

GOVERNMENT SQUANDERS FUNDS, PAYS \$14 BILLION UNEMPLOYMENT BENEFITS BY MISTAKE



Unemployment benefit checks are what most jobless look forward to with great anticipation, as for many it is the only avenue of income that will help them meet their expenses. However, given revelations that the government overpaid employment benefits by an astronomical \$14 billion last year, recipients would be well advised not to be in too much of a hurry to spend their checks – the government could ask you to return it. It seems that owing to government mistakes, jobless Americans now find themselves in debt to the tune of billions of dollars. The problem seems to be truly widespread and out-of-control, given that the overpayments constitute roughly 11 percent of all unemployment benefits paid in 2011. That the margin of error is so high suggests that the system is flawed and needs to be overhauled. If any further evidence was needed that the system was error prone and inconsistent, there is no need to look beyond Indiana that, believe it or not, made more improper payment than it did proper ones. However, this is not something that has happened only last year, it is an endemic problem. The Labor Department reports that between middle of 2008 and the middle of 2011, the government doled out \$20 billion extra in reckless and careless generosity. There isn't a single state in the entire country that has not paid more by mistake. 27 states paid more than 10 percent of what they should have rightfully paid, Indiana and Louisiana defied logic, for they paid wrongly in excess of 44 percent. Apparently every second recipient was deceitfully receiving the money. To rectify their mistakes the U.S. Department of Labor and the offending states have initiated measures to try to recover some of their lost funds and avoid future overpayments. Vice-President Biden has been given the responsibility of leading the 'Campaign to Cut Waste', commenced last year to address the problem of overpayments at federal agencies. "Unemployment checks are going to people in prison. Unemployment checks are going to graveyards," Biden said in September. However, to be fair, it would not be justified to put the entire blame on the government for this colossal over payment. The overpayments mostly happen from an administrative clerical error made either by the government, the employer, the worker or a combination of the three. More often than not it is seen that the loopholes in the system are exploited by those who are not eligible for the benefits. These are those who are actively looking for a job, those who were sacked from their positions, those who left of their own will and last and by far the worst lot, those who continue to file claims even though they've returned to work. Yet it is seen that they continue to fraudulently apply for the benefits and manage to get away with their unlawful intent. People with a criminal bent of mind, use fake or forged documents or identities of prison inmates, illegal immigrants and even the dead to make false claims for benefits. Ryan Greninger, 36, of Richmond, Ind. admitted that he collected unemployment benefits, even though he was serving a two year term in a county jail for a drug-related crime. It was simple he said, I was earlier collecting unemployment benefits legally after I lost my job. I just asked the girlfriend of another inmate to file claims on his behalf. "It's not like some big scheme I thought of," he said. "I paid this guy \$50 each time to have his girlfriend -- a woman I had never met -- file my unemployment claims." He said that he knew that it was not the right thing to do, but he had a fiancée and four children and they needed the money. Today he owes the state \$14,000 and a part of his working wages now goes towards repaying it. "I accept responsibility for what I did. It was wrong. It was a mistake," he said. "I'm paying for it now." It is indeed a pity that ungrateful, unprincipled people are taking advantage of, what is basically a humanitarian activity. Through this huge act of generosity the government is only trying to help those who do not have jobs and assumed to not have any source of income. The Census Bureau reports that in 2010, 3.2 millions were kept out of poverty owing to this government largesse. Now the recipients of the accidental unemployment benefit payments are being billed by the federal and state governments. However, Gay Gilbert, an administrator at the Labor Department, did not sound too optimistic about recovering the money saying that in such cases the amount recovered is only around 25 percent of the entire amount. Gilbert said that, she thinks pre-emptive measures are starting to work. "We believe our improper payment rate has very slightly started to tick down," she concluded. Most recipients are hard pressed for money and spend it faster than they receive it. Those who can prove that they got the extra money from oversight and that they did not defraud the government intentionally and that their financial condition is distressing can get their recovering bills waived. Unless the case is extreme, offenders are rarely given jail terms as the government wants to see them working, earning and being in a position to pay back what they owe the government. Punishment is normally limited to probation, community service and paying back the money with an extra penalty.