Payment Integrity Scorecard

Program or Activity
Employment & Training Administration - Federal State Unemployment Insurance

Reporting Period
Q2 2023

FY 2022 Overpayment Amount ($M)*
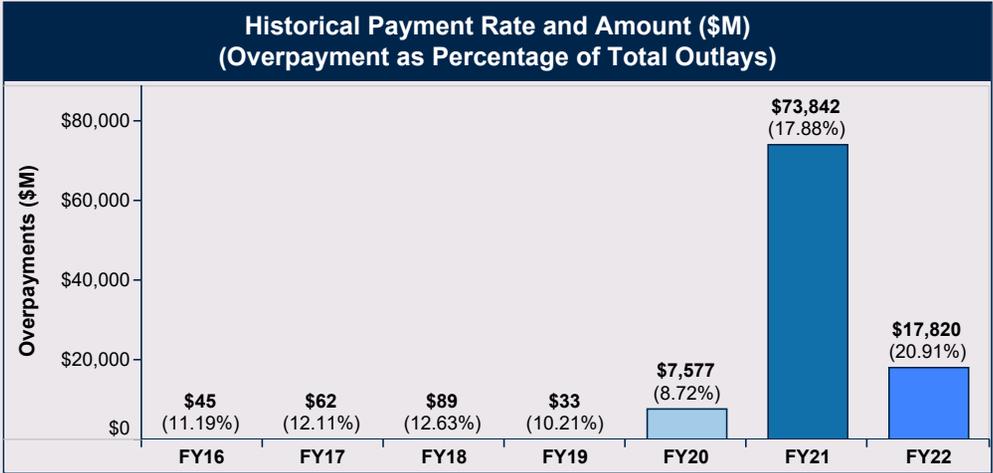
$17,820

*Estimate based a sampling time frame starting 7/2021 and ending 6/2022

DOL
Employment & Training Administration - Federal State Unemployment Insurance

Brief Program Description & summary of overpayment causes and barriers to prevention:

The UC programs provide temporary, partial wage replacement to eligible workers. Programs included in the monetary loss calculation for FY22 included the traditional state UI, UCFE, UCX, EB, EUC08 benefits, and the PEUC and FPUC CARES Act benefits.

Historical Payment Rate and Amount ($M)
(Overpayment as Percentage of Total Outlays)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Amount	$45	$62	$89	$33	$7,577	$73,842	$17,820
Percentage	(11.19%)	(12.11%)	(12.63%)	(10.21%)	(8.72%)	(17.88%)	(20.91%)

Discussion of Actions Taken in the Preceding Quarter and Actions Planned in the Following Quarter to Prevent Overpayments

ETA is focused on strengthening UI program integrity, making it a top agency priority. ETA develops and oversees a robust and dynamic UI Integrity Strategic Plan, which continuously evolves and includes innovative strategies to address emerging fraud schemes and UI program risks. The Department is currently working to enhance its existing UI fraud risk management processes, using GAO's Fraud Risk Framework as a guide. The Department continues to explore, research, identify, invest in, and provide states with new tools, resources, strategies, and guidance to help states combat the continually changing and newly emerging types of sophisticated fraud impacting the UI system. For example, BAV service was implemented for states to check bank account information provided on UI claims. ETA 's efforts to prevent overpayments include providing timely guidance, technical assistance, funding, and oversight to states related to proper administration of all UC programs. The Department is actively working on guidance and funding opportunities to reduce improper payments, prevent and detect fraud, strengthen ID verification, and recover overpayments. The Department has also piloted the use of Login.gov, the Federal government's secure sign-in service operated by GSA, to provide ID verification for UI services conducted online. In addition, the Department is launching a new service to provide in-person, evidence-based ID verification at USPS locations in states across the country.

