

# WISCONSIN UNEMPLOYMENT INSURANCE

Integrity  Customer Service  Accountability



*2018 Report to the*

## UNEMPLOYMENT INSURANCE ADVISORY COUNCIL

# Celebrating 85 Years of the Wisconsin UIAC





"Ensuring an unemployment system that is strong, secure, and financially sound is central to our core mission here at DWD. The Integrity of our UI system is not only vital to our economy, but for Wisconsin employers and Wisconsin workers, their families, and their communities."

~ Secretary Ray Allen,  
Wisconsin Department of Workforce Development

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Department of Workforce Development

Unemployment Insurance

This report is presented to the Wisconsin Unemployment Insurance Advisory Council pursuant to Wis. Stat. §108.14(19). The report contains information relating to the detection and prosecution of unemployment insurance fraud in the preceding year.

"This past year the Department celebrated the 85th Anniversary of the Unemployment Insurance Advisory Council (UIAC). I want to continue to thank the members of the UIAC who volunteer their time, energy, and expertise to help keep our UI system one of the best in the nation."

~ Ray Allen, DWD Secretary





March 15, 2018

Dear Members of the Unemployment Insurance Advisory Council:

Thank you for your continued service to Governor Walker and to the people of Wisconsin. The Department of Workforce Development (DWD) is pleased to present the following report on the state of Wisconsin's Unemployment Insurance (UI) program integrity efforts and the state of the UI Trust Fund.

We are proud to report that the UI program and the UI Trust Fund are both healthy and strong.

Our low unemployment rate and the number of individuals employed reached historic levels in 2017, and our labor force participation rate has consistently ranked in or near the top five amongst states nationally.

Once again in 2017, both the amount and rate of fraud against the UI program continued to decline significantly and the Trust Fund continued to grow, ending the year with a balance of nearly \$1.5 billion -- a \$313 million increase from the previous year. Total UI benefit payments declined by 11 percent from 2016 to 2017. In comparison, the percentage of total benefits paid that were obtained fraudulently declined by 42 percent -- more than triple the rate of decline in total UI benefit payments.

DWD continues to implement anti-fraud initiatives that ensure a solvent and reliable UI program both for the employers who fund the system and for workers who lose their jobs through no fault of their own.

The Department continues to make great advancements in customer service and efficient service delivery through modernization of online filing systems. Customers now have the ease and convenience of using smartphones, tablets, or computers to file claims quickly, securely, and at the time of their choosing. Weekly claims can now be filed online in Spanish. Currently, approximately 98 percent of unemployment claims are filed online. We continue to operate a Help Center which provides assistance to citizens from throughout the state.

Contained in this report you will find these and other statistical details, along with a summary of the tools we use to prevent, detect, deter, and prosecute UI fraud.

The program and Trust Fund are strong thanks to your work, the leadership of the Governor and Legislature, and the hard-working staff in our UI Division. On the front cover and pictured throughout this report are members of the UI staff who work every day to provide excellent customer service and to protect and defend the integrity of the UI program and Trust Fund.

Integrity, customer service, and accountability – this is what our Department strives to provide to our citizens. We will continue to build upon the successes of the past and look forward to working with you and the members of the Legislature to continue to evaluate programs and policies to ensure Wisconsin's UI program retains its reputation as one of the strongest and most secure in the nation.

Sincerely,



Ray Allen, Secretary  
Department of Workforce Development



Joe Handrick, Administrator  
Unemployment Insurance Division

"Once again in 2017, both the amount and rate of fraud against the UI program continued to decline significantly and the Trust Fund continued to grow, ending the year with a balance of nearly \$1.5 billion."

~ Ray Allen, DWD Secretary

## Fraud Overpayments

Under Governor Walker's leadership, DWD remains committed to ensuring the integrity of the UI program. Our continued focus on combatting fraud is working.

Fraud against the Wisconsin UI program is down — both in terms of actual dollars and in terms of a percentage of total unemployment claims. In 2017, while total benefit payments declined by 11 percent, UI fraud overpayments declined by 42 percent.

While these reductions can be partially attributed to a decline in total paid benefits due to the strong Wisconsin economy, they are also solid evidence that the Department's program integrity efforts are working for Wisconsin.

