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DIRECTIVE : UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 03-88

TO : ALL STATE EMPLOYMENT SECURITY AGENCIES

FROM : DONALD J. KULICK
Administrator
for Regional Management

SUBJECT : UCFE - Processing Claims and Reducing Overpayments

1. **Purpose.** To reissue and clarify UCFE procedures to re-emphasize the need to actively seek recoupment of UCFE overpayments; and to retransmit a current list of Federal agencies which use the claims processing services of a contractor.
2. **References.** UIPL 26-85 and [UIPL 23-87](#).
3. **Background.** Investigation conducted by the Office of the Inspector General and the General Accounting Office identified deficiencies in the administration of the UCFE program and a need to implement new procedures. Some of the deficiencies identified are in the area of timely completion and return of Forms ES-931 by Federal agencies. We have also been informed by Federal agencies, through telephone calls and feedback during UCFE seminars, that some SESAs may not have been actively seeking recoupment of UCFE overpayments. This concern is of special interest to the Federal agencies since they must pay quarterly billings in the full amount, and do not receive adjustments (credits) until over payments are recovered and adjustments are made on subsequent billings.
4. **New Procedures for Expediting the Processing of Forms ES-931.** A new procedure has been instituted to expedite the processing of Forms ES-931 if information is missing or if clarification is needed. A SESA may contact, via telephone, a Federal agency when an ES-931 response is not returned within the required timeframe in accordance with the State law. Since April 30, 1987, all SESAs are required to provide the name of contact person/organizational unit and telephone number in the box marked "local office" on all Forms ES-931 sent

to the Federal agencies. Federal agencies as well are required to provide a contact person/organizational unit and telephone phone number on Forms ES-931 and SF-8.

Through this procedure, information contained on a Form ES-931 which is incomplete and/or unclear can be clarified by the Federal agency or the SESA via telephone to avoid the delay associated with a written request for clarification or additional information. Experience has shown that unnecessary delay has been encountered when the original Form ES-931 prepared by the SESA is unclear as to what information is requested (e.g., which quarters of wages) or when the Federal agency response had to be returned for clarification or additional information. Under the new procedure; the appropriate staff in the SESA and the Federal agency will be able to communicate directly to clarify Form ES-931 information and thereby ensure timely responses by the Federal agencies and accurate determinations of eligibility and payments for UCFE claimants.

All UCFE claimants, by signing a privacy release statement, authorize both SESAs and Federal agencies obtain any information which may be necessary to process their claims. Therefore, a SESA may obtain and use UCFE telephone information for claims processing in the same manner and under the same conditions as permitted under the State law, regulations and/or procedures for State UI claims:

Any information requested on a Form ES-931, which is either omitted by the Federal agency, or on which clarification is needed, may be obtained via telephone. Telephone information may be used by SESAs to initiate and complete the claims process and/or note potential conflicts with claimant information provided on Form ES-935, Claimant Affidavit, where use of the Claimant Affidavit form is consistent with State law. However, all pertinent information obtained should be documented in accordance with State practice as required by the "Standard for Claim Determinations - Separation Information," Sections 6010-6015, Part V of the Employment Security Manual, and UIPL 1145.

At the appropriate time, UCFE Handbook No. E -391 will be revised to incorporate the new procedures described above.

5. **Recoupment of Overpayment and Penalties, Fines, and Interest Charges.** With the exception of certain Federal provisions regarding the recovery of fraudulent UCFE benefit overpayments contained in 5 U.S.C. 8507, applicable provisions of State law will apply to the recovery and recoupment of nonfraud overpayments, penalties and disqualification and waiver of recovery of overpayments (refer to 20 C.F.R. 609.11 (f)). SESAs should exercise the same efforts to recover the full amount of all UCFE nonfraud overpayments as are applied to outstanding State UI overpayments. Any amounts of UCFE benefit-overpayments that are refunded by a claimant are to be credited to the appropriate employing Federal agency's account and the FEC account. In those State where State law contains provisions for charging an additional amount to the benefit overpayment, i.e. fines, penalty or interest charges, such monies received shall be credited to the FEC account.

A change to UIPL 26-85 will be issued shortly and will contain instructions as to how to capture and report, on the ES-191 report, recovered amounts of penalties, fines, and/or interest charges attributes to UCFE-UCX overpayments.

In addition, instructions for Form ETA-2112 are currently being amended to permit proper identification of UCFE-UCX funds collected for these purposes and how to effect their transfer into the FEC Account. A manual transmittal letter (MTL) will be issued to the SESAs to provide the amended instructions.

6. **Offset Provisions.** SESAs that have entered into an agreement with the Secretary of Labor to implement Section 303 (.g) (2) of the Social Security Act must use that process to offset overpayments (see UIPL No. 23-87, dated May 11, 1987). In addition, a State which has implemented interstate offset, as authorized by Section 303(g)(1), must apply the same procedure to UCFE overpayments.
7. **Federal Agencies Serviced by Contractor.** The list of Federal agencies utilizing the services of James E. Frick, Inc., is included as an attachment. This list is the current version of that contained in UIPL 19-87 which is hereby rescinded by this letter.
8. **Action Required.** SESA administrators are requested to ensure that the above procedures have been or are implemented, effective immediately.
9. **Inquiries.** Questions should be directed o the appropriate Regional Office.
10. **Attachment.** [Agencies Serviced by James E. Fric; Inc. as of August 1986.](#)