



Benefit Accuracy Measurement Payment Integrity Information Act State Data Summary Performance Year 2023

The Benefit Accuracy Measurement (BAM) program is designed to determine the accuracy of paid and denied claims in three major Unemployment Insurance (UI) programs: regular State UI, Unemployment Compensation for Federal Employees (UCFE), and Unemployment Compensation for Ex-Servicemembers (UCX). State Workforce Agencies (SWAs) select weekly random samples of paid and denied claims. Independent state BAM investigators conduct audits of these paid and denied claims to determine whether the claimant was properly paid or properly denied benefits. The BAM program's sample size and design produces statistically valid estimates. The results are used to estimate accuracy rates for the populations of paid and denied claims. The BAM program provides continuous feedback on the state and federal methods of administration.

Based on the errors identified and information gathered through the BAM program, states are able to develop plans and implement corrective actions to improve accurate administration of state law, rules, and procedures. The major objectives of the BAM program are to:

- Assess the accuracy of Unemployment Insurance (UI) payments;
- Estimate the UI improper payment rate as required by Federal Law;
- Promote improvements in payment accuracy and program integrity; and
- Encourage more efficient administration of the UI program.

The basis for determining payment and denial accuracy are federal and state laws, administrative codes and rules, and official policies. The BAM program is designed to be comprehensive in coverage by including all areas of the UI claims processes where errors may occur. As a quality assurance program, BAM is a diagnostic tool for Federal and SWA staff to use in identifying systemic errors and their root causes and to correct and track solutions to these problems.

Under [20 CFR 602.21\(g\)](#), the U.S. Department of Labor's (Department) Employment Training Administration (ETA) compiles and releases the BAM program results each year on behalf of the states. The Department accomplishes this requirement by the release of annual results on its Web site: [Unemployment Insurance Payment Accuracy Data](#) on a quarterly basis and a detailed analysis on the [BAM homepage](#) each year (<https://oui.doleta.gov/unemploy/bqc.asp>).

Section 3352 of the [Payment Integrity Information Act \(PIIA\) of 2019](#) requires agencies to examine the risk of erroneous payments in all programs and activities they administer. This Federal law defines the term improper payment as:

(A) ...any payment that should not have been made or that was made in an incorrect amount, including an overpayment or underpayment, under a statutory, contractual, administrative, or other legally applicable requirement; and

(B) includes—(i) any payment to an ineligible recipient; (ii) any payment for an ineligible good or service; (iii) any duplicate payment; (iv) any payment for a good or service not received, except for those payments where authorized by law; and (v) any payment that does not account for credit for applicable discounts.¹

Agencies (including state and local entities receiving federal funds) are required to review all programs and activities they administer and identify those that may be susceptible to significant erroneous payments. A program automatically becomes 'High-Priority' when its annual reported monetary loss improper payment estimate is greater than or equal to \$100,000,000, regardless of the Improper and Unknown Payment rate².

Furthermore, PIIA requires a valid estimate of payments made that lack or have insufficient information. These payments occur when the executive agency cannot determine, due to lacking or insufficient documentation, whether a payment is proper or not, the payment shall be treated as an improper payment.

With the enactment of PIIA, the Federal Office of Management of Budget (OMB) published new reporting requirements (<https://www.whitehouse.gov/wp-content/uploads/2021/03/M-21-19.pdf>). The OMB publication introduces the new category of payment accuracy classification of payments (technically improper payments) and provides clarification on identifying and reporting unknown payments:

An unknown payment [unk] is a payment for which a determination cannot be made about whether it is proper or improper. It includes situations where a program is still conducting research or going through the review of a payment at the time that it must finish sampling and report its results, the payment will be considered as unk for reporting purposes that year. These payments contribute to the improper payment rate. OMB requires agencies to report the resolution of unknown payments when sufficient information is subsequently obtained.

A technically improper payment is a payment made to an otherwise qualified recipient in the right amount, but the payment failed to meet all regulatory and/or statutory requirements. An example of this is where the state paid the right claimant the correct amount but failed to send the claimant required literature on benefits rights and responsibilities or a combined wage claim option was not offered to the claimant, but the failure did not affect payment accuracy in either state.

The Office of Unemployment Insurance (OUI) is in the process of updating the [ET](#)

¹ [Appendix C to OMB Circular A-123, \(March 5, 2021\)](#)

² [Appendix C to OMB Circular A-123 p.56, \(March 5, 2021\)](#)

[Handbook No. 395](#) and the BAM payment accuracy coding system to accommodate these new codes.

Additionally, PIIA continues the requirement for valid statistical estimates of improper payments such as those generated by the BAM program and compels actions to reduce improper payments. Since the SWAs make all UI payment decisions, the Department requires SWAs to review their BAM program improper payment estimates and report their planned activities to prevent, detect, reduce, and recover improper payments in an UI Integrity Action Plan (ET Handbook No. 336, see, Appendix V).³

The Department provides the estimated overpayment, underpayment, and unknown rates to OMB as part of its PIIA reporting.⁴ In general, the performance year (PY) for reporting is the 12-month period from July 1, Year through June 30, Year+1. For example, for PY 2023, the performance year for reporting is from July 1, 2022 through June 30, 2023. The PY 2023 BAM data is aligned with the reporting period used in the Department's Agency Financial Report (AFR).

Since the BAM performance year ends after the cut-off date for AFR data collection, this PIIA PY 2023 report includes 74 paid claim accuracy cases completed after the AFR data collection date and includes denied claim accuracy estimates. The report reflects data at a national level, which is the sum of the 52 SWAs. The SWAs consist of the 50 states, Puerto Rico, and the District of Columbia. Each SWA's data are provided in separate linked documents. The United States Virgin Islands is exempt from operating a BAM program.

The PIIA PY 2023 also includes weekly samples for Batch Range 202227 through 202326. A batch sample set (7 to 9 payments) is selected from the population of payments issued by the state agency during a week. Typically, there are 52 batch weeks⁵ in a performance year. It is important that the BAM programs in each SWA accurately measure the level of improper payments in its state so that performance can be rigorously evaluated against the state and national targets. BAM is a critical tool in assessing improvements in program accuracy and integrity and encouraging more efficient administration of the UI program.

UI benefit payments included in the BAM sample for the PIIA PY 2023 was \$26.94 billion compared to \$28.05 billion in PIIA PY 2022. In PIIA PY 2023 BAM paid claims results are based on 23,311 of the 23,869 valid sample cases. This represents a completion rate of 97.66 percent for the Paid Claim Accuracy (PCA) information presented. BAM investigators completed claimant interviews in 18,819 or 80.73 percent of the completed cases. The remaining audits were completed based on information obtained from agency records, the claimants' former employers, and third-party

³ [Unemployment Insurance Program Letter \(UIPL\) No. 29-20](#), (September 14, 2020); and [ET Handbook No. 336](#)

⁴ U. S. Department of the Treasury PaymentAccuracy.gov Web Page: <https://www.paymentaccuracy.gov/>

⁵ PIIA PY 2023 has 53 batch weeks (Batch week 202227 end date 07/02/2022 through batch week 202326 end date 07/01/2023) not unlike calendar leap years.

sources, such as labor unions, educational institutions, doctors, and private employment agencies. As this linked document shows in worksheet titled “PCA Case Errors x Responsiveness,” investigators are able to identify payment accuracy issues in cases, in which interviews are not completed. This limits nonresponse bias.

[\(PIIA 2023 Method Claimant Information Obtained.xlsx\)](#)

Readers are strongly cautioned that it may be misleading to compare one state's payment accuracy rates with another state's rates. No two states' written laws, regulations, and policies specifying eligibility conditions are identical, and differences in these conditions influence the potential for error. States have developed many different ways to determine monetary entitlement to UI. Additionally, nonmonetary requirements are, in large part, based on how a state interprets and enforces its law. Two states may have identical laws but may interpret them quite differently. (See the 2022 and 2023 “Comparison of State Unemployment Laws” and the Significant Provisions of State UI Laws linked below that cover PIIA 2023.). Note that not all relevant SWA law, rules and written policies may be included in this publication, <https://oui.doleta.gov/unemploy/comparison/2020-2029/comparison2022.asp> <https://oui.doleta.gov/unemploy/content/sigpros/2020-2029/January2023.pdf>

Because the BAM data are based on samples, the estimated improper payment rate is subject to sampling and non-sampling errors. Sampling errors are errors that arise in a data collection process as a result of taking a sample from a population rather than using the whole population. Therefore, integrity rates are shown at a 95 percent confidence level with an interval, expressed as plus or minus percentage points. The actual rate is expected to lie within the interval 95 percent of the time. The rate and intervals are constructed from repeated samples of the same size and selected in the same manner as the BAM sample requires.

Non-sampling errors are errors or biases that arise in a data collection process as a result of factors other than taking a sample. These errors can include, but are not limited to, timeliness of data collection, data entry errors, inappropriate fact-finding, analysis and conclusions completed by state investigators or inaccurate information provided by survey respondents.

The Department's approved improper payment rate computation methodology can be found in [UIPL 09-13 Change 1](#) (issued on January 27, 2015). Corrective action and integrity plans for Fiscal Year (FY) 2024 are based on this computation methodology. PIIA requires an improper payment rate of less than 10 percent for each program and activity for which an estimate was published.

In this PIIA PY 2023 report, the Department uses six analytical measures to assess SWA payment accuracy and estimate the risk of erroneous denial of benefits. Individual SWA rates reflect state laws, administrative codes or rules, and policies. National results reflect the 52 SWAs' findings.

The Analytical Measures (Rates):

1. **Overpayment Rate** - The overpayment rate is defined in UIPL No. 09-13, Change 1. It is the total weighted dollar amount of payments determined to be overpaid divided by the weighted dollar amount paid in the BAM sample population. The rate includes fraud, nonfraud recoverable, and nonfraud nonrecoverable overpayments. All causes and responsible parties are included in this rate.
2. **Underpayment Rate** – The underpayment rate is defined in UIPL No. 9-13, Change 1. It is the total weighted dollar amount of payments determined to be underpaid divided by the weighted dollar amount paid in the BAM sample population. All causes and responsible parties are included in this rate. It includes errors where additional payment is made to the claimant. It excludes those errors that are technically proper due to finality rules or technically proper due to rules other than finality.
3. **Improper Payment Rate** – This rate includes UI benefits overpaid plus UI benefits underpaid divided by the total amount of UI benefits paid. Overpayments, underpayments, and total UI benefits paid are estimated from the BAM survey results of paid UI claims in the regular state UI, UCFE, and UCX programs. Overpayments and underpayments determined to be technically proper under state UI law for finality and other reasons are excluded from the measure.
4. **Agency Responsibility Rate** - This rate includes overpayments for which the SWA was either solely responsible or shared responsibility with claimants, employers, or third parties, such as labor unions or private employment referral agencies. The rate includes fraud, nonfraud recoverable overpayments, and nonfraud nonrecoverable overpayments. It excludes payments that are technically proper due to finality or other rules.
5. **Fraud Rate** - In general, fraud involves a knowing and willful act and/or concealment of material facts to obtain or increase benefits when benefits are not due. However, unemployment compensation (UC) fraud standards vary from state to state. Employers may also commit fraud in attempts to limit tax liability. State definitions of knowing, willful or the concealment of facts also vary. States also differ on the implementation of fraud administrative penalty determinations, and in some states, a fraud determination becomes effective on the date of the fraudulent act. In other states, the administrative penalty takes effect on the determination date. The individual state rates reflect these differences. The rate includes all causes and responsible parties.
6. **Improper Denial Rates** - BAM estimates the percentage of claimants improperly denied benefits. This rate includes three subcategories: monetary denials, separation denials, and nonseparation denials. The BAM program does not assign a dollar estimate to improper denial rates; however, improper denials are corrected when permitted by law.

