

DECEMBER
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**UNEMPLOYMENT INSURANCE
AND INCARCERATED
PERSONS**



Employment Security Department
WASHINGTON STATE

Unemployment Insurance and Incarcerated Persons
December 2016

Washington State Employment Security Department
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Executive Summary

In March 2016, the State Auditor's Office (SAO) released an accountability audit investigating incarcerated individuals receiving unemployment benefits. The SAO identified 1,911 potential overpayments worth approximately \$656,000 over a 15-month period between July 1, 2013, and Sept. 30, 2014. A copy of the SAO report is included in Appendix A.

The 2016 Supplemental Operating Budget (2ESHB 2376) directed the Employment Security Department (ESD) to report to the appropriate committees of the Legislature by Dec. 1, 2016, on its efforts to improve data sharing with law enforcement agencies to reduce or eliminate the payment of unemployment benefits to incarcerated persons, including any recommended statutory changes.

Staff in ESD's Office of Special Investigations (OSI) began investigating issues identified by the SAO more than a year prior to the March 2016 release of the SAO report. By Dec. 29, 2015, OSI had investigated the entire list of potential overpayments. In some cases, unemployment benefits were allowed due to the individual circumstances of the case. After investigating the list, OSI confirmed \$420,363 in overpayments from July 1, 2013, to Sept. 30, 2014. This number does not match that in the SAO report, which cited \$656,000, because in some cases benefits were allowed. Of the 1,911 potentially improper payments identified in the audit, 1,264 were partially or fully denied, and more than \$100,000 in overpayments had been recovered. By comparison, ESD paid more than \$1.3 billion in unemployment benefits to 300,000 individuals during the auditor's review period.

Since March 2015, OSI has cross-matched electronic jail records against its database of people filing claims for unemployment benefits. This database is called the Jail Booking and Reporting System (JBRS) and it is provided and administered by the Washington Association of Sheriffs and Police Chiefs (WASPC). OSI cross-matches this data for unemployment benefits three times per week. Prior to March 2015, ESD had access to the JBRS incarceration history of local jails to look up only one individual at a time. Through the numerous interviews conducted with ESD partners and law enforcement officials during the development of this report, no one could suggest a stronger resource than OSI's existing cross match with JBRS incarceration data, with one vendor exception.

OSI investigative staff are examining the feasibility of a pilot project with a vendor to create a more robust cross match using real time intelligence data. This would enable ESD to greatly reduce the number of improper payments made to incarcerated individuals. In addition, our new Unemployment Tax and Benefits system (UTAB), which went live in November 2016, was developed with built-in functionality to cross-match unemployment claims data with jail data daily.

At this time, ESD does not recommend statutory changes. Current statutory authority provides for sufficient data access.

Introduction

ESD is committed to preventing, detecting, and recovering improper payment of unemployment insurance benefits to individuals who are incarcerated. OSI is dedicated to preserving the integrity of Washington state's Unemployment Insurance Trust Fund. OSI conducts many types of investigations throughout the year on unemployment claims to ensure the accuracy of benefit payments made. Individuals found to have committed fraud are assessed penalties under the Revised Code of Washington 50.20.070, are required to repay the amount identified as overpaid (RCW 50.20.190), and are subject to possible state or federal criminal prosecution.

Background

When an individual applies for unemployment, the fundamental criteria that he or she must meet to maintain continuing eligibility are: a person must be actively seeking work; and be able and available to accept work. There is no categorical disqualification for unemployment insurance benefits based on any level of incarceration. However, where incarceration affects one's ability to look for work, or one's availability to work, it may impact benefit eligibility. WAC 192-170-090(4) states that unemployment benefits may be denied if a person is incarcerated on days that fall in the normal work week based on one's occupation. A copy of this WAC is included in Appendix B. Two examples of how incarceration may impact the amount of one's benefits include:

- Office worker. Labor market data for office workers indicates that the traditional work days for this type of work are Monday through Friday, with hours between 9 a.m. and 5 p.m. If a person is jailed for a weekend, there is no impact to benefits. If a person spends one of those work days in jail, his or her benefits would be reduced by 1/7th. If he or she spends two work days in jail, he or she is subject to a 2/7th reduction. If a person spends three or more work days in jail, he or she is not eligible to receive benefits for that week.
- Cashier. Labor market data for a cashier indicates that the traditional work days are Sunday through Saturday, with hours between 9 a.m. and 9 p.m. If a person is jailed for a weekend, there is an impact to benefits. As with the previous example, if a person spends one of those work days in jail, his or her benefits would be reduced by 1/7th. If he or she spends two days in jail, he or she is subject to a 2/7th reduction. If a person spends three or more days in jail, he or she is not eligible to receive benefits for that week.

All issues must be investigated based on the facts of the individual case. Further, a claimant could be eligible for partial benefits if he or she was unavailable on one or two days beyond their normal work week. That also has to be investigated on case by case basis. Additionally, a person is available for work if he or she is immediately ready and capable of accepting suitable work in his or her labor market. A person must be ready to accept the work during all customary hours for their occupation each day of the week for which he or she is claiming benefits.

OSI began investigating issues identified by the SAO more than a year prior to the release of the SAO report in March 2016. By Dec. 29, 2015, OSI had investigated the entire list of potential overpayments. In some cases, unemployment benefits were allowed due to the individual circumstances of the case. After investigating the list, OSI confirmed \$420,363 in overpayments from July 1, 2013, to Sept. 30, 2014. This number does not match that in the SAO report, which cited \$656,000 because in some cases benefits were allowed. Of the 1,911 potentially improper payments identified in the audit, 1,264 were partially or fully denied, and more than \$100,000 had been recovered. By comparison, ESD paid more than \$1.3 billion in unemployment benefits to 300,000 individuals during the auditor's review period.

How ESD Detects Improper Payments to Incarcerated People

OSI initiated a method of cross matching electronic jail records against ESD's database of people filing claims for unemployment benefits in March 2015. This database is called the Jail Booking and Reporting System (JBRS). Since March 2015, OSI has cross matched ESD's claimant data against JBRS data for unemployment benefits three times per

week. Prior to March 2015, ESD only had access to the JBRS incarceration history of local jails to look up only one individual at a time.

As noted earlier, JBRS is provided and administered by the Washington Association of Sheriffs and Police Chiefs (WASPC) using data provided by Appriss, Inc. (Appriss). Appriss is a Kentucky-based company that provides software-based services for local, state, and federal criminal justice agencies. Their software solutions include fraud prevention, risk mitigation, crime prevention, and compliance monitoring.

