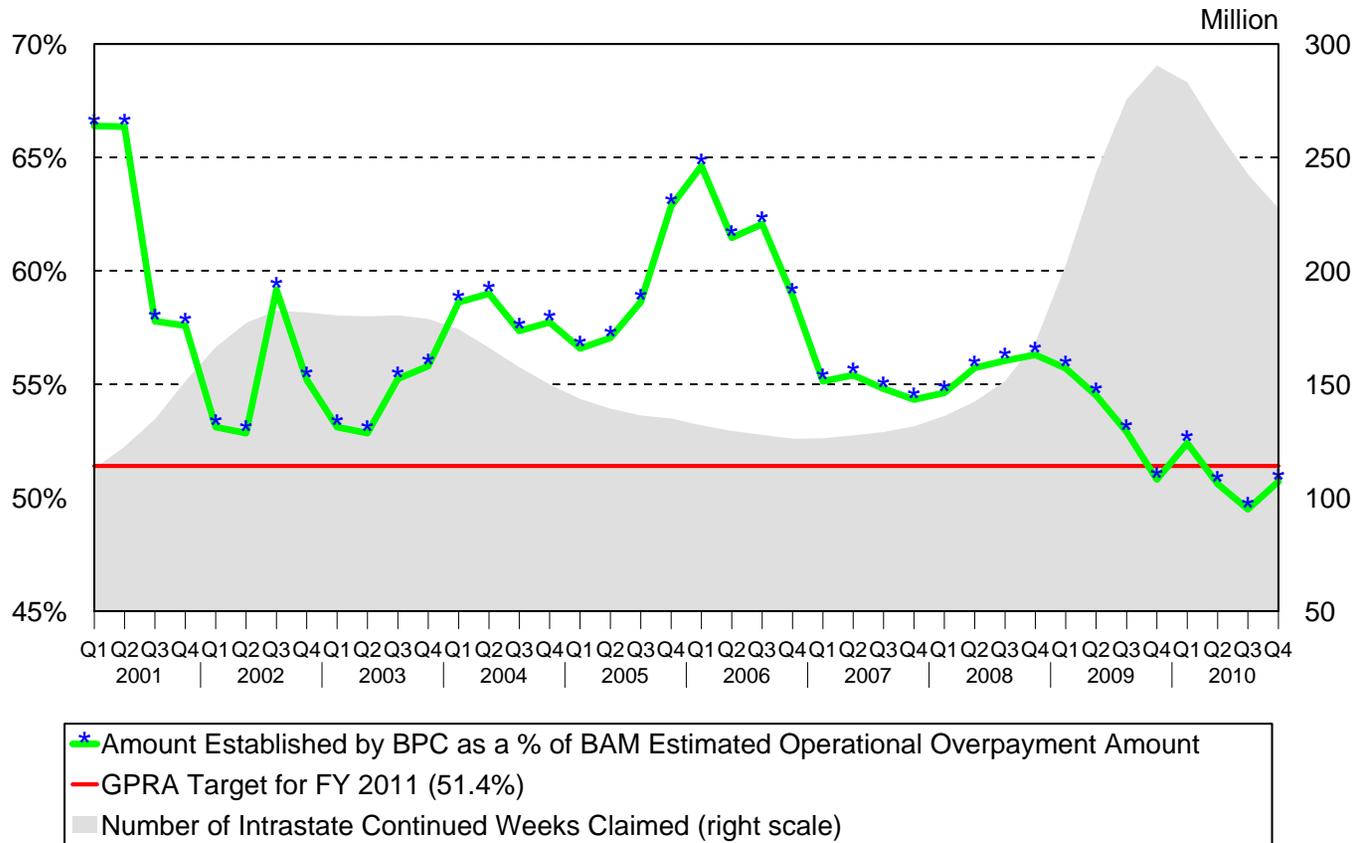
³ Includes State UI, UCFE, UCX, EUC, EB, and FAC