For a detailed listing of these rates for each state, click on the following link (Please note that excel spreadsheets may have several worksheets or tabs of data):

[PIIA 2023 Integrity Rates All States.xlsx](#)

I. Paid Claims Accuracy

The Code of Federal Regulations ([20 CFR 602](#)) requires states to conclude all findings of inaccuracy as detected through quality control (QC) (now known as BAM) investigations with appropriate official actions in accordance with the applicable State and Federal laws and to classify its findings in benefit payment cases as proper payments, underpayments, or overpayments, and in benefit denial cases as proper or improper denials or underpayments. The classification system for payment accuracy includes seven codes. The classification system for denials includes six codes.

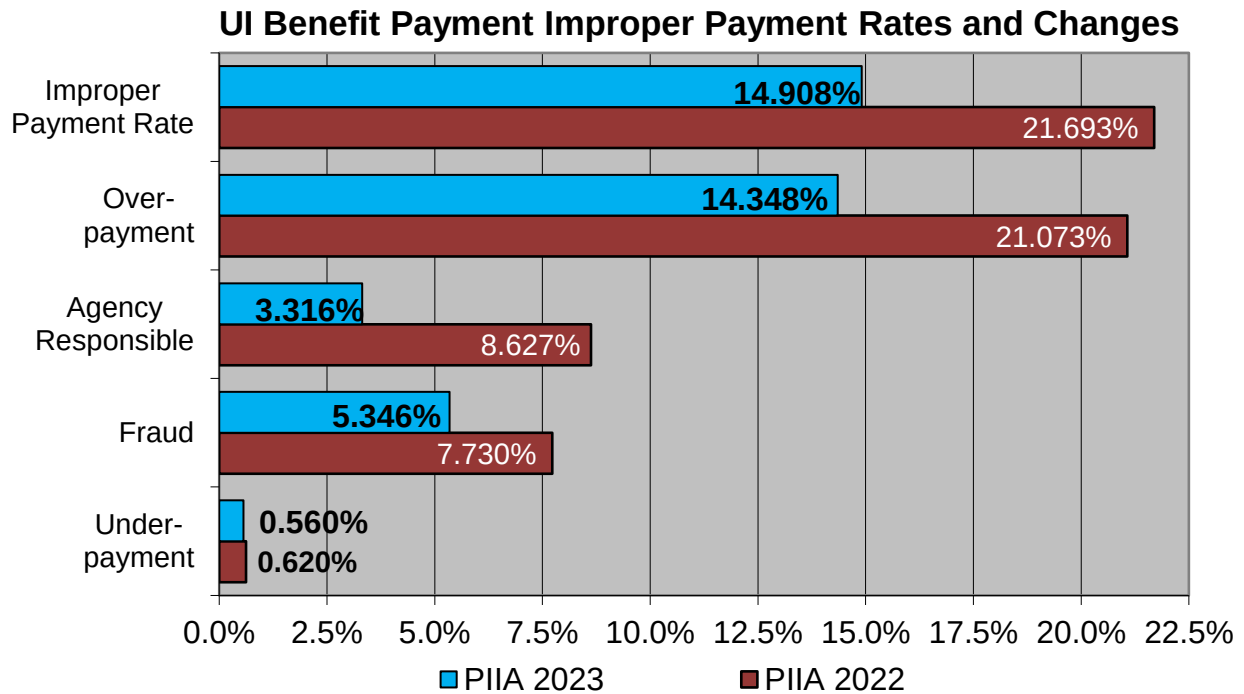
For each paid UI week investigated, referred to as the Key Week (KW), BAM investigators record whether the payment was proper, technically proper, or improper. Payment errors on the KW are weighted and used to generate improper payment estimates. The coding of BAM audit findings is required to be consistent with federal and SWA laws, rules, and written policies⁶. BAM captures 110 data elements for each sampled payment or denial.

The BAM data set includes demographic information and before and after investigation elements for eligibility conditions. Data for nine of these elements are completed only for improper and technically proper payments or erroneous denials. The Department uses these elements to produce the various integrity rates listed.

([ET 395 Handbook 5th Edition BAM State Operations Guidance](#)).

Each integrity rate discussed above, represents a different view of the BAM data set. (See [PIIA 2023 Methodology and Program Description](#)). For example, the fraud rate and the agency responsible rate are subsets of the overpayment rate. Also, the data structure allows for the development of individual overpayment cause rates, which excludes the impact of other erroneous payments. The chart below summarizes five PCA rates, which are used for communicating payment accuracy estimates. The improper payment rate listed in the chart is based on performance data for PIIA PY 2023. BAM investigators have up to 120 days from the end of the quarter (October 2023) to complete 98 percent of their audits and record the outcomes. This report's rates include these cases that were completed after the annual data submission to OMB. **As a result, the rates in this report vary from the rates reported in the 2023 dataset on [paymentaccuracy.gov](#).**

⁶ Comparison of State Unemployment Laws – Note that not all SWA laws, rules and written policies may be included in this catalog, <https://oui.doleta.gov/unemploy/comparison/2020-2029/comparison2022.asp> and [20 CFR 602.21\(c\)\(4\)](#)



For a detailed listing of these rates for each state, click on the following link (the spreadsheet may have several pages or worksheets):

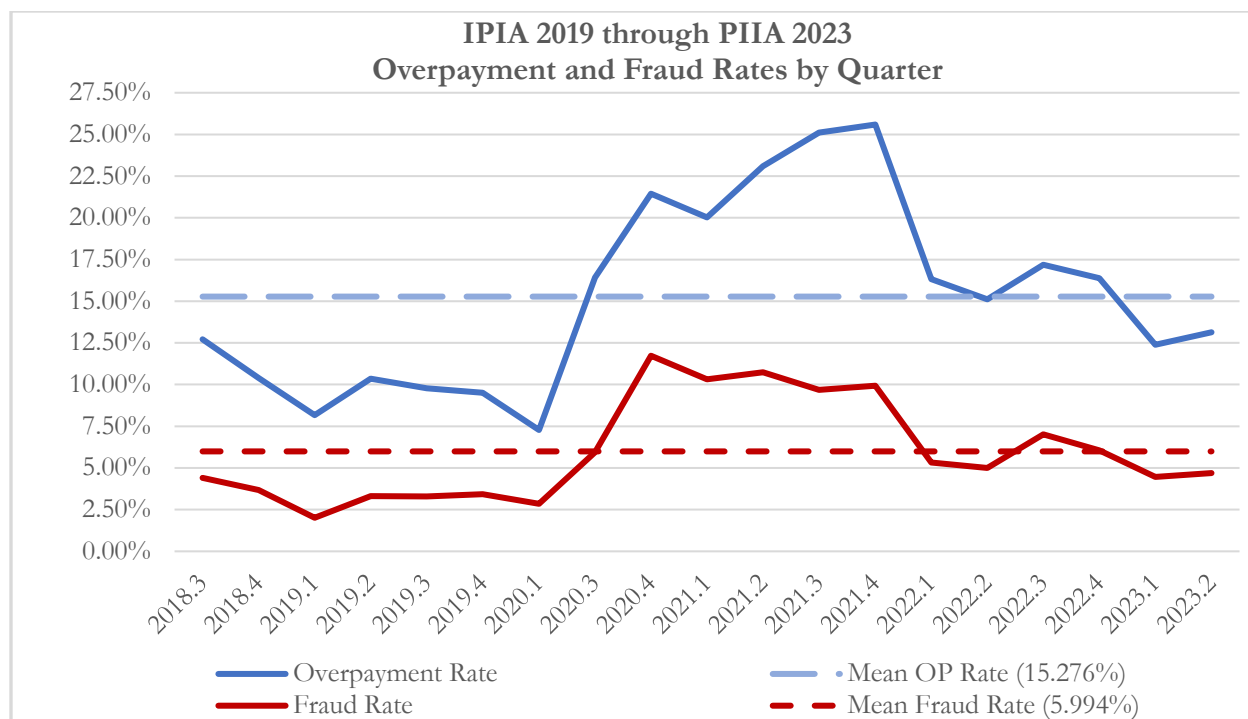
[PIIA 2022 - PIIA 2023 Integrity Rate Changes.xlsx](#)

Overpayment Time Series

Reviewers should be aware that state level rates show a higher degree of volatility from one quarter to the next. The quarterly volatility is in part due to the small sample sizes pulled at the state level; the probability of sampling a given number of weeks with payment errors; and seasonal factors. This volatility demonstrates that SWAs should be cautious in making performance assumptions and judging corrective actions effectiveness based on a single calendar quarter of data.

For the period IPIA 2019 to PIIA 2023⁷, the average overpayment rate was 15.276 percent. The average fraud rate for this same period is 5.994 percent. The following chart displays the overpayment and fraud rates by calendar quarter.

⁷ETA temporarily suspended BAM operations April-June 2020 due to the COVID-19 pandemic.



For a detailed listing of these and other rates for each state, click on the following link (note: the spreadsheet may have several pages or worksheets):
[IPIA 19 PIIA 23 Overpayment Rate by Quarter & State.xlsx](#)

Overpayment by Cause and Integrity Rate

UI initial and continuing eligibility requirements are complex and vary across states based on several factors unique to the UI program:

- Benefit payments are limited to weekly benefit amounts, overall maximum benefit amounts, and are restricted to a specific time-period (benefit year).
- Claimant turnover is high with finite benefit duration and opportunities to return to employment.
- Eligibility is determined on a week-by-week basis with each week being an opportunity for a new proper or improper payment. Eligibility and payment decisions are made by state government agencies using state specific information technology (IT) systems.

Errors can occur at any of the process points discussed below.

Federal law establishes certain requirements for the UC program. The Social Security Act (SSA) and the Federal Unemployment Tax Act (FUTA) set broad coverage provisions, some benefit provisions, the Federal tax base and rate, and administrative requirements. One of the major functions of the Federal government is to ensure

conformity and substantial compliance⁸ of state laws, regulations, rules, and operations with Federal law. As a condition of receiving administrative grants, each state's methods of administration must ensure payment when due.⁹ The Department has always interpreted "when due" in Section 303(a)(1), SSA, to require accuracy to ensure that payments are not made when they are not due.¹⁰

All state laws must provide or be interpreted in such a manner that a claimant must meet week-to-week eligibility requirements to receive benefits. Claimants certify their weekly eligibility status when claiming benefits to establish the presumption of payment eligibility. In general, claimants must be able to work, be available for work, register for employment services, report when directed to the state agency, and actively seek work. Some states provide dependent allowances in certain instances. Finally, claimants may be subject to a reduction in weekly benefit amounts payable based on any benefit year earnings (partial employment) or deductible income received (i.e., pension payments, vacation pay, severance payments).