It is important to note that the data in the JBRS system, which is available to OSI for cross match purposes, is for Washington state incarceration facilities only. OSI does have access to national incarceration data through JBRS, but it is limited to looking up just one individual at a time at the national level. As well, in looking up one individual at a time, OSI investigators must conduct this lookup one state at a time. ESD investigative staff typically utilize this capability when they receive a tip from a member of the public that a claimant may be incarcerated in another state.

As noted in the SAO report, OSI also receives prison inmate data from the state Department of Corrections (DOC). DOC provides the information, which ESD cross matches against claimant data, to identify claimants who may be receiving unemployment insurance benefits while incarcerated in a state facility. This cross match occurs weekly and each positive match is investigated.

Recent Data

In addition to having investigated all incarceration cases identified by the SAO in 2015, ESD investigative staff have compiled data that reflects all cases investigated since it began cross matching ESD claimant data with JBRS data. The results below are for the period of March 2015 through July 2016.

- 1,686 cases identified and assigned to an investigator
- 1,469 cases where an individual's benefits were denied
- 217 cases where an individual's benefits were allowed
- \$566,486 overpayments assessed
- \$242,438 in overpayments recovered as of 7/31/16 (42 percent recovery rate)

The SAO report covered a 14-month period and data from eight counties. The data above reflects a 16-month period and covers the entire state of Washington.

The number of incarceration overpayment cases identified through cross matching and investigated averaged 99 per month during this 16-month period. In general, there has been a slight upward trend, with a few valleys and peaks. The valleys were primarily influenced by ESD staffing patterns. Total overpayments per month have remained mostly flat, again with a few valleys and peaks.

Research on Additional Resources

ESD is committed to preventing, detecting, and recovering improper payment of unemployment insurance benefits to individuals who are incarcerated. Toward this end, ESD staff interviewed and discussed efforts to improve data sharing with numerous organizations between January and October 2016. ESD met with local, state, and federal law enforcement agencies; state and federal agencies providing social service benefits; justice organizations; and non-government organizations. The list includes, but is not limited to, the following organizations: Washington State Patrol; Washington Association of Sheriffs and Police Chiefs; Washington State Department of Social and Health Services; Washington State Department of Licensing; Attorney General's Office of Washington; King County Prosecutor's Office; Federal Bureau of Investigation; U.S. Department of Justice; U.S. Social Security Administration; U.S. Department of Labor; U.S. Department of Housing and Urban Development; and the National Association of State Workforce Agencies (NASWA). Two recurring themes emerged from these conversations.

- *No one interviewed could suggest a stronger resource than ESD's existing cross match with JBRS incarceration data, with one exception, Apriss, Inc. Apriss is discussed later in this report and, as previously mentioned, is the data pipeline for JBRS.*
- *The U.S. Social Security Administration's Prisoner Update Processing System (PUPS) would not be suggested as a resource for Washington state. It may be more helpful as a starting point for a state that was not already conducting some form of incarceration cross match. PUPS is a federal database that contains individual incarceration data, which is also discussed later in this report.*

OSI investigative staff also reviewed a recent national study of best practices in protecting the integrity of unemployment insurance trust funds conducted by NASWA as described below and talked with investigators at several of those workforce agencies to verify their processes.

National Study

In early 2016, National Association of State Workforce Agencies (NASWA)¹ conducted a national survey to gather data that will be used to improve and protect the integrity of unemployment insurance funds around the country.

The state assessment included questions in the areas of: operations, predictive modeling, data analytics, cross matches, identification verification, and collections, among numerous other topics.

The assessment asked, "Does your state UI agency cross match against incarceration data?" It further went on to query the data sources used, frequency, average quarterly hits, and whether the cross match is conducted on initial claims and/or continuing claims. Some of the response findings included:

- Thirty-five states, including Washington, responded that they use government data to cross match against state prison incarceration rolls. In Washington, OSI processes the state DOC report of inmate information weekly.
- Twenty-eight states, including Washington, responded that they run a cross match between claimant and county jail data.
- Eighteen states, including Washington, responded that they run cross matches against local jail data. OSI runs Washington's cross match against new and existing claims weekly.
- Five states, including Washington, responded that they run cross matches against local jails using government sources. OSI runs Washington's cross match against new and existing claims weekly.
- Six states indicated that they cross match against federal prison data. Two of these use PUPS and four use Apriss. Washington does not have access to a federal prison cross match at this time. The recommendation at the end of this report would resolve this issue.

Preventing incarcerated individuals, who do not qualify, from receiving benefits is an evolving field for all states. There are some states that do not yet run a cross match against any incarceration data, and only one state currently uses the real-time intelligence available to cross match initial claims. Cross matching initial claims is noteworthy because it allows a state to identify a potentially fraudulent claim when it is filed. This prevents a payment from ever being made. Cross matching continuing claims is important; however, payment(s) may be made before the cross match catches it. Within

¹ NASWA delivers policy expertise on workforce development, including unemployment insurance and other transitional support.

the current process, ESD is required to conditionally pay benefits while investigating the circumstances of the individual case to determine if benefits are allowed.

Vendor Research

ESD investigative staff also reviewed computer systems in their efforts to improve data sharing with law enforcement agencies to reduce or eliminate the payment of unemployment benefits to incarcerated persons.

PUPS

OSI investigative staff researched the potential use of the U.S. Social Security Administration's Prisoner Update Processing System (PUPS). PUPS is a database that contains individual incarceration data and controls for SSA claimants who may need to have their benefits suspended.

In conversations with ESD partners, staff learned that PUPS is generally a resource that would be of significant benefit to a state that was not already conducting some form of incarceration cross matching. Multiple sources reported that PUPS data can be three to four months old. This is likely because many jails and prisons do not send information timely, if at all.

Additionally, the Wisconsin Department of Workforce Development experienced 82 percent of matches with no incarceration release dates in a pilot project they completed in 2014. Release dates and times provide pivotal information in determining whether a person who has been incarcerated is eligible for unemployment benefits.

CLEAR

During the month of September 2016, OSI tested a Thomson Reuters system called CLEAR. CLEAR is described as an online investigative platform designed to meet the needs of investigative customers. The system has the ability to streamline investigative research by bringing varied investigative content into a single-working environment.

OSI investigators found the customizable dashboard intuitive and easy-to-navigate. The interface saved time by allowing staff to search data and view results in a layout that matches our work method.

