SUPPORTING STATEMENT
UI Benefit Accuracy Measurement Program
Request for an extension without revision
OMB CONTROL NO. 1205-0245

A. JUSTIFICATION

This is a justification for the Department of Labor's (Department) request for an extension of the Benefit Accuracy Measurement (BAM) program, which generates estimates of Unemployment Insurance (UI) payment or denial of benefit accuracy. It is authorized by regulation at 20 CFR 602. Appendix A contains the relevant sections of the Social Security Act on which the regulation is based. Furthermore, the Improper Payments Elimination and Recovery Act of 2010 (31 U.S.C. 3321 note) mandates federal agencies to employ data collection activities, such as the BAM program, to produce a statistically valid estimate of the improper payments. The BAM program, which has been approved by the Director of the Office of Management and Budget (OMB), is the Department's process for generating improper payment estimates.

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.

The Unemployment Insurance (UI) BAM system (formerly Quality Control [QC]) provides the basis for assessing the accuracy of UI payments and denial of benefits. It is also a diagnostic tool for the use of Federal and State Workforce Agency (SWA) staff in identifying errors and their causes and in correcting and tracking solutions to these problems. Representative samples of UI payments and disqualifying ineligibility determinations are drawn and examined intensively to determine whether they were properly administered to claimants and whether these claimants were paid the proper amounts, or appropriately denied. Based on the errors identified and information gathered, states will be able to develop plans and implement corrective actions to ensure accurate administration of state law, rules, and procedures.

The major objectives of the BAM system are to:

- Assess the accuracy of UI payments;
- Assess improvements in program accuracy and integrity; and,
- Encourage more efficient administration of the UI program.

The basis for determining payment and denial accuracy are federal and state law, administrative code/rules, and official policy. The system is designed to be comprehensive in coverage by including all areas of the claims process where errors could occur.

The Improper Payments Information Act (IPIA) of 2002 and subsequent amendments in the Improper Payments Elimination and Recovery Act (IPERA) of 2010 and the Improper Payments Elimination and Recovery Improvement Act (IPERIA) of 2012 require agencies to examine the risk of erroneous payments in all programs and activities they administer. An improper payment is defined as any payment that was made to an ineligible recipient, duplicate payments, and payments that are for the incorrect amount -- both overpayments and underpayments, including inappropriate denials of payment or service. Agencies are required to review all programs and

activities they administer and identify those that may be susceptible to significant erroneous payments. IPERIA defines "significant improper payments" as gross annual improper payments (i.e., the total amount of overpayments and underpayments) in the program exceeding (1) both 1.5 percent of program outlays and $10,000,000 of all program or activity payments made during the fiscal year reported or (2) $100,000,000(regardless of the improper payment percentage of total program outlays). The UI program meets both of these criteria. Additionally, IPERA codifies the requirement for valid statistical estimates of improper payments such as those generated by BAM and compels actions to reduce improper payments. SWAs make all UI payment decisions. Therefore, the U.S. Department of Labor (Department) requires SWAs to review their BAM improper payment data and report their planned activities to prevent, detect, reduce, and recover improper payments in an UI Integrity Action Plan.

The BAM program is the Department's Office of Management and Budget's (OMB) approved tool for measuring improper payments. The program consists of two comprehensive reviews: Paid Claims Accuracy (PCA) and Denied Claims Accuracy (DCA). States conduct intensive audits of statewide random samples of UI payments and denials to determine their accuracy. One purpose of BAM is to reduce waste, fraud, and abuse in the UI program. By investigating small representative weekly samples of paid and denied UI claims, it enables each State Workforce Agency (SWA) to estimate reliably the number of proper and improper payments (i.e., overpayments and underpayments) and denials, their rates of occurrence, and their types, causes, and responsibilities. For paid claims, BAM also estimates the dollar value and rate of improper payments. BAM PCA and DCA audits also provide information that can be used for program improvement, including the type of payment error, error cause, responsible party, point of detection within the system, and the actions of the claimant, employer, and agency prior to the BAM investigation.

In order to ensure uniformly thorough findings, all jurisdictions are required to apply the same BAM investigative methodology and coding instructions and to compile and report their data through the same automated data system. These are specified in Employment and Training (ET) Handbook 395, Benefits Accuracy Measurement State Operations Handbook, 5th edition[1]. The process includes the use of standardized claimant and employer questionnaires. All areas of eligibility are explored that could directly affect the randomly selected payment (known as a key week) or a denial of benefits. The investigator must conduct new and original fact-finding on newly arising issues or on previous issues not adequately adjudicated. Additionally, the investigator must independently verify established facts in instances where previously resolved issues or payment adjustments appear to have been handled properly. This includes the entire period between the benefit year begin date and the Key Week end date. States' written laws and policies are the bases for all determinations. All conclusions pertaining to the Key Week or denial, that are drawn from the BAM process, must be formalized in official agency actions if errors are found, except where prohibited by SWA provisions such as finality.

Paid Claims Accuracy

BAM paid claims accuracy is the means by which the UI system assesses the accuracy of UI benefit payments. Each week a random sample is selected of both intrastate and interstate original payments (including combined wage claims) made for a week of unemployment under the State UI, Unemployment Compensation for Federal Employees (UCFE), and Unemployment

[1] http://wdr.doleta.gov/directives/attach/ETHandbook_395_Ch5.pdf

Compensation for Ex-servicemembers (UCX) programs. A sample of 360 cases per year is pulled in the ten states with the smallest UI program workloads (in terms of average annual UI weeks paid for the most recent five-year period) and 480 cases per year in the other states. State BAM staff audit each selected claim, examining all aspects of a claimant's eligibility to receive unemployment compensation (UC) during the sampled week. In their investigation, staff verify wages used to establish monetary entitlements, the claimant's reason for being unemployed, efforts to find work during the week and any other factors which would have affected the claimant's entitlement to a benefit during the sampled week or the amount of the benefit paid.

Denied Claims Accuracy

States investigate BAM denied claims cases to determine claimant eligibility for UI payments in three broad areas: monetary determinations, separation determinations, and nonseparation determinations.

- A monetary determination is made when a claim is initially filed (or when a claim is made to establish a new benefit year) to verify that the claimant has sufficient wage credits in the base period and has satisfied other monetary requirements to demonstrate attachment to the labor force.

- A separation determination is made when the claim is initially filed or when an additional claim is filed in the claimant's benefit year after a period of intervening employment. Separation determinations evaluate whether the claimant's unemployment is involuntary and through no fault of the claimant.

- A nonseparation determination verifies that the claimant is meeting the eligibility requirements of state law for a specific week of unemployment: the claimant was able to work, available for work, actively sought work, and received sufficiently little income in the week to be considered "unemployed".