As a statistical survey, the BAM program uses standardized questionnaires to gather information to determine improper payment causes. The surveys include claimant, employer, and third-party interviews and are designed to identify potential eligibility or payment issues. When a potential eligibility or payment issue is identified that could affect the KW accuracy, the investigator must pursue and resolve the issue. In making determinations of eligibility, a BAM investigator must comply with the [Secretary's Standard for Claim Determinations](#) and apply all facets of federal and state law, administrative code, and official policy to the case findings to determine whether a KW payment is proper or improper ([20 CFR 602.21\(c\)\(4\)](#)).

Although the legal basis for determining whether a payment is proper or improper may be different from state to state, the BAM program relies on a standardized coding system to categorize improper payments¹¹ into major categories. The table below displays the common error cause codes and UI improper payment terminology.

Error Cause Codes	Cause Group Description
100 - 119; 150 -159	Benefit Year Earnings (BYE)
120 – 149	Deductible Income a.k.a. Sev./Vac./SSI/Pension
200 – 259	Base Period Wage Issues (BPW)
300 – 329	Separation Issues (SEP)
400 – 419	Able & Available Issues (A&A)
420 – 429	Work Search Issues (WS)
460 – 469	Employment Service Reg. (ES Reg)

⁸ See <https://unemploymentinsurance.doleta.gov/unemploy/conformity.asp>, [20 CFR 601.5](#), and <https://oui.doleta.gov/unemploy/pdf/partnership.pdf>.

⁹ Section 303, Social Security Act https://www.ssa.gov/OP_Home/ssact/title03/0303.htm

¹⁰ UIPL No. 04-01 (October 27, 2000) <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-04-01>

¹¹ [ET Handbook No. 395](#), Chapter V, pp. V-5 through V-7

Error Cause Codes	Cause Group Description
430 - 459; 470 – 489	Other Eligibility Issues
500 – 519	Dependents' Allowances
600 – 639	Other Issues a.k.a. All Other Causes

(See [PIIA 2023 Methodology and Program Description](#) for inclusions or exclusions to develop the various rates).

UIPL No. 09-23¹² requires states to analyze their BAM data to identify the top root causes for improper payments and to develop strategies that will be effective in reducing or recovering improper payments. The following chart displays the percent of the dollars overpaid by integrity rate and cause category. The distribution of the causes for UI overpayments and the total amount overpaid varies among the three overpayment integrity rates. The elements included or excluded from the various rates influence this cause distribution.

PIIA 2023 Overpayments (OP) by Cause and Integrity Rates Percent of the Estimated Dollars Overpaid			
Cause	Overpayment Rate	Fraud Rate	Agency Responsible Rate
Benefit Year Earnings	32.204%	57.142%	20.705%
Separation Issues	23.741%	24.369%	40.208%
Work Search	21.489%	4.275%	2.145%
Able+Available	6.891%	4.282%	5.643%
Other Eligibility	6.363%	8.523%	11.235%
Base Period Wage Iss.	3.479%	0.049%	3.210%
Sev./Vac./SSI/Pension	2.065%	0.524%	5.424%
Other Issues	2.015%	0.796%	7.123%
ES Registration	1.702%	0.039%	4.295%
Depend Allowance	0.052%	0.000%	0.011%
Total \$ Overpaid by Rate	\$3,864,999,323	\$1,440,032,022	\$893,141,238

An analysis of the top three causes nationally – Benefit Year Earnings, Separations, and Work Search issues -- is outlined below.

For a detailed listing of these rates for each state, click on the following link (note: the spreadsheet may have several pages or worksheets):

[PIIA 2023 Integrity Rates by Cause.xlsx](#)

¹² UIPL No. 09-23 (June 30, 2023) <https://www.dol.gov/agencies/eta/advisories/UIPL0923>

Benefit Year Earnings Issues

As displayed in the PIIA PY 2023 Overpayment by Cause and Integrity Rates table above, unreported, or misreported benefit year earnings (BYE) were the leading cause of UI overpayments for 32.204 percent of total dollars overpaid. BYE errors account for 57.142 percent of UI fraud overpayments. However, BYE errors represent a smaller portion (20.705 percent) of the Agency Responsible rate.

Cause Benefit Year Earnings	Overpayment Rate	Fraud Rate	Agency Responsible Rate
Estimated Amount Overpaid due to BYE errors	\$1,239,486,334	\$822,862,014	\$184,928,929
Estimated Total \$ Overpaid by Rate	\$3,864,999,323	\$1,440,032,022	\$893,141,238
Percent of BYE Overpaid to Total \$ Overpaid	32.204%	57.142%	20.705%

Overall, the UI system is designed to maintain and to encourage claimant attachment to the workforce and to their previous employers when feasible. The system does this by allowing partial benefit payments, which are reduced for BYE in each week earned. Weekly benefit amounts may be reduced as a result of earnings, commissions, bonuses, tips or gratuities, odd jobs or self-employment income, and through Short-Time Compensation programs (also known as Workshare).¹³ Because UI benefits only replace a portion of the claimant's previous base period wages¹⁴, states have devised various earnings disregard and benefit reduction provisions.¹⁵ Ultimately, these payment adjustments require accurate reporting of these earnings. Generally, claimants are required to report income when earned (not when paid) and claimants are required to report gross earnings, not net earnings. This benefit year earnings reporting procedure is part of the continued claims taking process (See claim filing methods by state [PIIA 2023 Claim Filing Methods.xlsx](#)) and is generally automated.

The BAM program collects data for several important UI eligibility criteria before and after the investigation. Claimant earnings and adjustments to the claimant's weekly benefit amount (WBA) for the paid week investigated by BAM produces useful information about BYE improper payments. The following table summarizes the earnings before and after data for KWs, comparing information at the time the claimant

¹³Short-Time Compensation (STC) provides partial UC benefits to individuals whose usual hours of work are reduced to avert the layoff of workers. STC is a program that allows an employer to request UI agency approval of a plan that provides the STC benefits to those workers whose hours are reduced. <https://stc.workforcegps.org/>. Because of modified eligibility requirements, STC is excluded from BAM.

¹⁴ See Wage Replacement Ratios in the [PIIA 2023 Base Period Wages Report.xlsx](#) spreadsheet.

¹⁵ 2022 Comparison of State Laws; [Chapter 3 Monetary Entitlement](#); Table 3-8; pp. 3-19 to 3-20; <https://oui.doleta.gov/unemploy/comparison/2020-2029/comparison2022.asp>, and Significant Provisions of State UI Laws for January 2023; <https://oui.doleta.gov/unemploy/content/sigpros/2020-2029/January2023.pdf>

received benefits to the findings after the BAM investigation.

PIIA 2023 Key Week (KW) Benefit Year Earnings (BYE) Analysis		
Count of KWs	Percent or \$ amount	KW Finding and Outcome
23,311		Completed BAM Reviewed Cases
1,639	7.03%	Of the 23,311 KWs investigated, 7.03% or 1,639 had BYE initially reported for the key week
		Claimant Over Reported Earnings
186	11.35%	Of the 1,639 KWs with BYE, 11.35% or 186 had BYE over reported
	\$61.77	\$61.67 was the average amount BYE over reported in the 186 key week
	\$22.50	Median amount BYE over reported in the 186 KWs was \$22.50
132 of 186	\$47.30	After investigation, the average benefit amount paid increased because BYE over reporting was \$47.30
		Claimant Accurately Reported Earnings
1,006	61.38%	Of the 1,639 cases, 61.38% or 1,006 had BYE amounts accurately reported
	\$246.10	Average amount of BYE accurately reported in the key week
	\$205.00	Median amount of BYE accurately reported in the key week
738 of 1,006	\$104.29	Average amount in 738 KWs with accurate reporting of BYE had the benefit amount paid reduced \$104.29
		Claimant Under Reported Earnings
447	27.27%	Of the 1,639 cases with earnings, 447 had BYE under reported
	\$176.16	Average amount BYE of under reported in the key week
	\$57.00	Median amount BYE of under reported in the key week
395 of 447	\$211.78	After investigation 395 of the 447 cases with BYE under reported had benefit amounts reduced to an average \$211.78, an increased average reduction of benefits by \$96.82.
		Claimant Reported No Earnings
21,672	92.97%	Of the 23,111 cases, 92.97% or 21,672 had no BYE initially reported
		Claimant Failed to Report Earnings
960	4.43%	Of the 21,672 KWs, 4.43% or 960 not reporting KW BYE actually had BYE
	\$752.33	Of 960 KWs the average unreported or concealed BYE amount was \$752.33
	\$547.00	Median unreported or concealed BYE amount in the KW was \$547.00
826 of 960	\$312.51	After investigation in 826 of the 960 KWs benefits paid were reduced an average amount \$312.51 because the failure to report BYE

In PIIA PY 2023, the BAM program reviewed 23,311 key weeks. From these 23,311 paid weeks, 1,639 or 7.03 percent of the weeks investigated had benefit year earnings reported at the time of payment. Of the 1,639 key weeks with benefit year earnings reported, 1,006 or 61.38 percent were accurately reported. However, in 447 of the 1,639 key weeks or 27.27 percent with earnings reported, the claimant under-reported earnings (claimant earned more than actually reported). In 186 key weeks (11.35 percent) of the 1,639 key weeks with earnings reported, the claimant over reported

earnings (claimant earned less than what they reported). Finally, from these 23,311 paid weeks, 21,672 or 92.97 percent of the weeks selected had no benefit year earnings reported at the time of payment. Investigators found 960 weeks or 4.43 percent of the 21,672 weeks with no benefit year earnings reported, actually had earnings, which should have been reported.

To address UI improper payments caused by BYE issues, ETA published enhanced Recommended Operating Procedures in [UIPL No. 13-19](#), to provide SWAs with updated best practices on cross-matching with the National Directory of New Hires and the State Directory of New Hires. ETA also encourages the use of plain language and behavioral insights to help claimants provide accurate information.¹⁶ In addition, some states identified the need for providing earning calculators as part of the claim process to help address these types of errors as part of the recent Tiger Team engagements.¹⁷

Separation Issues

As displayed in the PIIA PY 2023 Overpayment by Cause and Integrity Rates table on page 10, above, issues involving the reason the claimant's separation from work (separation issues) are the second leading cause of UI overpayments. They account for 23.79 percent of the overpayment rate and 24.70 percent of the fraud overpayments. Separation issues are the leading cause (40.21 percent) of the amount overpaid for which the agency had full or partial responsibility.