### DECLINE IN FRAUD OVERPAYMENTS OUTPACING THE OVERALL DECLINE IN UI BENEFIT PAYMENTS

	2016 Amount	2017 Amount	Dollar Reduction	Percent Reduction
Total UI Payments	\$511,891,628	\$453,715,534	\$-58,176,094	-11%
+ <b>Fraud Overpayment<sup>1</sup></b>	\$8,655,187	\$5,016,369	\$-3,638,818	-42%
As Percent of Total Payments	1.7%	1.1%		
+ <b>Non-Fraud Overpayment<sup>1</sup></b>	\$8,902,765	\$8,922,443	\$19,678	0.2%
As Percent of Total Payments	1.7%	2.0%		
= <b>OVERPAYMENT TOTALS</b>	<b>\$17,557,952</b>	<b>\$13,938,812</b>	<b>\$-3,619,140</b>	<b>-21%</b>

	2016 Number of Cases	2017 Number of Cases	Case Reduction	Percent Reduction
+ <b>Fraud Cases</b>	8,438	5,132	3,306	-39%
+ <b>Non-Fraud Cases</b>	59,362	48,484	10,878	-18%
= <b>CASE TOTALS</b>	<b>67,800</b>	<b>53,616</b>	<b>14,184</b>	<b>-21%</b>

<sup>1</sup>Overpayment figures reflect the amounts detected in the stated calendar year. A portion of those overpayments were disbursed in prior calendar years.

In 2017, while total benefits declined by 11 percent, UI fraud overpayments declined by 42 percent



## Non-Fraudulent Overpayments

The national UI system as established by Congress is complex. In Wisconsin, the Department goes to great lengths to help customers successfully navigate that system. DWD operates a Help Center that provides telephone assistance for people from around the state, and provides easy-to-use Internet platforms that can be accessed by nearly every type of electronic device.

Despite these efforts, sometimes customers do make unintentional errors. These instances are tracked separately from intentional fraud and are referred to as "non-fraudulent overpayments." As is the case with intentional fraud, the Department's systems seek to prevent and detect these errors and collect these overpayments for deposit into the Trust Fund.

### *Work Search Audits*

As shown on the previous page, non-fraudulent overpayments increased slightly year-over-year. This can partly be attributed to the Department's expanded effort to audit weekly work searches – an effort that was requested by the Legislature.

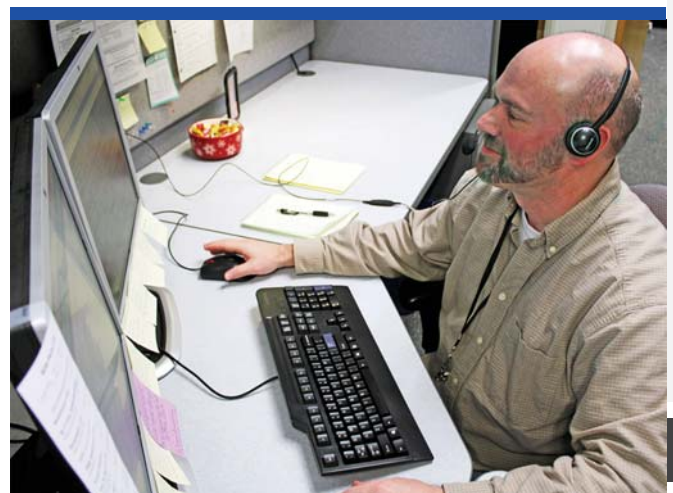
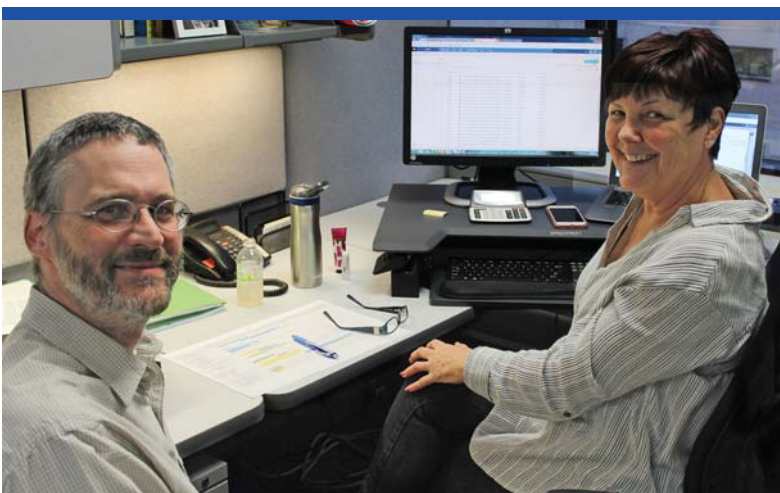
In response to that request, the Department established a robust auditing program. UI claimants who are required to search for work must submit their work search record each week a claim is filed. These records are subject to random audits for program integrity purposes. These audits uncover mistakes made by claimants, instances of intentional fraud, and provide an incentive for compliance.

In 2017 the Department conducted 33,589 work search audits -- over double the number performed in 2016. Those audits resulted in 7,452 decisions that work search requirements were not met.

