Payment Integrity Scorecard

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

Reporting Period
Q4 2024

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

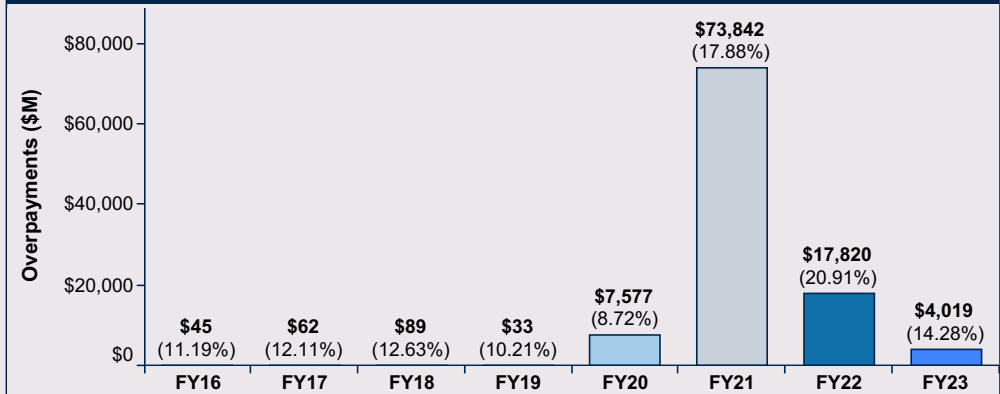*Estimate based a sampling time frame starting 7/2022 and ending 6/2023

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)

FY	Amount	Percentage
FY16	$45	(11.19%)
FY17	$62	(12.11%)
FY18	$89	(12.63%)
FY19	$33	(10.21%)
FY20	$7,577	(8.72%)
FY21	$73,842	(17.88%)
FY22	$17,820	(20.91%)
FY23	$4,019	(14.28%)

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 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, provide states with monetary resources to fight fraud and improve integrity. Providing state UI agencies with access to additional payment integrity data sources is also one of ETA's key antifraud strategies. Additionally, the Department's partnership with GSA and USPS, provides an opportunity 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	Issued TEN No. 03-24 that announced implementation of the Modernized ICON Cloud Hub for real-time access to various nationwide integrity data to improve the detection of overpayments.	Aug-24
2	Issued TEN No. 09-24 to announce 2024 SIDES virtual workshop, "Helping Employers Connect and Engage with Your SIDES Program." that reemphasizes to SWA staff how to use the SIDES Employer Outreach Toolkit as a critical integrity tool.	Aug-24
3	Issued UIPL No. 17-24, announcing availability of additional funding to cover ongoing admin costs related to reporting, data retention, audit-related & oversight activities, efforts to detect, establish & recover overpayments, & reconciliation efforts for the PUA program.	Aug-24

Payment Integrity Scorecard

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

Reporting Period
Q4 2024

	Goals towards Reducing Overpayments	Status	ECD
1	ETA will continue to facilitate the take-up and use of the national offering of online identity verification (GSA's Login.gov) and in-person identity verification (US Postal Service) by states. ETA will also support enhancements to the IDH and explore additional data sources for inclusion in the IDH to continuously improve fraud prevention and detection and reduce UI improper payments and provide more robust use of the IDH.	On-Track	Sep-25
2	ETA will continue to provide legislative technical assistance on proposed UI Integrity legislation as needed and promote the Department's UI integrity legislative package as set out in the FY 2025 budget proposal.	On-Track	Sep-25

	Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1	Recovery Audit	Provide technical assistance (TA) to states on overpayment (OP) recovery methods, best practices, & opportunities to streamline state recovery efforts. Provide TA to states on recovery methods & best practices & find opportunities to streamline state recovery efforts.	ETA continues to provide TA to states (as needed) regarding required & recommended recovery activities.
2	Recovery Audit	Continue to work closely with federal law enforcement & banks/financial institutions to streamline recovery efforts & 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 Audit	Pursue legislative changes to support & enhance state OP recovery efforts.	ETA continues providing legislative TA to key stakeholders & promoting these proposals.

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 UC programs by providing support to states through guidance, TA, and additional funding opportunities. In FY 2024 Q3, the Department released a comprehensive UI Transformation Plan, which provides insights into lessons learned throughout the pandemic; represents an accounting of activities/strategies completed, underway, and being pursued; and contains recommendations for necessary legislative action. ETA also continued working with states to implement NIDVO which offers states an online ID verification solution through Login.gov, in partnership with GSA, and an in-person ID verification service in partnership with the USPS. The Department remains focused on making additional payment integrity data sources available to states for cross-matching and recently announced a new data sharing partnership between Treasury and NASWA to make DNP data available through the IDH to aid in fraud prevention and support accurate UI eligibility determinations. Furthermore, the Department continues to assess and evaluate UI fraud risks in alignment with GAO's Fraud Risk Framework and update the UI Integrity Strategic Plan with evolving antifraud strategies to combat emerging fraud threats and newly identified risks. The Department also recently announced the release of new UI fraud risk management webpages to provide a dedicated place to update states on UI fraud risk mitigation strategies/initiatives.