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Testimony Before the Subcommittee on Human Resources  
of the House Committee on Ways and Means

Hearing on Unemployment Fraud and Abuse

June 11, 2002

*The problem has been studied for over 20 years. No nationwide solutions  
have been offered*

Fraud and abuse has been formally studied by the Department of Labor for over 20 years under a continuous program first called Random Audit, later Benefit Quality Control and now called Benefit Accuracy Measurement (BAM). The result of this ongoing study is consistent data that clearly defines the nature and level of improper payments, fraud and abuse in the Unemployment Insurance program. The issue then is not in defining the problem but in implementing a solution.

Since 1975, when the Employment and Training Administration (ETA) distributed a custom computer application to audit claimants, there has not been a serious systematic attempt to solve the problem. Over the past several years, the states have been granted supplemental budgets for Integrity processes but the money seems to have been absorbed with little or no impact on fraud and abuse.

BAM and its predecessors were established to obtain accurate figures on improper unemployment insurance payments. The Employment and Training Administration recognized that States had been unwilling to acknowledge the problem and as a result established the BAM program with a direct pipeline the ETA for both funding and data gathering.

We still live in the shadow of that denial. It is an uphill battle getting states to own the problem. The good news is that solid proven solutions do exist.

*Most fraud and abuse is not debatable*

1. The Problem must be Clearly Defined.

Part of the problem of why fraud and abuse has not been addressed is that the definition of the problem is almost endlessly debatable. What is an