### *Online Filing*

The online claim filing systems were enhanced to increase efficiency, clarity, and ease of understanding, which in turn helps claimants file accurate claims. The UI Division retired its antiquated telephone filing system near the end of 2017 and modernized its online system to include the ability to file weekly claims in Spanish. Advantages to online filing include:

- ▶ The ability to enter work search information online;
- ▶ A mobile-friendly application, allowing claimants to file their claim using any smartphone, tablet, or computer;
- ▶ A convenient employer search tool to add important employer information to a claim;
- ▶ The ability for claimants to save their claim and return later that same day to complete the claim; and
- ▶ Clarifying help text to support greater self-service and accurate claim filing.



## Protecting Workers, Protecting Employers

Worker misclassification contributes to waste and fraud in the UI program through the loss of UI tax revenue from employers who misclassify workers, and the creation of an unfair business climate that places businesses that follow the law at a competitive disadvantage.

In 2017, Wisconsin UI auditors identified 6,230 misclassified workers and \$1,398,132 was generated in UI taxes, interest, and penalties due to the Department's efforts to detect worker misclassification. These continued actions include a robust program of worksite misclassification investigations combined with efforts to educate employers and workers through direct and paid media outreach.



### *Worker Classification Education*

Wisconsin's worker classification website provides employers with a clear and understandable process to assist them in determining whether their workers are employees or independent contractors. The website also provides a mechanism to report suspected worker misclassification.

In 2017, the Department produced three radio public service announcements (PSAs), in both English and Spanish. Two of the PSAs targeted worker misclassification in general and the third focused on employer responsibility to properly classify workers. They were broadcast 11,000 times on 190 Wisconsin radio stations during the fall of 2017 and will be repeated during the spring of 2018.

**Wisconsin's Worker Classification website continues to be the most comprehensive website in the nation that educates employers on proper classification of workers as either employees or independent contractors**

### *Worker Classification Investigations*

Worksite investigations are conducted by experienced Department investigators, many of whom have law enforcement backgrounds in white collar and economic crime investigations.

The Department has committed to conducting a total of 500 worker classification field investigations in 2018. In addition, investigative team members will continue to present at construction industry events, labor union meetings and other public forums on worker misclassification, and will hold meetings with individual contractors that have large numbers of misclassified workers.

### *Worker Misclassification Penalties*

New penalties for intentional worker misclassification went into effect in October 2016 for construction employers. While these new penalties provide the Department with an additional tool to protect workers and employers, the expectation is that these penalties will provide a deterrent to businesses who choose to misclassify workers.

**"Fraud against the system takes many forms. Intentional misclassification is fraud. The Council has made progress in addressing this issue and will continue working to protect the integrity of the UI system against all types of fraud."**

~ Mark Reihl, Unemployment Insurance Advisory Council Member



**"Well trained, dedicated staff utilizing the best technology – they are our best tool to prevent and detect fraud. Our staff are on the front lines, and they do a great job."**

~ Joe Handrick, UI Administrator



## Prevention Tools

### *Data Analytics*

The Wisconsin UI program has instituted cutting-edge data analytics aimed at protecting the UI Trust Fund through prevention of fraud. Identity theft is an ongoing concern in both the public and private sectors and poses a threat to the integrity of Wisconsin's UI program. Our staff are trained and we are modernizing our systems to detect this ever-changing threat.

The Department's current process proactively identifies suspected fraudulent claims, allowing time to stop those claims, investigate them, and prevent improper payments.

### *Education*

Education is a key component to any prevention and deterrence effort. The Department has improved notices regarding the potential legal and financial consequences of committing fraud, such as:

- ▶ Before logging into online benefit services, claimants must acknowledge they are aware committing UI fraud is illegal and they are aware of the penalties for doing so;
- ▶ Claimants who previously committed UI fraud receive a special message upon logging in reminding them of their prior act and the potential for increased penalties; and
- ▶ In the online initial and weekly claim applications, claimants must acknowledge more than once that the information they are providing is true. The goal is to help claimants avoid making mistakes.

A claimant handbook with detailed instructions on the claim filing process is available. This handbook is posted at [dwd.wisconsin.gov/uiben/handbook](http://dwd.wisconsin.gov/uiben/handbook).

The Department offers written educational guidance for employers on how to protect themselves and the Trust Fund, including the pamphlet *How to Protect Your Business from Higher Taxes*. This guidance is posted at [dwd.wisconsin.gov/dwd/publications/ui/uct\\_17287\\_p.pdf](http://dwd.wisconsin.gov/dwd/publications/ui/uct_17287_p.pdf).

Additional resources available to both employees and employers include:

- ▶ UI Internet resources for both employers and employees, such as methods for reporting UI fraud and "Frequently Asked Questions about UI Benefit Fraud"; and
- ▶ An employer handbook containing information on how to properly classify a worker.

