

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION Unemployment Insurance
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ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 16-24

TO: STATE WORKFORCE AGENCIES

FROM: JOSÉ JAVIER RODRÍGUEZ 
Assistant Secretary

SUBJECT: Additional Planning Guidance for the Fiscal Year (FY) 2025 Unemployment Insurance (UI) State Quality Service Plan (SQSP)

1. **Purpose.** To initiate the FY 2025 SQSP process and define additional requirements relevant to the FY.
2. **Action Requested.** The Employment and Training Administration (ETA) requests State Administrators to:
 - Make this information available to appropriate staff;
 - Prepare their state’s SQSP in accordance with planning and reporting instructions contained in [Employment and Training \(ET\) Handbook No. 336, 18th Edition, Change 4](#) (SQSP Handbook) and additional instructions in this Unemployment Insurance Program Letter (UIPL);
 - Coordinate specifics, as appropriate, with the ETA Regional Office (RO) for electronic submission of the SQSP; and
 - Submit the FY 2025 SQSP to the appropriate RO by the deadline set by the RO.
3. **Summary and Background.**
 - A. Summary – The SQSP Handbook provides planning and reporting instructions for the SQSP process. This UIPL provides additional guidance relevant to the SQSP process for FY 2025, specifies dates applicable to the FY, outlines national priorities and Federal program emphasis, and identifies special planning requirements for the FY.
 - B. Background – The SQSP is the state’s UI performance management and service plan. It represents an approach to the UI performance management and planning process that allows for an exchange of information between Federal and state partners to enhance the UI program’s ability to reflect their joint commitment to performance excellence and customer-centered services. As part of UI Performs, the comprehensive performance management system for the UI program, the SQSP is the principal vehicle that state UI programs use to plan, record, and manage improvement efforts as they strive for excellence in service. Title III of the Social Security Act (SSA) authorizes the Secretary

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of Labor (Secretary) to provide funds to states to administer the UI program and governs the expenditure of those funds. The SQSP is a part of the process by which states receive Federal UI administrative grants.

The SQSP Handbook contains general instructions for the SQSP. It is designed as a permanent guide for the planning and budget process and provides states with planning guidelines and instructions for reporting UI financial and staff year information. The SQSP Handbook notes that ETA will issue a SQSP UIPL each year with additional planning guidance that supplements the SQSP Handbook and provides direction and instructions specific to the upcoming FY. Though this additional planning guidance is like the guidance issued in previous years, there are changes relevant to the FY 2025 SQSP; therefore, please review this guidance carefully.

The SQSP Handbook is approved under the Office of Management and Budget (OMB) No. 1205-0132. The current approval expires on June 30, 2027.

***Note: Due to the sensitivity of information about integrity controls and certain other UI operational matters, states should not make their SQSP publicly available.

4. For FY 2025, ETA will continue to strive to make the SQSP process a meaningful management tool and a strategic road map to improve program administration, strengthen program integrity, and ensure quality service delivery. The SQSP process focuses on promoting state performance and integrity by aligning state UI administration and operations with national priorities, paying benefits accurately and timely, and connecting unemployment compensation (UC) claimants with needed reemployment services. This section highlights the major areas that states are to use in developing their FY 2025 SQSPs.

A. National Priorities and Federal Program Emphasis

National Priorities

The Federal-state Unemployment insurance (UI) system, created by the Social Security Act of 1935 (SSA), is a social safety net for individuals who have lost employment for good cause or no fault of their own. It also helps to stabilize local and national economies during periods of labor market disruption by keeping funds circulating, and it keeps displaced workers attached to the labor market. As noted in the report, [*Building Resilience: A Plan for Transforming the Unemployment Insurance*](#), “unemployment benefits supported over 53 million workers and kept 5.5 million people from falling into poverty,” during the COVID-19 pandemic.

However, the COVID-19 pandemic exposed many challenges and areas in need of improvement in the UI system and also brought about new threats to the system. These challenges include administrative funding issues, that some workers are not covered by the UI program, the adequacy of weekly benefit amounts, and increased fraud risks brought about by attacks from sophisticated domestic and international criminal networks.

The American Rescue Plan Act (ARPA), enacted in March of 2021, provided a one-time \$2 billion investment in the UI system aimed at addressing the most significant operational and administrative challenges facing the program. Although this amount was reduced by \$1 billion in the Fiscal Responsibility Act enacted on June 2, 2023, the goals for ARPA and system transformation remain the same. The ARPA goals are detecting and preventing fraud, promoting equitable access, and ensuring the timely payment of UC.

The UI system currently is experiencing a “window of opportunity” as funding is available to make significant improvements to the system. Using most of the available ARPA funds, the Department of Labor (Department) has provided over \$750 million in grants to states to address the goals set out in ARPA. In addition to these investments of funds, the nation is experiencing a stable labor market and very low UI claims volume. These conditions offer an opportunity to make substantial progress in completing many ARPA-related UI modernization projects that support UI transformation.

The Department recognizes that states have been challenged with administrative funding levels and staff capacity including challenges in retention and hiring. However, for this year’s SQSP, the Department urges each state to focus its SQSP narrative on building a strategic plan and vision on how ARPA investments will support UI transformation in the state.

When developing the FY 2025 SQSP, the Department suggests a state plan focus on strategies to:

- Rebuild and improve program performance and develop high-quality customer services and experiences, including implementing ARPA-funded projects¹
- Develop a multi-layered approach to addressing fraud, reducing improper payments, and recovering established overpayments²
- Ensure equitable access to UC³
- Strengthen reemployment and connections to suitable work⁴
- Build responsive and resilient state IT systems
- Ensure accurate and complete reporting of ETA required reports⁵

The Department recommends reviewing the report, [*Building Resilience: A Plan for Transforming Unemployment Insurance*](#), to inform state strategies.

The Department also recommends identifying in the strategic plan the potential barriers and threats to success, as well as technical assistance needs. Successful implementation of these ARPA projects will ensure the UI system continues to fulfill the promise of the

1 Attachment II provides information and resources on this strategic area.

2 Attachment III provides information and resources on this strategic area.

3 Attachment IV provides information and resources on this strategic area.

4 Attachment V provides information and resources on this strategic area.

5 Attachment VI provides information and resources on this strategic area.

Federal-state UI system and provide a social safety net for America’s workers. Thus, the Department encourages each state to develop its own UI transformation plan.

Federal Program Emphasis

The Government Performance and Results Act of 1993 (GPRA) requires a commitment from all Department programs to attain expressed goals and objectives. Achieving these objectives requires the combined efforts of the Federal and state partners. Like the national priorities, Federal program emphasis summarizes the primary areas in which the Federal partner will focus attention and resources for the planning cycle. The Department’s Strategic Plan and the Department’s annual performance budget form the basis for the Federal program emphasis.

In FY 2025, ETA will continue to work with states to rebuild performance with attention on the GPRA goals below for FY 2025, with targets that the UI system, as a whole, is expected to meet. States should continue to strive to reach or exceed these GPRA goals and targets. States must describe in the SQSP Narrative the steps they will take to reach and/or exceed these GPRA goals and targets (*see* https://oui.doleta.gov/unemploy/docs/GPRA_Summary_Report.asp for the FY 2025 GPRA goals and targets).

Goal	Target
<i>Percent of Intrastate Payments Made Timely (Make Timely Benefit Payments)</i>	87 percent of intrastate first payments for full weeks of UC will be made within 14/21 days from the week ending date of the first compensable week.
<i>Detection of Recoverable Overpayments (Detect Benefit Overpayments)</i>	Overpayments established at a rate that is at least 57.5 percent of the estimated detectable, recoverable overpayments.
<i>Percent of Employer Tax Liability Determinations Made Timely (Establish Tax Accounts Promptly)</i>	90 percent of status determinations for new employers will be made within 90 days of the end of the first quarter in which liability occurred.

B. Program Performance

The Department’s strategic approach to UI Performs is to focus efforts on improving the performance of states where performance is below minimum criteria while promoting overall excellence. To that end, states are expected to address performance that does not meet established performance levels for the SQSP measurement period.