Investigation of BAM denied claims follows the paid claims case investigation methodology. It evaluates denials accuracy by investigating random samples of each of the three types of denials. The Department has supplied each SWA with software that performs quality assurance edits of the sampling frames and randomly selects the BAM denied claims samples. The information on which the decision to deny benefits was made is verified by reviewing agency records, interviewing the claimant and contacting employers and other involved parties. All states sample a minimum of 150 cases of each type of denial in each calendar year. State BAM staff review agency records and contact claimants, employers, and all other relevant parties to verify information in agency records or obtain additional information pertinent to the determination that denies eligibility. Unlike the investigation of paid claims, in which all prior determinations affecting claimant eligibility for the compensated week selected for the sample are evaluated, the investigation of denied claims is limited to the issue upon which the denial determination is based.

States code the findings of their PCA and DCA investigations in a database that is maintained on a computer located in each SWA. The Department stores copies of these state databases (excluding personally identifiable information) in a database maintained by the ETA Office of Unemployment Insurance (OUI). The Department publishes annual performance results on the

ETA Web site. The most recent report is for the Improper Payments Information Act (IPIA) year 2014 results: _IPIA_2014_Benefit_Accuracy_Measurement_Annual_Report.pdf.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.

The Department uses BAM data to measure state performance with respect to UI payment integrity and to meet the Department's reporting requirements of the Improper Payments Information Act (IPIA), Improper Payments Elimination and Recovery Act (IPERA); Improper Payments Elimination and Recovery Improvement Act (IPERIA), and the Government Performance and Results Act (GPRA). SWAs use both paid claims and denied claims data to evaluate the quality of their existing UC claims processes. It enables a SWA to meet its primary objective of strengthening the controls that prevent errors and/or fraud and abuse in the payment and denial of UI benefits.

The data collected in accordance with prescribed BAM methodology provides national and SWA administrators with accurate measurements of the rate of proper and improper payments and denials, the reasons for improper payments and denials, and who is responsible for them. Identification of specific types, causes, and responsibility for errors provides information about the effectiveness of state programs and the quality of their underlying policies, thereby serving as a basis to improve and strengthen program operations. BAM data can lead state and national program managers to make significant program improvements resulting in dollar savings, and continuing benefit payment integrity.

The Department's National and Regional Office UI staff use the BAM data to provide technical assistance to state UI programs. The data are also used as part of the Department's policy analysis and policy formulation functions, and are an essential component of UI Performs, the Department's performance management system.

UI Performs promotes continuous improvement in UI performance through the establishment of core performance measures and acceptable levels of performance (ALPs). One of these core measures, Overpayment Detection, includes BAM data. Under UI Performs, state and Federal staff work cooperatively to identify areas of UI programs that need improvement and develop appropriate plans through the annual State Quality Service Plan (SQSP). The Department believes that the SQSP mechanism is the most effective method for drawing attention to all performance deficiencies and providing opportunities to plan for improvements.

In September 2011, the Department established a new performance measure for states to meet reduction targets for overpayments attributable to claimants continuing to claim UI benefits after they have returned to work. BAM data will be used to measure state performance for this measure. In February 2012, the Department proposed an additional performance measure for states to meet the IPERA integrity rate target of less than10 percent. The Department issued final guidance for this measure January 29, 2013. However, changes contained in IPERIA (Public Law 112–248—January. 10, 2013) required modifications to the measure. The Department reissued guidance on January 27, 2015. BAM data will be used to measure state performance for this measure.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of

information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

In order to comply with the Government Paperwork Elimination Act, the BAM program uses an automated system for data collection, transmission, and retrieval that utilizes state-of-the-art information processing technology. This system was designed to maximize the use of data elements that are already collected by the SWAs for processing UC claims thus minimizing the amount of additional effort required to collect this information. Therefore, as part of the automation process, the SWA may import many of the "before audit fields" used in evaluating payment or denial accuracy.

The Department has provided each SWA with a Sun computer and is in the process of upgrading the state systems with a T4-2 computer. The Department also provides states with an Informix relational database and applications software to enter, store, transmit, and retrieve BAM paid claims and denied claims data. Personal identifiers such as Social Security numbers (SSNs) are stored in the SWAs' databases but are not transmitted to the Department.

The Department knows of no technical obstacles to operating the BAM program.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

The BAM program does not duplicate any other UI reporting system. No other program involves the intensive case investigation of information for a sample of paid and denied claims through contacts with claimants, employers and third parties. The Department is not aware of any alternative to selecting samples of payments using a standard sample selection program, and validating information for measuring payment accuracy. Again, the Department's BAM program is OMB's approved method for developing estimates of improper payments.

5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.

There is a minor impact on small businesses. Although the formal respondents are SWAs, many of the employers contacted in the course of BAM case investigations are small businesses. Most contacts require less than an hour of an employer's time. Because the number of both paid and denied claims cases investigated average from 810 cases per year for the ten states with the smallest claims loads to 930 cases per year for the remaining 42 states, the likelihood that any small employer will be contacted more than once in a year is very small.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

To reflect the unemployment insurance program which makes an initial eligibility determination and then verifies continuing eligibility through a weekly certification process, BAM samples are drawn weekly and investigated on an on-going basis. The data are entered into the database as case investigations are completed. The Department runs a program each night to pick up

any changes in the SWAs' databases. The current frequency of the data collection is necessary to ensure the quality and integrity of the data for several reasons.

First, because sampling frames (populations) are assembled and samples are drawn weekly, sample and population characteristics can be compared to determine the representativeness of the samples and the integrity of the sampling frames. The Department has developed software which the Department and the SWAs use as a quality assurance tool. If flaws in the sampling procedure or population files are discovered, action can be taken immediately. If data were collected less frequently, any problems related to the collection process could compromise the integrity of the data. Useable information for the period affected would be lost, and important program management information would not be available until the next data collection period.

Second, experience in the BAM program has demonstrated that the review of completed cases is more accurate and efficient the sooner it occurs. State staff recall on questioned points is better, as is the quality of data derived from field investigations. Confidence in the use of BAM data depends in part on knowing the data have been reviewed promptly and thoroughly. The Department has established case completion standards (ET Handbook 395, chapter VI, p. 11, and chapter VIII, p. 2), requiring states to complete 70 percent of their paid claims cases (and 60 percent of their denied claims cases) within 60 days of the week ending date of the sampling week and to complete 95 percent of their paid claims cases (85 percent of denied claims cases) within 90 days.