### *Additional Prevention Approaches*

Other fraud prevention tools include:

- ▶ Benefit Payment Notices informing employers of UI benefit charges to their account;
- ▶ Non-citizen work authorization verification with United States Citizenship and Immigration Services (USCIS) when the claimant is not a U.S. citizen;
- ▶ Scanning employer tax and benefit charge information to identify potential fictitious employers; and
- ▶ New web resources on the UI Internet site detailing UI scams.

## Detection Tools

The Department has a wide range of systems and methods to detect and recover fraudulently obtained UI benefits.

### *Dedicated UI Workers*

Staff vigilance is one of DWD's best tools for detection. In 2017, the UI Division created an Integrity and Quality (IQ) unit which, in addition to providing training for the entire Benefit Operations Bureau, also investigates the most complex and organized efforts to scam the system. Members of this unit also prepare and recommend cases for prosecution referral.

### *Post Verification of Wages*

The Department sends wage verification notices to employers when claimants, who had been reporting wages weekly, stop reporting wages in a week. This allows employers the opportunity to timely report any issues. **The Department detected an estimated \$192,267 in fraudulent UI claims in 2017 using this tool.**

### *Cross-Matches*

The Department utilizes numerous cross-matches that assist in detecting UI fraud.

**Quarterly Wage Cross-Match** – This cross-match compares benefit payment records with wage records submitted by employers covered under Wisconsin's UI program. Employers are required by law to submit these records to the Department quarterly.

**Inmate Cross-Match** - The Department uses two inmate cross-matches that maintain databases of incarceration records for all of Wisconsin's county jails, prisons, and for incarcerating facilities nationwide.

**Interstate Wage Record Cross-Match** – The Interstate Wage Cross-Match utilizes a quarterly cross-match of benefit payment records with wage records submitted by interstate employers.

**Wisconsin and National New Hire Cross-Match** - Employers are required to report basic information about employees who are newly hired, rehired, or return to work after a separation from employment. Department staff cross-match UI payment records with new hire information. Wisconsin cross-matches quarterly federal wage data from the National Directory of New Hires reports for claimants who are former federal government employees.

**Vital Statistics (Death Records) Cross-Match** - The Wisconsin Department of Health Services provides a record of deaths in Wisconsin that is cross-matched with UI data to determine whether UI claims continue to be filed after a claimant is deceased.



Photo: The Department opens a new facility in Eau Claire. Staff at this location and at centers in Madison, Menomonee Falls, and Appleton work to prevent and detect fraud.



## Other Detection Approaches

**Additional detection approaches utilized to preserve and protect the integrity of the UI Trust Fund include:**

- ▶ Audits of employers - resulting in assessments totaling \$1.4 million in 2017;
- ▶ Employer complaints and tips from the public concerning suspected fraudulent claims;
- ▶ Using 1099 information from the Internal Revenue Service (IRS) to investigate employers who may be misclassifying employees as independent contractors;
- ▶ Contacts from local, state, and federal law enforcement officers regarding suspicious activities;
- ▶ Sophisticated fraud monitoring tools employed by U.S. Bank, which allow the Department to monitor, predict, and respond quickly to suspected fraudulent activity; and
- ▶ Meetings with several other state agencies on a quarterly basis to discuss fraud trends and cases of mutual interest. The agencies share fraud tips to ensure fraud occurring across agencies is thoroughly investigated and stopped.

## Deterrence Tools

Since 2011, the Governor, Legislature, and the Council have enacted several reforms designed to deter tax and benefit fraud against the UI system. Recently the state took additional steps to protect the Trust Fund.

**Levy Non-Compliance Penalty** - A law change included in the agreed-upon bill increased the penalty for third parties who refuse to comply with a Department levy from 25% to 50% of the amount of debt owed. The penalties collected will be deposited into the UI Program Integrity Fund.

**Ineligibility for Concealment of Holiday, Vacation, Termination, or Sick Pay** - A law change that was included in the UIAC agreed-upon bill provides that the concealment of vacation, holiday, dismissal/termination and sick pay are treated consistently with the concealment of work and wages. The amended statute provides that concealment of holiday pay, vacation pay, sick pay or termination pay on a weekly benefit claim results in total ineligibility for the week for which the claimant concealed the pay.

**Enhanced UI Fraud Penalties** – As of this report’s publication, additional reforms are under consideration by the Legislature to increase the criminal penalties for unemployment benefit fraud based on the amount of benefits that the person wrongfully obtains. Senate Bill 542 and Assembly Bill 710, authored by Senator Chris Kapenga and Representative Samantha Kerkman, seek to remedy the inconsistency between the penalties for UI fraud and other types of theft.

**"Protecting our Trust Fund from those who would commit fraud against it is one of the best ways we can protect the Trust Fund for those who need it."**

~ Scott Manley, Unemployment Insurance Advisory Council Member



Photo: Council members John Mielke and Mark Reihl join UI Administrator Joe Handrick and UIAC Chair Janell Knutson at an Assembly hearing in support of the labor-management agreed-upon Council bill.