The primary concern for OSI investigative staff about CLEAR was inconsistent data on release dates and times for incarcerated individuals. As noted earlier, this information is pivotal in determining whether a person who has been incarcerated is eligible for unemployment benefits. Staff did find that CLEAR made it easy to locate people, assets, businesses, affiliations, and other critical facts. However, OSI already has access to a system that provides this type of information in Lexis Nexis' Accurint. The cost differential between CLEAR and Accurint is substantial and disproportionate to ESD's needs.

Appriss, Inc.

As noted earlier, Appriss is a Kentucky-based company that provides software-based services solutions for local, state, and federal criminal justice agencies. Appriss' Government Fraud Solution is supported by Appriss' VINE (Victim Information and Notification Everyday) jail data network. This system feeds data into JBRS. WASPC contracts with Appriss to provide data for JBRS in Washington state. The Appriss network has 100 percent of Washington's local bookings and 99 percent each of Idaho and Oregon. Appendix C lists the agencies that contribute to the Appriss network. This listing also includes the Nisqually Public Safety Correctional Facility, whose data feed should be live by the end of this year. WASPC is working to include other tribal agencies in the system as well.

The Appriss VINE jail data network includes thousands of local jail facilities across the country. It currently processes more than 60 million transactions per month regarding the movement of offenders through these facilities. The system was built over the past 21 years and currently extends into 48 state prison systems, covering 87 percent of the nation's state and local inmate population. This represents more than 1.4 million local offenders on any given day that are moving in and out of custody. Appriss receives arrest information within minutes. The system gathers data through direct interfaces with the facilities.

Direct access to the Appriss system would provide OSI investigators with federal prison data to cross match, jail facilities nationwide, and most importantly, the ability to cross match against initial claims. Through experience with other states, Appriss has learned that about 85 percent of cross matches result from in-state data. Fifteen percent of our cross match hits would likely come from the national data. As noted earlier, the full data set on the national population of incarcerated individuals is one that OSI investigators cannot access at this time. OSI is limited to looking up just one individual at a time at the national level, one state at a time. ESD investigative staff typically utilize this capability when they receive a tip from a member of the public that a claimant may be incarcerated in another state.

Appriss offers access to its system via Web portal through a secure Internet connection, by sending batches of recipient information to cross match, or a direct XML interface for easy access to information and for exporting data. This Web interface could allow OSI to cross match initial claims, which as mentioned earlier, could prevent potentially fraudulent unemployment insurance payments from ever being made to incarcerated individuals.

South Carolina Success

As noted earlier, South Carolina is the only state currently using the real-time intelligence available through Appriss to cross match initial claims. In its initial trial, the South Carolina Employment Security Commission disqualified 299 claim weeks between Aug. 1, 2014 and Oct. 12, 2015, saving \$66,121. Every state calculates their return on investment differently. South Carolina counts only the initial claim week, and does not include potential future payments that a claimant may have received for the duration of his or her benefit period.

Requested Reporting

The Legislature asked ESD to report on two things: 1) its efforts to improve data sharing with law enforcement agencies to reduce or eliminate the payment of unemployment benefits to incarcerated persons, and 2) any recommended statutory changes.

Improving Data Sharing

ESD has a good data sharing system in place, thanks to the Washington Association of Sheriffs and Police Chiefs' JBRS solution.

OSI is considering initiating a pilot project with Appriss through WASPC as discussed above.

Statutory Changes

ESD does not recommend changes to any state statutes.

In the March 2016 report, the SAO recommended that ESD be added as an authorized agency under RCW 70.48.100. This RCW is attached as Appendix D. ESD has a cross match relationship with JBRS that did not exist when the SAO began their review of data from 2013 and 2014. With the advancement of this technology, and the potential opportunity to cross match incarceration data on initial claims, reaching out to individual jail facilities for raw data may not be a prudent use of investigative staff time and resources, but when needed, OSI investigative staff already have a mechanism in place to request information directly from jail facilities. The form that OSI uses is attached as Appendix E.



Washington State Auditor's Office

Government that works for citizens

Accountability Audit

Incarcerated Individuals Receiving Unemployment Benefits

March 7, 2016

We conducted an accountability audit to identify people receiving unemployment benefits while in a county jail in Washington. We looked at individuals in eight of the 57 jails in the state and identified 1,911 potential overpayments worth approximately \$656,000 over a 15-month period between July 1, 2013, and September 30, 2014.

The Employment Security Department began reviewing many of these payments during the course of our review and has denied benefits to many ineligible people as a result. While the Department does have access to a system containing jail records, we found the data in that system is incomplete: within the 1,911 potential overpayments we identified 163 payments, worth about \$48,000, associated with records missing from the system Employment Security uses.

The agency needs the authority to obtain the complete population of incarceration records used by other state agencies in preventing benefit overpayments.



Audit Number: 1015813

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Executive Summary

We identified potential overpayments of \$656,000 in unemployment benefits made to people in jail

People in jail or prison are almost always – by definition – unavailable to work: a key criterion for allowing unemployment benefits. Our review found 1,911 potential overpayments totaling \$655,736 related to people in jail getting Unemployment Insurance benefits. We also compared the Jail Booking and Reporting System (JBRS), a multi-jurisdictional database and search engine for criminal justice agencies across the country, used by the Employment Security Department for investigations to jail records from eight selected counties. We identified 55 jail records available from the counties that did not appear in JBRS data used by Employment Security. From our final results, we identified 163 benefit-week payments totaling \$47,644 that were potentially improper, based on the 55 incarceration records not in the jail booking system Employment Security used. These improper payments would not have been identified relying only on the jail booking system.

Identifying payments to people in jail or prison

Government assistance benefits paid out to incarcerated individuals can be a common overpayment for Washington state agencies. With the knowledge that this can occur, state agencies must prevent, or identify and recover, these overpayments where possible. The most effective method to identify these individuals is to use incarceration records from the 12 prison facilities and 57 jails across the state. The Department of Corrections maintains all data on people being held in a state prison; but obtaining a detailed history of jail records is a more difficult process because jails are run separately by cities, counties or tribes.

Employment Security's Office of Special Investigations receives prison data from Corrections, so it can compare prison inmates to Unemployment Insurance data on a regular basis. Special Investigations also has access to JBRS. However, the access allowed to Special Investigations only permits it to conduct individual searches of historical incarceration information: it cannot automate a large-scale analysis of many historical jail records at once. Because Employment Security already completes a large-scale review of prison inmates, we concentrated our review on county jail records at eight of the state's 57 county jails.

Availability of jail register data

Local jail register data, which includes the name of each person confined in a jail, the hour, date and cause of the confinement, and the hour, date and manner of discharge, is available to the public per RCW 70.48.100. Any additional information – such as Social Security numbers that could be used in a cross-match – is confidential and typically only made available to criminal justice agencies.