Cause: Separation Issues	Overpayment Rate	Fraud Rate	Agency Responsible Rate
Estimated Amount Overpaid due to Separation errors	\$919,542,134	\$350,924,544	\$359,117,659
Estimated Total \$ Overpaid by Rate	\$3,864,999,331	\$1,440,032,022	\$893,141,238
Percent of Separation Overpaid to Total \$ Overpaid	23.792%	24.369%	40.208%

Overpayments attributable to separation issues involve inadequate or inaccurate claimant and/or employer information regarding the reason for the claimant's separation from employment. They involve claimants who are initially determined eligible, but due to later information of a disqualifying job separation (such as quitting a job without good cause or being discharged for misconduct under the state UI law) are subsequently determined to be ineligible. The SWAs have the crucial responsibility of identifying and pursuing separation issues, conducting fair and impartial fact-finding hearings, and determining whether the employment separation is disqualifying¹⁸. Separation fact finding hearings involve input from both employers and claimants and the facts may be

¹⁶ Tools for using plain languages <https://www.dol.gov/agencies/eta/ui-modernization/use-plain-language>, and TEN No. 15-21 <https://www.dol.gov/agencies/eta/advisories/training-and-employment-notice-no-15-21> on behavioral insights resources].

¹⁷ See Page 3 of UI Modernization – Tiger Team Cohort Trends <https://oui.doleta.gov/unemploy/pdf/TigerTeamCohortTrendsJanuary2023.pdf>

¹⁸ UIPL No.15-01 (January 12, 2001) <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-15-01>

disputed. As shown in the Agency Responsible rate detailed in the chart below, the UI Agencies contribute to separation improper payments.

Cause	Agency Responsible Rate - Prior Agency Action	Estimated Amount
SEP	(30) SWA Took Incorrect Action	\$66,795,702
SEP	(40) SWA Had Documentation - Did Not Resolve Issue	\$230,506,181
SEP	(50) Procedures Not Followed Preventing Detection	\$49,470,715

The Benefits Timeliness and Quality guide sheets 1 and 2 in the [ET Handbook No. 301, 5th Edition](#) show the complexities of fact finding and the central role SWAs play in determining eligibility. However, the process demands employers and claimants provide complete, accurate, and timely facts to adjudicators, so the state can appropriately apply the law.

To address UI improper payments caused by separation-related issues, the State Information Data Exchange System (SIDES) was developed by states with funding from ETA and input from states, employers, and third-party administrators. It is designed to enable more rapid and accurate communications between SWAs and employers, resulting in better initial eligibility determinations and a reduction in UI improper payments. While SWAs' participation in SIDES is voluntary, currently, 50 of the 53 SWAs are using SIDES. The Department's Office of Inspector General found SIDES has contributed to reductions in separation-related improper payment rates in SWAs sampled during a recent audit and recommended greater employer use of SIDES.¹⁹

Work Search Issues

As displayed in the PIIA PY 2023 Overpayment by Cause and Integrity Rates table on page 10, above, Work Search issues are the third leading cause of UI overpayments. This is the first year since PIIA 2020 that Work Search Issues have been in the list of top three root causes of improper payments.²⁰ They account for 21.49 percent of the overpayment rate. However, Work Search Issues are less significant in the Fraud and Agency Responsible Rates; 4.28 percent of the fraud overpayments and 2.15 percent of the agency responsible overpayments.

Cause: Work Search Issues	Overpayment Rate	Fraud Rate	Agency Responsible Rate
Estimated Amount Overpaid due to Work Search errors	\$833,486,426	\$61,562,279	\$19,155,359
Estimated Total \$ Overpaid by Rate	\$3,864,999,323	\$1,440,032,022	\$893,141,238
Percent of Work Search Overpaid to Total \$ Overpaid	21.489%	4.275%	2.145%

¹⁹ <https://www.oig.dol.gov/public/reports/oa/2017/04-17-003-03-315.pdf>

²⁰ Congress provided authority for states to waive work search requirements in response to the COVID-19 pandemic. https://www.dol.gov/sites/dolgov/files/ETA/advisories/UIPL/2020/UIPL_13-20_Change_1_Attachment_1.pdf

Overpayments due to work search issues are generated when claimants fail to comply with state work search requirements. Under SSA 303 (a)(12) and the Middle Class Tax Relief and Job Creation Act of 2012, claimants are required to be “actively seeking work”. [UIPL No. 05-13](#) at p. 3; (issued January 10, 2013) provides that “Federal Unemployment Compensation (UC) law establishes strictly limited circumstances under which states may not hold UC claimants to the work search requirement.” However, because Federal UC law does not specifically define “actively seeking work”, states have the discretion to define work search requirements in state law, and as a result, work search requirements differ across states. Therefore, readers are cautioned to not make any state-to-state comparisons. All SWAs therefore have the crucial responsibility of identifying and pursuing work search issues, conducting fair and impartial fact-finding hearings, and determining whether the claimant complied with its work search requirements. Fact finding hearings involve input from both the potential employers and claimants and the facts may be disputed.

The PIIA of 2019 does not provide for conclusions on payment accuracy if adequate information is not obtained.

[PIIA 2023 Work Search, ES Reg Counts.xlsx](#)

Overpayment Responsibility by Integrity Rate

The BAM program identifies the party or parties responsible for all payment errors. As with cause, the distribution of overpayment responsibility varies considerably by integrity rate. The BAM investigator attributes responsibility to various parties based on their actions or inaction. Improper payment responsibility may be assigned to one or more parties.

Continuing eligibility for UC is determined on a week-by-week basis.

During a continued claim series, a claimant must certify their continuing eligibility for each week compensated. The SWA makes continued benefit payments based on the presumption of eligibility and the claimant’s ongoing certification that requirements have been met. However, if a question of eligibility arises, the SWA is required to investigate, establish and weigh evidence, and make a subsequent determination of eligibility or ineligibility based on law and regulation.²¹ Such a determination may affect past, present, or future benefit payments.

The overpayment rate is the broadest measure of overpayments. Claimants certify their eligibility for each week that is compensated. Since the claimant is the principal source of the information used to establish the presumption of weekly eligibility, it is not surprising that as detailed in the table below, claimants alone were responsible for 61.43 percent of the dollars overpaid included in the overpayment rate. Errors resulting in overpayments that were attributed exclusively to the SWA accounted for 6.38 percent

²¹ UIPL No. 04-01, “Payment of Compensation and Timeliness of Determinations during a Continued Claims Series” [https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-04-01, \(October 27, 2000\)](https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-04-01, (October 27, 2000))

of the amount overpaid. The claimant and the agency were jointly responsible for an additional 10.01 percent of the dollars overpaid, and the claimant and employer were jointly responsible for an additional 11.19 percent of the dollars overpaid.

Overpayment Responsibility by Integrity Rates (Percent of Amount Improperly Paid)									
Integrity Rates	Amount Improperly Paid	Claimant Only	Claimant & Employer	Claimant & Agency	Employer Only	Agency Only	Clmnt & Empl & Agy	Employer & Agency	All Others
Over payment	\$3,864,999,331	61.426%	11.185%	10.005%	3.043%	6.375%	3.658%	1.371%	2.938%
Fraud	\$1,440,032,022	63.083%	14.071%	10.944%	0.018%	0.287%	4.774%	0.000%	6.824%
Agency Resp	\$2,419,973,193	0.000%	0.000%	33.163%	0.000%	45.328%	8.518%	9.646%	0.521%
Under payment	\$150,784,402	33.152%	8.537%	6.416%	30.659%	12.834%	5.927%	2.206%	0.270%

Claimants alone were responsible for 63.08 percent of the fraud overpayments. In identity fraud claims, as discussed in UIPL No. 16-21, the category of “third parties” may be used to reflect persons or entities that committed the identity theft. For this reporting period third parties were responsible for 6.82 percent of fraud overpayments. The claimant and the agency, or the claimant, the agency and the employer were responsible for most all other fraud.

The agency responsibility rate includes improper payments in which the agency had contributory responsibility. The SWA was solely responsible for 45.33 percent of the amount overpaid. The agency and the claimant were responsible for 33.16 percent. State agencies shared responsibility with employers for 9.65 percent of the amount overpaid in this category; and for the remainder of the agency responsibility overpaid, the state shared responsibility with claimants, employers, or third parties.

For a detailed listing of these rates for each state, click on the following links (note: spreadsheets may have several pages or worksheets):

[PIIA 2023 Integrity Rates by Responsibility.xlsx](#)

[PIIA 2023 Overpayment Rate by Cause and Responsibility.xlsx](#)

Claimant Action Prior to Sample Selection for Overpayments

Responsibility for improper payments is assigned based on the action that various parties take on the payment being released. Prior claimant action provides additional details on improper payment responsibility and helps prioritize ways to prevent, reduce, and detect overpayments.

Continuing eligibility for UI is determined on a week-by-week basis. During a continued claim series, a claimant must certify their continuing eligibility for each week. Errors can occur anywhere in this business process. In the case of payment errors, BAM identifies the action that the claimant took prior to the sample selection. BAM assigns a code to

indicate action(s) taken by the claimant affecting the payment error issue by recording the following actions:

- Claimant provided adequate and timely information to SWA for determination.
- Claimant provided adequate information to SWA after due date for determination.
- Claimant provided timely but inadequate information to SWA for determination.
- Claimant provided inadequate/incorrect information to SWA after due date for determination.
- Claimant did not respond to SWA request for information.
- SWA did not request the claimant to provide information.

Depending on the cause, BAM often finds claimants responsible for overpayments because they are a principal source of eligibility information. The data further emphasize the importance of verifying separation and earnings information with employers and conducting these verification actions.

For a detailed listing of this rate, click on the following link (note: the spreadsheet may have several pages or worksheets): [PIIA 2023 Cause x Prior Claimant Action.xlsx](#)

Agency Action Prior to Sample Selection for Overpayments

In the case of payment errors, BAM case reviews identify the action that the state agency took before the payment was selected for the BAM sample. Prior agency action provides additional details on improper payment responsibility and helps prioritize ways to prevent, reduce, and detect overpayments. In the case of payment errors, BAM identifies the action that the SWA took prior to the sample's selection. The table below shows Overpayment Rate by prior agency action.

Overpayment Rate by Prior Agency Action	Percent of Dollars Paid	Estimated Amount
Not detectable by normal procedures	10.992%	\$2,961,080,059
State had documentation did not resolve the issue	1.822%	\$490,878,338
State identified issue but took incorrect action.	0.719%	\$193,777,065
Procedures not followed or forms not completed precluding ability to detect issue	0.523%	\$140,973,699
State was in the process of resolving issue	0.239%	\$64,254,535
State agency detected payment error using state or National Directory of New Hires crossmatch	0.041%	\$11,046,576
Agency provided incorrect information	0.007%	\$1,865,696
State agency detected payment error with wage record crossmatch	0.004%	\$1,123,364
Total		\$3,864,999,332

For overpayments included in the overpayment rate, BAM estimates that \$2.96 billion or 76.60 percent of the \$3.86 billion of UI benefits overpaid were not detectable through normal agency procedures. BAM results indicate that the agency had sufficient information but did not resolve the issue for \$491 million or 12.72 percent of the amount overpaid. The agency identified the overpayment issue but took the incorrect action in about \$194 million or 5.03 percent of dollars overpaid. The agency failed to follow its own procedures, which precluded the ability to detect the overpayment issue for an additional \$141million or 3.62 percent of the overpayment rate dollars overpaid. At the time BAM selected the sample, the agency had resolved or was in the process of resolving improper payments constituting 1.68 percent of the amount overpaid. Additionally, the agency identified 0.31 percent of these overpayments using new hire and wage benefit crossmatches.