## Collection Tools

Wisconsin is very successful at recovering overpayments when they do occur. According to an internal UI longitudinal state study over a ten-year period, 82.5 percent of fraud and 80 percent of non-fraud overpayments are collected.

In 2017, the Department recovered \$24 million in overpayments, including almost \$5.4 million in debts older than 5 years. This was achieved by utilizing the various mechanisms outlined below.



**Tax Refund Intercept** - The Department is able to intercept employer and claimant state and federal tax refunds. The Department participates in the Treasury Offset Program (TOP) to intercept federal tax refunds. By utilizing the tools available through TOP, the Department recovered \$4 million in fraud overpayments and almost \$1 million in non-fraud overpayments, penalties, and collections costs. In February 2017, the Department started to recover delinquent tax contributions, interest, and penalties through TOP. In 2017, receipts related to employer TOP totaled \$630,000. In addition, rather than have their tax refund intercepted, employers paid \$400,000 upon receipt of the Notice of Intent to Certify debt to IRS, for a total collection attributable to employer TOP of over \$1 million.

**Benefit Offset** - Benefits are withheld from a claimant as an offset for an overpayment. The claimant does not receive the full UI benefit payment amount until the overpayment has been repaid.

**Out of State Offset** - Wisconsin UI can have another state withhold unemployment benefits to a claimant in that state to repay a Wisconsin overpayment.

**Bankruptcy** - Fraud debts are not dischargeable in bankruptcy. Department attorneys file adversary petitions to dispute discharge of the debt. A claim is also filed against the assets of the debtor.

**Warrants** - A lien is placed on the debtor's personal property to secure repayment of a delinquent debt.

**Levy Against Wages and Bank Accounts** - A levy is issued against wages, bank accounts, or any property belonging to the debtor.

**Financial Record Matching Program** - A financial record matching program is used by UI debt collectors to identify the bank accounts of delinquent Unemployment Insurance debtors.

**Secured Liens for Benefit Overpayments** - The 2017 UIAC agreed-upon bill included a change that gives the Department enhanced ability to recover unemployment-related debts. The amended lien provision in state law provides consistency for claimant and employer debts. In addition, an amended provision is intended to assist in collecting fraud and non-fraud overpayments in bankruptcy court.

**DWD recovered \$24 million in UI overpayments in 2017, returning the funds to the UI Trust Fund**

"The UI system is intended to help Wisconsin workers who have lost their jobs through no fault of their own. We have and will continue to seek prosecution for those who intentionally attempt to steal from the system."

~ Chris Hagerup, DWD Deputy Secretary



## Prosecution

### *Criminal Referrals for UI Fraud*

The Department pursues criminal prosecution in cases of egregious fraudulent activity, and works cooperatively with district attorneys, the Wisconsin Department of Justice (DOJ), and federal prosecutors.

In 2017, 159 cases (with a total dollar amount of almost \$1.8 million) were referred for potential state criminal prosecution, a 152 percent increase over 2016. This reflects improvements to processes resulting in the Department pursuing criminal charges more frequently against those who flagrantly defraud the system. The prosecution of UI fraud serves as an important deterrent against future fraudulent activity.

Professional Department staff investigate complex fraud cases. Many of these professionals have past experience in law enforcement.

All criminal investigations completed by benefit fraud investigators are referred to our Bureau of Legal Affairs (BOLA) for review by legal and investigative staff to ensure the investigations meet Department standards for prosecution.

After review, BOLA staff refers the cases to either a county district attorney or the DOJ. BOLA acts as the liaison between the Department and the prosecuting agency as the case moves through the criminal justice system. BOLA staff serve as advocates at sentencing for the Department and for the claimants and employers who properly utilize the UI program.

The UI Division continues to partner with the Worker's Compensation Division to jointly fund a full-time assistant attorney general (AAG) position in the Department of Justice. The AAG prosecutes Unemployment Insurance fraud primarily in Milwaukee County and Worker's Compensation fraud statewide. The AAG also provides advice and guidance to local prosecutors on UI fraud cases.

In addition, the Department works with the U.S. Department of Labor, Office of Inspector General on complex fraud cases.

# UNEMPLOYMENT INSURANCE

# FRAUD IS A CRIME

To report unemployment fraud, please contact our Fraud Hotline at 1-800-909-9472.



## UI program achieves 98% Job Center registration compliance

### Moving from Government Dependence to True Independence

Unemployment Insurance is a valuable economic stabilizer for families and communities. It provides short-term assistance to unemployed workers who qualify for the program while they transition to new employment.

The Department’s goal is to ensure individuals receive the assistance they need in the short-term while helping them find new employment for their long-term security.