As noted above, BAM paid claims and denied claims are important parts of the UI Performs management system, which promotes continuous improvement in UI operational performance. The value of quality assessment information is directly related to its timeliness. Quality assessment systems must provide immediate feedback about problems that have been detected in order for system administrators to respond with corrective actions. Continuous data collection also enables program managers to evaluate the effectiveness of continuous improvement initiatives. The Department believes that because the UC system functions continuously, management information systems such as BAM, which monitor system quality, must reflect the characteristics of the operations they are evaluating. Sporadic or periodic collection of quality data will not meet these program management requirements.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

- In addition to the circumstances noted in 6 above, it should be noted that weekly sampling and continuous data collection impose no added reporting burden on the states, since the states' ADP systems are accessed overnight by the ETA OUI computer through automated data pick-up procedures.
- There is no requirement in the program to prepare written responses to a collection of information in fewer than 30 days; submit multiple copies of documents; or retain records for more than three years.
- The program is intended to produce statistical results that can be generalized (projected) to the population.
- All data classifications have been approved by OMB.
- Individuals and businesses contacted through the BAM program are not required to submit proprietary information or trade secrets.

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years - even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

The Department's preclearance notice was published in the Federal Register on May 14, 2015, for a 60-day comment public comment period (80 FR 27705). No public comments were received.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

Because the BAM program is a mandated data collection program, the Department provides funding to the participating states, which are the primary respondents. Persons contacted in the course of the case investigation, which are secondary respondents, do not receive payments or gifts.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

All states' laws must conform to 20 CFR 603 (Federal-State Unemployment Compensation (UC) Program; Confidentiality and Disclosure of State UC Information). The BAM State Operations Handbook (ET Handbook No. 395, chapter VI) requires that, "States' written laws and policies are the bases for all determinations. Written policy is that policy that is distributed SWA-wide and, upon request, may be made available to the public." Questionnaires supplied to the claimant include the following statement:
"Your responses are subject to state confidentiality statutes, which must conform to Federal regulations (20 CFR Part 603). State and Federal agencies safeguard the confidentiality of the BAM information by:

1) Using the information only for purposes of verifying claimant eligibility for UC and identifying general descriptive characteristics about the Unemployment Insurance program;
2) Permitting access to the information by only authorized persons;
3) Ensuring that the physical and electronic storage of the information is secure; and
4) Publishing the results of the BAM audits in a format that precludes the identification of any individual providing the information."

Respondents to the BAM data collection are informed that their responses are subject to state confidentiality statutes and that the Department will publish or disseminate data at a level of aggregation that will preclude the identification of individual respondents.

The Department maintains strict controls over the data gathered through the BAM program. The Department cannot identify an individual claimant from the BAM case in its database; the Federal BAM case record does not contain either the claimant's name or SSN. Although the state data record contains the SSN, this field is not included when the case is uploaded to the Federal database. Users outside the state thus cannot identify individual claimants.

BAM data are published at the state and national level of aggregation. Statistics for population subgroups and characteristics are published for broad categories of UI program characteristics, such as the types of erroneous payments and improper denials, and the causes, responsible parties, and detection points of erroneous payments and denied claims.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

The data collection instrument includes no questions of a sensitive nature. Collection of demographic data is limited to those data which relate to an individual's eligibility for UC benefits and necessary to conduct proportions tests to validate the selection of representative samples (the demographic data elements necessary to conduct proportions tests are claimants' date of birth, sex, and ethnic classification);

12. Provide estimates of the hour burden of the collection of information. The statement should:

The total burden comprises activities related to collecting and reporting the BAM paid and denied claims data. It is calculated as the sum of time spent by state staff to prepare for each case, review pertinent records, set up and conduct interviews and other fact finding efforts, review and record the data, and to report the findings within the state agency. Although there is no payment made to these individuals, it also includes the time the claimants, employers and third parties spend providing information to the state investigators. Each SWA will select and investigate an average[2] sample of 457 paid claims and 150 each of denied monetary, separation and non-separation claims for a total of 907 paid and denied cases per state.

Respondents/ Case

For paid claims, based on FY 2014 BAM paid claims data, each case involves one state investigator, one claimant, 1.58 base period employers, 1.72 work search contacts, and occasionally a third party such as a school or labor union (average contacts: 0.1).

[2] The 10 smallest states in terms of UI weeks paid sample at the rate of 360 cases per year; the other 42 states sample at the rate of 480 cases per year. Therefore, the average number of paid claims per state is 457 cases annually.

All denied claims investigations involve one state investigator and one claimant. Based on FY 2014 BAM paid claims data, each monetary denial investigation involves approximately 1.39 base period employers; there is usually one separating employer; and nonseparation eligibility issues usually involve one employer and occasionally a third party such as a school or labor union (average contacts: 1.1).

Each paid and denied case involves one state investigator and one claimant. The average number of employers/third party respondents for a paid/denied case is estimated to be 1.5 per case.

Hours/Case

For paid claims, SWA investigators spend 6.63 hours[3], on average, to complete a BAM paid claims investigation, with an additional 3.56 hours for coding and entering data into a computerized database, reviewing completed cases, communicating findings within the state, and transmitting the data to the Department, for a total of 10.2 hours per investigation.

For denied claims, the average time of completion and transmitting data by type of denial are: monetary denials - 6.85 hours; separation denials - 6.85 hours; and nonseparation denials - 6.47 hours.

Claimant, employer, and third party responses are approximately 1.0 hours and 1.5 hours per response per paid claim and approximately 1.0 hour each per response for claimant, employer, and third party responses per denied case.

The average number of hours for a paid/denied case is estimated to be 10.7 hours per case for all participants.

SWA staff

For paid claims, the Department estimates that the net burden investigating, collecting and transmitting the BAM information requested in this justification will be approximately 10.2 hours per case per year based on an allocated sample 23,764 cases, or an average of 457 cases per SWA.

For denied claims, the Department estimates that the net burden will be approximately 6.72 hours per case for 450 cases

The average burden for a paid or denied case is: 8.4 hours.

At the average rate of $44.69 per hour for SWA staff, the total cost for SWA staff for BAM paid and denied claims is:

8.4 hours X $44.69 X 907 cases = $340,484.17 (per state) X 52 states = 17,705,176.94

Federal budget allocations cover these costs, as they cover the costs of other UI operations.

[3] 41.3% of claimant and employer interviews are conducted over the phone, therefore involve investigator time

Claimants

For paid and denied claims, it is estimated that it take 1 hour to complete the claimant interview. Using the current federal minimum wage of $7.25, the estimated claimant cost for responding for both paid and denied claims is:

1 hr. X $7.25 X 907 cases = $6,575.75 (per state) X 52 states = $341,939.

Employers and Third Parties

For paid and denied claims, an average time taken by employers and third party respondents to provide information on benefit year separation/benefit year earnings and work search verification is estimated to be 1.3 hours. An average hourly rate for employer and third party respondents is estimated to be $26.75 [4], based on the Bureau of Labor Statistics Occupational Employment Statistics survey (2012 Median Pay) for Human Resources and Labor Relations occupations. The total estimated employer and third party respondent cost is:

1.3 hours X $26.75 X 907 cases = $31,540.93 (per state) X 52 = $1,640,128.10

Costs are summarized in the following table.