To assist some agencies in this matter, the 2014 State Legislature passed a bill that added the State Auditor's Office, the Health Care Authority, and the Research and Data Analysis Division of the Department of Social and Health Services as agencies able to obtain and use the confidential information associated with jail register data for the purpose of research in the public interest. This allowed our Office to obtain the information necessary to complete the cross-match conducted in this audit.

However, this bill did not include the Employment Security Department, which administers the Unemployment Insurance program that provides benefits to unemployed workers for periods of involuntary unemployment. The Unemployment Insurance program paid more than \$1.1 billion in benefits to about 250,000 people in 2014, while during that year, on average, there were 12,618 people in jail, serving an average of 15.3 days.

Recommendations

We recommend the State Legislature:

- Add the Employment Security Department to the law (RCW 70.48.100) allowing specified agencies to obtain personal jail data information necessary to cross-match Unemployment Insurance payments to incarceration records.

We recommend the Employment Security Department:

1. Work with the Legislature to amend the applicable law (RCW 70.48.100), allowing the Department to obtain personal information associated with jail register data necessary to cross-match Unemployment Insurance payments to incarceration records.
2. Utilize other sources for obtaining incarceration records for counties where the Jail Booking and Reporting System does not contain all records.
3. Follow-up on all potential improper payments identified during our testing.
4. Continue to identify and investigate potential improper payments made to people in jail, and recoup any and all confirmed overpayments.

Introduction

People in jails or prisons sometimes receive benefits they are not eligible for

In Washington, several agencies provide benefits to residents when they need help, including the Department of Social and Health Services and the Health Care Authority, which help people pay for food, health care and housing. People in jail or prison are not eligible for certain types of government assistance, but unless the agency providing the benefits is aware of their imprisonment, it cannot prevent or recover inappropriate payments. While some ineligible prisoners may be identified through outside tips or news reports, it is much more effective for the agencies to compare detailed jail and prison records with their participant population.

The 2014 State Legislature saw the importance of identifying these types of overpayments when it passed a bill (**RCW 70.48.100**) that added the State Auditor's Office, the Health Care Authority and the Department of Social and Health Services as agencies able to obtain and use the confidential information in jail registers "for the purpose of research in the public interest." However, the law did not include the Employment Security Department, which administers the Unemployment Insurance program, providing benefits to unemployed workers for periods of involuntary unemployment. The program, funded by the federal government and taxes on employers, paid more than \$1.1 billion in Unemployment Insurance benefits to about 250,000 people in 2014. The sheer size of the program may make it more susceptible to distributing benefits to ineligible people, including prisoners who are – by definition – not "able and available for work."

Audit objectives

The objective of this accountability audit was to assess the impact of improper Unemployment Insurance benefits paid by the Employment Security Department to people in jail. We designed this audit to answer the following question:

- Are improper payments for unemployment benefits being made to incarcerated people?
 - If improper payments are identified, determine:
 - The dollar amount of the improper payments.
 - How many individuals received Unemployment Insurance payments while in jail.

The Unemployment Insurance program serves as test case

With simpler rules than other state programs, results from an audit of this program could indicate the need for additional analysis at other benefit programs in the state.

Background

Using prison and jail records to identify overpayments

The most effective way to identify overpayments made to people in prison or jail is to use detailed incarceration records. The source of these records differs depending on whether the records relate to a prison or a jail. The Department of Corrections operates the 12 prison facilities in Washington, housing people sentenced to more than a year and a day in confinement. The average daily population of all 12 prisons is more than 16,000.

Jails, on the other hand, are run independently by cities, counties or tribes. They house people sentenced to serve one year or less in confinement – sometimes as little as one day. Washington’s 57 jails have an average daily population of more than 12,000 (see **Appendix A** for additional jail statistics). Although jails house fewer people than prisons on a daily basis, the shorter sentences mean that many more people will serve time in jail over the course of a year.

Some state agencies, including the Employment Security Department, have set up agreements with Corrections to obtain prison records that they can use to cross-match to their assistance payment data, allowing them to easily automate the identification of overpayments to prisoners. Identifying people in jails is not as straightforward. While most jails contribute information to the Jail Booking and Reporting System (JBRS), a multi-jurisdictional database and search engine for criminal justice agencies across the country, uniform detailed jail incarceration records cannot be procured from a single source.

Unemployment Insurance eligibility depends on “able and available”

State law requires an unemployed individual to be able and available for work in any trade, occupation, profession or business for which he or she is reasonably fitted (RCW 50.20.010). If an eligible person is available for work for less than a full week, the weekly benefit amount is reduced by one-seventh for each day he or she is unavailable for work. A person who is unavailable for work for three days or more out of seven is considered unavailable for the entire week, and will not receive unemployment benefits for that week.

What is able and available for work?

You are *able* to work if you have the physical and mental capacity and the *legal right to work* each day you claim benefits.

You are *available* for work if you are immediately ready and capable of accepting *suitable work* in your *labor market*. You must be ready to accept the work during *all customary hours* for your occupation each day of the week you are claiming benefits.

From the *Handbook for Unemployed Workers*, Employment Security Department
(*emphasis added*)

Scope and Methodology

To meet the audit objective, we needed to compare jail records to Unemployment Insurance records to identify people who would not have met Employment Security's criteria for unemployment benefits during the period of our audit, July 1, 2013, to September 30, 2014.

We selected eight counties – King, Pierce, Thurston, Clark, Spokane, Kitsap, Snohomish and Yakima – based on their population and unemployment rates. (See **Appendix B** for data about the eight counties.) We obtained more than 180,000 incarceration records associated with more than 100,000 people from the eight county jails.

We also examined Unemployment Insurance data from Employment Security for the same period; these records contained more than \$1.8 billion in payments made to more than 300,000 people.

We matched the Unemployment Insurance and jail records for each county by Social Security number and by last name and date of birth. We concentrated on only those matches where prisoners were unavailable for work for three or more days of the week, because that makes them ineligible for the entire week and would result in a denied claim for that week. We identified 2,340 matched records, which we then examined in detail.