Fraud Overpayments by Cause Classified Not Detectable at Time of Payment			
Fraud Cause	Percent of Dollars Paid	Percent of Dollars OP	Estimated Amount
BYE	2.516%	47.060%	\$677,679,926
BPW	0.002%	0.035%	\$506,494
Sep	0.987%	18.458%	\$265,796,596
A&A	0.178%	3.333%	\$47,999,075
Work Search	0.228%	4.263%	\$61,393,384
Other Elig	0.340%	6.368%	\$91,699,949
Other Issues	0.040%	0.757%	\$10,901,977
Deduct Income	0.021%	0.384%	\$5,535,428
Total	4.313%	80.674%	\$1,161,726,186

Slightly more than 80 percent of the fraud overpayments were not detectable through normal agency procedures at the time the payment was issued. The table below shows fraud overpayments not detectable at the time payment made.

For the Agency Responsible Rate, BAM estimated SWAs were responsible for approximately \$893 million in overpayments because the state agency had full or partial responsibility for the overpayment.

Agency Responsible Rate by Prior Agency Action	Percent of Dollars OP	Estimated Amount
State had documentation but did not resolve the issue	57.044%	\$509,215,219
State identified issue but took incorrect action.	23.263%	\$207,356,543
Procedures not followed or forms not completed precluding ability to detect issue	16.048%	\$144,376,030
State was in the process of resolving issue	2.001%	\$17,452,704
Not detectable by normal procedures	1.356%	\$12,224,928
Agency provided incorrect information	0.196%	\$1,701,776
State agency detected payment error using state or National Directory of New Hires crossmatch	0.093%	\$814,043
State agency detected error with wage record crossmatch	0.000%	\$0
Total	100.00%	\$893,141,243

Of these overpayments, the agency identified the issue but took incorrect action for 23.26 percent of the amount overpaid; the agency had documentation but did not resolve the issue for 57.04 percent of the agency responsible dollars overpaid; and the agency did not follow procedures thereby precluding the SWA's ability to detect the payment error for 16.05 percent of the amount overpaid. The remaining overpayments for which the agency had full or partial responsibility were either not detectable through normal procedures at the time the payment was issued, or the agency had resolved or was in the process of resolving improper payments detected through crossmatches or the error was committed by another SWA.

Again, we note there are UI program structural standards requiring due process that prevent stopping payment without providing an opportunity for the claimant and employer to be heard once eligibility has been previously established. These requirements are based on legitimate policy reasons set in federal law and in many cases require the SWA to proceed with payment of benefits that may later be determined to be improper.

For a detailed listing of these rates for each state, click on the following links (note: spreadsheets may have several pages):

[PIIA 2023 Integrity Rates Cause x Prior Agency Action.xlsx](#)

Employer Action Prior to Sample Selection for Overpayments

In the case of payment errors, BAM case reviews identify the action that the employer took before the payment was selected for the BAM sample. Prior employer action provides additional details on improper payment responsibility and helps prioritize ways to prevent, reduce, and detect overpayments. As discussed in the previous section, a majority of the overpayments included in the overpayment rate and fraud rate were undetectable by the agencies during their usual payment administration processes.

Although claimants provide most of the information that agencies use in determining eligibility for UI benefits, employers also provide critical information to the agencies. Employers provide wage information, which is used to calculate the claimants' monetary eligibility and weekly benefit payments. Employers also respond to notices of new initial and additional claims by providing information on the claimant's separation from work. Employers submit notices of new hires, which agencies use to detect claims filed by individuals who have returned to work. Employers also provide detailed information that may corroborate or contradict claimant-provided information on issues that affect eligibility, such as information concerning availability for work, work search, job refusal, and benefit year earnings.

BAM data show that prior employer action is a critical factor in the agency's ability to prevent or detect many overpayments. BAM assigns a code to indicate action(s) taken by the employer affecting the payment error issue and records the following employer actions:

- Employer provided adequate information to SWA in a timely manner for the payment determination.
- Employer provided adequate information after due date for payment determination.
- Employer provided inadequate/incorrect information in a timely manner for payment determination.
- Employer provided inadequate/incorrect information after due date for payment determination.
- Employer did not respond to request for information.
- Employer did not report claimant as a "New Hire" as required by law.
- Employer, as an interested party or interested person, was not requested by agency to provide information for determination.
- Not an employer-related issue.

Because the state agency uses employer-provided information in its eligibility determinations, the accuracy and timeliness of this information affect whether benefits were properly paid. The following table displays prior employer actions for each of the integrity rates.

PIIA 2023 Integrity Rates – Estimated Dollars Overpaid by Prior Employer Action

Prior Employer (Empl) Action	Overpayment Rate \$	Fraud Rate \$ Overpayments	Agency Rate \$ Overpayments
Prior Employer action as of the time that the KW payment was made			
Agency Did Not Request Employer info.	\$1,168,319,593	\$629,639,368	\$113,123,047
Not An Employer Related Issue	\$1,111,806,209	\$160,715,323	\$173,183,212
Empl provided Adequate and Timely Information	\$761,636,822	\$353,753,760	\$363,701,081
Empl Did Not Respond to request for info.	\$487,371,379	\$196,926,742	\$149,007,250
Empl Responded Timely but provided Inadequate/Incorrect info	\$194,844,164	\$22,481,181	\$47,716,441
Empl Did Not Report New Hire as required by federal law	\$49,359,424	\$36,356,231	\$4,452,224
Empl Adequate but Not Timely information	\$70,472,464	\$27,737,812	\$27,773,523
Empl provided untimely and Inadequate/Incorrect information	\$21,189,281	\$12,421,598	\$14,184,460
Sum of estimated dollars overpaid where a different employer action may have produced a different outcome	\$823,236,712	\$295,923,564	\$243,133,898
Total Estimated Overpaid by Rate	\$3,864,999,336	\$1,440,032,015	\$893,141,238
Percent of Total Dollars overpaid where a different employer action may have produced a different outcome	21.30%	20.55%	27.22%

This table shows estimated overpayments where a different employer action in response to a claim may have produced a different outcome. BAM estimates that employer actions contribute 21.30 percent of the overpayments included in the overpayment rate, 20.55 percent to the fraud rate dollars overpaid, and 27.22 percent of the overpayments included in the agency responsible rate. Overall, BAM data show that prior employer participation is an essential factor in the prevention or detection of many overpayments.

For a detailed listing of these rates for each state, click on the following links (note: spreadsheets may have several pages or worksheets):

[PIIA 2023 Integrity Rates x Prior Employer Action.xlsx](#)

Point of Detection

BAM records the point in its audit process at which it first detects a payment error. BAM detects most payment errors by verifying base period wages, benefit year earnings, and

separation information with employers. The data suggest that taking additional steps to secure employer information or to conduct more in-depth claimant interviews may impact overpayment amounts. For example, BAM found significant errors when payment information is corroborated with employers and through extensive claimant interviews.

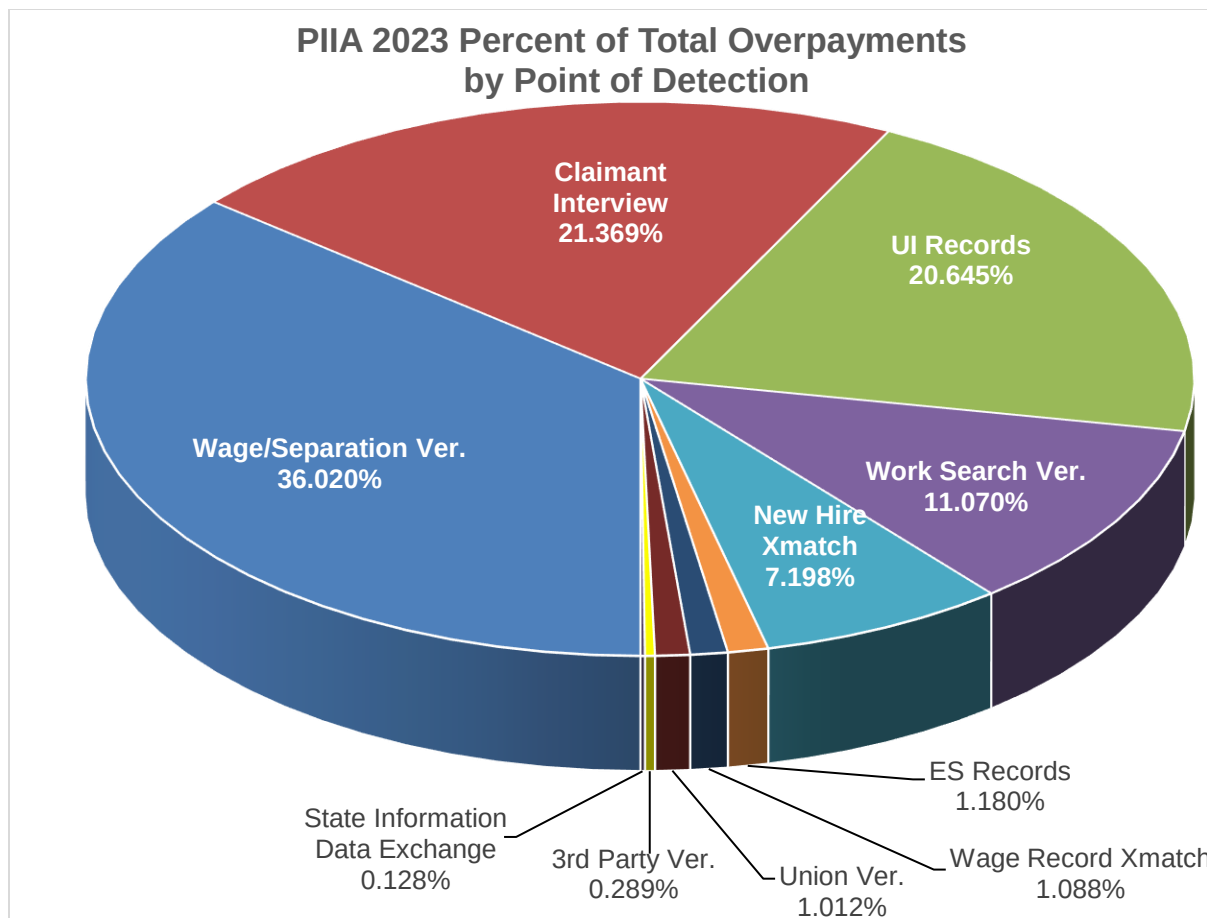
Within this framework, it is important to note that the BAM audit process differs substantially from normal UI operations in terms of cost, time, and effort. BAM exhausts all avenues in obtaining information. Normal UI operations make reasonable attempts to obtain information and must make determinations based on available information in order to make timely payments.²² Therefore, this procedural difference may contribute to BAM identifying some of these overpayments which are not detected by the agency during the normal claims processes.

BAM also captures whether the agency had identified the overpayment at the time of sample selection. In many cases, the SWA has not acted on the new hire crossmatch hit when BAM selects its case. This strongly suggests that SWAs should review and improve their crossmatch workflow processes and adjust their crossmatch parameters to optimize new hire detections. This table displays the Point of Detection for PIIA 2023.