Under Wisconsin law, UI recipients must register with Job Center of Wisconsin (JCW) and actively seek employment, unless an individual is granted a work search waiver. In 2017, 98 percent of the 87,055 claimants who were required to register with JCW satisfied this requirement.

Once registered with JCW, claimants who are determined to potentially benefit from re-employment assistance are provided a re-employment curriculum tailored to their unique job seeking needs. These services are delivered through a combination of online training modules and in-person counseling at one of 54 local Job Centers in Wisconsin.



Photo: Secretary Ray Allen meets with UI staff to thank them for their contributions to great customer service and program integrity.

### Trust Fund Balance

## Wisconsin UI Trust Fund balance in excellent shape

The Unemployment Insurance Trust Fund balance on December 31, 2017 was nearly \$1.5 billion, an increase of 27 percent when compared to the December 31, 2016 balance of nearly \$1.2 billion. The Department's integrity efforts directly contribute to a healthy Trust Fund.

	<b>2017</b> <i>(in millions)</i>	<b>2016</b> <i>(in millions)</i>	<b>Change</b> <i>(in millions)</i>	<b>% Change</b>
Year Ended December 31				
<b>UI Trust Fund Balance</b>	\$1,471.8	\$1,159.2	\$312.6	27.0%

*(See Addendum C for a 5-year Trust Fund history)*

# Addendum A – Overpayment Data

## HISTORICAL DATA ON BENEFIT PAYMENTS

Combined State & Federal	2017	2016	2015	2014	2013
Total Federal & State UI Paid	\$453,715,534	\$511,891,628	\$605,481,027	\$732,327,104	\$1,270,761,600
+ <b>Fraud Overpayment<sup>1</sup></b>	\$5,016,369	\$8,655,187	\$13,384,998	\$20,455,759	\$24,796,194
Number of Cases	5,132	8,438	9,793	13,034	14,682
Avg. Overpayment	\$977	\$1,026	\$1,367	\$1,569	\$1,689
+ <b>Non-Fraud Overpayment<sup>1</sup></b>	\$8,922,443	\$8,902,765	\$11,878,072	\$16,891,299	\$26,347,894
Number of Cases	48,484	59,362	78,851	105,758	153,072
Avg. Overpayment	\$184	\$150	\$151	\$160	\$172
= <b>OVERPAYMENT TOTALS</b>	\$13,938,812	\$17,557,952	\$25,263,070	\$37,347,058	\$51,144,088
NUMBER OF CASES TOTAL	53,616	67,800	88,644	118,792	167,754
Avg. Overpayment	\$260	\$259	\$285	\$314	\$305

<sup>1</sup>Overpayment figures reflect the amounts detected in the stated calendar year. A portion of those overpayments would have been disbursed in prior calendar years.

## FRAUD OVERPAYMENT DETECTION AMOUNTS AND DECISIONS BY SOURCE FOR 2016-2017

Detection Method	2017		2016	
	Amount	Decisions	Amount	Decisions
Wage Record Cross-Match	\$1,621,722	1,265	\$3,176,729	2,429
Agency Detection - Not Covered by Other Codes	\$1,331,325	1,140	\$2,470,748	1,794
State New Hire Cross-Match	\$502,833	965	\$741,198	1,384
Liable Employer Protests Benefit Charges	\$434,745	525	\$880,186	1,108
Tips and Leads from Other than Liable Employer	\$250,602	197	\$417,061	380
Audit of Work Search	\$210,709	184	\$41,981	58
Post Verification - No Wages Reported	\$192,267	434	\$290,483	690
Post Verification of Wages	\$161,322	134	\$201,869	203
Claimant Initiated	\$123,782	70	\$135,364	116
National New Hire Cross-Match	\$62,124	65	\$77,433	67
Appriss Inmate Cross-Match	\$41,875	98	\$58,585	119
Interstate Cross-Match	\$28,081	14	\$90,384	24
Quality Control	\$22,212	16	\$40,953	32
Fictitious Employer Cases	\$18,999	2	\$0	0
Inmate Cross-Match	\$9,078	19	\$16,251	26
Field Audit Discoveries	\$3,783	1	\$11,225	5
Reversals	\$573	2	\$0	0
State Payroll Cross-Match	\$337	1	\$4,556	2
Federal Wage Cross-Match	\$0	0	\$181	1
<b>Total</b>	<b>\$5,016,369</b>	<b>5,132</b>	<b>\$8,655,187</b>	<b>8,438</b>