Corrective Action Plans (CAPs) are expected whenever a state’s performance is below established performance levels for the SQSP measurement period. The measurement period for the FY 2025 SQSP is April 1, 2023 – March 31, 2024, unless otherwise indicated (see Attachment I).

C. UI Performance Criteria

Attachment I lists the Core Measures, Secretary's Standards, and UI Programs, and the established performance levels where CAPs and/or Narratives may be expected if annual performance is below these established performance levels for the measurement period.

- i. **Core Measures.** Performance below the accepted level of performance (ALP) for Core Measures are expected to be addressed in a CAP unless otherwise indicated.

Additional instructions for Core Measures are as follows:

- ***The Detection of Overpayments Measure.*** This measure is the percentage of detectable/recoverable overpayments estimated by the Benefit Accuracy Measurement (BAM) survey that was established for recovery through regular UI Benefit Payment Control (BPC) program operations. Any state reporting an overpayment detection rate below 50 percent is expected to address the deficiency in a CAP. In addition, because most states cannot cost-effectively detect and establish more than 90 percent of estimated overpayments, an upper limit of 95 percent has been established for monitoring purposes. If an overpayment detection rate is above 95 percent and is found to be the result of improper administration of BAM or BPC activities or misreporting of data on the ETA 227 (Overpayment Detection and Recovery Activities) report, the state is expected to submit a CAP (for BAM/Overpayment Detection or BPC/Overpayment Detection or address reporting 227 issues). (See [UIPL No. 14-05, Change 1](#), Section 5.c.) The state should develop the CAP to ensure that the state is producing valid data for the Overpayment Detection Measure. The performance period for the BPC component is the three-year period ending March 31, 2024; the performance period for the BAM component is the three-year period ending September 30, 2023.
- ***Effective Audit Measure.*** The Effective Audit Measure, as noted in [UIPL No. 03-11](#), is a blended measure of the following four factors: 1) *Percentage of Contributory Employers Audited Annually*; 2) *Percentage of Total Wage Changed as a Result of Audit*; 3) *Percentage of Total Wages Audited*; and 4) *Average Number of Misclassifications Detected Per Audit*. Each of the four factors has a minimum standard score that states are expected to meet to pass the Effective Audit Measure, as well as an overall combined score that is expected to be achieved. The measure also instructs each state to direct additional emphasis to the factor(s) that state personnel deem important to the state. An additional two points must be earned among any of the four factors to attain the overall passing score of at least 7.0. A CAP is expected for states that do not meet the measure based on calendar year 2023 data.
- ***Improper Payments Measure.*** The Improper Payments Measure is defined as UC overpaid plus UC underpaid divided by the total amount of UC paid. It is based on estimates from the results of the BAM survey of paid UC claims in the State UI, Unemployment Compensation for Federal Employees, and Unemployment

Compensation for Ex-Servicemembers programs. The [Payment Integrity Information Act \(PIIA\) of 2019](#), codified in 31 U.S.C. 3351 *et seq.*, requires agencies to examine the risk of erroneous payments in all programs and activities they administer. PIIA also requires Federal programs to report an annual improper payment rate and include all identified improper payments in the reported estimate, regardless of whether the improper payment in question has been or is being recovered (*see* UIPL No. [09-13, Change 1](#) for ETA’s approved improper payment rate computation methodology). Corrective actions and IAP root causes for FY 2025 are based on ETA’s approved computation methodology. PIIA, in 31 U.S.C. 3351(4), defines the term “improper payment” as:

- (A) ...any payment that should not have been made or that was made in an incorrect amount, including an overpayment or underpayment, under a statutory, contractual, administrative, or other legally applicable requirement; and
- (B) includes—(i) any payment to an ineligible recipient; (ii) any payment for an ineligible good or service; (iii) any duplicate payment; (iv) any payment for a good or service not received, except for those payments where authorized by law; and (v) any payment that does not account for credit for applicable discounts.

In accordance with the PIIA, under the compliance requirements in 31 U.S.C. 3351(2), an ALP of less than 10 percent has been established for the improper payment measure. States are expected to maintain an improper payment rate of less than 10 percent for covered UI programs. This ALP is applicable to the 2023 PIIA performance period (July 1, 2022 to June 30, 2023). A state failing to meet the ALP for the 2023 PIIA performance period will be expected to develop a CAP as part of the FY 2025 SQSP.

- ***UI Overpayment Recovery Measure.*** As explained in UIPL No. [09-13](#), the recovery rate is “the amount of improper overpayments recovered divided by the amount of improper overpayments identified.” The ALP for the recovery rate measure is 68 percent for the 2023 PIIA performance period. The Department will compute future recovery targets based on the most recent recovery and other performance data available.

The performance period will be based on data from the ETA 227, Overpayment Detection and Recovery Activity (Regular), and ETA 227, Overpayment Detection and Recovery Activity (Emergency Unemployment Compensation) (EUC), for the PIIA 2023 performance period (July 1, 2022 to June 30, 2023). Pursuant to the UI Reports Handbook ([ET Handbook No. 401, 5th edition](#)), the June quarter ETA 227 reports are due August 1 each year. A state failing to meet the ALP for the 2023 PIIA performance period will be expected to develop a CAP as part of the FY 2025 SQSP.

ii. **Secretary's Standards**

A state experiencing performance below the criteria for the Secretary's Standards established in regulation at 20 CFR Parts 640 and 650 is required to address the performance issues in a CAP. The Secretary's Standards are listed in Attachment I.

iii. **UI Programs**

States must address the following UI Programs as described below:

- ***State Directory of New Hires (SDNH)/National Directory of New Hires (NDNH)***

State BAM operations that, based on the BAM Administrative Determination, are not compliant with the NDNH matching requirements in [ET Handbook No. 395, 5th Edition](#), chapter VI, UIPL No. [03-07](#), and UIPL No. [03-07, Change 1](#), are expected to be addressed in a CAP for FY 2025.

- ***Benefit Accuracy Measurement (BAM)***

State BAM operations or operational components that are not compliant with investigative and/or "methods and procedures" requirements established in [ET Handbook No. 395, 5th Edition](#), and through findings established through [ET Handbook No. 396, 4th Edition](#) monitoring reviews (based on the annual determination letter issued on or before May 1, 2024), are expected to be addressed in a CAP. This includes paid and denied claim population variances outside established control limits.

- ***Tax Performance System (TPS)***

To ensure that UI tax operations are in compliance with Federal reporting and oversight requirements, a state's failure to conduct one or more TPS sample reviews will be subject to a CAP. Additionally, a tax function that is not sampled will be included in the number of total failing functions as measured by Tax Quality Part A (no more than three tax functions may fail TPS review) and Part B (a tax function cannot fail for three consecutive years). Exceptions include universes that are too small to support a sample ("S"), an Experience Rate sample that was not scheduled for review during the performance year ("E"), or the granting of a temporary waiver by the RO ("W"). Program Review Findings Charts should be noted accordingly.

- ***Data Validation (DV)***

The deadline for submitting DV results is June 10, 2024. DV items that fail to pass validation, or were due but not submitted, are expected to be addressed in the state's FY 2025 SQSP. Non-submitted items also include failure to certify that the

state instructions in the Module 3 for Benefits and Tax are up-to-date during the April 1 – June 10, 2024, certification window.

Any DV items due for Validation Year 2024 that did not pass or were not submitted by the June 10, 2024, deadline are expected to be addressed in a CAP for FY 2025.

ROs will monitor states every three years on cycles coinciding with the Data Validation Years. ROs will assess the accuracy of the states' DV results considered passing or not due as of the time of the monitoring review to verify that the states are properly implementing the DV program. DV items submitted as passing but which a monitoring review determined to have failed also are expected to be addressed in the SQSP. All subsequent SQSP cycles will address items changed from pass to fail in the previous year's monitoring review.

iv. **Other UI Performance**

States are expected to address the following performance deficiencies in the SQSP State Plan Narrative, unless otherwise indicated.