⁴ Includes State UI, UCFE, and UCX only

Integrity Activities

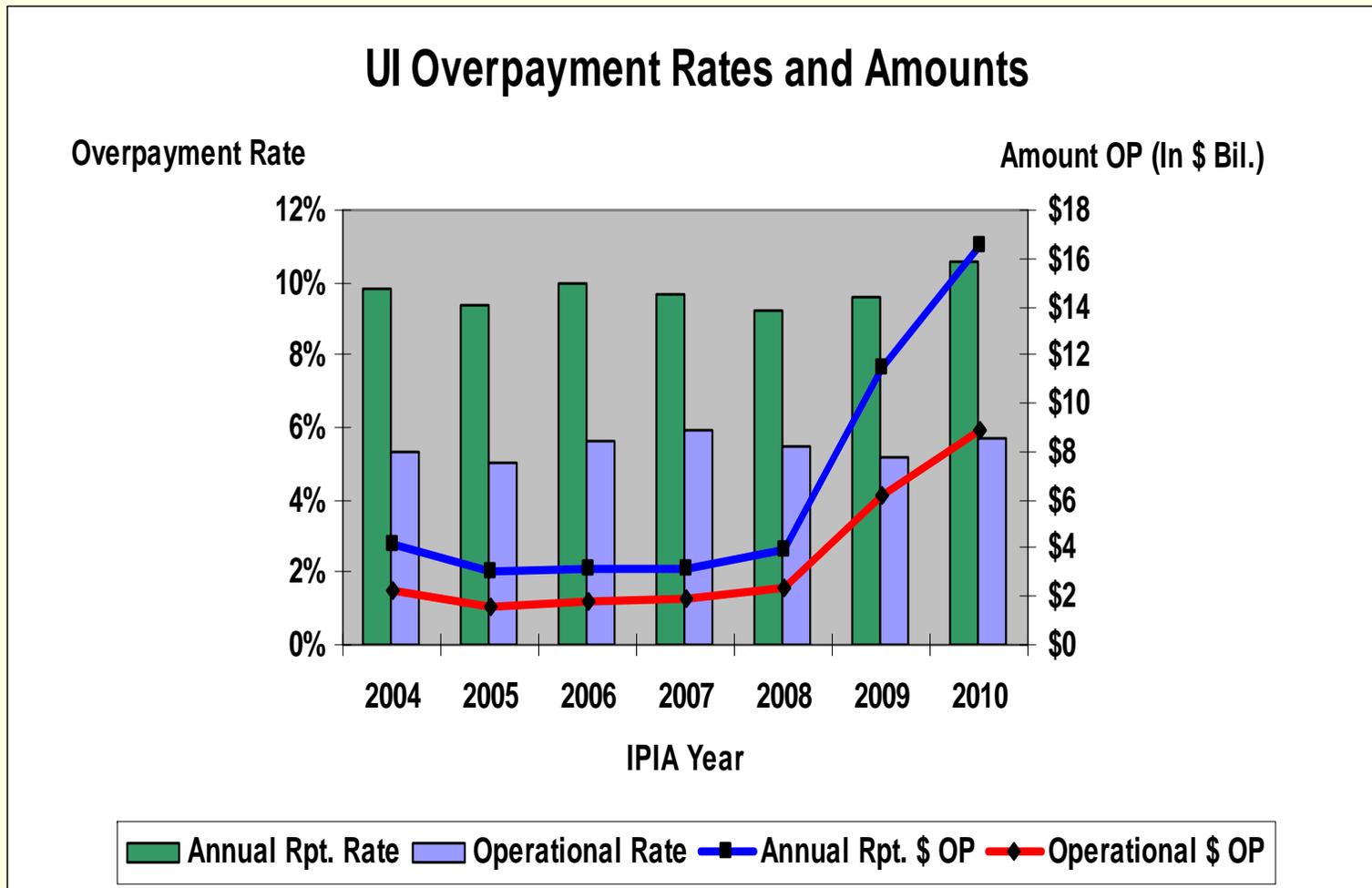
- Getting the UI Improper Payment Rate Down is Top Priority
- UI is Non-Compliant under the Improper Payment Elimination and Recovery Act
- Prevention is the Key
- Important to Trust Fund Solvency

