EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION Unemployment Insurance CORRESPONDENCE SYMBOL OUI/DPM DATE July 22, 2022

ADVISORY: **UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 17-22**

TO: STATE WORKFORCE AGENCIES

FROM: BRENT PARTON /s/
Acting Assistant Secretary

SUBJECT: Additional Planning Guidance for the Fiscal Year (FY) 2023 Unemployment Insurance (UI) State Quality Service Plan (SQSP)

1. **Purpose.** To initiate the SQSP process and define additional requirements for the FY 2023 SQSP.

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 and instructions in this Unemployment Insurance Program Letter (UIPL);
   - Coordinate specifics, as appropriate, with ETA's Regional Office (RO) for electronic submission of the SQSP; and
   - Submit the FY 2023 SQSP to the appropriate RO by the deadline set by the RO.

3. **Summary and Background.**

   a. Summary – This UIPL provides specific dates relevant to the SQSP process for the FY; summarizes National Priorities and Federal Program Emphasis; and identifies special planning requirements in effect 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 client-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 of Labor (Secretary) to provide funds to the states to administer the UI program and

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governs the expenditure of those funds. The SQSP is part of the process by which states receive Federal UI administrative grants.

ET Handbook No. 336 (Handbook) contains general instructions for the SQSP. The Handbook 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 Handbook notes that ETA will issue a SQSP UIPL each year with additional planning guidance that supplements the Handbook and provides direction and instructions specific to the upcoming FY. Though this additional planning guidance is similar to the guidance issued in previous years, there are changes relevant to the FY 2023 SQSP cycle. Therefore, please review the new guidance carefully.

The Handbook is approved under the Office of Management and Budget (OMB) No. 1205-0132. The current approval expires on February 29, 2024.

4. **National Priorities.** For FY 2023, 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, aligning state UI administration and operations with national policies, rebuilding program performance, paying benefits accurately and timely, ensuring equitable access, combatting fraud, detecting and preventing improper payments, recovering overpayments, and connecting UI claimants with needed reemployment services. Each year, after discussion among the senior UI leadership, ETA establishes National Priorities for the UI program.

On March 11, 2021, the President signed the American Rescue Plan Act of 2021 (ARPA) into law (Public Law (Pub. L.) 117-2). Section 9032, ARPA, provided for a $2,000,000,000 appropriation to the Secretary to detect and prevent fraud, to promote equitable access, and to ensure timely payment of benefits to eligible workers with respect to unemployment compensation (UC) programs.

For FY 2023, ETA's top priorities align with reemployment strategies and ARPA goals and initiatives. The FY 2023 National Priorities are intended to guide states in the development of their SQSPs and include:

- Rebuilding and improving program performance by addressing the significant impact that the workload created by the Coronavirus Disease 2019 (COVID-19) pandemic continues to have on the UI system;

- Focusing on improving the timely delivery of benefit payments and the reduction of the UI adjudication and appeals backlogs;

- Ensuring equitable access to UI programs;

- Supporting the Reemployment of UC Claimants through Reemployment Services and Eligibility Assessment (RESEA), Short-Time Compensation (STC), Robust Work Search Activities, and Other Targeted Initiatives.

- Combatting fraud; strengthening identity verification; improving prevention, detection, and recovery of improper and fraudulent overpayments; and reducing the UI improper payment rate;

- Addressing Worker Misclassification; and

- Ensuring Accurate and Complete Filing and Reporting of ETA Required Reports.

ETA provides the following information on its National Priorities for FY 2023. States should also establish additional state-level priorities for their respective UI programs in their SQSPs.

Rebuilding and Improving Program Performance by Addressing the Significant Impact that the Workload Created by the COVID-19 Pandemic continues to have on the UI System

The unprecedented claims workload during the pandemic significantly impacted states' capacity to administer and operate UI programs. Many states continue to struggle with administrative and operational challenges resulting in performance and customer service issues. 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; and the need to improve overall program performance. States experienced these challenges during the COVID-19 pandemic and the resulting significant increase in UC claims, and are likely to continue to face the residual effects of issues in the coming months and years.