- Failure to meet reporting requirements for Federally-required reports.
- Invalid recording of the Issue Detection Date (IDD) and Determination Date (DD). The validity of the UI Performs nonmonetary determination timeliness measure depends on the accuracy of the state's IDD and DD data. IDD and DD data are considered accurate if dates were correct in at least 95 percent of the nonmonetary determinations evaluated in the quarterly quality samples (obtained from the ETA 9056 report for the measurement period (see Attachment I). Since the accuracy of IDD and DD data is based on sample results, sampling variation will be taken into account in setting the percentage below which a state's data will be considered inaccurate. States with invalid IDD or DD data are expected to address the steps they will take to record the IDD and DD correctly in the SQSP Narrative.

v. **Future Performance Requirements**

UIPL No. [07-21](#), published in FY 2021, announced, for states with RESEA programs, a new reemployment core measure: Reemployment rate in the 2nd Quarter after Program Exit for RESEA Participants. This core measure is designed to focus on RESEA program performance, given that the RESEA program is now permanently authorized within the context of the broader workforce development system. This measure aligns with the Workforce Innovation and Opportunity Act (WIOA) primary indicators of performance and will utilize data that states already report for the Employment Service program, and will assist ETA and states in assessing state performance related to the employment outcomes of RESEA participants.

Performance data for FY 2020 and FY 2021 will be used to review state performance trends and to establish baseline state RESEA performance. States that do not meet performance criteria for both of these performance periods will not be expected to submit CAPs for FY 2025 SQSPs.

UIPL No. [07-21](#) also announced two new program performance measures that are meant to assist states in managing reemployment performance, but these measures are not core measures and do not have associated ALPs.

D. UI Program Integrity and the IAP

The purpose of the IAP is for the state to provide a comprehensive and detailed plan outlining the agency's UI integrity and antifraud strategies. States will use the IAP template (Word document) to develop their FY 2025 IAPs. The template provides states with a format that is conducive for developing a comprehensive, detailed, and actionable IAP, and offers flexibility to clearly articulate state integrity plans and antifraud strategies. States are expected to report their planned actions and activities to prevent, detect, reduce, and recover fraudulent and other UI improper payments in their IAPs, which are submitted each year as part of the annual SQSP submission.

A critical part of fraud risk management includes evaluating outcomes using a risk-based approach and adapting activities to improve fraud risk management strategies. To effectively manage fraud risks, each state should develop and document an antifraud strategy that describes the state's approach for addressing fraud risks.

For FY 2025, ETA is highlighting the following specific topics that states must incorporate into the SQSP IAPs as part of the FY 2025 SQSP submission. States should use the IAP template as a guide to develop their IAPs and ensure all key IAP topics (outlined below) are addressed.

- (Topic #1:) – Ensuring UI program integrity by assessing and evaluating fraud risks, and implementing and maintaining an array of sufficient controls to effectively mitigate the likelihood and impact of fraud, and reducing improper payments:
 - State actions to evaluate UI fraud risks and implement and maintain sufficient controls to effectively prevent fraud and reduce improper payments, including state progress in developing the state's own state-specific antifraud strategy.
 - State use of tools, services, strategies, process improvements, and/or procedural changes adopted by the state to combat fraud, verify identities, and enhance recovery efforts. States must identify which tools, solutions, and service provider(s) are used in the state's fraud management operations including, but not limited to, the following areas: data analysis, risk-based identity (ID) verification, fraud prevention and detection, and cybersecurity.
 - State use of UI Integrity Center resources, with a particular focus on state connection to the Integrity Data Hub (IDH) and use of its datasets to cross-match

UC claims and aid in the prevention and detection of fraud and improper payments (*see* Training and Employment Notice (TEN) No. [24-21](#)).

- State use of required and recommended integrity controls and overpayment recovery activities as outlined in UIPL No. [11-23](#), including any additional effective cross-matching and overpayment recovery activities and identified best practices.
- State use and employer participation in the State Information Data Exchange System (SIDES) (*see* Section 5 of UIPL No. [19-16](#) and TEN No. [12-16](#)).
- (Topic #2) – State plans and actions to address the state's top three improper payment root causes in the PIIA 2023 performance period.
- (Topic #3) – State coordination and collaboration with Department's Office of Inspector General (DOL-OIG) and other state and Federal law enforcement agencies to investigate and prosecute UI fraud and recover overpayments. The response should also include information on the state's plans to continue providing all confidential UC information to DOL-OIG for purposes of both investigating fraud and performing audits.
- (Topic #4) – State plans to strengthen program integrity in UI tax operations, including current activities and plans to identify and prevent worker misclassification, State Unemployment Tax Act Dumping, fictitious employer schemes, and development/use of effective employer audit strategies (i.e., use of remote audits).
- (Topic #5) – State plans and actions to strengthen internal security and ensure that all appropriate internal controls and processes are in place and are adequate to assess internal risks and threats, ensure program integrity, and minimize program vulnerabilities (*see* UIPL No. [14-17](#)).
- (Topic #6) – State plans and actions to evaluate the effectiveness and equity of fraud prevention and detection, ID verification, and improper payment reduction activities. The state should include strategies to ensure that processes used to detect and prevent fraud are effective, and do not limit the ability for a legitimate claimant to apply for and, if eligible, receive UC. States implementing or using facial recognition technology in their ID proofing processes must also report findings from bias testing and provide updates on efforts to mitigate biases or barriers in this section of the IAP.
- (Topic #7) – State plans and actions to mitigate negative consequences for victims of UI ID fraud, including ensuring simplified processes to remove the victim's liability for overpayments resulting from ID fraud.
- (Topic #8) – If the state has not provided complete and accurate overpayment reporting on the ETA 227 series of reports (Overpayment Detection and Recovery Activities), and the ETA 902P report (Pandemic Unemployment Assistance

Activities), the state must provide information on plans for improvement, including timeframes and milestones, for addressing the issue and ensuring complete, accurate, and timely reporting in FY 2025.

States are required to provide a six-month update to the IAP, covering the first two quarters of the FY (October – March) when submitting the SQSP quarterly update for the quarter ending March 31. The purpose of the six-month update is for a state to provide a progress report on the integrity and antifraud strategies outlined in the IAP. The update must include details on any new strategies, solutions, and/or activities; changes to existing strategies; planning or strategy delays and/or challenges in implementing the IAP; positive outcomes (*e.g.*, progress toward the achievement of objectives); and identified successes.

ETA will continue to provide technical assistance to states to support their integrity activities through guidance, webinars, individual state technical assistance, and in partnership with the many available resources to support states with strengthening UI program integrity (*see* Section 12 of this UIPL for UI Technical Assistance Resources).

E. Planning Requirements for FY 2025

i. SQSP Submittal Cycle

The SQSP process provides a 24-month window for states to adequately plan and implement performance improvement efforts. The process provides for two types of submittals: a Formal two-year (Biennial) plan, and an Alternate Year plan. Descriptions of the Biennial and Alternate Year SQSP submittals, significant activities, and dates relating to the submittal and approval of the SQSP are outlined in the SQSP Handbook and this UIPL. This year (FY 2025), all states will submit a Biennial SQSP.

ii. SQSP Preparation

States must use the Excel CAP Workbook to develop their CAPs for the SQSP submissions. States must also use the Excel CAP Workbook for reporting updates to specific CAP milestones and CAP performance each quarter. States must also use the IAP template to develop the IAP and provide IAP updates. The ROs will provide states with the Excel Workbook and IAP template with specific instructions relevant to this Biennial SQSP submittal.

iii. SQSP Assurances and Approval

By signing the SQSP Signature Page, a state certifies that it will comply with the assurances listed in [ET Handbook No. 336, 18th Edition, Change 4](#), and will institute plans or measures to comply with the requirements for each of the assurances.

- Assurance of Disaster Unemployment Assistance (DUA)

Each state must assure that it will conduct annual training for DUA staff and develop and maintain a Standard Operating Procedures manual for DUA. States are encouraged to use the DUA training modules available on the NASWA learning platform at <https://www.naswa.org/learning>.

Each state must:

- Indicate that it has conducted training and provide the date(s) of the training; and
- Indicate that it has developed and/or maintained DUA Standard Operating Procedures for use during a major disaster declaration.

States may contact the RO for a copy of a DUA Standard Operating Procedure template. ROs will also obtain an initial copy from each state for the Department's record. See TEN No. [13-21](#) for additional information.

