

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	<b>CLASSIFICATION</b> UI
	<b>CORRESPONDENCE SYMBOL</b> OUI/DUIO
	<b>DATE</b> Janaury 11, 2012

**ADVISORY:** UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 08-12

**TO:** STATE WORKFORCE AGENCIES

**FROM:** JANE OATES /s/  
Assistant Secretary

**SUBJECT:** Consolidation of the Employment and Training Administration (ETA) 9000 and ETA 227 Reports

**1. Purpose.** To advise states that the ETA 9000 report, “Internal Fraud Activities,” has been discontinued. Some of the information from the ETA 9000 report was merged into the ETA 227 Report, “Overpayment, Detection and Recovery Activities,” and additional changes to the ETA 227 Report were also made.

**2. References.** Executive Order 13520, Reducing Improper Payments and Reducing Waste in Federal Programs; Employment and Training (ET) Handbook 401, Unemployment Insurance Reports Handbook; ET Handbook 402, Unemployment Insurance Reports (UIR) User Manual.

**3. Background.** To comply with Executive Order 13520, Reducing Improper Payments and Reducing Waste in Federal Programs, the U.S. Department of Labor (Department) has changed to the ETA 227 Report to require that states report, in more detail, the extent of their efforts to prevent, detect and recover improper Unemployment Insurance (UI) payments.

The Department is required to change and refine the reporting guidelines and collect new data to better assess the states’ integrity efforts. The proposed changes to the ETA 227 report include both modifications to existing reporting guidance, as well as additions to the report.

The Department has combined two separate data collections into a single data collection instrument. These are: the ETA 9000 report, Internal Fraud Activities, (Office of Management and Budget (OMB) control no.1205-0187) and the ETA 227 report, Overpayment Detection and Recovery Activities (OMB control no. 1205-0173). These two reports are collections of state data regarding detection and recovery of UI fraud and overpayments. The data collected and objectives for these reports are similar. Both collections reflect details concerning cases detected and investigated that resulted in overpayments and/or fraud determinations.

Because the ETA 227 report is the more comprehensive of the two reports and is submitted quarterly, the Department is retaining the ETA 227 report as the new instrument to collect information for this merge and discontinuing the ETA 9000. The ETA 227 report will now be

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> Continuing
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OMB control no.1205-0187.

The ETA 227 report collects overpayment data on UI claims that result from claimant, employer, and/or agency errors, and fraud. It is used in the calculation of state performance measures. This report has five sections applicable to all states, including causes of overpayments, detection methods, reconciliation and recovery of overpayments, criminal and civil actions taken, and the aging of benefit overpayment accounts.

The ETA 9000 report was considerably less comprehensive and submitted annually. Overpayments that result on UI claims, due to employee fraud and/or abuse, were reported on the ETA 9000 report. Analysis of the data collected on the ETA 9000 report revealed that only some of the data is useful. Therefore, the Department will retain only the reported data elements from the ETA 9000 report that indicate cases of benefits overpaid (e.g. collusion between agency staff and a claimant), any resulting prosecution from those cases, and will merge them into the ETA 227 report.

The Department has consolidated these two reports into a single report and respondent collection for Paperwork Reduction Act (PRA) purposes. Three data elements, currently collected on the ETA 9000 report, were added to the ETA 227 report.

This consolidation of the two reports will not add to the burden hours for respondents other than a one-time burden for programming the modifications to the ETA 227 report. The current burden for the ETA 9000 report is three hours per submittal on an annual basis. The consolidated report will be quarterly and will reflect the current burden of the ETA 227 report. Added to this will be one hour per submittal, for the added work involved in reporting data previously collected on the ETA 9000 report. The prior burden for the ETA 227 report was three hours per respondent per quarter (three hours per response, four responses per year) while the new burden will be four hours per respondent per year (four hours per response, four responses per year).

This consolidation should improve the data collection. Also, states have one less report to submit to the Department with minimal burden to accomplish this change. At the same time, the Department reduces its portfolio of collections.

**4. Changes to the Report.** Key data previously collected on the ETA 9000 report regarding fraud overpayments and prosecutions due to involvement of agency personnel will be reported as a sub-category under Fraud Overpayments on the ETA 227 report. To the extent possible, all changes need to be in place for the reporting period ending March 31, 2012, which is due May 1, 2012, and no later than August 1, 2012, for reporting period ending June 30, 2012. Other changes include the collection of:

- Fraud and non-fraud overpayments over the amount of \$5,000. This will be reported as a sub-category under both the fraud and non-fraud overpayment sections.
- Overpayments detected through data matching against the State and National Directories of New Hire systems. (Previously this was not separated into two detection methods.) These data will now be reported separately showing the

detection method as either the State Directory of New Hires or the National Directory of New Hires.

- Recoveries of overpayments using the Treasury Offset Program, which allows offsets of Federal Income Tax refunds. States acquired access to the Treasury Offset Program in February 2011, as a method to recover UI overpayments.
- Detection and recovery of Extended Benefits (EB) overpayments as a separate item. This new item will allow the Department to assess integrity activities related solely to EB. Currently, EB data are comingled with regular UI overpayments.
- The definition of “penalties” in section A, line 109, of the ETA 227 report has changed to exclude penalties that are not subject to recoupment but consist only of a disqualification in future weeks. Since no payments are involved and this could cause reporting errors, this data element is not needed.

These changes are not expected to affect states’ burden in completing the ETA 227 report since states currently collect most of this information. In addition, elimination of the ETA 9000 report eliminates the burden of the entire report.

**5. OMB Approval.** The ETA Overpayment Detection and Recovery Activities Report has been approved by OMB in accordance with the Paperwork Reduction Act of 1995. The OMB approval number is 1205-1087 with an expiration date of August 31, 2014.

**6. Handbook Maintenance.** States should replace the existing section IV, chapter 3 (ETA 227, “Overpayment Detection and Recovery Activities”) dated April /2007 in ET Handbook No. 401, Unemployment Insurance Reports Handbook , with the 4 attached revised section IV, chapter 3. Replace the existing ET Handbook No. 402, Unemployment Insurance Reports (UIR) User Manual Appendix C, and Report Edit Specifications with the attached revised edits in section C13. Remove Section IV; Chapter 11 ( ETA 9000 Internal Fraud Activities Report) dated 4/2007 from Handbook 401, pages A-47-48 Appendix A, B27-28 Appendix B, C 31 Appendix C from Handbook 402.

**7. Action Requested.** State administrators should distribute this advisory to appropriate staff.

**8. Inquiries.** Inquiries should be addressed to the appropriate Regional Office.

**9. Attachment(s).** Replacement pages for ET Handbook No. 401, Unemployment Insurance Reports Handbook, and ET Handbook No. 402 Unemployment Insurance Reports (UIR) User Manual Appendix C.