

Payment Integrity Scorecard

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

Reporting Period
Q1 2024

FY 2023 Overpayment Amount (\$M)* **\$4,019**

*Estimate based a sampling time frame starting 7/2022 and ending 6/2023

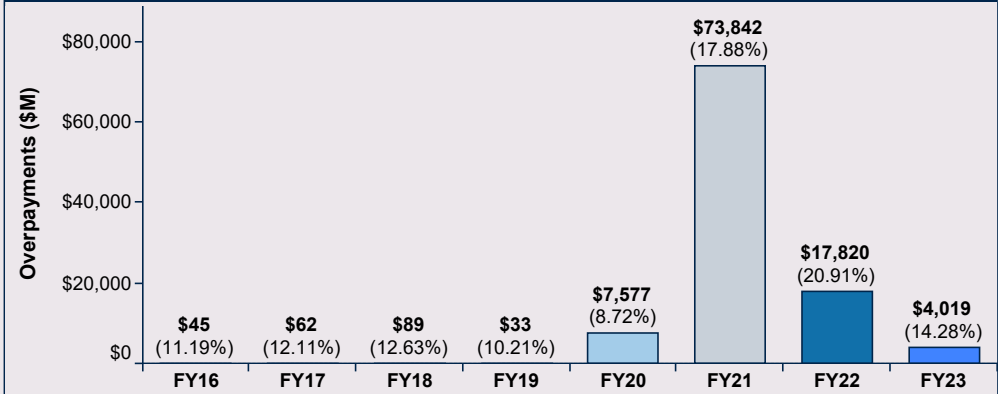


Department of Labor
Employment & Training Administration - Federal State Unemployment Insurance

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)**



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 include 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 is also investing in developing new and enhancing existing tools, datasets, and resources and making these available to aid states in more quickly identifying potential improper payments and fraud. For example, funding offered under the numerous grant opportunities provides states with monetary resources to improve program integrity efforts, reduce improper payments, and combat fraud. The Department's partnership with GSA and USPS, provides an opportunity for the Department to work with interested states to implement the National ID Verification Offering, which makes available in-person and digital, government-operated, ID verification services.

Accomplishments in Reducing Overpayment

		Date
1	ETA processed UIPL No. 11-23 grant applications to award states ARPA grant funding to improve the resiliency of state IT systems and their ability to respond to changing fraud threats and to improve UI program integrity.	Dec-23
2	NASWA hosted the 2023 UI Integrity Symposium, which focused on both UI benefits and tax integrity and included workshops, presentations, and trainings for states on successful and promising practices and practical strategies to strengthen UI program integrity.	Dec-23
3	The Department announced the "Open UI Initiative", a new effort to enable modular system development and software reuse across the UI system to make state UI systems more accessible, resilient, and secure.	Dec-23

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Goals towards Reducing Overpayments	Status	ECD	Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1 NASWA hosted the 2023 UI Integrity Symposium, which focused on both UI benefits and tax integrity and provided states with networking opportunities. The Symposium included workshops, presentations, and trainings for states on successful and promising practices and practical strategies to strengthen UI program integrity.	Completed	Dec-23	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 continues to provide technical assistance to states (as needed) regarding 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.
2 ETA continued expanding 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. Six states are now using at least one of these services.	On-Track	Sep-24	3 Recovery Activity	Explore additional funding opportunities to improve overpayment recovery and/or the potential need for additional guidance regarding overpayment recovery.	ETA processed UIPL No. 11-23 grant applications to award states ARPA grant funding to implement required and recommended overpayment recovery activities.

Amt(\$)	Root Cause of Overpayment	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
\$3,084M	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.
\$856M	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.
\$79M	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 continues to actively and aggressively address fraud and improper payments in the UC programs by providing support to states through guidance, technical assistance, and additional funding opportunities. ETA has made significant progress in improving UI program integrity. Throughout FY 2024, Q1, the Department prioritized processing grant applications to award additional grant funding to states to implement Tiger Team recommendations, improve state UI IT systems, and strengthen UI program integrity. The Department is also working with interested states to implement 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 continues to update the UI Fraud Risk Profile, in alignment with the GAO's Fraud Risk Framework, to identify any new 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. As part of the Department's UI fraud risk management activities, ETA also updates the UI Integrity Strategic Plan and evolves integrity strategies and antifraud controls to combat emerging fraud threats and newly identified risks.