F. Waiving Recovery of Overpayments, where Appropriate. As states are resolving backlogs, they may identify situations where individuals received benefits to which they were not entitled, and establish an overpayment in each such instance. As noted in [UIPL No. 20-21, Change 1](#), seeking recovery of overpayments from individuals who did not commit fraud and were without fault in receiving the overpayment, especially in light of the economic effects of the pandemic, creates an extraordinary hardship on working families. The authority to waive recovery of overpayments under the regular UI program is a matter of state law. When establishing overpayments under the temporary Coronavirus Aid, Relief, and Economic Security (CARES) Act UI programs, the Department strongly encourages states to exercise the authority to waive recovery when both conditions set forth in the CARES Act, as amended, are satisfied: (1) payment was done without fault on the part of the individual; and (2) repayment would be contrary to equity and good conscience. States are reminded that to consider a waiver of the recovery of an overpayment, the state must first establish an overpayment, and under no circumstances may a state waive recovery activities for a fraudulent overpayment.

Within the context of the CARES Act UI programs, states are permitted to use blanket waivers under the seven scenarios described in [Attachment I to UIPL No. 20-21, Change 1](#). These approved blanket waiver scenarios permit a state, under the limited authorized circumstances, to process the waiver of recovery for individual overpayments that do not require additional fact-finding or submission of individual requests. These scenarios also permit the state to process the waiver of recovery for multiple overpayments meeting one of the approved scenarios simultaneously based on a single set of facts. If overpayments covered by the seven approved scenarios were processed individually, it could result in the same amount of overpayments not being recovered (i.e., recovery still being waived), but at a greater cost and inefficiency to the state because of the workload generated from processing individual waivers. Overpayments occurring outside of the scope of the approved scenarios may still be considered for waiving repayment on an individual case-

by-case basis to ensure the two conditions described in the preceding paragraph are satisfied.

G. Coordination with DOL-OIG. States are reminded of their obligation to report alleged or suspected UI fraud to the DOL-OIG as outlined in UIPL No. [04-17, Change 1](#). States must refer allegations which they reasonably believe constitute UC fraud, waste, abuse, mismanagement, or misconduct to the DOL-OIG. States are also required to disclose confidential UC information related to the CARES Act, as amended, to the DOL-OIG for the purpose of UC fraud investigations and audits for the entire pandemic relief period (*see* UIPL No. [04-17, Change 1](#)). Additionally, TEN No. [05-22](#) reminded states of the DOL-OIG’s authority under the Inspector General Act and strongly encouraged states to comply with data requests made by DOL-OIG. Furthermore, as a condition of receiving funding announced in UIPL No. [22-21](#), participating states are required to disclose all confidential UC information to DOL-OIG for purposes of both investigating fraud and performing audits through weeks of unemployment ending before December 31, 2023.

States are also strongly encouraged to report suspected UI fraud to IDH by creating fraud alerts and submitting all suspicious claims data for cross-matching. Providing suspicious claims data to IDH gives each state the ability to analyze state claims data against known suspicious activity in other states, which offers a mechanism to quickly identify potential fraud across the UI system. States needing assistance with IDH, or to learn more about how IDH can help states’ fraud prevention and detection efforts, can reach out to the IDH Team at IDHTeam@naswa.org for more information.

H. WIOA Combined State Plans. WIOA provides the option for states to submit a Combined State Plan that includes program plans for mandatory one-stop partners and other programs. Given that the UI program is a mandatory one-stop partner under WIOA, states have the option of including the UI program as part of the Combined State Plan. However, each state must participate in the UI Performs SQSP process whether or not the state decides to include the UI program as part of its Combined State Plan.

If a state chooses to submit a WIOA Combined State Plans with UI as a required partner, the state must incorporate SQSP into the Combined State Plan via the WIOA State Plan Portal at <https://wioaplans.ed.gov/>. Those states must incorporate *only* the allowable documents of the FY 2025 SQSP into the Combined State Plan upon ETA’s approval of the SQSP, but no later than October 31, 2024.

Because of the sensitive nature of some SQSP documents, only the following SQSP documents are allowed to be included in the WIOA Combined State Plan:

- Transmittal Letter
- A list of CAPs (*the Biennial SQSP Overview Page from the SQSP CAPs and Quarterly Reporting Workbook*)
- Budget Worksheets/Forms
- Organization Chart
- SQSP Signature Page

- I. UI Technical Assistance Resources.** The following resources provide states with information and support for UI program activities.
- **ETA’s Regional Offices.** ETA’s ROs are available to provide states with ongoing technical assistance regarding UI program administration and operations, integrity strategies, and to connect states with resources supported and funded by the Department. States are encouraged to work closely with ROs in developing the SQSP and IAP, and any needed CAPS.
 - **UI Integrity Center.** In FY 2012, ETA created the UI Integrity Center of Excellence (UI Integrity Center) to support the needs of the fifty-three State Workforce Agencies in implementing strategies to ensure program integrity to prevent, detect, and recover improper payments, and to reduce fraud in the UI programs. The NASWA Center for Employment Security Education and Research, Inc. (CESER) operates the UI Integrity Center through a cooperative agreement with ETA.
 - **Office of Unemployment Insurance Modernization (OUIM).** OUIM, located within the Department’s Office of the Secretary, has developed resources to assist states with equitable practices that reduce claimant errors which contribute to improper payments. States can visit OUIM’s reference site where promising practices and reference materials related to IT modernization and updates from Department-sponsored engagements are housed. The reference site is located at <https://www.dol.gov/agencies/eta/ui-modernization>.
 - **UI Information Technology Support Center (UI ITSC).** ETA created UI ITSC in 1994 through a cooperative agreement with the State of Maryland to develop products and services and to support state UI agencies in the use of IT for efficient administration of the UI program. Since 2009, NASWA CESER has operated the UI ITSC. The UI ITSC’s activities involve providing information, technical assistance, products, and services to states or state consortia in support of the modernization of IT systems used to administer the UI program. For more information on UI ITSC visit <http://www.itsc.org>.
 - **DOL-OIG.** ETA recommends states build a strong partnership with DOL-OIG. States are encouraged to collaborate with their respective ROs and DOL-OIG to share fraud trends and analysis, discuss recommendations and effective strategies for responding to emerging fraud schemes, receive updates on prosecution efforts, and facilitate sharing of UI fraud and integrity-related challenges and best practices among states.
- J. Funding Period.** The Department’s proposed FY 2025 appropriation language for State UI and Employment Service Operations allows for obligation of UI allocations by states through December 31, 2025, with 90 additional days to liquidate the obligations and complete the expenditure of funds. Under this proposed language (which mirrors the language of recent-year appropriation acts), states would be able to obligate FY 2025 UI funds through September 30, 2027, if such obligations are for automation, competitive

grants awarded to states for improved operations, or for conducting in-person reemployment and eligibility assessments and improper payment reviews, and providing reemployment services and referrals to training, as appropriate. The grant management resources and information including grant terms and conditions are available at <https://www.doleta.gov/grants/resources.cfm>. Please note that FY 2025 grant terms and conditions are not available at this time. This information will be provided through ROs at a later date and also posted at the webpage indicated above.

K. Data Availability. ROs will provide states with data showing their performance measured against the Core Measures, Secretary's Standards, and other information relevant to the SQSP (e.g., reporting deficiencies).

L. SQSP Submittal Deadlines. Each RO will set a date and inform states of the deadline to submit their SQSPs for FY 2025.

M. Electronic Submission of the SQSP. States must submit the SQSPs electronically and should contact their respective RO SQSP Coordinators before submittal to coordinate specific details. Standard forms required as part of the budget reporting process (Chapter II of [ET Handbook No. 336, 18th Edition, Change 4](#)) are available in PDF and may be downloaded from the OMB website at: grants.gov/forms/forms-repository/sf-424-family.

States may submit the SQSP Signature Page electronically if the state law permits. States that do not submit the signature page electronically (which includes by fax or scan) must submit the signature page by mail by the deadline set by the RO.

5. **Inquiries.** Please direct inquiries to the appropriate ETA RO.

