NEWS RELEASE
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Audit Bureau Reviews Overpayment of Unemployment Insurance Benefits

MADISON – Today, the nonpartisan Legislative Audit Bureau (LAB) released its review of the overpayment of certain Unemployment Insurance (UI) program benefits (report 20-5). The Department of Workforce Development (DWD) reported that it overpaid UI benefits in late-April 2020.

In addition to the reported overpayments on April 29, LAB's review indicated DWD likely overpaid program benefits on April 28. Over the two-day period, DWD may have overpaid an estimated $21.2 million in program benefits. Although DWD recovered $19.6 million in duplicate payments made on April 29, LAB reports that DWD has not attempted to recover all overpayments it likely made on April 28 and 29. Actions taken by DWD on April 30 may have also resulted in DWD overpaying and underpaying unknown numbers of individuals. LAB recommends DWD pay individuals the program benefits they were entitled to receive, as well as recover any overpayments made on April 28 and 29 that DWD has not yet attempted to recover.

"The actual payment processing should be the least difficult part of getting claimants their benefits," said Representative Samantha Kerkman (R-Salem Lakes). "It is alarming to find that there were either no process controls to ensure that payments do not process twice or that they were ignored. I appreciate the Audit Bureau's quick response to examine this issue so that DWD would be prompted to examine their process and take corrective action. I sincerely hope that work by the DWD is ongoing because nothing short of a stack of faulty processes or outright mismanagement could have resulted in this heartbreaking backlog. Thousands of Wisconsin workers have been waiting over two months for DWD to do its job and process their unemployment claims."

DWD developed new written policies after it discovered the error that caused the overpayments. Although these policies require DWD to verify the accuracy of payment files, LAB found that these policies do not require DWD to ensure a payment file includes all benefit payments that should be made on a given day. LAB includes recommendations for DWD to improve the accuracy of benefit payments and report to the Joint Legislative Audit Committee by August 14 on its progress.

"This audit effort is just a part of the LAB's ongoing review of several aspects of the UI program. I appreciate DWD's willingness to implement findings from this audit to improve its payment process and revise policies to avoid future overpayment instances. However, there are still many outstanding concerns related to UI program, such as the timeliness of the adjudication process, benefit payment delays, and difficulties accessing the phone system, which will overshadow improvements made here. Though, this audit can serve as a first step, to begin addressing the ongoing challenges that have plagued DWD's UI program over the past months," said Senator Robert Cowles (R-Green Bay).

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Provisions of 2019 Wisconsin Act 185, which was enacted in April 2020, require LAB to use risk-based criteria to review selected programs affected by Act 185 and selected expenditures made with funds authorized by Act 185. Report 20-5 is the first such review performed by LAB under Act 185. LAB's review of other aspects of DWD's management of the UI program is ongoing.

Copies of LAB's report (report 20-5) may be obtained from its website at www.legis.wisconsin.gov/lab or by calling (608) 266-2818. Report concerns related to state government activities to LAB by calling the toll-free hotline at 1-877-FRAUD-17.

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