ETA did not use compatible data which overstated the effectiveness of its overpayment detections

What OIG found

The OIG found that ETA did not appropriately measure the effectiveness of the states’ detection of overpayments for state-funded benefits and EB because the measure did not use compatible data.

Specifically, ETA did not include EB in the estimated detectable overpayments; however, it was included in actual overpayments. ETA reported the states detected 52.6 percent of estimated detectable overpayments but later determined this amount was actually 48.5 percent — short of the ALP of 50 percent. Had ETA’s estimates for overpayment detections included EB, the states would have had to detect an additional $142 million to achieve the ALP. Furthermore, the data ETA used in the measure was not always validated; therefore, ETA could not ensure its reliability.

In addition, ETA was not fully successful in getting states to comply with Unemployment Insurance Public Letter 3-07, which requires states to perform cross matches with the National Directory of New Hires (NDNH). Because the NDNH cross matches were not properly done, the estimate of detectable overpayments may be understated.

What OIG recommended

The OIG made six recommendations to the Assistant Secretary for Employment and Training in the areas of implementing an overpayment detection performance measure for EB, updating the reporting system to isolate readily detectable overpayments, and improving data validation.

ETA generally agreed with the recommendations.