6. **References.**

- Social Security Act (SSA), sections 303(a)(1) and 306 (42 U.S.C. 503(a)(1) and 506);
- Government Performance and Results Act (GPRA) of 1993, Pub. L. 103-62, as amended by GPRA Modernization Act of 2010, Pub. L. 111-352;
- Payment Integrity Information Act of 2019 (PIIA), Pub. L. 116-117;
- Workforce Innovation and Opportunity Act (WIOA), Pub. L. 113-128, 29 USC 3101 note and Title I;
- Wagner-Peyser Act, 29 U.S.C. Sec. 49 *et seq.*, as amended by Title III of WIOA;
- Trade Act of 1974, Pub. L. 93-618, as amended;
- Bipartisan Budget Act of 2013, Pub. L. 113-67;
- Bipartisan Budget Act of 2018, Pub. L. 115-123;
- Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2020, Pub. L. 116-94;
- Consolidated Appropriations Act, 2021, including Division N, Title II, Subtitle A, the Continued Assistance for Unemployed Workers Act of 2020;
- American Rescue Plan Act of 2021, Pub. L. 117-2;
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- 20 CFR Parts 601, 640, 650, 652, and 660;
- 2 CFR Part 200, Subpart F, The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Parts 200 and 2900;
- Appendix C to Office of Management and Budget (OMB) Circular A123, Requirements for Payment Integrity Improvement;
- UIPL No. 08-24, *Fiscal Year (FY) 2024 Funding Allotments and Operating Guidance for Unemployment Insurance (UI) Reemployment Services and Eligibility Assessment (RESEA) Grants*, issued February 21, 2024, <https://www.dol.gov/agencies/eta/advisories/uipl-08-24>;
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- UIPL No. 02-23, *Fiscal Year (FY) 2023 Funding Allotments and Operating Guidance for Unemployment Insurance (UI) Reemployment Services and Eligibility Assessment (RESEA) Grants*, issued February 23, 2023, <https://www.dol.gov/agencies/eta/advisories/uipl-no-02-23>;
- UIPL No. 10-22, *Fiscal Year (FY) 2022 Funding Allotments and Operating Guidance for Unemployment Insurance (UI) Reemployment Services and Eligibility Assessment (RESEA) Grants*, issued January 21, 2022, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=9998;
- UIPL No. 02-22, Change 2, *Extension of Time for States to Express Interest in the Grant Opportunity Announced in Unemployment Insurance Program Letter (UIPL) No. 02-22, to Support States Following a Consultative Assessment for Fraud Detection and Prevention, Promoting Equitable Access, and Ensuring the Timely Payment of Benefits, including Backlog Reduction, for all Unemployment Compensation (UC) Programs*, issued September 19, 2022, <https://www.dol.gov/agencies/eta/advisories/uipl-02-22-change-2>;
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- UIPL No. 23-21, *Grant Opportunity for Promoting Equitable Access to Unemployment Compensation (UC) Programs*, issued August 17, 2021, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=7400;
- UIPL No. 22-21, Change 2, *Additional American Rescue Plan Act (ARPA) Funding and Support for States to Strengthen Unemployment Insurance (UI) Program Integrity, including Identity (ID) Verification, Fraud Prevention and Detection, and Overpayment Recovery Efforts in All Unemployment Compensation (UC) Programs and Required and Strongly Recommended Strategies, Tools, and Services for UI Fraud Risk Mitigation and Improper Payment Reduction*, issued April 27, 2023, <https://www.dol.gov/agencies/eta/advisories/uipl-22-21-change-2>;
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- UIPL No. 04-17, Change 1, *Requirement for States to Refer Allegations of Unemployment Compensation (UC) Fraud, Waste, Abuse, Mismanagement, or Misconduct to the Department of Labor's (Department) Office of Inspector General's (DOL-OIG) and to Disclose Information Related to the Coronavirus Aid, Relief, and Economic Security (CARES) Act to DOL-OIG for Purposes of UC Fraud Investigation*

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https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=5817;
- UIPL No. 03-17, Change 1, *Fiscal Year (FY) 2017 Unemployment Insurance (UI) Reemployment Services and Eligibility Assessment (RESEA) Grants*, issued September 22, 2017, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=6557;
 - UIPL No. 03-17, *Fiscal Year (FY)2017 Unemployment Insurance (UI) Reemployment Services and Eligibility Assessment (RESEA) Grant*, issued December 8, 2016, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=5218;
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- UIPL No. 14-05, Change 3, *Acceptable Levels of Performance (ALP) Criteria for Appeals Case Aging Measures and Nonmonetary Determination Quality Review*, issued April 16, 2008, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=2625;
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7. **Attachments.**

- Attachment I: Measures/Programs to be Addressed in the Fiscal Year (FY) 2025 State Quality Service Plan (SQSP)
- Attachment II: Additional Information and Resources to Rebuild and Improve Program Performance and Develop High Quality Customer Services and Experiences, including Implementing ARPA-funded Projects
- Attachment III: Additional Information and Resources to Develop a Multi-layered Approach to Addressing Fraud, Reducing Improper Payments and Recovering Established Overpayments
- Attachment IV: Additional Information and Resources to Ensure Equitable Access to the UI Program
- Attachment V: Additional Information and Resources to Strengthen Reemployment and Connections to Suitable Work
- Attachment VI: Additional Information and Resources to Ensure Accurate and Complete Reporting of ETA Required Reports

**Measures/Programs to be Addressed in the Fiscal Year (FY) 2025
State Quality Service Plan (SQSP)**

Core Measures	Measurement Period	Criteria	FY 2025 Requirement
First Payment Promptness	Apr 1, 2023 – Mar 31, 2024	87%	CAP
Nonmonetary Determination Time Lapse	Apr 1, 2023 – Mar 31, 2024	80% (combined score)	CAP
Nonmonetary Determination Quality – Nonseparations	Apr 1, 2023 – Mar 31, 2024	75%	CAP
Nonmonetary Determination Quality – Separations	Apr 1, 2023 – Mar 31, 2024	75%	CAP
Detection of Overpayments	<u>BPC</u> Apr 1, 2020 – Mar 31, 2023	50%	CAP
	<u>BAM</u> Oct. 1, 2020 – Sep. 30, 2023	95%	Narrative
	If rate over 95% is a result of improper administration of BAM and/or BPC	95%	CAP
Average Age of Pending Lower Authority Appeals	Apr 1, 2023 – Mar 31, 2024	30 days	CAP
Average Age of Pending Higher Authority Appeals	Apr 1, 2023 – Mar 31, 2024	40 days	CAP
Lower Authority Appeals Quality	Apr 1, 2023 – Mar 31, 2024	80%	CAP
New Employer Status Determinations Time Lapse	Jan 1, 2023 – Dec 31, 2023	70%	CAP
Tax Quality – Part A	Jan 1, 2023 – Dec 31, 2023	No more than 3 tax functions failing Tax Performance System (TPS) in a year	CAP
Tax Quality – Part B	Jan 1, 2023 – Dec 31, 2023	The same tax function cannot fail for 3 consecutive years	CAP
Effective Audit Measure	Jan 1, 2023 – Dec 31, 2023	Score ≥ 7 and pass all 4 factors	CAP
Improper Payments Measure	BAM batches 202227 through 202326	< 10%	CAP
UI Overpayment Recovery Measure	Jul 1, 2022 – Jun 30, 2023	68%	CAP

Secretary's Standards in Regulation	Measurement Period	Criteria	FY 2025 Requirement
First Payment Promptness (Intrastate 14/21 Days)	Apr 1, 2023 – Mar 31, 2024	87%	CAP
First Payment Promptness (Intrastate 35 Days)	Apr 1, 2023 – Mar 31, 2024	93%	CAP
First Payment Promptness (Interstate 14/21 Days)	Apr 1, 2023 – Mar 31, 2024	70%	CAP
First Payment Promptness (Interstate 35 Days)	Apr 1, 2023 – Mar 31, 2024	78%	CAP
Lower Authority Appeals (30 Days)	Apr 1, 2023 – Mar 31, 2024	60%	CAP
Lower Authority Appeals (45 Days)	Apr 1, 2023 – Mar 31, 2024	80%	CAP