Searching for explanations of matched records

We researched each of the 2,340 cases to see if any information was available to prove the unemployment benefit payment was correct. Our resources for this review included:

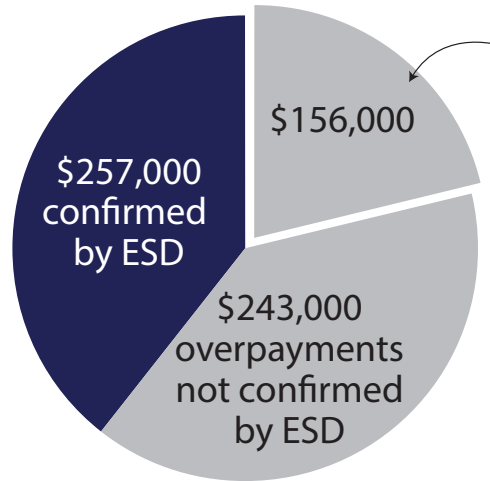
- **The Standard Occupational Classification code** related to each individual receiving Unemployment Insurance benefits. This code was received from Employment Security and indicates the most likely type of job an individual will seek. This allowed us to determine the most likely work schedule the individual would have when on the job.
- **Records in JBRS.** With the exception of Aberdeen and Hoquiam, all city and county jails in Washington are connected to this system; some counties provide additional information to the booking system that we may not have received directly in our data request, such as aliases or time spent on work release or house arrest.
- **The results of Employment Security internal investigations conducted during our review.**

Audit Results

Ineligible people in jail received unemployment benefits

Based upon 15 months of jail records from eight counties and Employment Security's unemployment benefits records, we identified 1,911 potential overpayments worth about \$656,000. Working with Employment Security, we were able to confirm 756 of them during the audit fieldwork, constituting overpayments of about \$257,000. Employment Security will need to investigate the remaining 1,155 matches, worth around \$398,000, but of these, 736 (around \$243,000) are likely to be overpayments. The final 419 matches (around \$156,000) may be acceptable payments, depending on the individual circumstances of each case. Exhibit 1 illustrates these results. An additional breakdown of the results can be found in Appendix C.

Exhibit 1 – Overpayments confirmed or suspected
Unemployment insurance payments made to people in jail between July 1, 2013, and September 30, 2014



Depending on a person's circumstances, such as house arrest or work release, these payments may be acceptable

Our audit found barriers to confirming matches

While many of our matches have already been confirmed as overpayments by Employment Security, or are likely to be overpayments based upon the information gathered, some cases will require additional research before they can be confirmed as overpayments. After the completion of our audit, Employment Security's investigators will obtain information directly from both the individual and the county where the incarceration occurred. However, we found several barriers that prevent Employment Security from easily and efficiently identifying people in jail who should not be receiving unemployment benefits.

Employment Security does not have easy access to jail records

Employment Security's Office of Special Investigations reviews potential improper payments and determines if the payments are legitimate or if an amount should be recovered. Special Investigations receives prison data from Corrections, which allows investigators to compare prison inmates to Unemployment Insurance recipients on a regular basis. As a limited law enforcement agency, the Special Investigations Office is permitted to access JBRS. However, that only allows Special Investigations to access the incarceration history for one individual at a time: it is not able to automate a large-scale search of historical jail records.

Incomplete records in JBRS

When we compared jail records supplied by county jails to records in JBRS, we found that 55 records were not in the booking system. About 160 payments, worth about \$48,000, were associated with those 55 records. Without these records, Employment Security would not be able to identify these individuals.

Also, by comparing the records sent to us directly by jails to the data they uploaded to JBRS, we found the records in JBRS are not always as complete as the records they maintain locally. Of the eight counties reviewed in our audit, we found the records for three were not included in JBRS completely.

Certain circumstances will always require in-depth review by Employment Security

Two types of potential overpayments we found during our evaluation will require additional review by Employment Security: people serving their time under house arrest and people on work release.

Under some circumstances, people under house arrest or on work release may be available for interviews and to take up a job offer. However, counties have differing rules surrounding availability for work release, and the factors of an individual's sentence may also affect availability.

Due to these variations from county to county and case to case, even if we identified a person as being on work release, we did not have enough information to confirm that person's unemployment compensation as an overpayment. Of the 419 matches requiring additional review by Employment Security, these two issues make up 75 percent of the cases.

Another issue, affecting 78 of the matches, were those people whose cases were under investigation by Employment Security before the start of our audit. Employment Security must continue making payments to people who are under investigation until they are found to be ineligible. Conditional pay flags are placed on these records, but remain in the system regardless of Employment Security's final determination. The pay flag may or may not be associated with the incarceration identified during our audit. Employment Security will continue its investigation to decide if the flag previously identified an overpayment or not.

Employment Security is already making improvements

Employment Security's Office of Special Investigations told us during our review that any tips regarding overpayments are followed-up on as resources allow. Special Investigations began investigating cases based upon our preliminary results during the early stages of our audit, which allowed us to confirm numerous overpayments during our testing phase, and also implemented new procedures during the course of our review.

As noted earlier, the main search function of JBRS allows the user to search for one individual and see that individual's history of incarceration. During the course of our audit, Employment Security identified a report allowing it to view all recent incarcerations in the booking system. Special Investigations has now implemented a process to run this report several times a week to build a list of current incarcerations and compare those to unemployment benefit payments. This workaround will allow Special Investigations to identify possible overpayments with the help of the booking system proactively.

While this process does not provide historical records, and our results showed the booking system is not always complete for all jails, Employment Security's action should improve the identification of payments to incarcerated individuals.

Recommendations

We recommend the State Legislature:

- Add the Employment Security Department to the law (RCW 70.48.100) allowing specified agencies to obtain personal jail data information necessary to cross-match Unemployment Insurance payments to incarceration records.

We recommend the Employment Security Department:

1. Work with the Legislature to amend the applicable law (RCW 70.48.100), allowing the Department to obtain personal information associated with jail register data necessary to cross-match Unemployment Insurance payments to incarceration records.
2. Utilize other sources for obtaining incarceration records for counties where the Jail Booking and Reporting System does not contain all records.
3. Follow-up on all potential improper payments identified during our testing.
4. Continue to identify and investigate potential improper payments made to people in jail, and recoup any and all confirmed overpayments.

Agency Response

The Employment Security Department appreciates the feedback received from the State Auditor's Office. The Office of Special Investigations (OSI) is committed to preserving the integrity of the Unemployment Trust Fund. OSI conducts many types of audits throughout the year on unemployment claims to ensure the accuracy of benefit payments made. Individuals found to have committed fraud are assessed penalties (**RCW 50.20.070**), are required to repay the amount identified as overpaid (**RCW 50.20.190**), and are subject to possible state or federal criminal prosecution.

The Department accepts the Auditor's recommendations that we continue to identify and investigate all potential improper payments identified through this audit. As of December 29, 2015, OSI has completed its investigation of the 1,911 potentially improper payments identified in the audit. Of those payments, 1,264 were partially or fully denied, resulting in \$420,363 of overpayments established and now in collections; to date, nearly \$100,000 of this amount has been recovered.