State	Point of Detection	Percent of Dollars Paid	Percent of Dollars OP	Estimated Amount
US	Wage/Separation Ver.	5.168%	36.020%	\$1,392,158,457
	Claimant Interview	3.066%	21.369%	\$825,929,543
	UI Records	2.962%	20.645%	\$797,924,111
	Work Search Ver.	1.588%	11.070%	\$427,871,721
	New Hire Xmatch	1.033%	7.198%	\$278,185,816
	ES Records	0.169%	1.180%	\$45,621,794
	Wage Record Xmatch	0.156%	1.088%	\$42,058,510
	Union Ver.	0.145%	1.012%	\$39,114,201
	3rd Party Ver.	0.041%	0.289%	\$11,170,335
	State Information Data Exchange	0.018%	0.128%	\$4,964,842
Total		14.348%	100.000%	\$3,864,999,331
Amt. Paid				\$26,937,521,296
Sample				23,311

Aggregate PIIA 2023 Point of Detection data are displayed in the graph below.

²² [UIPL No. 04-01\(October 27, 2000\)](#) and the associated content in [UIPL No. 1145 \(November 12,1971\)](#)



For a detailed listing of these rates for each state, click on the following links (note: spreadsheets may have several pages or worksheets):

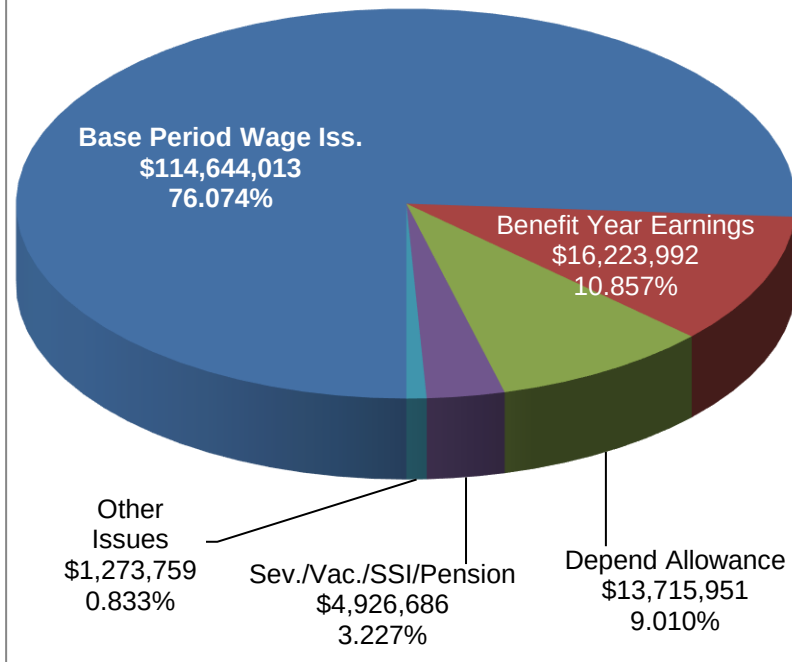
[PIIA 2023 Integrity Rates by Point of Detection.xlsx](#)

II. Underpayments

Underpayment Rate

PIIA requires estimates of underpayment rates, in addition to overpayments. BAM estimates that a total of \$150.8 million was underpaid in PIIA PY 2023 compared with \$173.8 million was underpaid in PIIA PY 2022. As with PIIA PY 2022 data, PIIA PY 2023 excludes technically proper underpayments.

PIIA 2023 Underpayments by Cause



As a percentage of benefits paid, the PIIA 2023 national underpayment rate of 0.560 percent is lower than the PIIA 2022 UP rate of 0.620 percent. State underpayment rates ranged from 0.000 percent in five states including Florida, Georgia, Mississippi, South Carolina, Tennessee to 1.406 percent in New Jersey.

As with overpayments, the BAM program captures the cause of and responsibility for underpayments. Errors in reporting or recording base period wages accounted for over 76.07 percent of the amount underpaid and represented 0.43 percent of the amount of UI benefits

paid. These errors were the leading cause of underpayments.

Employers report employees' wages to SWAs each calendar quarter. SWAs use these wages in the calculation of a claimant's weekly benefit amount and maximum benefit amount. Instances in which the weekly benefit amount increases after the BAM investigation represent underpayments used to produce the portion of the estimate.

The base period wage accuracy report shows the impact of misreported wages on benefit payments detailed in the Table below.

Accuracy Finding	Base Period Wages			Weekly Benefit Amount			Max. Benefit Amount		
	# of Cases	% of Cases	Avg. Error	# of Cases	% of Cases	Avg. Error	# of Cases	% of Cases	Avg. Error
Correct	19,921	85.46		22,208	95.27		21,760	93.35	
Understated	1,970	8.45	(\$8,338)	623	2.67	(\$48)	914	3.92	(\$1,376)
Overstated	1,420	6.09	\$7,996	480	2.06	\$81	637	2.73	\$1,846
Total	23,311	100.00%		23,111	100.00%		23,311	100.00%	

(See [PIIA 2023 Base Period Wages Report.xlsx](#) for individual state findings. The spreadsheet has several worksheets or tabs and includes worksheets for underpayment cause and responsibility.)

Errors in reporting or recording benefit year earnings (BYE) were the second leading cause of underpayments – accounting for 10.86 percent of all underpayments and 0.06 percent of UI benefits paid. Generally, claimants can work and earn wages while collecting UI benefits as long as they report their earnings. However, weekly UI payments may be adjusted downward based on claimant reported earnings. For many of these underpayments, the claimant may have over reported their weekly earnings, and, because of this error, BAM found that UI benefit amount paid was too small.

PIIA 2023 Report Period July 1, 2022 through June 30, 2023 Key Week Benefit Year Earnings (BYE) Analysis		
Count of KWs	Percent or \$ amount	KW Finding and Outcome
23,311		Completed BAM Reviewed Cases
1,639	7.03%	Of the 23,311 KWs investigated, 7.03% or 1,639 had BYE initially reported for the key week
186	11.35%	Of the 1,639 KWs with BYE, 11.35% or 186 had BYE over reported
	\$61.77	\$61.67 was the average amount BYE over reported in the 186 key week
	\$22.50	Median amount BYE over reported in the 186 KWs was \$22.50
132 of 186	\$47.30	After investigation, the average benefit amount paid increased because BYE over reporting was \$47.30

Errors involving Dependent Allowance Issues was the third leading cause in paying the correct benefit amount due under state law. This issue cause accounts for 9.01 percent of all underpayments and 0.05 percent of UI benefits paid.

As with overpayments, the BAM program captures the responsibility for underpayments. The chart below shows the distribution of underpayment responsibility. The underpayments estimated from BAM paid claims samples represent underpayments only for those claimants who were originally found eligible for UC by the state.

BAM Estimated Underpayments by Responsibility PIIA 2023 (CY 2022 Qtr. 3 to CY 2023 Qtr.2)			
Responsibility	Percent of Dollars Paid	Percent of Dollars UP	Estimated Amount UP
Claimant Only	0.186%	33.152%	\$50,026,752
Employer Only	0.172%	30.659%	\$46,258,300
Agency Only	0.071%	12.834%	\$19,186,715
Claimant + Employer	0.048%	8.537%	\$12,801,047
Claimant + Agency	0.036%	6.416%	\$9,749,114
Employer + Agency	0.033%	5.927%	\$9,008,799
Clmnt+Empl+Agy	0.012%	2.206%	\$3,349,486
All Others	0.002%	0.270%	\$404,189
Total	0.560%	100.000%	\$150,784,402

Claimants alone were responsible for \$50,026,752 or 33.15 percent of the amount underpaid, which represented 0.186 percent of the amount of UI benefits paid. Because SWAs often send out confirmations to the claimant and base period employers at the time of monetary determination, responsibility for these types of underpayments is distributed among all of the parties as detailed in the above Table.

Employers alone were responsible for \$46,258,300 or 30.659 percent of amount underpaid, which represented 0.172 percent of the amount of UI benefits paid.

For a detailed listing of these rates for each state, click on the following links (note: spreadsheets may have several pages or worksheets)

[PIIA 2023 Base Period Wages Report.xlsx](#)

Denied Claims Accuracy

Improper Denial Rates - BAM estimates the percentage of claimants improperly denied benefits. Denied Claim Accuracy (DCA) rates include three subcategories: monetary denials, separation denials, and nonseparation denials. The BAM program does not assign a dollar estimate to improper denial rates; however, improper denials are corrected when permitted by law.

Each week, BAM units in the SWAs select samples of denied UI claims from three populations (defined by the type of issue on which a benefit denial was based) -- monetary, separation, and nonseparation. DCA measures the accuracy of disqualifying monetary, separation, and nonseparation determinations for both intrastate and interstate claims.

Unlike the investigation of paid claims, in which all prior determinations affecting claimant eligibility for the compensated week are evaluated, the investigation of denied claims is limited to the issue type upon which the denial determination is based. DCA investigators verify facts contained in the benefit system, obtain any missing information, and conduct new and original fact-finding that may impact the denial determination. The DCA audits record error information in a manner similar to paid claim accuracy: Dollar Amount of Error (when available), Error Issue Action Code, Error Cause, Error Responsibility, Error Detection Point, Prior Agency Action, Prior Employer Action, DCA Action Appealed, and Prior Claimant Action.

DCA Rate Table

The following table summarizes the DCA rates for the three denial categories.

PIIA 2023 US Denied Claims Accuracy Rates

Denial Type	BAM Population of Denials	Improper Denial Rate*	Adjusted Improper Denial Rate**	Over-Payment****	Proper Denial***
Monetary	1,430,307	11.26%	9.58%	0.08%	8.53%
Separation	1,406,929	11.05%	9.36%	0.13%	9.10%
Nonseparation	3,296,361	12.94%	10.79%	0.56%	6.12%

DCA Rate Table Notes:

In several states, the population from which the BAM DCA samples were selected may not include all determinations that meet the definition for inclusion in the DCA population. This limits the degree to which inferences about the population can be made from BAM DCA data. States are still in the process of resolving these population issues.

* Improper Denial Rate is the percentage of denied claims that BAM DCA concluded were erroneous, whether or not official agency action was taken to issue payment or increase the claimant's WBA, MBA, or remaining balance.

** Adjusted Improper Denial Rate excludes erroneous denials that were corrected by the agency and claims for which eligibility was established on appeal prior to DCA case completion.

*** Proper Denial is the percentage of properly denied claims, but BAM identified a procedural error, such as basing the determination on the wrong reason or section of the law or applying an incorrect period of denial.

**** Overpayments are discussed below

For a detailed listing of these rates for each state, click on the following links (note: spreadsheets may have several pages or worksheets)

[PIIA 2023 Improper Denial Rates All States.xlsx](#)

Monetary Denials

PIIA 2023 US Denied Claims Accuracy Rates

Denial Type	BAM Population of Denials	Improper Denial Rate*	Adjusted Improper Denial Rate**	Over-Payment****	Proper Denial***
Monetary	1,430,307	11.26%	9.58%	0.08%	8.53%

SWAs determine the monetary²³ eligibility of claimants when they file a new initial claim

²³ See the 2022 Comparison of State Unemployment Laws Chapter 3 (pp. 3-1 to 3-4) for Monetary

or a transitional claim (to establish a new benefit year). In PIIA PY 2023, SWAs determined that 83.42 percent or 7.61 million of the 9.12 million new initial and transitional claims were monetarily eligible. SWAs found 1,512,421 claimants monetarily ineligible.