UI Programs, etc.	Measurement Period	Criteria	FY 2025 Requirement
Data Validation –Populations & Modules (Benefits and Tax)	Apr 1, 2023 – Mar 31, 2024	Results not submitted by June 10, 2024	CAP
		Failing/incomplete submission by June 10, 2024	CAP
Compliance with NDNH matching requirements for BAM	Status as of March 31, 2024		CAP
BAM operations not compliant with investigative and/or method and procedure requirements including construction of valid samples and sample populations	Based on the annual determination letter issued on or before May 1, 2024		CAP
Incorrect recording of the Issue Detection Date and/or Determination Date	Apr 1, 2023 – Mar 31, 2024		Narrative
TPS Sample Reviews	Jan 1, 2023 – Dec 31, 2023		CAP
Reporting Deficiencies			Narrative
UI Program Integrity			IAP

**Additional Information and Resources to Rebuild and Improve Program Performance
and
Develop High Quality Customer Service and Experiences,
including Implementing ARPA-funded Projects**

The unprecedented claims workload during the peak of the COVID-19 pandemic significantly impacted states' capacity to administer and operate their UI programs. Many states continue to struggle with administrative and operational challenges resulting in performance and customer service issues in the aftermath of the pandemic and its longer-term impact on the UI program. These challenges include but are not limited to: changes in state program leadership; aging technology systems and/or implementing new technology solutions; managing the loss of key subject matter expertise due to staff retirements and turnover; hiring new staff, requiring ongoing staff training and increased supervision; loss of contracted staff support; combatting an increase in fraud activities; and the need to improve overall program performance.

Using funding made available under ARPA, the U.S. Department of Labor (Department) has awarded about \$783 million in grants to states to support UI modernization. These grants include funding to implement state-specific recommendations produced by engagements from the Department's "Tiger Teams" (multi-disciplinary teams of experts established by the Department to analyze state UI systems and process challenges) engagements; to pursue projects to enhance equitable access to the UI program; and to support program integrity activities.

While significant progress has been made across the nation in improving timeliness of benefit payments, states continue to struggle to meet the acceptable level of performance for timeliness in first payments, adjudication and appeals. In preparation of the FY 2025 SQSP, states should examine strategies and processes with the goal of quickly reducing the level of backlogs. States are encouraged to leverage resources on the use of plain language (<https://www.dol.gov/agencies/eta/ui-modernization/use-plain-language>) and behavioral insights (See [TEN 15-21](#)) to improve service delivery in the UI program. As part of the FY 2025 SQSP process, states must, in the State Plan Narrative, describe their plans to address any pending adjudication and appeals backlogs and to improve timely delivery of benefits. If a state has an ARPA -funded grant that will impact processes to improve timeliness, the state is encouraged to include the strategy(ies) it is pursuing using these grant funds in their FY 2025 SQSPs.

In developing their FY 2025 SQSPs, states are strongly encouraged to incorporate administrative performance improvement strategies such as:

- Projects funded through ARPA grants to improve equitable access to the UI program as detailed in UIPL No. [23-21](#) and leverage the strategies states are pursuing through the ARPA-funded grants to support implementation of state-specific Tiger Team recommendations (as detailed in UIPLs No. [02-22](#) and [02-22, Change 2](#) and [11-23](#)).
- Conducting business process analyses in key areas to identify opportunities and recommendations for improving program operations, integrity, and performance, and implementing the recommendations.

- Reviewing service delivery processes to ensure that current web-based, telephone-based, and other remote UI services provide and promote alternative mechanisms for individuals experiencing barriers to access, such as a disability or limited English proficiency (*see* UIPLs No. [01-24](#), [02-16](#) and [02-16, Change 1](#)).
- Reviewing staff training strategies to support succession planning and ongoing staff development; and using online training modules available through the National Association of State Workforce Agencies' (NASWA's) learning management platform at <https://www.naswa.org/learning>.
- Incorporating lessons learned from the COVID-19 pandemic, including the significant increase in UC claims and implementation of the temporary Coronavirus Aid, Relief, and Economic Security (CARES) Act UI programs, such as managing rapid changes in staffing, implementing call center expansions, and innovations to manage customer flow, and technology solutions to increase capacity and detect and prevent fraud and other improper payments.
- Using technical assistance opportunities offered by ETA, the Department's Office of Unemployment Insurance Modernization (OUIM), the Department's Office of the Chief Information Officer (OCIO), UI Information Technology Support Center (ITSC), and the UI Integrity Center, as well as the many resources available through the UI Community of Practice (CoP) on WorkforceGPS at <https://www.workforcegps.org/>. Also, states are encouraged to review information and resources available on the Department's UI Modernization resource page at <https://www.dol.gov/agencies/eta/ui-modernization>.

**Additional Information and Resources to Develop a Multi-layered Approach
to Addressing Fraud, Reducing Improper Payments and
Recovering Established Overpayments**

To effectively combat fraud and improper payments in the UI program, states must use a variety of controls and strategies. As a greater level of organized criminal elements have embarked on fraudulently obtaining UC payments, no one approach is sufficient on its own to adequately prevent and detect fraud and resulting improper payments. This Attachment offers an overview of various tools, strategies, and process improvements that states should consider as part of their fraud and improper payment plan, including enhanced and robust use of IDH and the SIDES.

Intercepting fraud as early as possible minimizes its impact on the UI system. Fraud detection operations and procedures, coupled with using a risk-based approach to determine which claims are subject to evidence-based ID verification, are critical to ensuring payment is made timely and only to individuals entitled to receive UC. The Department continues to strongly encourage states to adopt multiple strategies and techniques to validate UC claims; detect and share suspicious claim attributes among states; consider a range of other available tools and resources when combating fraud; conducting risk-based ID verification; and ensure program integrity. In addition, states should work collaboratively with law enforcement agencies to assist in investigative efforts.

Overpayment recovery is critical to protect both state unemployment funds and Federal funds in the Federal unemployment trust fund and must be given the same priority as overpayment prevention and detection. ETA strongly encourages states to work proactively and collaboratively with Federal law enforcement to streamline forfeiture and seizure efforts and with banks and financial institutions to facilitate the rapid return/recovery of improperly paid UC.

ETA has provided states significant additional funding to support states with fraud prevention and detection, ID verification, and overpayment recovery activities in the CARES Act UI programs and regular UI programs (*see* UIPLs No. [28-20](#); [28-20, Change 1](#); [28-20, Change 2](#); [28-20, Change 4](#); [22-21](#); [02-22](#); and [11-23](#)).

State Use of the National Identity Verification (ID) Offering

The UI program integrity focus includes ID verification; fraud prevention and detection; fraud risk mitigation; improper payment reduction; the recovery of overpayments; the prevention of underpayments; the timely and accurate payment of benefits; the timely and accurate establishment of employer accounts, the timely and accurate collection of employer contributions, and ensuring equitable access in all UI programs. ETA's efforts to improve integrity in the UI 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.

UIPL No. [11-23](#) announced an opportunity for states to participate in a National ID Verification Offering (NIDVO) for both online and in-person ID verification services. That UIPL informed that over the next two (2) years, subject to the availability of funding and necessary agreements being in place, the Department will use ARPA funds to make available to states the government-operated ID verification systems developed by the U.S. General Services Administration to verify identities online through Login.gov, and by the U.S. Postal Service (USPS) to verify identities in person at participating USPS retail locations nationwide. That UIPL also informed that the Department will cover the transaction costs for ID verification for participating states during this process.

UIPL No. [11-23, Change 1](#) announced the expansion of the period that the Department will cover transaction costs for ID verification for participating states for at least the later of two years after the date the state deploys NIDVO, or two years after the date of issuance of UIPL No. [11-23, Change 1](#), subject to both the availability of funding and all applicable agreements being executed. In addition, the Department established a deadline for states regarding participation in NIDVO and having transaction costs covered by the Department. States must have entered into a data sharing agreement with the Department by June 28, 2024.

State Use of UI Integrity Center Resources

The UI Integrity Center, established and funded by the Department and operated by NASWA's CESER, assists states in their efforts to prevent, detect, and recover improper and fraudulent payments, and improve UI program integrity by developing and promoting innovative program strategies. The UI Integrity Center is a unique and extremely valuable resource available at no cost to states, and ETA strongly encourages states to access its services and resources on a regular and ongoing basis to inform and support state integrity strategies, strengthen fraud prevention and detection, enhance fraud management operations, and improve overpayment recovery efforts. Below are important UI Integrity Center services and resources that states should connect to and build into the IAP as part of the SQSP.

