



NASWA Winter Policy Forum

Unemployment Insurance Budget and
Integrity Issues Update

February 28, 2006



Highlights

FY 2007 UI Budget Request

- Based on 2.963 million AWIU.
- Increase over FY 2006 appropriation by about \$142 million due to:
 - \$14 million increase – growth in subject employers & tax.
 - \$87 million increase – growth in claims workload.
 - \$40 million increase – REAs (\$30m) & Identity Theft (\$10m).
 - \$0.6 million increase (National Activities) – ICON, Federal and State Sun Systems, ITSC.

FY 2007 UI Budget Request

	FY 2006 Appropriation (2.800 AWIU & AWIU Contingency)	FY 2007 President's Budget (2.963 AWIU)	Change: FY 2007 versus '06 Appropriation
State Admin.	\$2,497,770,000	\$2,599,675,000	+101,905,000
REAs & Identity Theft	0	40,000,000	+40,000,000
National Activities	9,900,000	10,500,000	+600,000
Total	2,507,670,000	2,650,175,000	+142,505,000



FY 2007 Integrity-Targeted Funding Requests

- \$30 million – Expand REAS to 20 more states.
- \$10 million - Identity theft related to UI benefit claims:
 - 160 staff positions nationwide.
 - Examine discrepancies in claimants' personal identifiers before first payment made.
 - Additional related integrity reviews.



Legislative Proposal Integrity Provisions

- States permitted to use up to 5% of all recovered UC overpayments for activities that deter, detect, and recover benefit overpayments.
 - Must deposit funds in special state fund.
 - Expenditures limited to BPC purposes.



Legislative Proposal Integrity Provisions

- States permitted to use up to 5% of SUTA dumping tax collections for tax integrity activities.
 - Must deposit funds in a special state fund.
 - Expenditures only for deterring employer fraud or tax evasion.



Legislative Proposal

UI Integrity Provisions

- Debt collection agency allowed to retain up to 25% of amount collected on fraudulent overpayments or delinquent taxes.
 - Includes protections to avoid abuse by debt collection agencies.



Legislative Proposal Integrity Provisions

- States required to assess a minimum 15% penalty on overpayments due to claimant fraud.
 - Must deposit funds in a special state fund.
 - Expenditures limited to deterring, detecting, and collecting overpayments.



Legislative Proposal Integrity Provisions

- States required to charge employers when overpayments are their fault.
- States allowed to intercept Federal income tax refunds for recovery of UC overpayments and for collection of unpaid state UC taxes.
- Employers required to report “start dates” for new hires to NDNH.



Legislative Proposal Reemployment Provision

- Encourages state innovation - demonstration projects promoting early reemployment.
- Secretary of Labor permitted to waive certain Federal requirements, such as:
 - Immediate deposit provision
 - Limited withdrawal provision
 - Experience rating provisions



Legislative Proposal Reemployment Provision

- State applications for waivers must show that the demonstration projects:
 - Are cost neutral
 - Promote early reemployment
 - Are time limited
 - Will be evaluated.



Major Initiatives Update

- Progress of states in implementing:
 - SUTA dumping detection system
 - National Directory of New Hires