In developing their FY 2023 SQSPs, states are strongly encouraged to incorporate administrative performance improvement strategies such as:

- Leveraging ETA's multidisciplinary consultative assessment Tiger Team and associated grant funding opportunities available under UIPLs No. 02-22 and 02-22, Change 1 as a means to: 1) preventing, detecting, and recovering funds from fraud; 2) promoting equitable access; and 3) ensuring the timely payment of benefits as well as activities to reduce workload backlogs, for all UC programs.

- Conducting business process analyses in key areas to identify opportunities and recommendations for improving program operations, integrity, and performance, and implementing such 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 with access to barriers, such as a disability or limited English proficiency. *See* UIPLs No. 02-16 and 02-16, Change 1.

- Reviewing staff training strategies to support succession planning and ongoing staff development.

- Using online training modules available through the National Association of State Workforce Agencies' (NASWA) 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 UC 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, UI Information Technology Support Center (ITSC), the UI Integrity Center, the US Digital Response, and the US Digital Service as well as the many resources available through the UI Community of Practice (CoP) on WorkforceGPS at https://www.workforcegps.org/.

Focusing on Improving the Timely Delivery of Benefit Payments and the Reduction of the UI Adjudication and Appeals Backlogs

States experienced extraordinary workloads due to the economic impacts of the COVID-19 pandemic while managing the implementation and operation of temporary CARES Act UC programs. However, there remains a heightened need for states to maintain a steadfast focus on UI functions and activities that improve the timely payment of benefits. Under Section 303(a)(1) of the SSA, a state's laws must provide for "methods of administration" that are "reasonably calculated" to insure full payment of UC "when due" in order to receive a UI administrative grant. "When due" is the basis for Federal requirements concerning timeliness of benefit payments and eligibility determinations.

Many states continue to struggle with significant numbers of pending adjudications and appeals because of the impact of the pandemic. In preparation of the FY 2023 SQSP, states should examine strategies and processes with the goal of quickly reducing the level of backlogs. As discussed below and as part of the FY 2023 SQSP process, states must describe their plans to address any pending adjudication and appeals backlogs and submit monthly updates to the ROs on the number of adjudication and appeals cases that are still pending. This information should represent the number beyond the usual expected number of pending adjudications and appeals (*e.g.*, 21 and 30 days, respectively) for regular operations.

Ensuring Equitable Access to UI Programs

A top priority of the U.S. Department of Labor (Department) is ensuring equitable and meaningful access to the UI program. Section 303(a)(1) of the SSA, discussed above, includes a requirement that a state's methods of administration include insuring full payment "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." Equity in the UI programs is also a requirement of funding set out in Section 9032 of the ARPA.

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. Therefore, 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 them a reasonable opportunity to establish their eligibility.

States are reminded of the Management Report, issued by the U.S. Government Accountability Office (GAO)[1] on June 17, 2021, regarding potential racial and ethnic disparities in the UI program during the pandemic. On June 7, 2022, GAO published a report about the Pandemic Unemployment Assistance program that found evidence of racial disparity in benefit receipt[2]. States are encouraged to examine any available claimant demographic data to help inform strategies to enhance outreach and education about the program to underserved communities. States should also explore strategies to improve their state's UI program recipiency 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 timely payments are made to eligible individuals.

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;
- Enhancing translation services;
- Engaging claimant-focused community organizations to provide feedback on pain points, education campaigns, and cultural competency;

[1] Management Report: *Preliminary Information on Potential Racial and Ethnic Disparities in the Receipt of Unemployment Insurance Benefits during the COVID-19 Pandemic at* https://www.gao.gov/assets/gao-21-599r.pdf.

[2] Pandemic Unemployment Assistance: *Federal Program Supported Contingent Workers Amid Historic Demand, but DOL Should Examine Racial Disparities in Benefit Receipt* at https://www.gao.gov/products/gao-22-104438.

- 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 equity grants under UIPL No. 23-21 are encouraged to include the equity strategies they are pursing using these grant funds in their FY 2023 SQSPs.