Detection of Overpayments



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

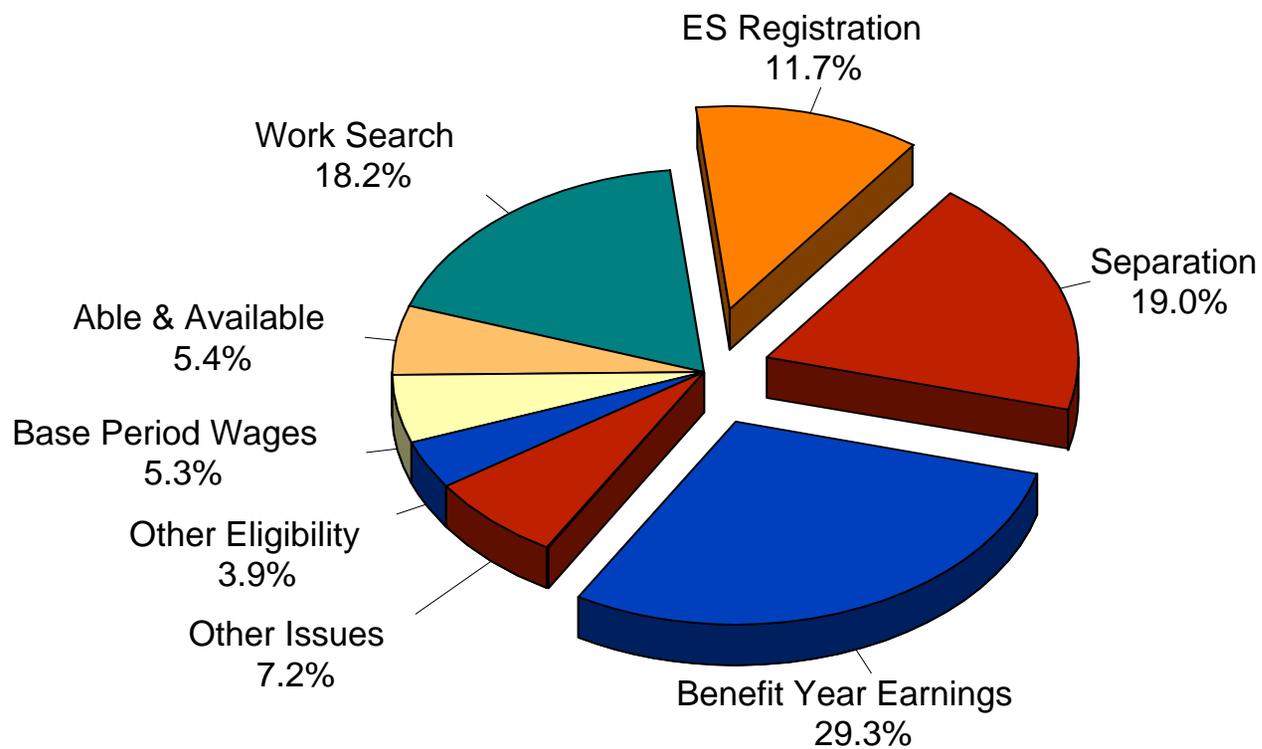
UI Improper Payment Rate



Root Causes

Causes of UI Overpayments

FY 2010 Annual Report Rate



Strategies to Improve Integrity

- NASWA Fed/State Integrity Workgroup
- Mandate Use of NDNH for Benefit Payment Control Model Standard Operating Procedure for Cross Matches
- Comprehensive Policy Guidance
- Claimant Messaging Campaign
- SIDES
- TOP
- New Integrity Performance Measure
- Enhancement to FY 2012 SQSP
- Improper Payment Task Forces/High Priority States
- Integrity Act
- FY 2011 SBRs
- Overpayment Prevention Measure

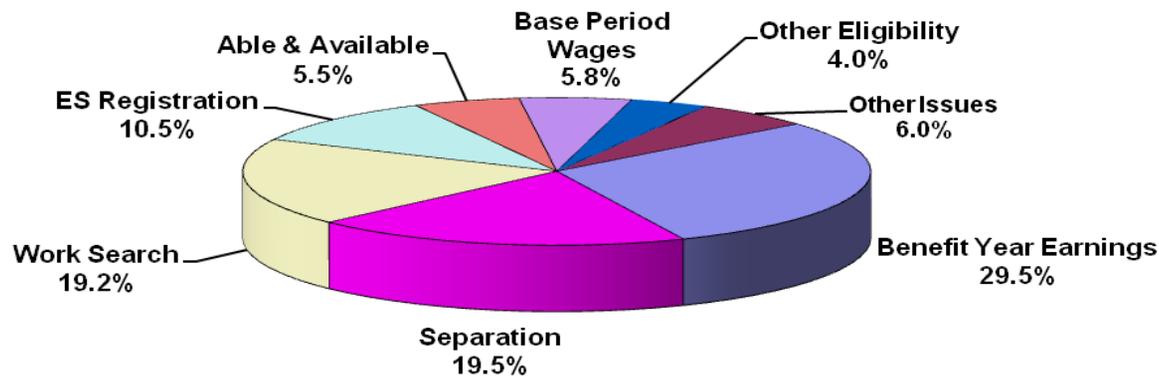
New State Performance Measure Focused on Overpayment Prevention

- UI Program Letter No. 17-11 was issued in June 2011 to solicit state comments on the proposed performance measure.
- The proposed measure requires a reduction of overpayments caused by claimants who return to work but who continue to claim benefits.