The Department welcomes all efforts to strengthen and improve our abilities to detect and prevent improper payments to ineligible claimants. The Office of Special Investigations regularly reviews available incarceration records against existing claims, but as the audit notes, we do not have access to all available information for these investigations. We also concur with the observation that the data we do have access to may vary widely in quality and accuracy. We agree with the Auditor's recommendation to add the Department as an authorized agency under **RCW 70.48.100**. OSI also continues to identify and utilize other sources for incarceration data to better enhance our ability to detect and prevent these improper payments.

Appendix A: 2014 Washington State Jail Statistics

County jail	Average daily population	Percentage of use	Average length of stay (days)
Adams	26	93%	16
Asotin	58	252%	38
Benton	686	93%	15
Clallam	125	104%	14
Clark*	761	93%	18
Columbia	10	125%	21
Cowlitz	291	82%	13
Ferry	33	63%	30
Franklin	192	123%	15
Garfield	10	63%	12
Grant	211	114%	20
Grays Harbor	145	82%	26
Island	54	93%	20
Jefferson	48	98%	19
King*	2,031	78%	22
Kitsap*	435	89%	20
Kittitas	92	40%	8
Klickitat	47	96%	10
Lewis	205	58%	17
Lincoln	23	92%	8
Mason	115	111%	14
Okanogan	166	91%	21
Pacific	42	145%	18
Pend Oreille	28	90%	12
Pierce*	1,133	66%	30
San Juan	2	Not reported	0
Skagit	238	287%	21
Skamania	25	53%	13
Snohomish*	1,028	83%	18
Spokane*	893	133%	16
Stevens	41	103%	8
Thurston*	414	101%	21
Wahkiakum	7	50%	20
Walla Walla	71	62%	8
Whatcom	408	137%	22
Whitman	41	121%	13
Yakima*	792	67%	29

Note: * indicates counties selected for review.

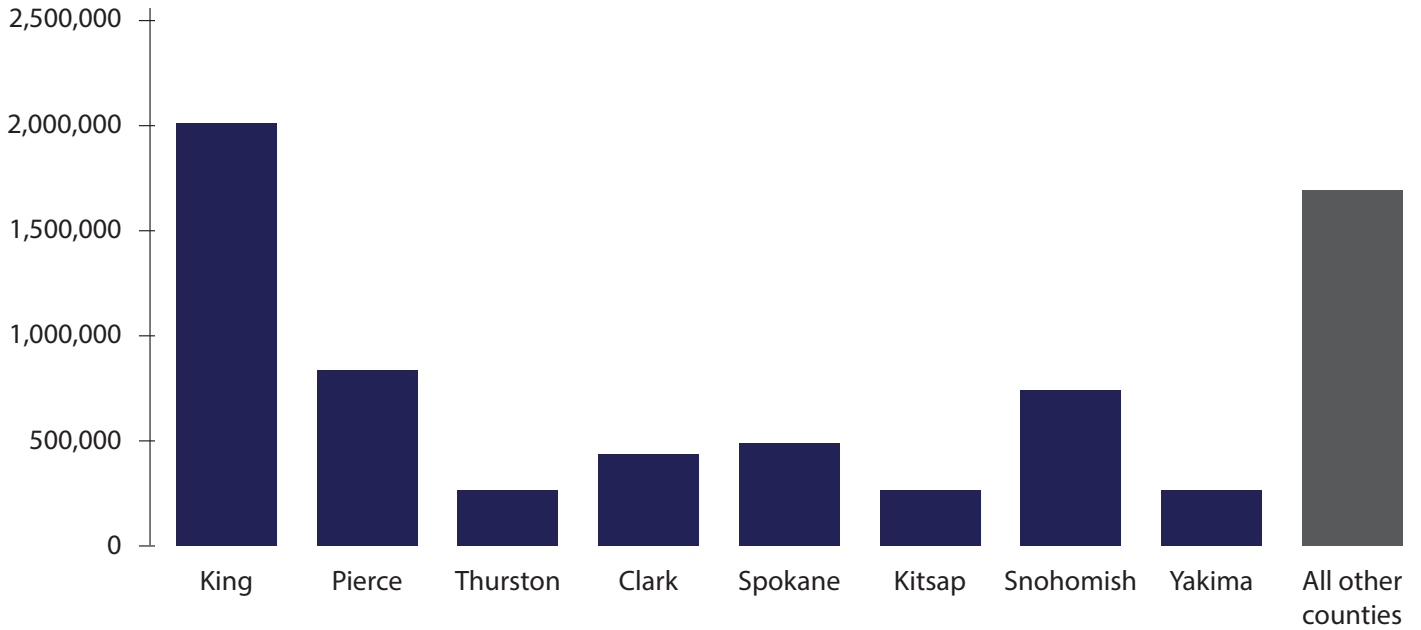
Multi-jurisdiction facility	Average daily population	Percentage of use	Average length of stay (days)
Chelan County Regional Justice Center	265	69%	18
SCORE South Correctional Entity	618	77%	8

City or tribal jail	Average daily population	Percentage of use	Average length of stay (days)
Aberdeen	12	57%	Not reported
Enumclaw	20	80%	7
Fife	203	564%	11
Forks	28	70%	30
Grandview	8	50%	5
Issaquah	62	100%	9
Kent	117	89%	11
Kirkland	16	133%	2
Lynnwood	40	87%	6
Marysville	44	77%	11
Nisqually	Not reported	Not reported	Not reported
Oak Harbor	Not reported	Not reported	Not reported
Olympia	25	89%	5
Puyallup	49	94%	5
Sunnyside	45	53%	11
Toppenish	20	36%	8
Wapato	59	88%	16
Yakima	60	76%	17

