



Statement of Senator Chuck Grassley
Hearing Before the Senate Committee on Finance
Reducing Overpayments and Increasing Quality in the Unemployment System
May 25, 2010

Our nation's unemployment insurance system is designed to automatically respond to the ups and downs in our economy.

As unemployment rates have risen across the nation in the past two years, unemployment benefits have increased accordingly.

Congress has magnified that automatic response by providing additional benefits beyond those normally available.

The sum of this assistance is substantial. Total unemployment benefits are projected to be \$157 billion this year. That's up from \$43 billion in 2008.

Unfortunately, with increased benefits, come increased opportunities for honest mistakes and outright fraud.

The Improper Payments Information Act of 2002 requires federal agencies to identify improper payments. According to the latest estimate from the Department of Labor, 10 percent of regular state unemployment benefits were paid in error in Fiscal Year 2009. That represents more than \$7 billion in improper payments.

The most common improper payment is due to individuals working and collecting unemployment benefits at the same time. While such activity is generally legal, workers must accurately report their earnings and their benefits are subject to offset.

Other reasons for improper payments include: work separation issues, refusal to accept suitable work, alien status, identify theft, and failure to register or comply with state requirements.

The purpose of today's hearing is to examine these errors and identify ways to reduce or eliminate them. I hope can improve the unemployment program at the same time we save taxpayer dollars.