New State Performance Measure Focused on Overpayment Prevention

- These Benefit Year Earnings (BYE) errors account for approximately 30 percent of all UI overpayments.

**Causes of UI Overpayments
CY 2010 Annual Report Rate**



New State Performance Measure Focused on Overpayment Prevention.

- Fourteen states submitted comments and the measure was revised to include all BYE overpayments, rather than only fraud overpayments, and established alternative criteria for states to meet the proposed acceptable level of performance.
- The Department has drafted a UI Program Letter, currently in final clearance, to implement the measure.

New State Performance Measure Focused on Overpayment Prevention

- The first performance period will be calendar year (CY) 2012. A goal of a 30 percent reduction in the state's BYE rate from the CY 2008 – 2010 baseline has been set for the first year of implementation.
- A 50 percent reduction is proposed for the second year of implementation.

New State Performance Measure Focused on Overpayment Prevention

- A state will meet the Acceptable Level of Performance (ALP) if:
 - Its total BYE overpayment rate decreases during the performance period by the percentage decrease specified for the period (30% or 50%), or
 - Its BYE overpayment rate decreases during the performance period and the rate is below the national BYE overpayment rate by the target percentage decrease.

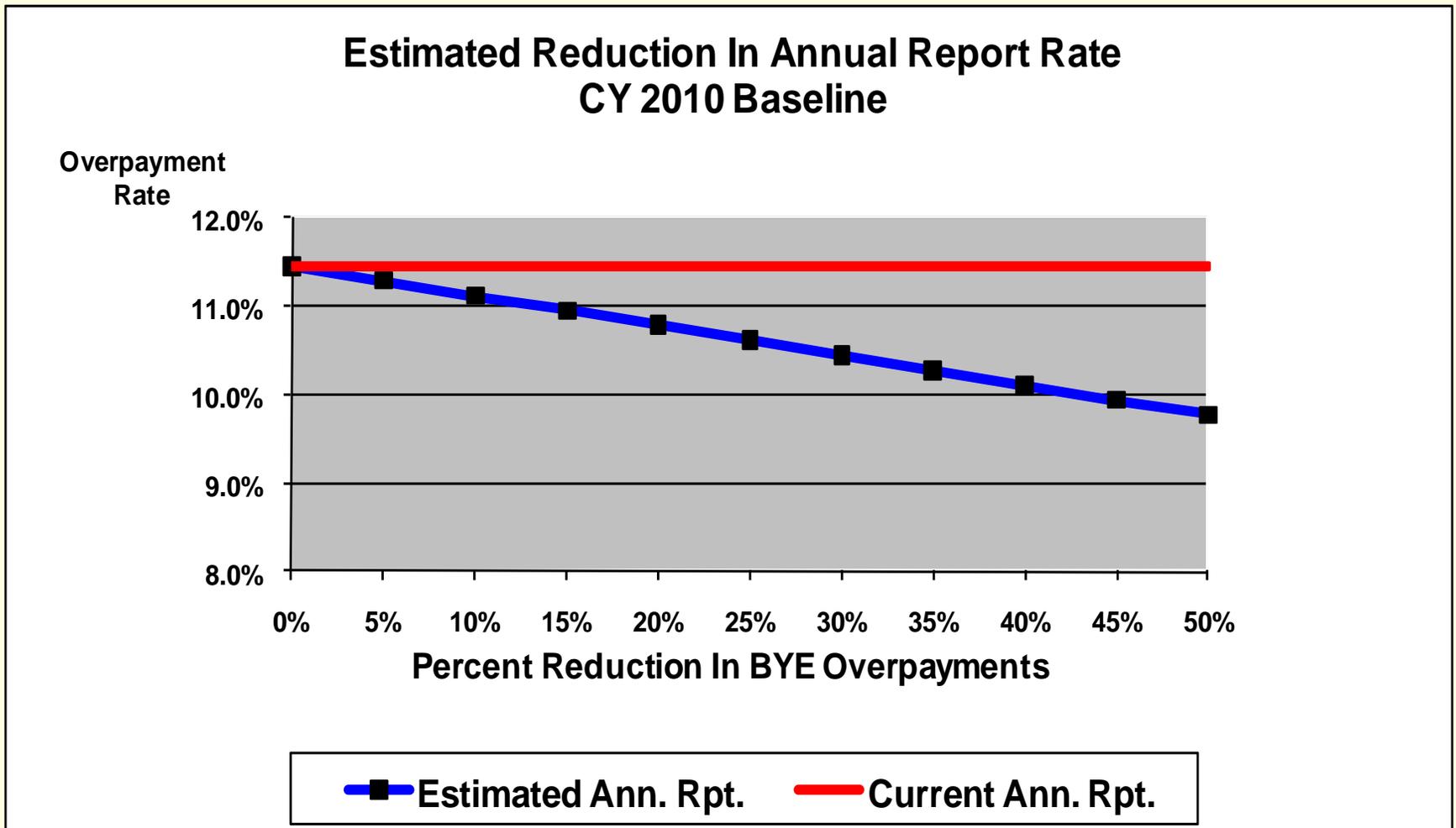
New State Performance Measure Focused on Overpayment Prevention