## Addendum A continued - Overpayment Data

### NON-FRAUD OVERPAYMENT DETECTION AMOUNTS AND DECISIONS BY SOURCE FOR 2016-2017

Detection Method	2017		2016	
	Amount	Decisions	Amount	Decisions
Audit of Work Search	\$3,099,373	6,137	\$1,426,286	2,860
Post Verification of Wages	\$1,404,792	31,494	\$2,075,314	41,674
Liabe Employer Protests Benefit Charges	\$1,091,571	2,724	\$1,314,236	3,412
Agency Detection - Not Covered by Other Codes	\$1,064,338	1,844	\$1,299,539	2,143
Claimant Initiated	\$826,493	3,054	\$1,157,629	5,397
Reversals	\$502,009	278	\$462,137	326
Tips and Leads from Other than Liabe Employer	\$258,182	690	\$290,773	655
Wage Record Cross-Match	\$245,547	579	\$371,627	791
State New Hire Cross-Match	\$199,917	807	\$223,271	905
Post Verification - No Wages Reported	\$114,559	602	\$181,730	975
Quality Control	\$58,172	108	\$47,598	87
Appriss Inmate Cross-Match	\$39,670	123	\$26,486	89
National New Hire Cross-Match	\$6,848	24	\$17,248	34
Inmate Cross-Match	\$5,262	15	\$6,417	9
Field Audit Discoveries	\$4,440	1	\$40	1
Interstate Cross-Match	\$1,270	4	\$2,064	3
<b>Total</b>	<b>\$8,922,443</b>	<b>48,484</b>	<b>\$8,902,765</b>	<b>59,362</b>

## Addendum B – Collection Data

### OVERPAYMENT RECOVERIES IN 2017 BY YEAR OF THE DECISION.

Year Identified	Fraud	Non-fraud	Total
2017	\$645,459	\$5,164,260	\$5,809,719
2016	\$3,155,810	\$1,535,184	\$4,690,994
2015	\$1,962,622	\$487,042	\$2,449,664
2014	\$1,604,177	\$447,417	\$2,051,594
2013	\$1,507,849	\$460,896	\$1,968,745
2012	\$1,622,231	\$509,505	\$2,131,736
Greater than 5 years old	\$3,754,721	\$1,622,334	\$5,377,055
<b>Total collected in 2017</b>	<b>\$14,252,869</b>	<b>\$10,226,638</b>	<b>\$24,479,507</b>



## Addendum B continued – Collection Data

### BENEFIT OVERPAYMENT RECOVERIES

Federal Tax Offset Program Recoveries	2017	2016	2015	2014	2013
Fraud	\$4,046,395	\$5,713,579	\$7,495,899	\$8,206,781	\$10,082,628
Non-Fraud	\$293,010	\$591,933	\$867,815	\$1,030,964	\$1,563,841
Other*	\$677,632	\$549,526	\$692,655	\$409,503	\$58,615
<b>Total</b>	<b>\$5,017,037</b>	<b>\$6,855,038</b>	<b>\$9,056,369</b>	<b>\$9,647,248</b>	<b>\$11,705,084</b>

State Tax Offset Program Recoveries	2017	2016	2015	2014	2013
Fraud	\$939,187	\$1,323,466	\$1,516,003	\$2,219,663	\$2,724,160
Non-Fraud	\$907,126	\$1,276,997	\$1,655,580	\$2,555,895	\$3,084,434
Other*	\$376,553	\$390,332	\$358,514	\$255,895	\$52,307
<b>Total</b>	<b>\$2,222,866</b>	<b>\$2,990,795</b>	<b>\$3,530,097</b>	<b>\$5,031,453</b>	<b>\$5,860,901</b>

Intercept of Unemployment Benefits	2017	2016	2015	2014	2013
Fraud	\$477,693	\$619,255	\$782,127	\$1,325,031	\$2,698,731
Non-Fraud	\$4,360,089	\$4,551,321	\$5,481,994	\$7,448,546	\$12,578,420
Other*	\$9,080	\$10,482	\$16,066	\$12,076	\$13,991
<b>Total</b>	<b>\$4,846,862</b>	<b>\$5,181,058</b>	<b>\$6,280,187</b>	<b>\$8,785,653</b>	<b>\$15,291,142</b>

Checks, EFT Payments, & Recoupments from Other States	2017	2016	2015	2014	2013
Fraud	\$8,789,594	\$10,401,445	\$10,925,165	\$10,022,181	\$8,485,031
Non-Fraud	\$4,666,413	\$5,461,918	\$6,782,314	\$7,650,981	\$7,885,360
Other*	\$1,749,807	\$2,000,422	\$1,726,034	\$1,521,323	\$534,634
<b>Total</b>	<b>\$15,205,814</b>	<b>\$17,863,785</b>	<b>\$19,433,513</b>	<b>\$19,194,485</b>	<b>\$16,905,025</b>

