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## Review of the Book *An Incentives Approach to Improving the Unemployment Compensation System*

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# Review of the Book *An Incentives Approach to Improving the Unemployment Compensation System*

## **Abstract**

[Excerpt] This volume is the result of over two decades of research by the author on the unemployment insurance (UI) system. It focuses on the *overpayment* of UI benefits: payments to individuals that are larger than they should be because of miscalculations of benefit levels by administrative agencies or the failure of individuals to meet initial or continuing eligibility requirements for the receipt of benefits.

## **Keywords**

unemployment compensation, unemployment insurance, incentives, overpayment, eligibility

## **Disciplines**

Labor Economics | Labor Relations

## **Comments**

### **Suggested Citation**

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*An Incentives Approach to Improving the Unemployment Compensation System.* By Paul L. Burgess and Jerry L. Kingston. Kalamazoo, Mich.: W. E. Upjohn Institute for Employment Research, 1987. xv, 273 pp.

This volume is the result of over two decades of research by the author on the unemployment insurance (UI) system. It focuses on the *overpayment* of UI benefits: payments to individuals that are larger than they should be because of miscalculations of benefit levels by administrative agencies or the failure of individuals to meet initial or continuing eligibility requirements for the receipt of benefits.

The authors argue that the complexities of the UI system, federal administrative funding procedures, federal criteria for state agency performance, incentives in state UI programs,

and the administration of weekly UI eligibility criteria all combined to make overpayment of benefits almost inevitable. They stress that the vast majority of overpayments are not due to fraud but rather to the many opportunities for error and accident.

Burgess and Kingston's efforts have produced an extraordinarily detailed and useful institutional analysis. Each chapter of their *process* evaluation is replete with recommendations both about how the administration of the program might be improved and simplified and about how incentives for overpayment might be reduced. The authors assume that the reader has a general knowledge of the UI system—a quite reasonable assumption, given that the book is likely to be of interest only to UI specialists.

Representatives of organized labor were given the opportunity to serve on an advisory panel for the project that led to this book. They refused, and I suspect they did so because the project was funded by the National Chamber Federation of the U.S. Chamber of Commerce. Organized labor is likely to be unhappy with the book not for what it recommends (which in the main are quite sensible changes), but for what the authors do not discuss in detail, the *underpayment* of UI benefits. As the authors note, data on underpayment of benefits is quite sketchy and underpayment probably arises primarily in cases of eligible workers failing to apply for UI benefits or being incorrectly classified as ineligible to receive benefits. The authors are well aware of the importance of future research addressing the underpayment issue.

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