

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION UI
	CORRESPONDENCE SYMBOL OUI/DPM
	DATE July 27, 2015

ADVISORY: **UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 08-12, Change 1**

TO: STATE WORKFORCE AGENCIES

FROM: PORTIA WU /s/
Assistant Secretary

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

1. **Purpose.** To respond to questions regarding the changes to the ETA 227 Report, “Overpayment Detection and Recovery Activities,” and to add to the instructions provided in Unemployment Insurance Program Letter (UIPL) No. 08-12.

2. **References.**

- Executive Order 13520, *Reducing Improper Payments and Reducing Waste in Federal Programs*, November 20, 2009;
- Office of Management and Budget (OMB) Memorandum M-15-02, *Appendix C to Circular No. A-123, Requirements for Effective Estimation and Remediation of Improper Payments*, October 2014;
- Employment and Training (ET) Handbook 401, *Unemployment Insurance Reports Handbook*;
- ET Handbook 402, *Unemployment Insurance Reports User Manual*; and
- UIPL No. 08-12, *Consolidation of the Employment and Training Administration (ETA) 9000 and ETA 227 Reports*.

3. **Background.** For all programs that are susceptible to significant improper payments, Executive Order 13520 requires agencies to produce a quarterly report of any "high-dollar" overpayments (see section III.D). To comply with Executive Order 13520, in 2012 the U.S. Department of Labor (Department) changed 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. One of these changes was described as reporting of fraud and non-fraud overpayments over the amount of \$5,000 as a “high dollar overpayment” sub-category under both the fraud and non-fraud overpayment sections. OMB approved this definition of “high-dollar overpayments” for purposes of the Department’s reporting of UI overpayments to comply with the Executive Order.

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Office of Management and Budget (OMB) Memorandum M-15-02 recently modified OMB Circular A-123, Attachment C in part by modifying the definition for High Dollar Overpayments applicable to state reporting on ETA 227.

The five changes made to the ETA 227 Report included both modifications to elements already included in the report, as well as additions to the report to collect new data that assess the states' integrity efforts. UIPL No. 08-12 explains these changes in detail.

4. **Additional Instructions.** The definition for the High Dollar (Fraud and Non-fraud) Overpayments has been modified in ET Handbook No. 401, Unemployment Insurance Reports Handbook, section IV, chapter 3.

For purposes of completing ETA 227, High Dollar Overpayments occur when total overpayments to an individual on a claim exceeds \$25,000. Overpayments may be a single overpayment or multiple overpayments established during or prior to the reporting quarter; however, the high dollar overpayment is reported for the quarter in which the cumulative amount overpaid to an individual on a claim exceeds \$25,000.

The changes for instructions for lines 112 and 113 on the ETA 227 reflect the changes in the definition of High Dollar Overpayments.

- **Line 112. High Dollar Fraud Overpayment.** Report those fraud cases and dollar amounts of overpayments for a claim that exceeds \$25,000 during the reporting quarter. Overpayments may be for a single overpayment or for multiple overpayments established during or prior to the reporting quarter. The high dollar overpayment is reported for the quarter in which the cumulative amount overpaid exceeds \$25,000.

If an overpayment exceeds \$25,000, but part is fraud and part is non-fraud, report the fraud portion on line 112 and the non-fraud portion on line 113. A case count will be reported on the line with the higher dollar amount. If the amounts are equal, a case count will be reported on the fraud line (112).

- **Line 113 High Dollar Non-Fraud Overpayment.** Report those non-fraud cases and dollar amounts of overpayments for a claim that exceeds \$25,000 during the reporting quarter. Overpayments may be for a single overpayment or for multiple overpayments established during or prior to the reporting quarter. The high dollar overpayment is reported for the quarter in which the cumulative amount overpaid exceeds \$25,000.

If an overpayment exceeds \$25,000, but part is fraud and part is non-fraud, report the fraud portion on line 112 and the non-fraud portion on line 113. A case count will be reported on the line with the higher dollar amount. If the amounts are equal, a case count will be reported on the fraud line (112).

Reporting accurate data in lines 112 and 113 is important to meeting the requirements of Executive Order 13520, Reducing Improper Payments and Reducing Waste in Federal Programs.

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 1205-0187 with an expiration date of August 31, 2017.

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 attached revised section IV, chapter 3.
7. **Effective Date for Implementing Changes.** Some minor programming is required in accordance with the changes to the ETA 227 report. States should complete all programming changes by September 30, 2015.
8. **Action Requested.** State administrators should distribute this advisory to appropriate staff.
9. **Inquiries.** Inquiries should be addressed to the appropriate Regional Office.
10. **Attachment.** Replacement pages for ET Handbook No. 401 Unemployment Insurance Reports Handbook.