\*Other includes items such as penalties and collection costs

# Addendum B continued – Collection Data

## FORFEITURE, BENEFIT REDUCTIONS, AND OVERPAYMENT PENALTIES 2013-2017

Other Fraud-Related Activity	2017	2016	2015	2014	2013
Forfeitures Assessed	\$114,996	\$295,848	\$716,823	\$2,073,555	\$11,949,972
Benefit Amount Reduction	\$13,912,308	\$22,480,473	\$30,152,510	\$43,264,146	\$32,690,125
Penalties Assessed	\$1,961,063	\$3,368,650	\$2,532,081	\$2,823,964	\$2,202,840

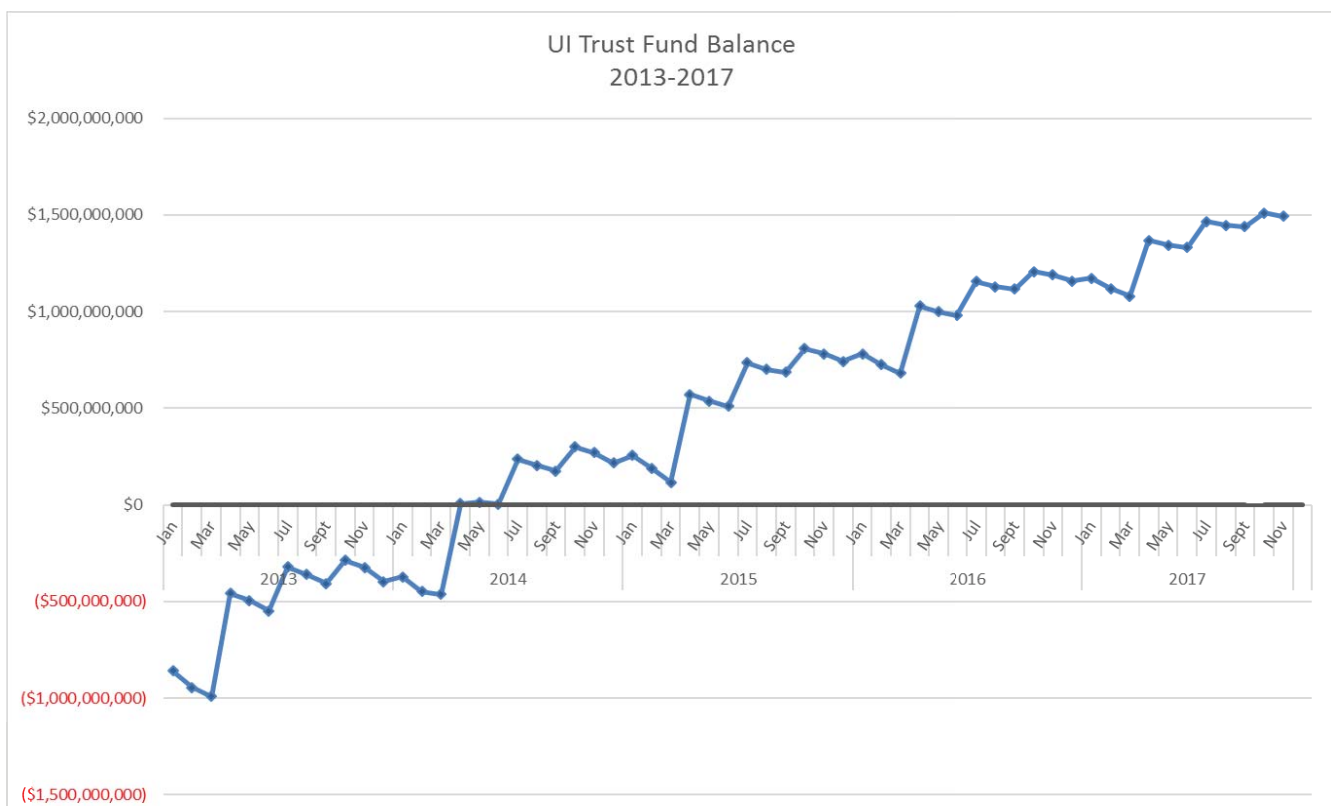
Recovered for All Years Assessed	2017	2016	2015	2014	2013
Forfeitures Collected	\$531,459	\$1,109,493	\$1,748,211	\$3,309,935	\$8,595,250
BAR Satisfied	\$4,405,349	\$5,292,259	\$5,050,371	\$5,133,741	\$3,102,731
Penalties Collected	\$2,313,408	\$2,362,788	\$2,133,735	\$1,774,331	\$327,106

Overpayments Collected	2017	2016	2015	2014	2013
Fraud	\$14,252,869	\$18,057,745	\$20,719,194	\$21,773,656	\$23,990,550
Non-Fraud	\$10,226,638	\$11,882,169	\$14,787,703	\$18,686,386	\$25,112,055
Total	\$24,479,507	\$29,939,914	\$35,506,897	\$40,460,042	\$49,102,605

# Addendum C - Trust Fund History

## Unemployment Insurance Trust Fund Balance 2013-2017



## NOTES



## NOTES





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