- [Integrity Data Hub](#) – is a secure, robust, centralized, multi-state data system that allows participating states to cross-match, compare, and analyze UC claims data against a variety of datasets for enhanced prevention and detection of improper payments and fraud in UI programs (*see* [TEN No. 24-21](#)). On May 2, 2024, the Department announced a new data sharing partnership between U.S. Treasury's Bureau of Fiscal Service and NASWA's UI Integrity Center to make Treasury's Do Not Pay Working System data sources and services available to IDH to further support states in preventing and detecting improper payments and strengthening UI program integrity. See [TEN No. 28-23](#).
- [State Services](#) – supports states in assessing business processes and provides recommendations for adoption of effective strategies for combatting fraud, reducing a state's improper payment rate, enhancing overpayment recovery, and improving UI program integrity.

- [UI Integrity Knowledge Exchange Library \(Library\)](#) – provides an online, searchable, knowledge-sharing platform with a repository containing thousands of UI technical resources to strengthen UI program integrity.
- [Behavioral Insights \(BI\)](#) – is a UI Integrity Center effort that brings together practices from the field of behavioral science to promote UI integrity and reduce UI improper payments by applying observations about human behavior to strategies that can improve decision-making and program outcomes. NASWA’s [BI Toolkit](#) provides states with a collection of resources, articles, templates, and how-to information to help state UI agencies apply the learnings of BI to address program compliance challenges and improve UI program integrity (see [TEN No. 15-21](#)).
- [UI National Integrity Academy \(Academy\)](#) – provides no-cost interrelated certificates that offer program integrity trainings for state staff via online, eLearning modules and Virtual Instructor Led Training. The Academy’s Learning Management System provides states with access to self-paced, on-demand training available at any time and a searchable online catalog with over 120 lessons available for state UI staff in the areas of Program Leadership, UI Operations Integrity, Fraud Investigations, Tax Integrity, Data Analysis, and Behavioral Insights.

Increased State and Employer Use of SIDES

State implementation and employers’ use of SIDES should be an integral part of a state’s integrity strategy (see [TEN No. 12-16](#) and information available at <https://www.naswa.org/uisides>). SIDES is composed of Web Services for third-party administrators (TPAs) and large employers, and E-Response for smaller employers. States should view SIDES as a critical part of UI integrity efforts and are encouraged to connect to all SIDES exchanges and build SIDES into the IAP as part of the SQSP.

The *SIDES Separation Information Exchange* supports timely and accurate information from employers and TPAs, which aids in reducing separation errors. As set out in [UIPL No. 19-16](#), ETA has expectations for the overall state usage of SIDES (Web Services and E-Response) with a goal for states to receive employer responses through SIDES Web Services and SIDES E-Response for at least 50 percent of all UC initial claims processed, and, separately, a goal of at least 35 percent of all UC initial claims processed through the SIDES E-Response. ETA encourages states to increase employer usage of SIDES for separation exchanges by pursuing the following strategies:

- Each state should strive to have all TPAs operating within the state to be live and using Web Services.
- States that have been successful in obtaining greater employer use have SIDES as the default method of exchanging information, unless employers “opt-out” of this approach. These states have also used SIDES as the only electronic response system and have not used parallel/dual systems.
- States that have been successful in obtaining greater employer use have a single sign-on for SIDES and the state’s employer portal. The NASWA SIDES Team can provide technical assistance to states on implementing a single sign-on option if the state is not currently using a single sign-on for employers.

- States also should consider efforts to promote SIDES E-Response and to encourage employers who do not use TPAs to use SIDES, especially those employers who are frequent users of the UI program. In marketing SIDES, states are encouraged to use resources like the SIDES toolkit found at <http://sidesitk.naswa.org/sides>.

States should also consider strategies to address fictitious employer fraud schemes, such as early detection through employer registration fraud risk scoring for newly established employer accounts, and potentially looking at focused audits for blocked claims.

In addition, states should monitor their performance under the Effective Audit Measure to determine whether they are effectively detecting and preventing worker misclassification (see UIPL No. [03-11](#)). States may deploy a wide array of strategies to address worker misclassification. ETA encourages states to develop and implement strategies to address the misclassification of workers and to include those strategies in the states' SQSPs. ETA will continue to identify state "best-promising practices" in this area and share them broadly.

States should consider using the other valuable SIDES exchanges, if they are not already doing so. These additional exchanges include:

- *Monetary & Potential Charges Exchange* – advises the employer/TPA of the wages used to calculate potential UC payable to the claimant and advises the employer of the potential charges applied to the employer's state unemployment taxes if UC is paid, and the employer is found liable.
- *Additional Fact-Finding Exchange* – permits electronic transmission of unique questions and responses between the state and the employer/TPA.
- *Determinations & Decisions Exchange* – permits the state to electronically transmit a non-monetary determination or an appeals decision to an employer/TPA, and permits the employer/TPA to electronically respond, if necessary, with an appeal of a non-monetary determination or appeal of a lower-level appeal decision using the standard national format.
- *Earnings Verification Exchange* – electronically sends wage verification requests to employers through a state-specific employer portal and is recommended if a state does not have an automated web-based system for requesting employers to verify earnings.
- *Benefit Charges Exchange* – advises the employer/TPA of the amount of benefits charged to the employer for determining the employer's state unemployment taxes based on the claimant's eligibility and account liability.

Fraud Risks Profile

The Department has aligned its UI fraud risk management activities with the U.S. General Accountability Office's (GAO's) Fraud Risk Framework by documenting a UI Fraud Risk Profile which identifies inherent fraud risks and assesses the likelihood and impact of fraud risks to the UI program. The Department determined the UI program has a "low" fraud risk tolerance, acknowledging that fraud risks can be mitigated, but cannot be eliminated. ETA continues to evaluate the suitability of existing

fraud controls and assesses and updates its antifraud and improper payment reduction strategies through a robust and dynamic UI Integrity Strategic Plan,¹ which continuously evolves and includes innovative strategies and antifraud controls to combat emerging fraud threats and address the highest residual risks identified in the UI Fraud Risk Profile. ETA is also investing in developing new and enhancing existing tools, datasets, and resources, and making them available to aid states in more quickly identifying potential improper payments and fraud.

Since the UI program is a Federal-state partnership, which means both the Department and state UI agencies are responsible for ensuring UI program integrity. Therefore, states should also evaluate UI fraud risks and implement and maintain sufficient controls to effectively prevent fraud and reduce improper payments. GAO's Framework for Managing Fraud Risks in Federal Programs highlights the key elements of an antifraud strategy.² In developing an antifraud strategy, states should establish roles and responsibilities of those involved in fraud risk management activities. The antifraud strategy should describe existing fraud control activities as well as any new control activities a program may adopt to address residual fraud risks.

¹ The public version of the UI Integrity Strategic Plan is found at https://oui.doleta.gov/unemploy/integrity_plan.asp.

² See A Framework for Managing Fraud Risks in Federal Programs at <https://www.gao.gov/assets/gao-15-593sp.pdf>, Table 4, page 19.

**Additional Information and Resources to Ensure
Equitable Access to the UI Program**

A top priority of the Department is ensuring equitable and meaningful access to the UI program. Section 303(a)(1), SSA, includes a requirement that a state's methods of administration include insuring full payment of UC "when due." The Department interprets this to include a requirement of equity so that individuals have sufficient access to the program so that eligibility can be determined, and UC payments can be made, "when due." Promoting equitable access in state UI programs is also one of the enumerated purposes for which funding set out in Section 9032 of ARPA may be used.

On January 20, 2021, the President issued [Executive Order \(EO\) 13985](#) concerning advancing racial equity and support for underserved communities. This EO articulates the importance of advancing equity for all, including people of color and others who have been historically underserved, marginalized, and adversely affected by persistent poverty and inequality. This includes, low wage workers, Black and Hispanic/Latino workers, individuals with disabilities, and individuals with limited English proficiency. Advancing equity requires a systematic approach to embedding fairness in decision-making processes and eliminating barriers to access. Public programs must be designed to serve all individuals. For this reason, the Federal Government should, consistent with applicable law, allocate resources to address the historic failure to invest sufficiently, justly, and equally in underserved communities, as well as individuals from those communities. State UI agencies must ensure that use of technologies and systems for administering UI programs and providing services do not create barriers (e.g., procedural, technological, or informational) that may prevent individuals from accessing UC, such as by denying a reasonable opportunity to establish eligibility.

