

**JUSTIFICATION FOR  
NON-MATERIAL CHANGE FOR**

**OMB Control Number 1205-0245  
Benefit Accuracy Measurement (BAM) Program**

**ET Handbook No. 395, 5th Edition;  
State Operations Handbook for the Unemployment Insurance (UI)**

**BACKGROUND:**

The Benefit Accuracy Measurement (BAM) Program is designed to determine the accuracy of paid and denied claims in the unemployment insurance (UI) program. State agencies select weekly random samples of paid and denied claims. State BAM investigators audit these claims to determine whether the individual was properly paid benefits or properly denied benefits. The results of the BAM statistical samples are used to estimate accuracy rates for the populations of paid and denied claims. ET Handbook No. 395 contains the instructions for conducting and recording the results of the audits in order to provide information for reports under the Improper Payment Information Act (IPIA). The BAM Handbook is currently approved under the Paperwork Reduction Act until July 31, 2019.

Federal law (42 U.S.C. 503(a)(12)) requires state law to provide that an individual claiming UC must be actively seeking work as a condition of eligibility for regular compensation (UC) for any week in which benefits are claimed. One of the elements that the BAM audit measures is whether claimants engaged in the required work search activity for the key week reviewed.

**NON-MATERIAL CHANGE REQUEST:**

State investigators classify the results of the BAM audits as proper or improper and include codes for the reasons for the classification. Previously, cases could also be coded as “technically” proper due to law/rules requiring formal warnings for unacceptable work search efforts. In such cases the investigation determined that the payment was too large except for formal warning rule that prohibits official action.

The Department of Labor determined that a state that has a law or policy that calls for issuing a formal warning while paying UC for a week during which the work search requirement was not met does not meet the requirements of Federal law. The Department seeks to issue guidance informing states of this interpretation of Federal law and required states to stop coding BAM cases as technically proper due to formal warnings. The proposed unemployment insurance program letter (UIPL) includes instructions on which currently existing code(s) should be used in place of the code previously used when a state had issued a formal warning for failure to conduct a work search. Because this instruction does not create a new requirement, but clarifies how an

existing element should be coded in specific situations, there is no material change to the program.

As a result of the interpretation of the Federal law requirement that state UC law require that individuals, as a condition of UC eligibility, must be actively seeking work, the Department issued guidance to states to clarify what constitutes an acceptable work search, that the claimant must keep a record of these activities, and that such activities must be verifiable. The guidance leaves it up to the state to determine the method of documentation and the process for validation. The guidance reinforces the requirement that claimants for UC be informed of the requirements to keep records of work search activities and how to meet the requirements.

ETA seeks OMB's approval of this non-material change.