Cost Summary	Cost Per State	Cost - All States
SWA Staff	$340,484.17	$17,705,176.94
Claimants	$6,575.75	$341,939
Employers + 3rd Parties	$31,540.93	$1,640,128.10
Total All Costs	$378,600.85	$19,687,244.04

Burden Summary Table.

Activity	Number of Respondents	Frequency (Annual)	Total Annual Responses	Time Per Response (Hours)	Total Annual Burden (Hours)	Hourly Rate*	Monetized Value of Respondent Time
SWA Staff	52	907	47,164	8.4	396,178	$44.69	$17,705,177
Claimants	47,164	1	47,164	1	47,164	$7.25	$341,939
Employers + 3rd Parties	70,746	1	70,746	1.3	91,970	$26.75	$1,640,128
Unduplicated Totals	***117,962***	***Varies***	***165,074***	***Varies***	***535,312***	***Varies***	***$19,687,244***

*Source: The hourly rate is computed by dividing the FY 2015 national average PS/PB annual salary for state staff as provided for through the distribution of state UI administrative grants (http://wdr.doleta.gov/directives/attach/UIPL/UIPL_19-14_Attachment_I_Acc.pdf) by the average number of hours worked in a year 1,711. For FY2015, this calculation was: $76,461 / 1,711 = $44.69.

[4] Does not include Personnel Benefits

13. Provide an estimate for the total annual cost burden to respondents or record keepers resulting from the collection of information. (Do not include the cost of any hour burden already reflected on the burden worksheet).

No major equipment purchases or similar start-up costs are required for respondents, because federal UI administrative grants underwrite respondents' costs.

14. Provide estimates of annualized costs to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information.

Federal costs include the staff required to manage the BAM data collection and analyze the data and the maintenance the National Office computer system and database. The staff costs are summarized in the following table:

Federal Oversight GS-12 Grade step1	Locality Pay adjustment based on regional office location		Current 75% of time oversight (40% benefit package)
$76,735	24.80%	Boston	$80,571.75
$74,884	21.79%	Philadelphia	$78,628.20
$73,347	19.29%	Atlanta	$77,014.35
$74,195	20.67%	Dallas	$77,904.75
$76,919	25.10%	Chicago	$80,764.95
$83,098	35.15%	San Francisco	$87,252.90
$76,378	24.22%	National Office	$152,756.00
		Total	$634,892.90
Federal Oversight GS-15 Grade step 1		Management	Current 15% of time oversight (40% benefit package)
$126,834	24.80%	Boston	$26,635.14
$123775	21.79%	Philadelphia	$25,992.75
$121,234	19.29%	Atlanta	$25,459.14
$122,637	20.67%	Dallas	$25,753.77
$127,139	25.10%	Chicago	$26,699.19
$137,353	35.15%	San Francisco	$28,844.13
$126,245	24.22%	National Office	$26,511.45
		Total	$185,895.57
		Grand Total	$820,788.47

Federal ADP costs to maintain the National Office computer and database are estimated to be approximately $130,000 annually.

Federal allocations to the SWAs also cover the costs in A-12 and A-13. There are no costs to the Federal government for the response time of claimants, employers, and third parties for the BAM case investigations.

15. Explain the reasons for any program changes or adjustments reported on the burden worksheet.

The current total hour burden set forth in the ICR for both paid and denied claims is 535,312 hours with a total of 165,074 responses.

The activities for the BAM remains unchanged and reflects the continued emphasis on gathering, verifying and reporting payment accuracy information as mandated by law and regulation. The revised burden from the previous submission reflects a simpler methodology used for computation and also corrects errors identified in the computation of burden.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

The Department publishes an annual summary of results and analyses of BAM paid and denied claims findings for each state and nationally. This publication is available to the public on the ETA Web site http://oui.doleta.gov/unemploy/. The most recent BAM data available are for IPIA Year 2015 at: http://oui.doleta.gov/unemploy/bam/2015/IPIA_2015_Benefit_Accuracy_Measurement_Annual_Report.pdf

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

ETA will display the OMB expiration date.

18. Explain each exception to the topics of the certification statement identified in "Certification for Paperwork Reduction Act Submissions" (5 CFR 1320.9).

There are no exceptions to the certification statement

B. Collection of Information Employing Statistical Methods

Statistical methods are employed for this report.

APPENDIX A

BAM/QC REGULATION

PART 602—QUALITY CONTROL IN THE FEDERAL-STATE UNEMPLOYMENT INSURANCE SYSTEMT

AUTHORITY: 42 U.S.C. 1302.
SOURCE: 52 FR 33528, Sept. 3, 1987, unless otherwise noted.

Subpart A—General Provisions

§ 602.1 Purpose.

The purpose of this part is to prescribe a Quality Control (QC) program for the Federal-State unemployment insurance (UI) system, which is applicable to the State UI programs and the Federal unemployment benefit and allowance programs administered by the State Employment Security Agencies (SESA) under agreements between the States and the Secretary of Labor (Secretary). QC will be a major tool to assess the timeliness and accuracy of State administration of the UI program. It is designed to identify errors in claims processes and revenue collections (including payments in lieu of contributions and Extended Unemployment Compensation Account collections), analyze causes, and support the initiation of corrective action.

§ 602.2 Scope.

This part applies to all State laws approved by the Secretary under the Federal Unemployment Tax Act (section 3304 of the Internal Revenue Code of 1954, 26 U.S.C. section 3304), to the administration of the State laws, and to any Federal unemployment benefit and allowance program administered by the SESAs under agreements between the States and the Secretary. QC is a requirement for all States, initially being applicable to the largest permanently authorized programs (regular UI including Combined-Wage-Claims) and federally-funded programs (Unemployment Compensation for Ex-Servicemen and Unemployment Compensation for Federal Employees). Other elements of the QC program (e.g., interstate, extended benefit programs, benefit denials, and revenue collections) will be phased in under a schedule determined by the Department in consultation with State agencies.

Subpart B—Federal Requirements

§ 602.10 Federal law requirements.

(a) Section 303(a)(1) of the Social Security Act (SSA), 42 U.S.C. 503(a)(1), requires that a State law include provision for:

> Such methods of administration . . . as are found by the Secretary of Labor to be reasonably calculated to insure full payment of unemployment compensation when due.

(b) Section 303(a)(6), SSA, 42 U.S.C. 505(a)(6), requires that a State law include provision for:

> The making of such reports, in such form and containing such information, as the Secretary of Labor may from time to time require, and compliance with such provisions as the Secretary of Labor may from time to time find necessary to assure the correctness and verification of such reports.

(c) Section 303(b), SSA, 42 U.S.C. 503(b), provides in part that:

> Whenever the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that in the administration of the law there is—
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> * * * * *
>
> (2) a failure to comply substantially with any provision specified in subsection (a); the Secretary of Labor shall notify such State agency that further payments will not be made to the State until the Secretary of Labor is satisfied that there is no longer any such denial or failure to comply. Until he is so satisfied, he shall make no

further certification to the Secretary of the Treasury with respect to such State . . . . .

