

**SUPPORTING STATEMENT A**  
**UI Benefit Accuracy Measurement Program**  
**OMBCONTROL NO. 1205-0245**

This ICR seeks to justify the Department of Labor's (Department) request for an extension without change of the Benefit Accuracy Measurement (BAM) program, which generates estimates of Unemployment Insurance (UI) payment or denial of benefit accuracy.

Due to the impact of the COVID-19 pandemic on state performance and the flexibilities granted to states to address these challenges, data for FYs 2020 and 2021 were incomplete in some states. As a result, the last fiscal year (FY) with complete data was FY 2019, and this data is included in this document.

**A. JUSTIFICATION**

**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<sup>1</sup>. 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.

**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 major objectives of the BAM system are to:

- Assess the accuracy of UI payments;
- Estimate the UI improper payment rate as required by Federal Law;
- Promote 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.

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<sup>1</sup> 20 CFR Chapter V, Part 602. Also included in this document as Appendix A

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 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.

The Department uses BAM data to measure state performance with respect to UI payment integrity and to meet the Department's reporting requirements of [Public Law 116-117](#) known as the "Payment Integrity Information Act of 2019" (PIIA), [Appendix C to OMB Circular A-123, issued March 5, 2021](#), 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. The Department

reissued guidance on January 27, 2015 on the methodology BAM data will be used to measure state performance.

**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 historically provided each SWA with a Sun computer. In 2021, the Department upgraded the SWAs to Hewlett Packard (HP) ProLiant DL20 computer systems. 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 A.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 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.**

BAM samples are drawn weekly and investigated on an on-going basis to reflect unemployment insurance program activity such as making initial eligibility determinations and verifying continuing eligibility through a weekly certification process. 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:

1. 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.
2. Experience in the BAM program demonstrates 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 are detected so System Administrators can 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, that 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:**

- **requiring respondents to report information to the agency more often than quarterly;**
- **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
- **requiring respondents to submit more than an original and two copies of any document;**
- **requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;**
- **in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;**
- **requiring the use of statistical data classification that has not been reviewed and approved by OMB;**
- **that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or**
- **requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**
  1. 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.
  2. 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.
  3. The program is intended to produce statistical results that can be generalized (projected) to the population.
  4. All data classifications have been approved by OMB.
  5. 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.**

In accordance with the Paperwork Reduction Act of 1995, the public was allowed 60 days to comment through the Federal Register Notice posted on February 23, 2022 (87 FR 10244). No comments were received.

**9. Explain any decision to provide any payments or gifts 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.**

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 privacy statutes, which must conform to Federal regulations (20 CFR Part 603). State and Federal agencies safeguard the privacy 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 privacy 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:**

- **Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.**
- **If this request for approval covers more than one form, provide separate hour burden estimates for each form.**

- **Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 14.**

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<sup>2</sup> 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 2018 BAM<sup>3</sup> paid claims data, each case involves one state investigator, one claimant, 1.65 base period employers, 2.16 work search contacts, and occasionally a third party such as a school or labor union (average contacts: 0.1). Depending on state law and whether the separating employer is other than a based period employer, the investigation may include interviews with an additional 1.19 separating employers.

All denied claims investigations involve one state investigator and one claimant. Based on FY 2018 BAM paid claims data, each monetary denial investigation involves approximately 1.21 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 2.85 per case.

#### Hours/Case

For paid claims, SWA investigators spend 6.63 hours<sup>4</sup>, 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.

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<sup>2</sup> 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.

<sup>3</sup> BAM operations were suspended due to the COVID-19 pandemic in PY 2020 (July 2019–June 2020). Since there was no significant change in the data from 2019 to 2018, 2018 data was used consistent with the reporting in prior years.

<sup>4</sup> 39.79% of claimant and employer interviews are conducted over the phone, therefore involve investigator time.



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. This results in an average time burden of 8.4 hours per case.

52 respondents \* 907 responses = 47,164 responses \* 8.4 hours = 396,177.6 total burden hours.

The total average burden for a paid or denied case is 396,177.6 hours.

#### Claimants

For both paid and denied claims, it is estimated that it will take one hour to complete the claimant interview for a total annual burden of 47,164 hours..

47,164 respondents \* 1 response = 47,164 total responses \* 1 hour = 47,164 hours

#### Employers and Third Parties

For both paid and denied claims, it is estimated that it will take estimated to be 1.3 hours to provide information on separation/benefit year earnings and work search verification for a total burden amount of 174,742.62 hours.

134,417.4 respondents \* 1 response = 134,417.4 responses \* 1.3 hours = 174,742.62 total burden hours.

**Estimated Annualized Respondent Cost and Hour Burden**

Activity	Respondents	Frequency	Total Annual Responses	Time Per Response	Total Annual Burden (Hours)	Hourly Rate*	Monetized Value Respondent Tir
SUIA Staff	52	907	47,164	8.4	396,177.60	\$53.27	\$21,104,380.71
Claimants	47,164	1	47,164	1	47,164.00	\$7.25	\$341,939.00
Employers + 3rd Parties	134,417.40	1	134,417	1.3	174,742.62	\$30.81	\$5,383,820.12
<i>Unduplicated Totals</i>	<i>181,633</i>	<i>Varies</i>	<i>228,745</i>	<i>Varies</i>	<i>618,084.22</i>	<i>Varies</i>	<i>\$26,830,139.83</i>

\*Source: The hourly rate is computed by dividing the FY 2022 national average PS/PB annual salary for state staff as provided for through the distribution of state UI administrative grants ([https://wdr.doleta.gov/directives/corr\\_doc.cfm?DOCN=6102](https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=6102)) by the average number of hours worked in a year (1,711). For FY 2022, this calculation is: \$91,144 / 1,711= \$53.27.

**13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).**

- **The cost estimate should be split into two components: (a) a total capital and start up cost component (annualized over its expected useful life); and (b) a total operation and maintenance and purchase of service component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.**
- **If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.**
- **Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.**

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 the annualized cost 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), any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 into a single table.**

Federal ADP costs to maintain the National Office computer and database are estimated to be approximately \$143,000 annually.

Federal allocations to the SUIAs 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.**

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.

Due to the impact of the COVID-19 pandemic on state performance and the flexibilities granted to states to address these challenges, data for FYs 2020 and 2021 were incomplete in some states. As a result, the last fiscal year (FY) with complete data was FY 2019, and this data is included in this document.

**16. For collections of information whose results will be published, outline plans for tabulations, 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 2020 at: \_

[https://oui.doleta.gov/unemploy/bam/2020/IPIA\\_2020\\_Benefit\\_Accuracy\\_Measurement\\_Annual\\_Report.pdf](https://oui.doleta.gov/unemploy/bam/2020/IPIA_2020_Benefit_Accuracy_Measurement_Annual_Report.pdf)

Additionally, OUI publishes estimates on a quarterly basis for the prior 12 months on the website: <https://www.dol.gov/agencies/eta/unemployment-insurance-payment-accuracy/data>

**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 certification statement.**

There are no exceptions to the certification statement.