Appendix B: Selected Counties By Population and Unemployment Rate

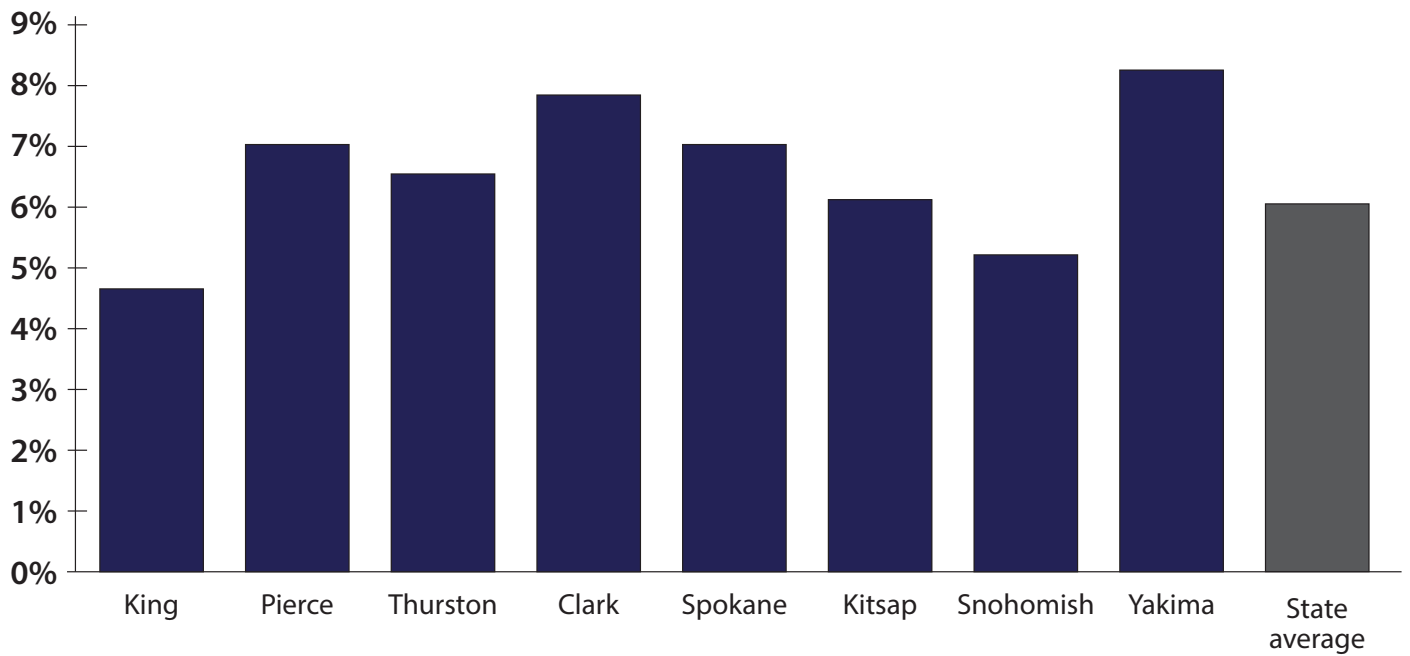
Population estimates of eight Washington counties in this audit

As of April 1, 2014



Unemployment rates in eight Washington counties in this audit

Percent of county population, August 2014



Appendix C: Detailed Breakdown of Audit Results

Summary of Potential Overpayments by Category

Category	Number of payments	Dollar amount	Percentage of total payments
Likely overpayments based on Social Security Numbers or name/date of birth match	736	\$242,568	37%
Overpayments confirmed during audit fieldwork by Employment Security	756	\$257,251	39%

Overpayment Categories Needing Additional Analysis by the Department

Individuals on home incarceration	158	\$57,438	9%
Individuals on work release	156	\$63,086	10%
Payments made during prior Employment Security reviews	78	\$20,612	3%
Social Security numbers matched but not name	27	\$14,781	2%
Totals	1,911	\$655,736	100%

Appendix B

WAC 192-170-090(4)

Incarceration.

(1) If you were previously warned that your continued employment was in jeopardy because of poor attendance, and you engage in illegal activities where you are aware there is a clear possibility of arrest and detention, misconduct may be established under RCW [50.04.294](#) (2)(d) or (e).

(2) If you are jailed but later released without having been charged with or convicted of a crime, the separation is not considered misconduct except as provided in subsection (3) of this section.

(3) If your employer discharges you for absenteeism or job abandonment because you failed without good cause to notify the employer of your incarceration or anticipated release date, such failure may be considered misconduct.

(4) You will be considered unavailable for work during any days in which you are incarcerated unless those days are not part of your regular work week based on your occupation. Example: You are sentenced to a specific time in custody but allowed to serve your time on weekends. If weekends are not part of your regular work week, you will be considered available for work.

[Statutory Authority: RCW [50.12.010](#), [50.12.040](#), and [50.20.010](#). WSR 10-11-046, § 192-170-090, filed 5/12/10, effective 6/12/10.]

Appendix C

Reporting Agencies

Accessible Data - Washington (EST)

61 records.

ORI #	County	Agency Name	Data Reporting
WA0140100	Grays Harbor	Aberdeen Police Department	Bookings
WA0010000	Adams	Adams County Sheriff's Office	Bookings
WA0020000	Asotin	Asotin County Jail	Bookings
WA0170100	King	Auburn Police Department	Bookings
WA0030001	Benton	Benton County Jail	Bookings
48626-6	Pierce	Buckley Pd	Bookings
WA004013C	Chelan	Chelan County Regional Jail	Bookings
WA0050000	Clallam	Clallam County Sheriff's Office	Bookings
WA0060000	Clark	Clark County Sheriff's Office	Bookings
WA0070000	Columbia	Columbia County Sheriff's Office	Bookings
WA008013C	Cowlitz	Cowlitz County Corrections	Bookings
WA0170400	King	Enumclaw Police Department	Bookings
WA0100000	Ferry	Ferry County Sheriff's Office	Bookings
WA0270700	Pierce	Fife City Jail	Bookings
WA0050200	Clallam	Forks Police Department	Bookings
WA0110000	Franklin	Franklin County Sheriff's Dept	Bookings
WA0120000	Garfield	Garfield County Sheriff's Office	Bookings
WA0390100	Yakima	Grandview Police Department	Bookings
WA0130000	Grant	Grant County Sheriff's Office	Bookings
WA0140000	Grays Harbor	Grays Harbor County Sheriff's Dept	Bookings
WA0150000	Island	Island County Sheriff's Dept	Bookings
WA0170600	King	Issaquah Police Department	Bookings
WA0160000	Jefferson	Jefferson County Sheriff's Office	Bookings