In November 2023, ETA issued UIPL No. [01-24](#), which provides clarity around the Department's use of the terms "access" and "equitable access," and further describes how program integrity is impacted by efforts to ensure equitable access to the UI program. This UIPL informs states of ways that equitable access can be evaluated and enhanced, including through technical assistance and tools from various Department initiatives and state-based partnerships. States are encouraged to examine any available claimant demographic data to help inform strategies to enhance outreach and education about the UI program to underserved communities. Each state should also explore strategies to improve the state's UI program reciprocity rate. In addition, states should focus on UI functions and activities that ensure equitable access to these programs. UIPLs No. [02-16](#) and [02-16, Change 1](#), outline the requirements that states must meet to ensure access to the UI program, and ensure timely payments are made to eligible individuals.

States are encouraged to use the UI Equity Toolkit as a resource concerning equitable access to the UI program. See TEN No. [26-22](#).

In September 2023, ETA announced the availability of the first online training module concerning equitable access and the UI program. TEN No. [06-23](#) details the launch of the new “Fundamentals of Equitable Access in UI” training lesson, which is self-paced and can be accessed via NASWA’s learning management website (<https://www.naswa.org/learning>). ETA, in collaboration with NASWA, has created this online training to address challenges and possible solutions to help ensure equitable access to UI programs. Additional training modules are currently in development. ETA strongly encourages state to have all UI program staff and support staff participate in this online training.

States should discuss how they are improving their UI programs to reduce or eliminate barriers to access and any equity issues across the claimants’ journeys. This could include but it is not limited to discussing the state’s approach to:

- Simplifying communications using plain language and behavioral insights (referenced above);
- Enhancing language access and translation and interpretation services;
- Engaging claimant-focused community organizations to provide feedback on pain points, education campaigns, and cultural competency;
- Creating feedback loops across the states’ diverse communities and claimants;
- Developing and utilizing demographic, geographic, and industry data across the claimant journey to discover and fix pain points across populations;
- Improving in-person and phone services;
- Improving online accessibility and usability across computer and phone devices; and
- Improving educational content available in both in-person and electronic means.

States that received ARPA-funded equity grants as announced in UIPL No. [23-21](#) are encouraged to include the equity strategies they are pursuing using these grant funds in their FY 2025 SQSPs.

Additional Information and Resources to Strengthen Reemployment and Connections to Suitable Work

Reemployment Services and Eligibility Assessments (RESEA) for individualized reemployment services

The reemployment of UC claimants remains a top priority for the entire workforce system. The UI program supports reemployment through a variety of targeted strategies, and RESEA provides a dedicated funding stream for states to provide individualized reemployment services and referrals to other workforce partners. RESEA, a voluntary program for states, is codified in Section 306, SSA. Recognizing RESEA as a permanent workforce partner, states with RESEA programs have been directed to prioritize strategies that support the expansion and sustainability of the program, such as permanent staffing, expanded eligibility, and increased service-delivery. UIPL No. [08-24](#) and [08-24, Change 1](#), and Training and Employment Guidance Letter (TEGL) No. [11-23](#) and [11-23, Change 1](#) provide the FY 2024 RESEA operating guidance. States recently updated their WIOA state plans, which should reference the integration of RESEA into their broader workforce system and reemployment strategies.

States are permitted to reference their RESEA and WIOA state plans in the SQSP rather than replicate these strategies and approaches. States should also discuss in their SQSPs how their RESEA strategies support reducing improper payments, including the review of claimant eligibility, and providing services that help them comply with work search requirements.

STC as a lay-off aversion program

The STC program (known also as “worksharing” or “shared work”) is a lay-off aversion program in which an employer, under a state-approved plan, reduces the work hours for a group of workers, and these workers in turn receive reduced UC payments for the weeks in which they worked reduced hours. States that received grants as described in UIPL No. [22-20](#) to implement or improve their STC programs, or to promote participation in STC programs, are encouraged to include the strategies they are pursuing using these grant funds in their FY 2025 SQSPs. The Department also encourages the use of STC to support workers and employers.

Robust Work Search Activities

Section 303(a)(12), SSA, requires, as a condition of a state receiving a UI administrative grant, that state law include a work search requirement as a condition of UC eligibility. Each state defines acceptable work search activities through its laws and policies, which vary across the states.

TEN No. [17-19](#) provides states with model work search legislation focused on proactively referring claimants to suitable work, establishing a comprehensive definition of acceptable work search activities that focuses on rapid reemployment, and providing fair notice and documentation requirements. It is a best practice for states to have a fully integrated workforce system that focuses its collective efforts on assisting claimants to return to suitable work as quickly as possible. The following items reflect work search strategies that states should consider:

- Requiring work search activities that embrace a wide array of activities that support reemployment in today’s labor market and include receiving services through American Job Centers;
- Supporting claimant compliance with required work search activities through a reemployment service delivery design that includes developing clear, plain language work search requirements that: 1) ensure claimants understand work search requirements (both acceptable activities and documentation requirements); 2) ensure claimants understand the consequences of failing to comply with these requirements; and 3) provide assistance in developing a reemployment plan that meets the requirements, including through customer-friendly technology applications that facilitate claimants carrying out tasks that meet work search requirements;
- Encouraging states to proactively identify and refer claimants to suitable job openings from public and private job banks, and ensure that claimants accept employment in suitable work when offered;
- Developing and facilitating continuous review of completed work search activities to verify claimant compliance;
- Documenting these activities through the state’s case management system or other information technology (IT) systems that support documentation requirements; and
- Providing case management services through American Job Center career counselors, which include following up with claimants and employers on the results of job referrals to inform future job referrals and/or the need for additional reemployment services for the claimant.

There are additional strategies states should consider in developing their work search requirements and designing reemployment service delivery strategies that support a claimant’s ability to comply with a state’s work search requirements and help to mitigate improper payments to claimants who fail to meet this eligibility requirement. States are strongly encouraged to implement these additional strategies to address work search errors and incorporate those strategies into the Integrity Action Plan (IAP) as part of the SQSP.

- Designing the state RESEA program to support the development of an individual reemployment plan that can help each claimant effectively plan work search activities, and making such services available virtually to support a broader reach;
- Encouraging RESEA and other career and reemployment service providers to take advantage of the My Reemployment Plan tools that are designed to support development of individualized reemployment plans and connect claimants to effective reemployment resources (*see* [Pathways to Reemployment](#)); and
- Reinforcing the requirement to complete work search activities throughout the claims cycle through the use of plain language to explain the requirements and use of behavioral

messaging in electronic communications, either in an online technology application or through emails or texts, to “nudge” claimants to comply with work search requirements.

**Additional Information and Resources to Ensure
Accurate and Complete Reporting of ETA Required Reports**

The impact of the pandemic on the UI system has resulted in some states experiencing technical challenges leading to untimely filing and/or inaccurate reporting of the ETA required reports. The states' SQSP Narrative is required to include actions planned to address this issue and ensure appropriate reporting in FY 2025. States are also required to correct any inaccuracies in previously transmitted reports to ensure accurate data is reported.

Additionally, states with inaccurate and/or incomplete reporting on all ETA 227 series of reports (Overpayment Detection and Recovery Activities), and the 902P report (Pandemic Unemployment Assistance) must report their plans to correct the reporting issues in the IAP, specifically regarding Section C. *Overpayment Activity and Administration (all activity EXCEPT for Identity Theft)* and Section D. *Overpayment Activity Related to Identity (ID) Theft*.

States must also continue to ensure accurate financial transaction information is reported on the ETA 2112 Financial Transaction Summary Report. Ongoing activity associated with the various CARES Act programs must be reported on the appropriate lines of the ETA 2112 report and recoveries must be broken out by relevant program. Prior reports should be revised to ensure accuracy including cases where comingled recoveries may have been reported under lines not associated with a specific program.