Payment Integrity Scorecard

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

Reporting Period
Q4 2023

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

*Estimate based a sampling time frame starting 7/2021 and ending 6/2022
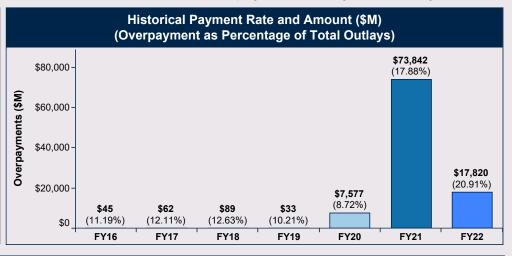
DOL
Employment & Training Administration - Federal State Unemployment Insurance

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 include the traditional state UI, UCFE, UCX, EB, EUC08 benefits, and PEUC and FPUC CARES Act benefits. The top three root causes for OPs in the UC programs are BYE, Work Search, and Separation Issue IPs. Barriers to prevention include (1) statutory requirements, based on sound policy, to provide due process; (2) states must balance legal requirement to pay benefits quickly with requirement to prevent fraud and ensure equitable access; (3) 53 jurisdictions with different IT systems, cybersecurity, ID verification, and fraud solutions/vendors; (4) increasingly sophisticated/evolving fraud schemes.

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
(%)	(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 remains focused on strengthening UI program integrity and continues to make it a top agency priority. While not all improper payments are fraud, fraud risk mitigation is a critical part of ETA's efforts to reduce UI improper payments that are attributable to fraudulent activity. ETA's efforts and actions to improve integrity in the UC programs included providing guidance, technical assistance, resources, and funding to support states in combatting fraud, strengthening ID verification, reducing improper payments, recovering overpayments, assessing and addressing fraud risks, protecting victims of ID fraud, modernizing state UI systems, and evaluating data to ensure effectiveness and equity in fraud prevention and detection efforts. ETA has also invested in developing new and enhancing existing tools, datasets, and resources and made these available to aid states in more quickly identifying potential improper payments and fraud. For example, funding offered under the numerous grant opportunities, provided states with monetary resources to improve program integrity efforts, reduce improper payments, and combat fraud. The Department's partnership with GSA and USPS, provided an opportunity for the Department to announce the National ID Verification Offering, which makes available, to states (for at least the next two years subject to available funding), both in-person and digital, government-operated, ID verification services.

Accomplishments in Reducing Overpayment

	Accomplishments in Reducing Overpayment	Date
1	ETA announced (UIPL No. 11-23) the Department's National ID Verification Offering, which provides states with options for government-operated ID verification services, including a digital option through GSA's Login.gov and an in-person option in partnership with the USPS.	Jul-23
2	ETA issued UIPL No. 11-23, making available to states up to $200 million in ARPA grant funding to improve the resiliency of state IT systems and their ability to respond to changing fraud threats and up to $100 million in ARPA grant funding to improve UI program integrity.	Jul-23
3	The UI Integrity Center implemented an enhanced Fraud Alerting capability in the IDH (Fraud Alert 2.0), which captures data elements identified in fraud alerts in a more structured format, allowing new lookup requests to be cross-matched against historical fraud alerts.	Aug-23

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	Goals towards Reducing Overpayments	Status	ECD
1	The UI Integrity Center, in partnership with ETA, hosted the "Leveraging Federal Funds to Support More Robust IDH Utilization" webinar (see TEN No. 02-23), which discussed how funds from federal grant opportunities can be used to help states leverage the IDH most effectively and highlighted current IDH functionality and best practices supporting robust use of the IDH.	Completed	Aug-23
2	ETA expanded outreach regarding the National ID Verification Offering by conducting demonstrations of the Login.gov and USPS services, holding discussions with states, initiating follow-up conversations with interested state UI agencies, and onboarding states to use at least one, if not both, of the ID verification services offered through the National ID Verification Offering.	On-Track	Sep-24

	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 overpayment recovery efforts.	ETA issued UIPL No. 11-23, which provided states with required and recommended overpayment recovery activities.
2	Recovery Activity	Continue to work closely with federal law enforcement and banks/financial institutions to streamline recovery efforts and facilitate the return of UI funds.	ETA continues developing a SOP to ensure that funds recovered through the civil prosecution of COVID-19 related fraud is returned to the appropriate fund.
3	Recovery Activity	Explore additional funding opportunities to improve overpayment recovery and/or the potential need for additional guidance regarding overpayment recovery.	ETA issued UIPL No. 11-23, making available to states an additional $100 million in ARPA funding to support UI program integrity, which includes enhancing overpayment recovery efforts.

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.

ETA has made significant progress in improving UI program integrity. In July 2023, the Department announced the availability of additional grant funding to states to implement Tiger Team recommendations, improve state UI IT systems, and strengthen UI program integrity. The Department also announced the National ID Verification Offering which makes available to states an online ID verification solution through Login.gov, in partnership with GSA and an in-person ID verification in partnership with the USPS. Furthermore, the Department developed a UI Fraud Risk Profile to identify inherent fraud risks facing the UI program, assess the likelihood and impact of risks, examine the suitability of existing fraud controls, and prioritize residual fraud risks. The UI Fraud Risk Profile aligns existing UI fraud risk mitigation efforts with GAO's Fraud Risk Framework. 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 develops, updates, oversees, and communicates UI antifraud strategies through its robust and dynamic UI Integrity Strategic Plan, which continuously evolves and includes innovative strategies and antifraud controls to combat emerging fraud threats and address risks identified in the UI Fraud Risk Profile.