- The measure will be calculated from Benefit Accuracy Measurement (BAM) data.
- In order to include the state results for this measure in the State Quality Service Plan (SQSP), the performance period will be based on BAM data for the CY. The first measurement period will be CY 2012.

New State Performance Measure Focused on Overpayment Prevention

- If all states meet their reduction targets, the U.S. BYE rate would decrease by 30 percent in the first year, and both the Annual Report and Operational rates would decrease by approximately 1.0 percentage point.
-
- After two years of implementation, the U.S. BYE rate would decrease by 50 percent, and both the Annual Report and Operational rates would decrease by approximately 1.69 percentage points.

New State Performance Measure Focused on Overpayment Prevention.



High Impact States

Virtual Institute – June 2011

- An Internet-Based conference where the High Impact states will strategize solutions for their improper payment rates.
- Phase 1 – USDOL provides data and guidance regarding the major root causes
- Phase 2 – Each state convenes a facilitated discussion to develop state-specific strategies
- Phase 3 – Each state reports back to the group their strategies for reducing their improper payment rate.

High Impact States

- The High Impact states are not necessarily states with high improper payment error rates - they are generally large states with large UI overpayment amounts.
- The High Impact states are CA, FL, IL, MI, NC, NJ, NY, OH, PA, TX, and WI.
- Because of their size, any reduction in their error rate has a significant and beneficial impact on the national overpayment rate

FY 2010 Integrity Act

The Claims Resettlement Act of 2010 was signed into law in December, 2010, and includes the following provisions:

- Expands use of TOP to recover non-fraud overpayments, uncollected contributions, and associated penalties/interest if the UC debt is due to failure to report earnings or delinquent contributions.
- Repeals the prohibition on the use of TOP for recovering UC debts older than 10 years and the requirement that the address on the individual's income tax return be within the state seeking the offset.

FY 2011 Integrity Act

- Requires employers to report the first day of earnings for new hires to the National Directory of New Hires.
- Permits states to use up to 5% of unemployment compensation (UC) overpayments recovered for integrity activities.
- Permits states to use up to 5% of contributions collected due to employer fraud or tax evasion, including misclassification of employees, for integrity activities.

FY 2011 Integrity Act

- Prohibits states from relieving an employer of benefit charges if the employer's (or its agent's) fault has caused an improper payment and if the employer (or agent) has established a pattern of failing to respond timely or adequately to requests for information.
- Requires employers to report former workers they rehire to the National Directory of New Hires (NDNH) after a separation of at least 60 days.



New Reemployment Service Vision for UI Claimants

- Vision and framework fully rolled out at conferences and through regional webinars

<https://www.workforce3one.org/view/5001104841322592962/info>

- NASWA/ITSC building “integrated common registration tool”
- State pilots for the four transformational elements
- Best practices collection

Looking Ahead

- Continued focus on rebuilding and re-strengthening the UI program
- Getting states back to solvency
- Sustained and significant focus on reducing improper payments
- Improving program performance
- Reemployment with particular focus on long term unemployed

Thank You

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