(d) Certification of payment of granted funds to a State is withheld only when the Secretary finds, after reasonable notice and opportunity for hearing to the State agency—

(1) That any provision required by section 303(a) of the Social Security Act is no longer included in the State unemployment compensation law, or (2) That in the administration of the State unemployment compensation

law there has been a failure to comply substantially with any required provision of such law.

§ 602.11 Secretary's interpretation.

(a) The Secretary interprets section 303(a)(1), SSA, to require that a State law provide for such methods of administration as will reasonably ensure the prompt and full payment of unemployment benefits to eligible claimants, and collection and handling of income for the State unemployment fund (particularly taxes and reimbursements), with the greatest accuracy feasible.

(b) The Secretary interprets sections 303(a)(1) and 303(a)(6), SSA, to authorize the Department of Labor to prescribe standard definitions, methods and procedures, and reporting requirements for the QC program and to ensure accuracy and verification of QC findings.

(c) The Secretary interprets section 303(b)(2), SSA to require that, in the administration of a State law, there shall be substantial compliance with the provisions required by sections 303(a) (1) and (6). Further, conformity of the State law with those requirements is required by section 303(a) and § 601.5(a) of this chapter.

(d) To satisfy the requirements of sections 303(a) (1) and (6), a State law must contain a provision requiring, or which is construed to require, the establishment and maintenance of a QC program in accordance with the requirements of this part. The establishment and maintenance of such a QC program in accordance with this part shall not require any change in State law concerning authority to undertake redeterminations of claims or liabilities or the finality of any determination, redetermination or decision.

Subpart C—State Responsibilities

§ 602.20 Organization.

Each State shall establish a QC unit independent of, and not accountable to, any unit performing functions subject to evaluation by the QC unit. The organizational location of this unit shall be positioned to maximize its objectivity, to facilitate its access to information necessary to carry out its responsibilities, and to minimize organizational conflict of interest.

§ 602.21 Standard methods and procedures.

Each State shall:

(a) Perform the requirements of this section in accordance with instructions issued by the Department, pursuant to § 602.30(a) of this part, to ensure standardization of methods and procedures in a manner consistent with this part;

(b) Select representative samples for QC study of at least a minimum size specified by the Department to ensure statistical validity (for benefit payments, a minimum of 400 cases of weeks paid per State per year);

(c) Complete prompt and in-depth case investigations to determine the degree of accuracy and timeliness in the administration of the State UI law and Federal programs with respect to benefit determinations, benefit payments, and revenue collections; and conduct other measurements and studies necessary or appropriate for carrying out the purposes of this part; and in conducting investigations each State shall:

(1) Inform claimants in writing that the information obtained from a QC investigation may affect their eligibility for benefits and inform employers in writing that the information obtained from a QC investigation of revenue may affect their tax liability,

(2) Use a questionnaire, prescribed by the Department, which is designed to obtain such data as the Department deems necessary for the operation of the QC program; require completion of the questionnaire by claimants in accordance with the eligibility and reporting authority under State law,

(3) Collect data identified by the Department as necessary for the operation of the QC program; however, the collection of demographic data will be limited to those data which relate to an individual's eligibility for UI benefits and necessary to conduct proportions tests to validate the selection of representative samples (the demographic data elements necessary to conduct proportions tests are claimants' date of birth, sex, and ethnic classification); and

(4) Conclude all findings of inaccuracy as detected through QC investigations with appropriate official actions, in accordance with the applicable State and Federal laws; make any determinations with respect to individual benefit claims in accordance with the Secretary's ''Standard for Claim Determinations —Separation Information'' in the *Employment Security Manual,* part V, sections 6010–6015 (appendix A of this part);

(d) Classify benefit case findings resulting from QC investigations as:

(1) Proper payments, underpayments, or overpayments in benefit payment cases, or

(2) Proper denials or underpayments in benefit denial cases;

(e) Make and maintain records pertaining to the QC program, and make all such records available in a timely manner for inspection, examination, and audit by such Federal officials as the Secretary may designate or as may be required or authorized by law;

(f) Furnish information and reports to the Department, including weekly transmissions of case data entered into the automated QC

system and annual reports, without, in any manner, identifying individuals to whom such data pertain; and

(g) Release the results of the QC program at the same time each year, providing calendar year results using a standardized format to present the data as prescribed by the Department; States will have the opportunity to release this information prior to any release by the Department.

(Approved by the Office of Management and Budget under Control Number 1205–0245)

§ 602.22 Exceptions.

If the Department determines that the QC program, or any constituent part of the QC program, is not necessary for the proper and efficient administration of a State law or in the Department's view is not cost effective, the Department shall use established procedures to advise the State that it is partially or totally excepted from the specified requirements of this part. Any determination under this section shall be made only after consultations with the State agency.

Subpart D—Federal Responsibilities

§ 602.30 Management.

(a) The Department shall establish required methods and procedures (as specified in § 602.21 of this part); and provide technical assistance as needed on the QC process.

(b) The Department shall consider and explore alternatives to the prescribed sampling, study, recordkeeping, and reporting methodologies. This shall include, but not be limited to, testing the obtaining of information needed for QC by telephone and mail rather than in face-to-face interviews.

(c) The Department shall maintain a computerized data base of QC case data which is transmitted to the Department under § 602.21, which will be combined with other data for statistical and other analysis such as assessing the impact of economic cycles, funding levels, and workload levels on program accuracy and timeliness.

§ 602.31 Oversight.

The Department shall review QC operational procedures and samples, and validate QC methodology to ensure uniformity in the administration of theQC program and to ensure compliance with the requirements of this part. The Department shall, for purposes of determining eligibility for grants described in § 602.40, annually review the adequacy of the administration of a State's QC program.

Subpart E—Quality Control Grants to States

§ 602.40 Funding.

(a) The Department shall use established procedures to notify States of the availability of funds for the operation of QC programs in accordance with this part.

(b) The Department may allocate additional resources, if available, to States for analysis of date generated by the QC program, to increase the number of claims sampled in areas where more information is needed, for pilot studies for the purpose of expanding the QC program, and for corrective action.

§ 602.41 Proper expenditure of Quality Control granted funds.

The Secretary may, after reasonable notice and opportunity for hearing to the State agency, take exception to and require repayment of an expenditure for the operation of a QC program if it is found by the Secretary that such expenditure is not necessary for the proper and efficient administration of the QC program in the State. See sections 303(a)(8), 303(a)(9) and 303(b)(2), SSA, and 20 CFR 601.5. For purposes of this section, an expenditure will be found not necessary for proper and efficient administration if such expenditure fails to comply with the requirements of subpart C of this part.

