

**JUSTIFICATION FOR
NON-MATERIAL CHANGE FOR OMB CONTROL NO. 1205-0245**

**Employment and Training (ET) Handbook No. 395, 5th Edition;
Procedures for the Completion and Publication of Unemployment Insurance (UI)
Benefit Accuracy Measurement (BAM) Data for
Improper Payment Information Act Reporting Year 2018**

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). This BAM Handbook is currently approved under the Paperwork Reduction Act until August 31, 2019. The major objectives of the BAM program are to:

- Assess the accuracy of UI payments and denial of benefits;
- Estimate the UI improper payment rate as required by Improper Payments Information Act (IPIA) of 2002;
- 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 and rules, and official policy. Therefore, the system is designed to be comprehensive in coverage by including all areas of the claims process where errors could occur. The BAM program is a diagnostic tool for Federal and State Workforce Agency (SWA) staff to use in identifying systemic errors and their causes and in correcting and tracking 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. BAM Program results have been published since 1993. The detailed results and findings are published annually on the BAM specific web site: <https://oui.doleta.gov/unemploy/bqc.asp>. Additionally, the Department releases of rolling 12 month results each quarter on its Web site: <https://www.dol.gov/general/maps> and the associated data page <https://www.dol.gov/general/maps/data>.

IPIA and the subsequent amendments: 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 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.

NON-MATERIAL CHANGE REQUEST:

State investigators classify the results of the BAM audits as proper or improper on an ongoing basis. The IPIA requires the head of each covered executive federal agency to prepare and submit to Congress and the Director of the Office of Management and Budget, an audited financial statement for the preceding fiscal year, covering all accounts and associated activities of each office, bureau, and activity of the agency (31 U.S.C. 3515). The IPIA requires the materials accompanying the annual financial statement to include improper payment estimates for the unemployment compensation program (31 U.S.C. 3321).

To accomplish this mandate and provide a detailed explanation of improper payments, with an Unemployment Insurance Program Letter (UIPL) No. 25-13 (August 9, 2013) the Department altered the time period for the production of detailed results. ETA established the IPIA reporting year for the BAM program instead of using the calendar year results. The IPIA reporting year includes payment accuracy estimates for the period July through June of the following year (batch range YYYY27 through (YYYY+1) 26). ETA has followed this reporting year standard since IPIA Year 2013. Because this instruction does not create a new requirement, but clarifies key dates for the 2018 IPIA year improper payment results, there is no material change to the program.

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