

## UI Improper Payment Rate

The Improper Payment Rate is based on the results of the Benefit Accuracy Measurement (BAM) statistical survey. BAM covers the three largest permanently authorized unemployment compensation programs: State UI, Unemployment Compensation for Federal Employees (UCFE), and Unemployment Compensation for Ex-Service Members (UCX). In addition to these programs, IPIA outlays include temporary and episodic programs such as Emergency Unemployment Compensation, Extended Benefits, and Federal Additional Compensation, which are not included in BAM. The IPIA rates are based on BAM data for the July to June period. Approximately 24,000 cases are drawn from states annually, with sample sizes ranging from 360 cases per year in the 10 states with the smallest UI workloads to 480 cases in the remainder of the states.

## UI Improper Payment Definitions

Improper Payment Rate - This rate consists of all overpayments plus underpayments. However, the rate excludes those payments determined to be “technically proper” under state UI law. The statutory definition of an improper payment is “any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements.” This definition allows for the exclusion of “technically proper” payments from the UI Improper Payment rate. Payments that are deemed to be “technically proper” by BAM audit investigators are those which meet applicable state statutory requirements. In July 2014, OMB approved the Department’s proposed improper payment rate estimation methodology, which included the exclusion of any payments determined to be “technically proper” under state UI law.

Overpayment Rate - This rate consists of all overpayments except those determined to be “technically proper” under state UI law.

Net Improper Payment Rate – This rate is defined as total overpayments plus total underpayments minus the amount of overpayments recovered by state workforce agencies. This supplemental measure includes both the overpayment and underpayment rates for all causes, but excludes payments determined to be technically proper under state UI law. The net improper payment rate includes two components – improper payments, which will continue to be estimated from BAM, and overpayments recoveries, which are based on actual amounts reported by the state workforce agencies on the ETA 227 Overpayment Detection and Recovery report.

Improper Payment Rate Excluding Work Search – This rate consists of all overpayments minus work search overpayments plus total underpayments. This supplemental measure includes the overpayment and underpayment rates for all causes except work search related errors. Both the overpayment and underpayment rates exclude payments determined to be technically proper under state UI law.

Underpayment Rate - This rate includes payments that the BAM investigation determines were too small. All causes and responsible parties are included in this rate.

## Overpayment Cause Definitions

Benefit Year Earnings (BYE) - Claiming UI benefits after returning to work.

Separation - Ineligible due to voluntarily quitting employment or discharge for cause.

Work Search - Failure to actively seek employment.

Employment Service (ES) Registration - Failure to register for referral to work or reemployment services.

Able & Available - Ineligible due to not being able to work or available for work.

Base Period Wages - Error in calculating claimant's benefit based on wages earned prior to period of unemployment.

Other Issues:

- refusal of work
- self-employment

- failure to report for agency review or report requested information
- citizenship status
- claiming benefits using a false identity
- adjustments to dependents' allowance
- adjustments to benefits due to claimant receipt of income from severance pay, vacation pay, Social Security, or employer pension
- back pay awards, payment during a period of disqualification, or agency redetermination of eligibility.