[52 FR 33528, Sept. 3, 1987, as amended at 52 FR 34343, Sept. 10, 1987]

§ 602.42 Effect of failure to implement Quality Control program

Any State which the Secretary finds, after reasonable notice and opportunity for hearing, has not implemented or maintained a QC program in accordance with this part will not be eligible for any grants under title III of the Social Security Act until such time as the Secretary is satisfied that there is no longer any failure to conform or to comply substantially with any provision specified in this part. See sections 303(a)(1), 303(a)(6), and 303(b)(2), SSA, and 20 CFR 601.5.

§ 602.43 No incentives or sanctions based on specific error rates.

Neither sanctions nor funding incentives shall be used by the Department to influence the achievement of specified error rates in State UI programs.

APPENDIX A TO PART 602—STANDARD FOR CLAIM DETERMINATIONS—SEPARATION INFORMATION

Employment Security Manual (Part V, Sections 6010–6015)

6010 *Federal Law Requirements.* Section 303(a)(1) of the Social Security Act requires that a State law include provision for:

''Such methods of administration . . . as are found by the Secretary to be reasonably calculated to insure full payment of unemployment compensation when due.''

Section 303(a)(3) of the Social Security Act requires that a State law include provision for:

''Opportunity for a fair hearing before an impartial tribunal, for all individuals whose claims for unemployment compensation are denied.''

Section 3304(a)(4) of the Federal Unemployment Tax Act and section 303(a)(5) of the Social Security Act require that a State law include provision for:

''Expenditure of all money withdrawn from an unemployment fund of such State, in the payment of unemployment compensation... .

Section 3306(h) of the Federal Unemployment Tax Act defines ''compensation'' as ''cash benefits payable to individuals with respect to their unemployment.''

6011 *Secretary's Interpretation of Federal Law Requirements.* The Secretary interprets the above sections to require that a State law include provisions which will insure that:

A. Individuals who may be entitled to unemployment compensation are furnished such information as will reasonably afford them an opportunity to know, establish, and protect their rights under the unemployment compensation law of such State, and

B. The State agency obtains and records in time for the prompt determination and review of benefit claims such information as will reasonably insure the payment of benefits to individuals to whom benefits are due.

6012 *Criteria for Review of State Law Conformity with Federal Requirements:*

In determining the conformity of a State law with the above requirements of the Federal Unemployment Tax Act and the Social Security Act as interpreted by the Secretary, the following criteria will be applied:

A. Is it required that individuals who may be entitled to unemployment compensation be furnished such information of their potential rights to benefits, including the manner and places of filing claims, the reasons for determinations, and their rights of appeal, as will insure them a reasonable opportunity to know, establish, and protect their rights under the law of the State?

B. Is the State agency required to obtain, in time for prompt determination of rights to benefits such information as will reasonably insure the payment of benefits to individuals to whom benefits are due?

C. Is the State agency required to keep records of the facts considered in reaching determinations of rights to benefits?

6013 *Claim Determinations Requirements Designed To Meet Department of Labor Criteria:*

A. *Investigation of claims.* The State agency is required to obtain promptly and prior to a determination of an individual's right to benefits, such facts pertaining thereto as will be sufficient reasonably to insure the payment of benefits when due. This requirement embraces five separate elements:

1. It is the responsibility of the agency to take the initiative in the discovery of information. This responsibility may not be passed on to the claimant or the employer. In addition to the agency's own records,

this information may be obtained from the worker, the employer, or other sources. If the information obtained in the first instance discloses no essential disagreement and provides a sufficient basis for a fair determination, no further investigation is necessary. If the information obtained from other sources differs essentially from that furnished by the claimant, the agency, in order to meet its responsibility, is required to inform the claimant of such information from other sources and to afford the claimant an opportunity to furnish any further facts he may have.

2. Evidentiary facts must be obtained as distinguished from ultimate facts or conclusions. That a worker was discharged for misconduct is an ultimate fact or conclusion; that he destroyed a machine upon which he was working is a primary or evidentiary fact, and the sort of fact that the requirement refers to.

3. The information obtained must be sufficient reasonably to insure the payment of benefits when due. In general, the investigation made by the agency must be complete enough to provide information upon which the agency may act with reasonable assurance that its decision is consistent with the unemployment compensation law. On the other hand, the investigation should not be so exhaustive and time-consuming as unduly to delay the payment of benefits and to result in excessive costs.

4. Information must be obtained promptly so that the payment of benefits is not unduly delayed.

5. If the State agency requires any particular evidence from the worker, it must give him a reasonable opportunity to obtain such evidence.

B. *Recording of facts.* The agency must keep a written record of the facts considered in reaching its determinations.

C. *Determination notices.*

1. The agency must give each claimant a written notice of:

a. Any monetary determination with respect to his benefit year;

b. Any determination with respect to purging a disqualification if, under the State law, a condition or qualification must be satisfied with respect to each week of disqualification; but in lieu of giving written notice of each determination for each week in which it is determined that the claimant has met the requirements for purging, the agency may inform the claimant that he has purged the disqualification for a week by notation of his applicant identification card or otherwise in writing.

c. Any other determination which adversely affects[5] his rights to benefits, except that written notice of determination need
not be given with respect to:

(1) A week in a benefit year for which the claimant's weekly benefit amount is reduced in whole or in part by earnings if, the first time in the benefit year that there is such a reduction, he is required to be furnished a booklet or leaflet containing the information set forth below in paragraph 2f(1). However, a written notice of determination is required if:

(a) there is a dispute concerning the reduction with respect to any week (e.g., as to the amount computed as the appropriate reduction, etc.); or (b) there is a change in the State law (or in the application thereof) affecting the reduction; or

(2) Any week in a benefit year subsequent to the first week in such benefit year in which benefits were denied, or reduced in whole or in part for reasons other than earnings, if denial or reduction for such subsequent week is based on the same reason and the same facts as for the first week, and if written notice of determination is required to be given to the claimant with respect to such first week, and with such notice of determination, he is required to be given a booklet or pamphlet containing the information set forth below in

[5] A determination ''adversely affects'' claimant's right to benefits if it (1) results in a denial to him of benefits (including a cancellation of benefits or wage credits or any reduction in whole or in part below the weekly or maximum amount established by his monetary determination) for any week or other period; or (2) denies credit for a waiting week; or (3) applies any disqualification or penalty; or (4) determines that he has not satisfied a condition of eligibility, requalification for benefits, or purging a disqualification; or (5) determines that an overpayment has been made or orders repayment or recoupment of any sum paid to him; or (6) applies a previously determined overpayment, penalty, or order for repayment or recoupment; or (7) in any other way denies claimant a right to benefits under the State law.

paragraphs 2f(2) and 2h. However, a written notice of determination is required if: (a) there is a dispute concerning the denial or reduction of benefits with respect to such week; or (b) there is a change in the State law (or in the application thereof) affecting the denial or reduction; or (c) there is a change in the amount of the reduction except as to the balance covered by the last reduction in a series of reductions.

