



Overpayment of Certain Unemployment Insurance Program Benefits

Department of Workforce Development

Background

Under provisions of 2019 Wisconsin Act 185, we have completed a limited-scope review of the Department of Workforce Development's (DWD's) reported overpayment of certain Unemployment Insurance (UI) program benefits in late-April 2020.

DWD publicly reported that a malfunction in its information technology systems resulted in it overpaying program benefits on April 29. To equip DWD to begin implementation of our recommendations, we completed our review as quickly as possible and before we could attempt to independently confirm certain information about the reported overpayments.

Key Findings

- In addition to the reported overpayments on April 29, our review of available information indicates DWD likely overpaid program benefits on April 28. This information indicates that DWD may have overpaid an estimated \$21.2 million in program benefits over this two-day period. However, DWD may have overpaid additional amounts.
- To date, DWD has appropriately focused on paying program benefits to unemployed individuals and has not attempted to recover all overpayments it likely made on April 28 and April 29. DWD provided us information indicating that it recovered \$19.6 million in duplicate payments it made on April 29. Actions taken by DWD on April 30 may have also resulted in DWD overpaying and underpaying unknown numbers of individuals.
- After DWD discovered the error that caused the overpayments in late-April, it developed new written policies. Although these policies require DWD to verify the accuracy of payment files, we found that they do not require it to ensure a payment file includes all benefit payments that should be made on a given day.

Recommendations

We recommend DWD:

- determine and report on the number of individuals to whom it overpaid program benefits on April 28 and April 29 and the amounts it overpaid them;
- pay individuals the program benefits they were entitled to receive but that they may have been underpaid because of the actions taken on April 30, as well as recover any overpayments made on April 28 and April 29 but that it has not yet attempted to recover; and
- modify its policies to require it to verify that the payment files include all benefit payments that should be made on a given day.