Supporting the Reemployment of UC Claimants through RESEA, Short-Time Compensation (STC), Robust Work Search Activities, and Other Targeted Initiatives

RESEA for individualized reemployment services

As the nation's economy continues to reopen and labor market needs shift in response to the pandemic's impact, 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 support. RESEA, codified in Section 306 of the SSA, is permanently authorized and states have been directed to prioritize the rebuilding of this program following pandemic related program disruptions. UIPL No. 10-20 and Training and Employment Guidance Letter (TEGL) No. 05-21 provided the FY 2022 RESEA operating guidance, including instructions for the implementation of the latest program requirements. States have also submitted their Workforce Innovation and Opportunity Act (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 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 hours for a group of workers and these workers in turn receive a reduced UC payment. In the context of re-opening businesses closed temporarily by a pandemic, STC can also serve as a means of bringing most or all of a temporarily laid-off workforce back to the job, even if social-distancing measures, a decline in business, or other factors prevent operating at full staffing levels full-time. Section 2110 of the CARES Act, as amended, provided for grants to states to promote the program and enroll employers in an STC program *(see* UIPL No. 22-20). Eligible states are encouraged to apply for these grant funds before the deadline of December 31, 2023.

Robust Work Search Activities.

As a condition for grant eligibility, state UC laws must include a work search requirement (*see* Section 303(a)(12), SSA). Each state defines acceptable work search activities through its laws and policies – which vary widely in the types of activities that qualify as acceptable work search activities.

Training and Employment Notice (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 getting back to work as quickly as possible in suitable jobs in the following ways:

Strategies to consider include:

- 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) help to ensure that claimants understand work search requirements (both acceptable activities and documentation requirements); 2) helps to ensure that claimants understand the consequences of failing to comply with these requirements; and 3) provides assistance in developing a reemployment plan that meets the requirements, including through customer-friendly technology applications that facilitate claimants carrying out tasks that meet their 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 if offered;

- 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. 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 workforce career counselors 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* https://rc.workforcegps.org/resources/2016/10/03/05/36/Pathway_to_Reemployment_Framework), with an automated version now available from UI ITSC; and

- Reinforcing the requirement to complete work search activities throughout the claims cycle through the 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.

Combatting Fraud; Strengthening Identity Verification; Improving Prevention, Detection, and Recovery of Improper and Fraudulent Overpayments; and Reducing the UI Improper Payment Rate

Working with states to address UI fraudulent and improper payments is another top priority of the Department. ETA is also committed to supporting states in ensuring equity is a key focus in all fraud prevention efforts and a major factor in all discussions in order to address this issue comprehensively and compassionately. This balance means that preventing and detecting fraud must not prevent eligible claimants from accessing and obtaining benefits.

States continue to deal with claims involving sophisticated, criminal identity fraud that significantly infiltrated the UI programs throughout the pandemic. In response, many states have developed new and innovative integrity strategies and enhanced existing integrity efforts to combat fraud, which has included activities such as: strengthening the cybersecurity of UI systems; implementing a variety of cross-match tools; investing in identity verification and digital authentication solutions; increasing the use of data analytics; bolstering fraud management operations; and revising integrity processes and procedures. States must continue to enhance efforts to combat fraud and reduce improper payments and stay abreast of emerging fraud schemes through ongoing communication and collaboration with the broader UI community, which includes all state workforce agencies, ETA's Regional and National offices, the Department's Office of Inspector General (DOL-OIG), and NASWA's UI Integrity Center.

For FY 2023, ETA is highlighting the following specific topics states must incorporate into the SQSP IAP in addition to the other IAP requirements outlined in Section 6.d. of this UIPL:

- 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, identity 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 (*see* TEN No. 24-21);

- State use of required and recommended cross-matches and overpayment recovery activities as outlined in UIPL No. 23-20, including any additional effective cross-matching and recovery activities and identified best practices.

- State use and employer participation in the State Information Data Exchange System (SIDES) (*see* TEN No. 12-16); and

- State strategies designed to facilitate claimants' compliance with state work search requirements while also supporting their reemployment such as adoption of the work search requirements in the Model Work Search Legislation (*see* TEN No. 17-19).

Additional tools, strategies, process improvements, and/or procedural changes to combat fraud, verify identities, and enhance recovery efforts

Intercepting fraud as early as possible minimizes its impact on the UI system. Fraud detection operations and procedures, coupled with front-end identity verification tools, 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, and consider a range of other tools available on the market when combating fraud, verifying identities, and ensuring program integrity. In addition, states should work collaboratively with law enforcement agencies to administer their prosecutorial actions.