WA0170700	King	Kent Police Department	Bookings
WA017013C	King	King County Detention Center	Bookings
WA0170800	King	Kirkland Police Department	Bookings
WA0180000	Kitsap	Kitsap County Sheriff's Office	Bookings
WA0190000	Kittitas	Kittitas County Sheriff's Dept	Bookings
WA0200000	Klickitat	Klickitat County Sheriff's Dept	Bookings
WA0210000	Lewis	Lewis County Sheriff's Dept	Bookings
WA0220000	Lincoln	Lincoln County Sheriff's Office	Bookings
WA0310400	Snohomish	Lynnwood Police Department	Bookings
WA0310500	Snohomish	Marysville Police Department	Bookings
WA0230000	Mason	Mason County Sheriff's Office	Bookings
WA034B95C	Thurston	Nisqually Public Safety Correctional Facility	Bookings
WA0150100	Island	Oak Harbor Police Department	Bookings
WA0240000	Okanogan	Okanogan County Sheriff's Office	Bookings
WA0340100	Thurston	Olympia Police Department	Bookings
WA0250000	Pacific	Pacific County Sheriff's Office	Bookings
WA0260000	Pend Oreille	Pend Oreille County Sheriff's Office	Bookings
WA0270000	Pierce	Pierce County Sheriff's Dept	Bookings
WA0270100	Pierce	Puyallup Police Department	Bookings
WA0171300	King	Renton Police Department	Bookings
WA0280000	San Juan	San Juan County Sheriff's Office	Bookings
WA017021C	King	Score South Correctional Entity	Bookings
WA0290000	Skagit	Skagit County Sheriff's Office	Bookings
WA0300000	Skamania	Skamania County Sheriff's Office	Bookings
WA031013C	Snohomish	Snohomish County Corrections	Bookings
WA0320000	Spokane	Spokane County Sheriff's Office	Bookings
WA0330000	Stevens	Stevens County Sheriff's Dept	Bookings

WA0390200	Yakima	Sunnyside Police Department	Bookings
WA0340000	Thurston	Thurston County Sheriff's Office	Bookings
WA0390300	Yakima	Toppenish City Police Department	Bookings
WA0350000	Wahkiakum	Wahkiakum County Sheriff's Office	Bookings
WA0360000	Walla Walla	Walla Walla County Sheriff's Office	Bookings
WA0391300	Yakima	Wapato Police Department	Bookings
WA034015G	Thurston	Washington Department Of Corrections	Bookings
WA0370000	Whatcom	Whatcom County Sheriff's Office	Bookings
WA0380000	Whitman	Whitman County Sheriff's Dept	Bookings
WA039013C	Yakima	Yakima County Corrections	Bookings
WA0390500	Yakima	Yakima Police Department	Bookings

61 records.

Appendix D

RCW 70.48.100

Jail register, open to the public—Records confidential—Exception.

(1) A department of corrections or chief law enforcement officer responsible for the operation of a jail shall maintain a jail register, open to the public, into which shall be entered in a timely basis:

(a) The name of each person confined in the jail with the hour, date and cause of the confinement; and

(b) The hour, date and manner of each person's discharge.

(2) Except as provided in subsection (3) of this section, the records of a person confined in jail shall be held in confidence and shall be made available only to criminal justice agencies as defined in RCW 43.43.705; or

(a) For use in inspections made pursuant to *RCW 70.48.070;

(b) In jail certification proceedings;

(c) For use in court proceedings upon the written order of the court in which the proceedings are conducted;

(d) To the Washington association of sheriffs and police chiefs;

(e) To the Washington institute for public policy, research and data analysis division of the department of social and health services, higher education institutions of Washington state, Washington state health care authority, state auditor's office, caseload forecast council, office of financial management, or the successor entities of these organizations, for the purpose of research in the public interest. Data disclosed for research purposes must comply with relevant state and federal statutes;

(f) To federal, state, or local agencies to determine eligibility for services such as medical, mental health, chemical dependency treatment, or veterans' services, and to allow for the provision of treatment to inmates during their stay or after release. Records disclosed for eligibility determination or treatment services must be held in confidence by the receiving agency, and the receiving agency must comply with all relevant state and federal statutes regarding the privacy of the disclosed records; or

(g) Upon the written permission of the person.

(3)(a) Law enforcement may use booking photographs of a person arrested or confined in a local or state penal institution to assist them in conducting investigations of crimes.

(b) Photographs and information concerning a person convicted of a sex offense as defined in RCW 9.94A.030 may be disseminated as provided in RCW 4.24.550, 9A.44.130, 9A.44.140,

10.01.200, 43.43.540, 43.43.745, 46.20.187, 70.48.470, 72.09.330, and **section 401, chapter 3, Laws of 1990.

(4) Any jail that provides inmate records in accordance with subsection (2) of this section is not responsible for any unlawful secondary dissemination of the provided inmate records.

[2016 c 154 § 6; 2014 c 225 § 105; 1990 c 3 § 130; 1977 ex.s. c 316 § 10.]

NOTES: Reviser's note: *(1) RCW 70.48.070 was repealed by 1987 c 462 § 23, effective January 1, 1988.

***(2) 1990 c 3 § 401 appears as a note following RCW 9A.44.130.

Intent—2016 c 154: See note following RCW 74.09.670.

Index, part headings not law—Severability—Effective dates—Application—1990 c 3: See RCW 18.155.900 through 18.155.902.

Severability—1977 ex.s. c 316: See note following RCW 70.48.020.



Employment Security Department
WASHINGTON STATE

OFFICE OF SPECIAL INVESTIGATIONS • DATA MINING UNIT
P.O. BOX 9046 • OLYMPIA, WA 98507-9046

FACSIMILE TRANSMITTAL SHEET

December 6, 2016

To: SPOKANE COUNTY SHERIFF'S OFFICE	From: Chris H – Inv# 409
Fax #: 509.477.5641	Fax #: 360.902.9771
Phone #: 509.477.6917	Phone #: 866.266.1987
Number of pages including cover: 1	Please return within 2 business days

We are reviewing eligibility for the unemployment claim of:

Name: AARON MARK EDINGER DOB: 09/08/1980

Please provide all dates that the individual was incarcerated from: **03/06/15 – CURRENT**

Booked on _____	Time _____	Released on _____	Time _____
Booked on _____	Time _____	Released on _____	Time _____
Booked on _____	Time _____	Released on _____	Time _____

Is the individual currently on home monitoring? Yes No

If yes, monitoring start date: Date: _____

Is the individual currently on a work release program? Yes No

If yes, work release start date: Date: _____

Has the individual been transferred to another facility? Yes No

If yes, date transferred and which facility: Date: _____ Facility: _____

For any of the above questions, please provide a point of contact, if known:

Name: _____

Phone: _____ Fax: _____ Email: _____

Additional information/comments: _____

Verified by _____ Phone _____ Date _____

To obtain our ORI # or if you have questions, please contact me at number listed above.

ESD CONFIDENTIALITY NOTICE: This notification may contain confidential information protected by state or federal law. The information is intended only for use consistent with the state business discussed within. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or the taking of any action in reliance on the contents is strictly prohibited. If you have received this information in

error, please notify the sender immediately to arrange for return, or destruction of this information.