Payment Integrity Scorecard

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

Reporting Period
Q1 2025

FY 2024 Overpayment Amount ($M)* | **$4,916**

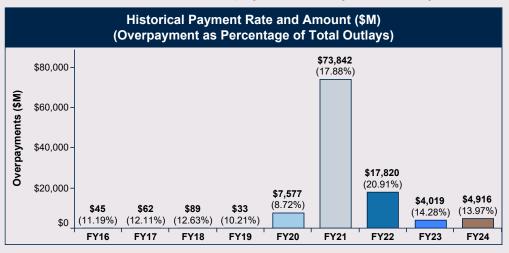*Estimate based a sampling time frame starting 7/2023 and ending 6/2024

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)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Amount	$45	$62	$89	$33	$7,577	$73,842	$17,820	$4,019	$4,916
Percentage	(11.19%)	(12.11%)	(12.63%)	(10.21%)	(8.72%)	(17.88%)	(20.91%)	(14.28%)	(13.97%)

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 (TA), resources, and funding to support states in combatting fraud, strengthening ID verification, reducing improper payments, recovering overpayments, and assessing and addressing fraud risks. ETA is 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, providing state UI agencies with access to additional payment integrity data sources is 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 (NIDVO), which makes available in-person and digital, government-operated, ID verification services. ETA is also analyzing state UI improper payment rates and directing targeted TA to states to reduce the top root causes of UI improper payments.

	Accomplishments in Reducing Overpayment	Date
1	Hosted a workshop to teach state UI agencies how to use the SIDES Outreach Toolkit to increase registrations and meet or exceed UIPL No. 19-16 guidelines and deployed the SIDES Power of Attorney Exchange in production.	Nov-24
2	Processed approximately $90.8 million in funding for 35 states to cover ongoing costs associated with data retention, efforts to detect, establish & recover OPs, & for continued administration of the CARES Act UC programs in accordance with UIPL No. 17-24.	Dec-24
3	Issued UIPL No. 09-25, to provide urgent instructions to SWAs on data retention requirements for temporary pandemic-related UC programs, authorized under the CARES Act, as amended.	Jan-25

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Goals towards Reducing Overpayments		Status	ECD
1	ETA continued to facilitate states' take-up and use of NIDVO, which provides online ID verification (GSA's Login.gov) and in-person ID verification (US Postal Service) services. At the end of the quarter 19 states were using at least one of these services.	On-Track	Sep-25
2	ETA continued to support enhancements to the Integrity Data Hub (IDH) to continuously improve fraud prevention and detection and reduce UI improper payments.	On-Track	Sep-25

	Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1	Recovery Activity	Provide technical assistance (TA) to states on overpayment 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 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	Pursue legislative changes to support and enhance state overpayment recovery efforts.	Overpayments within agency control that occurred because of an inability to access data/information needed.

Amt($)	Root Cause of Overpayment	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
$3,933M	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.
$876M	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.
$106M	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. The Department's comprehensive UI Transformation Plan 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 continues working with states to implement NIDVO and remains focused on making additional payment integrity data sources available to states through the IDH to improve states' ability to identify and prevent fraud and improper payments. Additionally, the Department continues to assess and evaluate UI fraud risks in alignment with GAO's Fraud Risk Framework and updates the UI Integrity Strategic Plan with evolving antifraud strategies to combat emerging fraud threats and newly identified risks. Furthermore, ETA is assessing and analyzing the UI improper payment rate and directing targeted TA to states to address the leading root causes of improper payments.