	Accomplishments in Reducing Overpayment	Date
1	ETA issued TEN No. 14-22 to announce changes to the ID Fraud reporting website, which included increased readability and strengthened the reminder to the public to be aware of phishing schemes. The TEN also reminded states about protecting UI ID fraud victims.	Jan-23
2	The UI Integrity Center completed development and testing of the Integrity Data Hub (IDH) and DOL-OIG data sharing capability and now regularly shares potential allegations of fraud, waste, abuse, mismanagement, and misconduct identified by the IDH with the DOL-OIG.	Jan-23
3	ETA continues onboarding states to initiate intense technical assistance provided through Tiger Team consultative assessments, which includes recommendations to states to improve UC systems, operations, and program performance.	Mar-23

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#	Goals towards Reducing Overpayments	Status	ECD
1	On March 13, 2023, ETA hosted a national call with states and DOL-OIG to share trends on techniques DOL-OIG uses to prepare UI data for analysis to identify trends indicating potential fraud and to provide states with information on money mules.	Completed	Mar-23
2	ETA reinstated the process for securely sharing DOL-OIG analyzed files with states. ETA received files from the DOL-OIG where the DOL-OIG had identified potential UI fraud, and ETA transferred the files to states for follow up.	On-Track	Jun-23

#	Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1	Recovery Activity	Provide technical assistance to states on overpayment recovery methods and best practices and find opportunities to streamline state recovery efforts.	ETA and the UI Integrity Center continue to work with and states to provide recommendations to improve overpayment recovery efforts.
2	Recovery Activity	Work closely with federal law enforcement and banks/financial institutions to streamline recovery efforts and facilitate the return of UI funds.	ETA is developing a SOP to ensure that funds recovered through the civil prosecution of COVID-19 related fraud is returned to the appropriate trust.
3	Recovery Activity	Explore additional funding opportunities to improve overpayment recovery and/or the potential need for additional guidance regarding overpayment recovery.	ETA is monitoring the use of grant funds provided to support states with fraud detection and prevention, including identity verification and overpayment recovery activities, and assessing the potential need for additional guidance regarding overpayment recovery.

Amt($)	Root Cause of Overpayment	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
$10,698M	Overpayments outside the agency control that occurred because of an Inability to Access the Data/Information Needed.	Statutory barriers, established for good policy reasons require payments "when due", prohibiting states from suspending payments until official state determination that payments are no longer due. UI is not administered at the Federal level.	Training – teaching a particular skill or type of behavior; refreshing on the proper processing methods.	Provide states access to effective tools, technology, resources, and solutions; offering states enhanced technical assistance to prevent/detect IPs and fraud and to reduce IPs due to issues that were not detectable by normal procedures.
$6,673M	Overpayments within agency control that occurred because of a Failure to Access Data/Information Needed.	State agency identified issue but didn't properly follow procedures/complete forms and/or provided incorrect info - didn't resolve issue. Or result of 3rd-party error/incorrect info. OPs originate from state agency administration issues, not Federal.	Audit - process for assuring an organization's objectives of operational effectiveness, efficiency, reliable financial reporting, and compliance with laws, regulations, and policies.	Hold states accountable through performance measures and require corrective action for not meeting targets; provide oversight and TA; share best practices; enhance training/resources to improve UC knowledge and reduce IPs due to state agency errors.
$449M	Overpayments within agency control that occurred because of an Inability to Access the Data/Information Needed.	State agency had detected payment error as result of crossmatch with state or national files and had taken official action to establish overpayment for recovery before investigation or state was in the process of resolving the error prior to sample selection.	Predictive Analysis - A data analytics technique used to prevent Improper Payments. It uses predictive capabilities to identify unobserved attributes that lead to suspicion of Improper Payments based on known Improper Payments	Promote state strategies to improve use of cross-matching and data analytics to prevent and detect fraud and provide enhanced crossmatches for states' use to ensure UI benefit payments are only made to eligible individuals and reduce IPs.

State UI agencies entered the pandemic after experiencing the lowest claims workload, and thus lowest administrative funding, in 50 years, which significantly impacted resources and staffing levels. Many states are also challenged by antiquated UI IT systems. To add further complication to state UI program operations, the frequency and complexity of fraud attacks against state UC programs increased significantly during the COVID-19 pandemic. States were forced to respond to and address relentless and sophisticated fraud attacks that continued to evolve to circumvent the prevention and detection tools and strategies states had in place. States continue to focus their attention and available resources on reducing backlogs accumulated from high claims volume and combatting the substantial increases in UI fraud. Many states have implemented new or updated existing fraud prevention and detection tools, including ID verification solutions. ETA has actively and aggressively continued to address fraud and improper payments in the UC programs by providing support to states through guidance, technical assistance, and additional funding opportunities. ETA also provides targeted technical assistance to states through Tiger Teams to address state-specific, unique challenges and/or collect best practices to prevent and detect fraud, promote equitable access, reduce backlogs, and ensure the timely payment of benefits. ETA has and continues to make UI program integrity a top priority.