The BAM program estimates that 11.26 percent of the 7,469 monetary denials included in the BAM DCA sample cases and reviewed, were improper. These UI claims were denied because the agency had initially determined that the claimant had not earned sufficient base period wages in covered employment prior to being unemployed or failed to meet other requirements for monetary eligibility, such as sufficient earnings in a minimum number of weeks or quarters. The BAM DCA investigation identified additional wage credits or an alternate or extended base period for these claimants that had not been included in the original monetary determination or identified other errors in the original determination.

The BAM program records the agency's action whether the state redetermined the claimant's monetary eligibility prior to or during the course of the DCA investigation. For a small portion of these improper monetary denials, the SWA had identified the additional wages and issued a redetermination establishing eligibility independent of the BAM investigation, or the initial denial was reversed on appeal. When the improper monetary denial rate is adjusted for these agency-initiated redeterminations or appeals reversals, the improper denial rate for monetary determinations drops to 8.53 percent.

In states with alternative base period (ABP), federal regulation (the [Standard for Claim Determinations Appendix A to Part 602](#)) and ETA [UIPL No. 17-19](#) establish claimant rights and SWA responsibilities. State compliance with their law and federal law provisions are sometimes questionable. BAM data indicates that only 39.16 percent of monetarily denied claimants living in states with such a legal provision received a determination regarding their alternative base period eligibility.

Generally, the ABP provision provides that when the claimant is monetarily ineligible for the regular base period (first four of the last five completed calendar quarters), the claimant's monetary eligibility must be reconsidered using the wages the four most recent completed calendar quarters, prior to filing the claim for benefits. In other words, such state laws allow claimants two opportunities for becoming monetarily eligible. As noted above, federal regulation and [UIPL No. 17-19](#) require that the claimant must be provided a monetary determination for both the initial and alternative (if the state has an ABP and has considered monetary eligibility under its ABP provisions) monetary determination calculations.

Improper Denials by Type of Monetary Determination -- PIIA 2023 July 1, 2022 through June 30, 2023				
Agency Monetary Determination Redetermination Status	Sample*	Estimated Population	Percent of Population	Improper Denial
Monetary Redet before	582	103,193	7.21%	56.05%
No Monetary Redet before	4,611	965,559	67.51%	6.21%
Alternative Base Period Redet	2,259	358,804	25.09%	12.00%
Other	17	2,751	0.19%	7.80%
US Total	7,469	1,430,307	100.00%	
US % Improper				11.26%

In PIIA PY 2023, 39 states had ABP provisions in their state laws.

For a detailed listing of these rates for each state, click on the following links (note: spreadsheets may have several pages or worksheets)

[PIIA 2023 Proper and Improper Monetary Denials.xlsx](#)

Separation Denials

PIIA 2023 US Denied Claims Accuracy Rates

Denial Type	BAM Population of Denials	Improper Denial Rate*	Adjusted Improper Denial Rate**	Over-Payment ****	Proper Denial***
Separation	1,406,929	11.05%	9.36%	0.13%	9.10%

To be eligible for UC, states generally require claimants to be unemployed due to no fault of their own, discharged for non-disqualifying reasons, or must have voluntarily left employment for a non-disqualifying reason provided in state law (such as workplace harassment, unsafe working conditions, domestic violence, or to relocate with a spouse)²⁴. Agencies conduct fact-finding investigations when a separation issue has been identified. Separation issues generally involve an act of misconduct (fired) or leaving employment without good cause (quit). During fact-finding, the agency gathers information from the claimant, employer(s), and relevant third parties through structured interviews. Based on the findings of fact and the application of state laws, SWAs issue a determination on whether the claimant is eligible for benefits.

Separation issues normally are identified when a new initial claim or an additional claim is filed. Commonly, separation issues are addressed after a claimant is found monetarily eligible. In PIIA PY 2023, there were approximately 7.61 million monetarily eligible new initial claims and approximately 3.12 million additional claims. No separation determinations were required for nearly 72.04 percent of these claims because the reason for separation was lack of work or reduction of hours. SWAs completed almost

²⁴ <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-15-01>

2.30 million separation investigations and found disqualifying circumstances in 1.50 million of these determinations that resulted in denial of benefits.

In PIIA PY 2023, BAM estimated that 20.21 percent of the separation denials included in the BAM DCA population were improper. When redeterminations and appeal reversals are considered, the improper denial rate for separations in PIIA PY 2023 is adjusted to 9.36 percent.

Nonseparation Denials

PIIA 2023 US Denied Claims Accuracy Rates

Denial Type	BAM Population of Denials	Improper Denial Rate*	Adjusted Improper Denial Rate**	Over-Payment****	Proper Denial***
Nonseparation	3,296,361	12.94%	10.79%	0.56%	6.12%

Nonseparation issues include the claimant's ability to work, availability for work, disqualifying /deductible income during the benefit year, failure to meet work search requirements, and failure to report as required by the SWA to provide information related to the UI claim or to receive reemployment services. There is often a distinction between issues that result in an indefinite disqualification and issues that result in a single or a specific number of weeks of ineligibility. Disqualified claimants have no right to benefits until they requalify, usually by obtaining new employment and/or by serving an established disqualification period. In some cases, benefits and wage credits may be reduced. An ineligible claimant is prohibited from receiving benefits until the condition causing the ineligibility ceases to exist. Eligibility issues are generally determined on a week-by-week basis. Although nonseparation issues can be detected at various points in the UI claims taking process, these issues generally affect the claimant's ongoing eligibility for UI benefits.

In PIIA PY 2023 and the period reviewed, SWAs received 83.47 million claims for weeks of benefits and made payments for 67.52 million weeks. SWAs completed 4.00 million nonseparation determinations and concluded that 3.55 million of those investigations should result in denial of benefits.

For the 3.30 million nonseparation denials included in the DCA population, BAM estimates an improper denial rate of 19.52 percent and when redeterminations and appeals reversals are considered, the adjusted improper denials rate is 12.29 percent.

Overpayments and Proper Denials

The BAM program determined that small percentages of the monetary denials (0.08 percent), separation denials (0.13 percent), and nonseparation denials (0.56 percent) resulted in overpayments. Overpayments can occur if the period of disqualification for UI benefits was less than it should have been, and the claimant received compensation

during the period that they should have been ineligible for benefits. Overpayments can also occur if the claimant received a partial payment that was too large. A partial payment is a reduction in the claimant's weekly benefit amount and is issued when the claimant has earnings or other deductible income (such as pension, vacation, severance, and Supplemental Security Income) for weeks of claimed UI benefits. For some of these compensated weeks, the BAM audit identified additional income that reduced benefits further or in some cases eliminated eligibility for benefits entirely.

In all three types of denials, the BAM program concluded that the claimant was properly denied but the agency committed a procedural error, such as basing the determination on the wrong reason or section of the law or applying incorrect dates to the period of denial. For example, a claimant may have been denied because of a monetary determination that the claimant had earned insufficient wages in the minimum number of weeks required by state law. The BAM audit determined that the claimant did meet the minimum weeks test but was still ineligible due to insufficient total wage credits earned in the base period. For separation and nonseparation determinations, these errors typically involve citing the wrong issue or the wrong section of the law in the determination (for example, quit versus fired or availability versus reporting).

For a detailed listing of these denial rates for each state, click on the following link (note: the spreadsheet may have several pages or worksheets):

[PIIA 2023 Proper and Improper Monetary Denials.xlsx](#)

Agency Action on Improper Denials

Not every improper denial finding results in the agency issuing a payment to the claimant (i.e., making payment, increasing the claimant's weekly benefit amount, maximum benefit amount, or modifying the dependents' allowance), for example, in some states, determination finality rules apply. BAM investigators record the following agency actions:

- Official Action to Pay - Agency or BAM took action to issue payment;
- No Payment Due - Claimant was not entitled to payment due to other disqualifying issue(s) or the claimant did not file a claim for the week(s), which were improperly denied;
- Unable to Take Official Action - No official action could be taken due to finality or other provisions of state law prohibiting redetermination;
- Overpayment - Claimants received payment for weeks of unemployment to which they were not entitled; and
- Procedural Error - Claimant properly denied, but BAM identified a procedural error on the part of the agency such as applying the wrong section of the law.

In 65.9 percent of the improper monetary denial cases examined as part of the BAM review, the agencies or BAM took action to ensure that benefits were paid. Additionally, in the other types of denials reviewed, 42.4 percent and 48.1 percent of the claimants improperly denied for separation and nonseparation issues respectively, received

benefits. In some cases, claimants were ineligible for payment due to other disqualifying issues. In other cases, the agency is precluded from acting because of the time that has elapsed since the denial was issued (determination finality rules) or by other provisions of the law or the claimant requested no payments after being denied.

PIIA 2023 reporting period July 1, 2022 through June 30, 2023 (Batch Range 202227 through 202326)							
Sample Denial Type	Total Denial Error Rate	Improper Denial Rate*	Improper Denial Official Action To Pay	Improper Denial No Payment Due Not Entitled	Improper Denial Unable to Take Official Action (finality)	Over-payment Claimant eligible	Proper Denial Wrong Reason or Procedural Error
Monetary	19.91%	11.26%	7.42%	1.92%	1.96%	0.08%	8.53%
Separation	20.29%	11.05%	4.69%	3.79%	2.57%	0.13%	9.11%
Nonseparation	19.63%	12.94%	6.23%	5.11%	1.60%	0.56%	6.13%

For a detailed listing of these rates for each state, click on the following link (note: the spreadsheet may have several pages or worksheets):

[PIIA 2023 Agency Action on Improper Denials By Denial Type.xlsx](#)

Cause for Improper Denials

The distribution of the causes of improper denials varies considerably among the three denial types and rates. The elements included or excluded from the various rates are controlled by business process definitions, which influences the distribution. Generally, the improper denial cause is directly related to the sample type. For example, monetary denials are related to the base period wages.

For a detailed listing of these rates for each state, click on the following link (note: the spreadsheet may have several pages or worksheets):

[PIIA 2023 Improper Denials by Cause.xlsx](#)

Responsibility for Improper Denials

The party responsible for erroneous denials varies by type of denial determinations. The table below shows the responsibilities by individual(s).