NOTE: This procedure may be applied to determinations made with respect to any subsequent weeks for the same reason and on the basis of the same facts: (a) that claimant is unable to work, unavailable for work, or is disqualified under the labor dispute provision; and (b) reducing claimant's weekly benefit amount because of income other than earnings or offset by reason of overpayment.

2. The agency must include in written notices of determinations furnished to claimants sufficient information to enable them to understand the determinations, the reasons therefore, and their rights to protest, request reconsideration, or appeal.

The written notice of monetary determination must contain the information specified in the following items (except h) unless an item is specifically not applicable. A written notice of any other determination must contain the information specified in as many of the following items as are necessary to enable the claimant to understand the determination and to inform him of his appeal rights. Information specifically applicable to the individual claimant must be contained in the written notice of determination. Information of general application such as (but not limited to) the explanation of benefits for partial unemployment, information as to deductions, seasonality factors, and information as to the manner and place of taking an appeal, extension of the appeal period, and where to obtain information and assistance may be contained in a booklet or leaflet which is given the claimant with his monetary determination.

a. *Base period wages.* The statement concerning base-period wages must be in sufficient detail to show the basis of computation of eligibility and weekly and maximum benefit amounts. (If maximum benefits are allowed, it may not be necessary to show details of earnings.)

b. *Employer name.* The name of the employer who reported the wages is necessary so that the worker may check the wage transcript and know whether it is correct. If the worker is given only the employer number, he may not be able to check the accuracy of the wage transcript.

c. *Explanation of benefit formula—weekly and maximum benefit amounts.* Sufficient information must be given the worker so that he will understand how his weekly benefit amount, including allowances for dependents, and his maximum benefit amount were figured. If benefits are computed by means of a table contained in the law, the table must be furnished with the notice of determination whether benefits are granted or denied. The written notice of determination must show clearly the weekly benefit amount and the maximum potential benefits to which the claimant is entitled. The notice to a claimant found ineligible by reason of insufficient earnings in the base period must inform him clearly of the reason for ineligibility. An explanation of the benefit formula contained in a booklet or pamphlet should be given to each claimant at or prior to the time he receives written notice of a monetary determination.

d. *Benefit year.* An explanation of what is meant by the benefit year and identification of the claimant's benefit year must be included in the notice of determination.

e. *Information as to benefits for partial unemployment.* There must be included either in the written notice of determination or in a booklet or pamphlet accompanying the notice an explanation of the claimant's rights to partial benefits for any week with respect to which he is working less than his normal customary full-time workweek because of lack of work and for which he earns less than his weekly benefit amount or weekly benefit amount plus earnings, whichever is provided by the State law. If the explanation is contained in the notice of determination, reference to the item in the notice in which his weekly benefit amount is entered should be made.

f. *Deductions from weekly benefits.*

(1) *Earnings.* Although written notice of determinations deducting earnings from a claimant's weekly benefit amount is generally not required (see paragraph 1 c (1) above), where written notice of determination is required (or given) it shall set forth the amount of earnings, the method of computing the deduction in sufficient detail to enable the claimant to verify the accuracy of the deduction, and his right to protest, request redetermination, and appeal. Where a written notice of determination is given to the claimant because there has been a change in the State law or in the application of the law, an explanation of the change shall be included. Where claimant is not required to receive a written notice of determination, he must be given a booklet or pamphlet the first time in his benefit year that there is a deduction for earnings which shall include the following information:

(a) The method of computing deductions for earnings in sufficient detail to enable the claimant to verify the accuracy of the deduction;

(b) That he will not automatically be given a written notice of determination for a week with respect to which there is a deduction for earnings (unless there is a dispute concerning the reduction with respect to a week or there has been a change in the State law or in the application of the law affecting the deduction) but that he may obtain such a written notice upon request; and

(c) A clear statement of his right to protest, request a redetermination, and appeal from any determination deducting earnings from his weekly benefit amount even though he does not automatically receive a written notice of determination; and if the State law requires written notice of determination in order to effectuate a protest, redetermination, or appeal, he must be so advised and advised also that he must request a written notice of determination before he takes any such action.

(2) *Other deductions.*

(a) A written notice of determination is required with respect to the first week in claimant's benefit year in which there is a reduction from his benefits for a reason other than earnings. This notice must describe the deduction made from claimant's weekly benefit amount, the reason for the deduction, the method of computing it in sufficient detail to enable him to verify the accuracy of such deduction, and his right to protest, request redetermination, or appeal.

(b) A written notice of determination is not required for subsequent weeks that a deduction is made for the same reason and on the basis of the same facts, if the notice of determination pursuant to (2)(a), or a booklet or pamphlet given him with such notice explains (i) the several kinds of deductions which may be made under the State law (e.g., retirement pensions, vacation pay, and overpayments); (ii) the method of computing each kind of deduction in sufficient detail that claimant will be able to verify the accuracy of deductions made from his weekly benefit payments; (iii) any limitation on the amount of any deduction or the time in which any deduction may be made; (iv) that he will not automatically be given a written notice of determination for subsequent weeks with respect to which there is a deduction for the same reason and on the basis of the same facts, but that he may obtain a written notice of determination upon request; (v) his right to protest, request redetermination, or appeal with respect to subsequent weeks for which there is a reduction from his benefits for the same reason, and on the basis of the same facts even though he does not automatically receive a written notice of determination; and (vi) that if the State law requires written notice of determination in order to effectuate a protest, redetermination, or appeal, he must be so advised and advised also that he must request a written notice of determination before he takes any such action.

g. *Seasonality factors.* If the individual's determination is affected by seasonality factors under the State law, an adequate explanation

must be made. General explanation of seasonality factors which may affect determinations for subsequent weeks may be included in a booklet or pamphlet given claimant with his notice of monetary determination.

h. *Disqualification or ineligibility.* If a disqualification is imposed, or if the claimant is declared ineligible for one or more weeks, he must be given not only a statement of the period of disqualification or ineligibility and the amount of wage-credit reductions, if any, but also an explanation of the reason for the ineligibility or disqualification. This explanation must be sufficiently detailed so that he will understand why he is ineligible or why he has been disqualified, and what he must do in order to requalify for benefits or purge the disqualification. The statement must be individualized to indicate the facts upon which the determination was based, e.g., state, ''It is found that you left your work with Blank Company because you were tired of working; the separation was voluntary, and the reason does not constitute good cause,'' rather than merely the phrase ''voluntary quit.'' Checking a box as to the reason for the disqualification is not a sufficiently detailed explanation. However, this statement of the reason for the disqualification need not be a restatement of all facts considered in arriving at the determination.

i. *Appeal rights.* The claimant must be given information with respect to his appeal rights.

(1) The following information shall be included in the notice of determination:

(a) A statement that he may appeal or, if the State law requires or permits a protest or redetermination before an appeal, that he may protest or request a redetermination.

