



HOUSE OF REPRESENTATIVES
STATE OF DELAWARE
LEGISLATIVE HALL
DOVER, DELAWARE 19901

September 22, 2011

John McMahon, Secretary
Department of Labor
4425 North Market Street
Wilmington, Delaware 19802

Secretary McMahon:

In a recent report, the U.S. Department of Labor indicated that between July 2008 and June 2011, state governments had collectively wasted nearly \$19 billion in Unemployment Insurance (UI) benefits by making payments in error.

For the three-year period covered by the report, Delaware had an average payment error rate of 10.31 percent, reportedly misallocating almost \$45.3 million in UI benefits. According to the federal report, about 40 percent of this error was due to continuing to pay benefits to claimants after they had returned to work. Another 17-percent was due to “separation issues” – cases where the circumstances of a claimant’s loss of employment disqualified him or her from receiving benefits, but that information was received after benefits had been paid.

Twenty-five states and the District of Columbia had lower error rates over the period.

We are understandably alarmed, not only at the error rate but by the overall amount of misspent funds. Losing more than \$15 million annually through error places a significant amount of unneeded stress on an Unemployment Insurance Trust Fund that is already straining to meet the demands placed on it by the struggling economy.

Other small northeastern states have shown the ability to trim this error rate significantly. Notably New Hampshire’s rate over the three years is below six percent, while Vermont’s is under five percent.

While we understand that states differ in the way their unemployment insurance programs are administered, please let us know what steps your agency plans to take to improve the efficiency of our UI program and/or what actions are already underway to achieve this goal.

-more-

Sincerely,

A handwritten signature in black ink that reads "Gerald W. Hocker". The script is fluid and cursive, with the first letters of each word being capitalized and prominent.

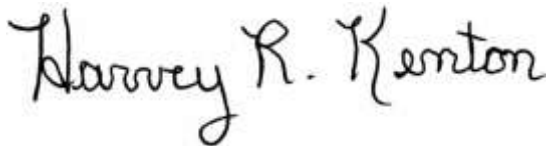
State Rep. Gerald Hocker

A handwritten signature in black ink that reads "Ruth Briggs King". The script is cursive and elegant, with the first letters of each word being capitalized.

State Rep. Ruth Briggs King

A handwritten signature in black ink that reads "Jack Peterman". The script is cursive and somewhat stylized, with the first letters of each word being capitalized.

State Rep. Jack Peterman

A handwritten signature in black ink that reads "Harvey R. Kenton". The script is cursive and clear, with the first letters of each word being capitalized.

State Rep. Harvey Kenton