PIIA 2023 Responsibility for Improper Denials Reporting Period July 1, 2022 through June 30, 2023 (Batch Range 202227~ 202326)								
Denial Sample Type	Improper Denial Rate	Percent of Improper Denials						
		Employer Only	Agency Only	Claimant Only	Employer & Agency	Employer & Claimant	Claimant & Agency	All Others
Monetary	11.26%	16.03%	21.57%	21.85%	7.77%	10.99%	12.57%	9.22%
Separation	11.05%	2.11%	33.09%	8.14%	15.88%	9.45%	21.95%	9.38%
Nonseparation	12.94%	0.78%	37.08%	35.56%	3.06%	5.76%	12.21%	5.56%

Employers were solely responsible for 16.03 percent of the erroneous monetary denials due to misreporting or underreporting employees' wages. A small percentage of these improper monetary denials involved employers misclassifying claimants as independent contractors during the base period. Claimants were responsible for another 21.85 percent of the erroneous monetary denials, and agency error accounted for approximately 21.57 percent of the improper monetary denials. States often hold claimants responsible for improper monetary denials because the state sends a notice to the claimant showing the information used. That monetary determination notice instructs the claimant to notify the state if the information used is incorrect. The remainder of the improper monetary denials had shared responsibility between these parties and others.

The SWAs were solely responsible for 33.09 percent of the incorrect separation denials and 37.08 percent of the improper nonseparation denials. The BAM investigation found that claimants were solely responsible for a small portion of the separation denials. Claimants were solely responsible for approximately 35.56 percent of the erroneous nonseparation denials.

For a detailed listing of these rates for each state, click on the following link (note: the spreadsheet may have several pages or worksheets):

[PIIA 2023 Improper Denials by Responsibility.xlsx](#)

Improper Denials by Prior Agency Action

Because the SWAs, either solely or jointly with other parties, are responsible for the majority of the erroneous nonmonetary denials and for a considerable proportion of the monetary denials, it is informative to examine agency action prior to the DCA investigation.

Agencies had resolved or were in the process of resolving the issue for 13.10 percent of the erroneous monetary denials. For improper nonmonetary denials, the agency identified the issue but took the incorrect action for 49.87 percent of the improper separation determinations and 32.64 percent of the erroneous nonseparation determinations.

Although the agency followed its procedures, the issue or information was undetectable for 44.67 percent of the improper monetary denials, 20.74 percent of improper separation determinations and 37.57 percent of the erroneous nonseparation determinations. For these claims the agency issued its determination to deny eligibility based on information that, although incomplete, was the best available under normal procedures at the time of its decision.

For a detailed listing of these rates for each state, click on the following link (note: the spreadsheet may have several pages or worksheets):

[PIIA 2023 Improper Denials by Prior Agency Action.xlsx](#)

Separation Denial Issues

A majority of the separation denials concerned voluntary quits (VQ), representing 57.89 percent of the population of separation type denials. Discharges represent 41.59 percent of the population of separation type denials. “Other” separation denials include a small number of labor disputes, military separations, or claimants who were still job attached (partial unemployment). Claims that were denied for VQ issues were slightly more likely to be in error (11.29 percent) than denials issued for discharges (10.59 percent). Separation denials that were based on “Other” issues were incorrect at the highest improper denial rate (20.25 percent) of separation denial types. The following table displays sample and population classification of these separation denial determinations and improper denial rates by type.

Separation Type	Sample Cases	Population of separation type denial	Percentage of Type in Population	Improper Denials
Voluntary Quit	4,512	814,403	57.89%	11.29%
Discharge	3,134	585,143	41.59%	10.59%
Other	73	7,383	0.52%	20.25%
Total	7,719	1,406,929	100.00%	
Total % Improper Denials for all Separation Types				11.05%

For a detailed listing of these rates for each state, click on the following link (note: the spreadsheet may have several pages or worksheets):

[PIIA 2023 Denied Claims Accuracy Separation Determinations.xlsx](#)

Nonseparation Denial Issues

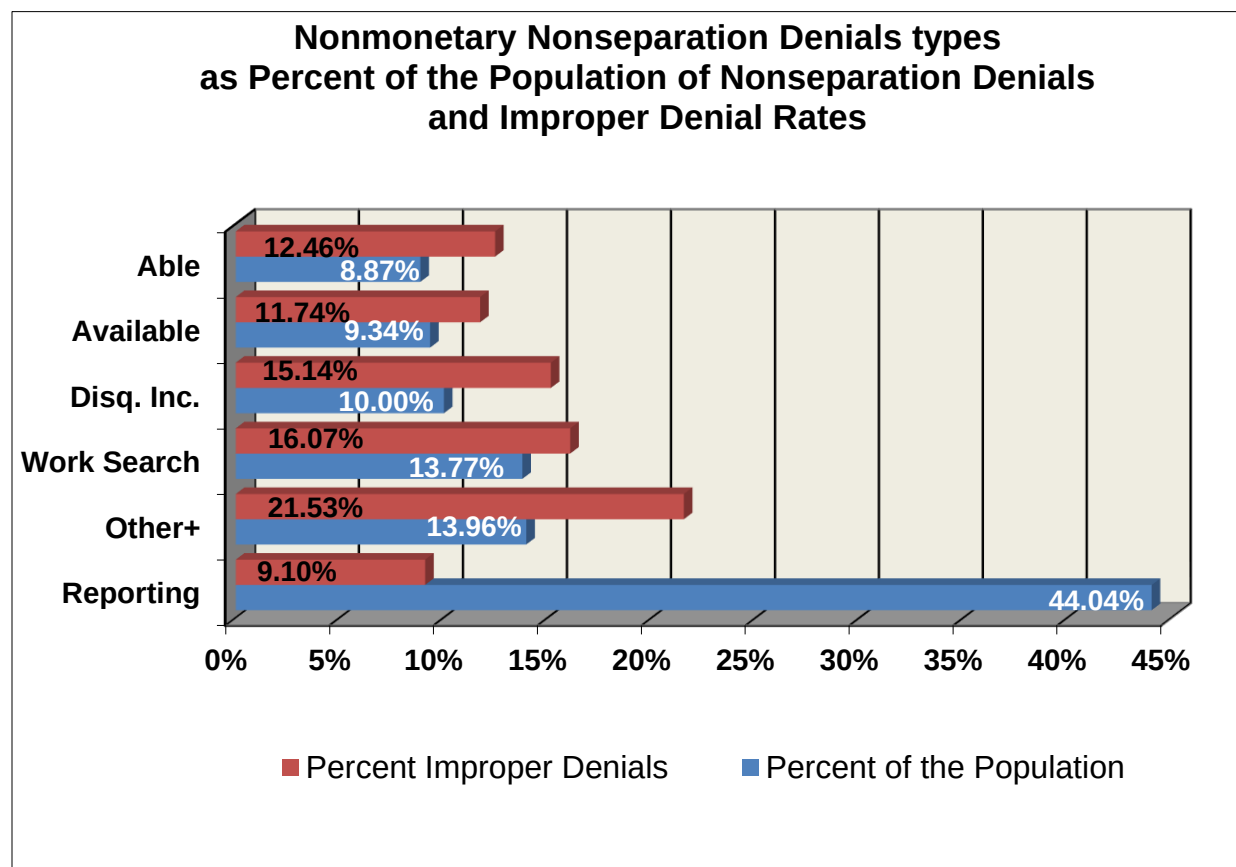
The largest category of nonseparation denials in PIIA PY 2023 concerns claimants failing to report when SWAs require them to provide information related to the UI claim or to receive reemployment services.

Failing to report, conducting an active search for work, and being able to work have the lowest improper denial rates. These are followed by issues involving being available for

work, disqualifying income issues, and other+ denials. The “Other+” nonseparation denial category includes issues such as refusal of suitable work, alien status, athlete, school, and seasonality. The following table displays sample and population classifications of these nonseparation denial determinations and improper denial rates by type.

Nonseparation Denial Type	Sample Cases	Estimated Population of Denials	Percentage of Denial in Population	Percent Improper of Denials in the Population
Able	754	292,547	8.87%	12.46%
Available	748	307,912	9.34%	11.74%
Work Search	1,207	454,031	13.77%	16.07%
Disq. Inc.	957	329,686	10.00%	15.14%
Reporting	3,161	1,451,881	44.04%	9.10%
Other+	899	460,304	13.96%	21.53%
Total	7,726	3,296,361	100.00%	
% Improper				12.94%

This bar chart shows the same data as the table above and displays both the percentage of the total nonseparation denial determinations and improper denial rates.



“Failure to report” denials represent the largest population of nonseparation denials and had an improper denial rate of 9.10 percent. Denial involving “other+” issues had the second largest percentage of the population of nonseparation denials and had the highest improper denial rate (21.53 percent). Denials involving “actively seeking work” had the third largest percentage of the nonseparation denial population and had an improper denial of benefits rate of 16.07 percent.

For a detailed listing of these rates for each state, click on the following link (note: the spreadsheet may have several pages or worksheets):

[PIIA 2023 Denied Claims Accuracy Nonseparation Determinations.xlsx](#)

Links to Additional BAM Paid and Denied Claims Data and BAM Methodology

Integrity Rates*

- [PIIA 2023 Integrity Rates all states.xlsx](#)
- [PIIA 2022 - PIIA 2023 Integrity Rate Changes.xlsx](#)

Integrity Rates - Cause / Responsibility*

- [PIIA 2023 Integrity Rates x Cause.xlsx](#)
- [IPIA 19 PIIA 23 Overpayment Rate by Quarter & State.xlsx](#)
- [PIIA 2023 Integrity Rates by Responsibility.xlsx](#)
- [PIIA 2023 Overpayment Rate by Cause and Responsibility.xlsx](#)
- [PIIA 2023 Work Search, ES Req Counts.xlsx](#)

Integrity Rates - Prior Action / Point of Detection*

- [PIIA 2023 Integrity Rates Cause x Prior Agency Action.xlsx](#)
- [PIIA 2023 Cause x Prior Claimant Action.xlsx](#)
- [PIIA 2023 Integrity Rates x Prior Employer Action.xlsx](#)
- [PIIA 2023 Integrity Rates by Point of Detection.xlsx](#)
- [PIIA 2023 Claim Filing Methods.xlsx](#)

Underpayments and Denied Claim Accuracy*

- [PIIA 2023 Base Period Wages Report.xlsx](#)
- [PIIA 2023 Improper Denial Rates All States.xlsx](#)
- [PIIA 2023 Denied Claims Accuracy & Error Rates.xlsx](#)
- [PIIA 2023 Agency Action on Improper Denials By Denial Type.xlsx](#)
- [PIIA 2023 Improper Denials by Cause.xlsx](#)
- [PIIA 2023 Improper Denials by Prior Agency Action.xlsx](#)
- [PIIA 2023 Proper and Improper Monetary Denials.xlsx](#)
- [PIIA 2023 Denied Claims Accuracy Separation Determinations.xlsx](#)
- [PIIA 2023 Denied Claims Accuracy Nonseparation Determinations.xlsx](#)
- [PIIA 2023 Improper Denials by Responsibility.xlsx](#)

BAM Methodology

- [PIIA 2023 Methodology and Program Description](#)
- [PIIA 2023 Method Claimant Information Obtained.xlsx](#)
- [PIIA 2023 Report State Contacts.xlsx](#)
- [ET 395 Handbook 5th Edition BAM State Operations Guidance](#)
- [Code of Federal Regulations-Quality Control in the Federal State UI System](#)

Other References

- [Comparison of State Unemployment Insurance Laws PIIA 2022](#)
- [Significant Provisions of State UI Laws January 2023](#)

* Notes: The spreadsheets may have several pages or worksheets
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