(b) The period within which an appeal, protest, or request for redetermination must be filed. The number of days provided by statute must be shown as well as either the beginning date or ending date of the period. (It is recommended that the ending date of the appeal period be shown, as this is the more understandable of the alternatives.)

(2) The following information must be included either in the notice of determination or in separate informational material referred to in the notice:

(a) The manner in which the appeal, protest, or request for redetermination must be filed, e.g., by signed letter, written statement, or on a prescribed form, and the place or places to which the appeal, protest, or request for redetermination may be mailed or hand-delivered.

(b) An explanation of any circumstances (such as nonworkdays, good cause, etc.) which will extend the period for the appeal, protest, or request for redetermination beyond the date stated or identified in the notice of determination.

(c) That any further information claimant may need or desire can be obtained together with assistance in filing his appeal, protest, or request for redetermination from the local office. If the information is given in separate material, the notice of determination would adequately refer to such material if it said, for example, ''For other information about your (appeal), (protest), (redetermination) rights, see pages ll to ll of the llll (name of pamphlet or booklet) heretofore furnished to you.''

6014 Separation Information Requirements Designed To Meet Department of Labor Criteria:

A. *Information to agency.* Where workers are separated, employers are required to furnish the agency promptly, either upon agency request or upon such separation, a notice describing the reasons for and the circumstances of the separation and any additional information which might affect a claimant's right to benefits. Where workers are working less than full time, employers are required to furnish the agency promptly, upon agency request, information concerning a claimant's hours of work and his wages during the claim periods involved, and other facts which might affect a claimant's eligibility for benefits during such periods. When workers are separated and the notices are obtained on a request basis, or when workers are working less than full time and the agency requests information, it is essential to the prompt processing of claims that the request be sent out promptly after the claim is filed and the employer be given a specific period within which to return the notice, preferably within 2 working days.

When workers are separated and notices are obtained upon separation, it is essential that the employer be required to send the notice to the agency with sufficient promptness to insure that, if a claim is filed, it may be processed promptly. Normally, it is desirable that such a notice be sent to the central office of the agency, since the employer may not know in which local office the workers will file his claim. The usual procedure is for the employer to give the worker a copy of the notice sent by the employer to the agency.

B. *Information to worker*.

1. *Information required to be given.* Employers are required to give their employees information and instructions concerning the employees' potential rights to benefits and concerning registration for work and filing claims for benefits. The information furnished to employees under such a requirement need not be elaborate; it need only be adequate to insure that the worker who is separated or who is working less than full time knows he is potentially eligible for benefits and is informed as to what he is to do or where he is to go to file his claim and register for work. When he files his claim, he can obtain more detailed information.

In States that do not require employers to furnish periodically to the State agency detailed reports of the wages paid to their employees, each employer is required to furnish to his employees information as to (a) the name under which he is registered by the State agency, (b) the address where he maintains his payroll records, and (c) the workers' need for this information if and when they file claims for benefits.

2. *Methods for giving information.* The information and instructions required above may be given in any of the following ways:

a. *Posters prominently displayed in the employer's establishment.* The State agency should supply employers with a sufficient number of posters for distribution throughout their places of business and should see that the posters are conspicuously displayed at all times.

b. *Leaflets.* Leaflets distributed either periodically or at the time of separation or reduction of hours. The State agency should supply employers with a sufficient number of leaflets.

c. *Individual notices.* Individual notices given to each employee at the time of separation or reduction in hours. It is recommended that the State agency's publicity program be used to supplement the employer-information requirements. Such a program should stress the availability and location of claim-filing offices and the importance of visiting those offices whenever the worker is unemployed, wishes to apply for benefits, and to seek a job.

6015 *Evaluation of Alternative State Provisions with Respect to Claim Determinations and Separation Information.* If the State law provisions do not conform to the suggested requirements set forth in sections 6013 and 6014, but the State law contains alternative provisions, the Bureau of Employment Security, in collaboration with the State agency, will study the actual or anticipated effects of the alternative provisions. If the Administrator of the Bureau concludes that the alternative provisions satisfy the criteria in section 6012, he will so notify the State agency. If the Administrator of the Bureau does not so conclude, he will submit the matter to the Secretary. If the Secretary concludes that the alternative provisions satisfy the criteria in section 6012, the State agency will be so notified. If the Secretary concludes that there is a question as to whether the alternative provisions satisfy the criteria, the State agency will be advised that

unless the State law provisions are appropriately revised, a notice of hearing will be issued as required by the Code of Federal Regulations, title 20, section 601.5.

PART 603—INCOME AND ELIGIBILITY VERIFICATION SYSTEM

Sec.

Subpart A—Income and Eligibility Verification System

Subpart B—Quarterly Wage Reporting

AUTHORITY: Sec. 1102, Social Security Act, ch. 531, 49 Stat. 647, as amended (42 U.S.C 1302); Reorganization Plan No. 2 of 1949, 63 Stat. 1065, 14 FR 5225.

SOURCE: 51 FR 7207, Feb. 28, 1986, unless otherwise noted.

§ 603.1 Purpose.

(a) Section 2651 of Public Law 98–369 (the Deficit Reduction Act of 1984) amended title XI of the Social Security Act to include a requirement that States have an income and eligibility verification system in effect which would be used in verifying eligibility for, and the amount of, benefits available under several Federally assisted programs including the Federal-State unemployment compensation program. The Act requires that employers in each State make quarterly wage reports to a State agency, which may be the State unemployment compensation agency, and that wage information and benefit information obtained from other agencies be used in verifying eligibility for benefits. The requirement of quarterly wage reporting may be waived if the Secretary of Labor (in consultation with the Secretary of Health and Human Services and the Secretary of Agriculture) determines the State has in effect an alternative system which is as effective and timely as quarterly wage reporting for the purposes of providing employment related income and eligibility data.

(b) Section 2651(d) of Public Law 98–396 added a new section 303(f) of the Social Security Act (42 U.S.C. 503(f)), to provide that the agency charged with the administration of the State unemployment compensation law shall provide that information shall be requested and exchanged for purposes of income and eligibility verification in accordance with a State system which meets the requirements of section 1137 of the Social Security Act, as added by Public Law 98–369. The regulations in this part are issued to implement this requirement.

Subpart A—Income and Eligibility Verification System

§ 603.2 Definitions.

For the purposes of this part:

(a) *State unemployment compensation agency* means the agency charged with the administration of the unemployment compensation law approved by the Secretary of Labor under section 3304 of the Internal Revenue Code of 1954 (26 U.S.C. 3304).

(b) *Wage information* means information about wages as defined in the State's unemployment compensation law and includes the Social Security Number (or numbers, if more than one) and quarterly wages of an employee, and the name, address, State, and (when known) Federal employer identification number of an employer reporting wages under a State unemployment compensation law, except that in a State in which wages are not required