Overpayment recovery is critical to protect both state UI trust funds and Federal funds 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 reminds states of program integrity functions required for the regular UC programs and recommended integrity functions to consider incorporating into states' fraud management operations (*see* UIPL No. 23-20). In addition, ETA worked with the Social Security Administration and NASWA to establish a secure incarceration data exchange between the Interstate Connection Network (ICON) and the Social Security Administration's 's Prisoner Update Processing System to provide states with the ability to cross-match UC claims data with prisoner records for use in determining UC eligibility (see UIPL No. 01-22). States are encouraged to work with SSA and NASWA's ICON Team to establish a connection to the incarceration data exchange.

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

State Use of UI Integrity Center Resources

The UI Integrity Center, established and funded by the Department and operated by NASWA's Center for Employment Security Education and Research, Inc. (CESER), assists states in their efforts to more effectively prevent, detect, and recover improper and fraudulent payments. The UI Integrity Center supports states in improving UI program integrity by developing and promoting innovative program strategies and recommending operational best practices. 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 key UI Integrity Center services and resources that states should connect to and build into their IAP as part of the SQSP.

- **Integrity Data Hub.** The IDH 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 UC programs. The IDH continues to evolve as new data sources are added and more states submit data for cross-matching and identify suspicious claim attributes. Data sources and functionality currently available through the IDH include: the Suspicious Actor Repository; Suspicious Email Domains; Foreign Internet Protocol (IP) address detection; Multi-State Cross-Match; Identity Verification solution; Bank Account Verification service; Fraud Alert System; and Data Analysis.

- **State Consultative Services.** The UI Integrity Center is available to support states in assessing their business processes and provide recommendations for adoption of effective strategies – all with the goal of combatting fraud, reducing a state's improper payment rate, enhancing overpayment recovery, and improving program integrity.

- **Capturing and Disseminating UI Program Integrity Resources, Best Practices, and Recommendations.** The UI Integrity Knowledge Exchange Library at https://library.naswa.org/, is an online, searchable, knowledge-sharing platform that provides a repository of all UI Integrity Center resources. The Knowledge Exchange Library contains thousands of UI technical resources including, model state operational processes, promising state practices, presentations, videos, templates, and recommendations to strengthen UI program integrity. The UI Integrity Center also launched the Behavioral Insights Toolkit, which is a new collection of resources, articles, templates, and how-to information housed within the Knowledge Exchange Library at https://library.naswa.org/bitoolkit. The collection was developed to help state UI agencies apply the learnings of Behavioral Insights within their own states to address program compliance challenges and improve UI program integrity (*see* TEN No. 15-21).

- **UI National Integrity Academy.** The Academy currently has five online certificate programs with more than 120 lessons available for state staff in the areas of Program Leadership, UI Operations Integrity, Fraud Investigations, Tax Integrity, and Data Analysis. The UI Integrity Center has added content to aid in mass hiring and onboarding of staff by including topics on fact-finding and claim adjudication strategies, re-designing the instructor-led Fraud Investigations course to a virtual instructor-led format, and developing state-specific, customized course bundles based on state need.

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). 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 their UI integrity efforts and should connect to and build SIDES into their IAP as part of the SQSP.

- **SIDES Separation Information Exchange.** 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.

- **Monetary & Potential Charges Exchange**. This exchange advises the employer/TPA of the wages used to calculate potential benefits payable to the claimant. It advises the employer of the potential charges applied to their state unemployment taxes if benefits are awarded, and they are found liable.

- **SIDES Additional Fact-Finding Exchange.** This exchange permits the state to electronically submit unique questions to the employer/TPA while investigating a claim. The employer/TPA will electronically respond, providing the additional information.

- **SIDES Determinations & Decisions Exchange.** This exchange permits the state to electronically transmit a non-monetary determination or an appeals decision to an employer/TPA. The employer/TPA can electronically respond, if necessary, with an appeal of a non-monetary determination or appeal of a lower-level appeal decision to the higher-level appeal authority using the standard national format.

- **SIDES Earnings Verification Exchange.** States use various methods of fact-finding when verifying a claimant's wages or earnings. Some states have manual operations using paper requests and responses. Other states have integrated various levels of automation, which may include electronic requests and/or electronic responses. Sixteen states have implemented the SIDES Earnings Verification application, which electronically sends wage verification requests to employers through a state-specific employer portal. The SIDES Earnings Verification exchange is recommended if a state does not have an automated web-based system for requesting employers to verify earnings. States are encouraged to implement the use of this SIDES exchange as part of their integrity efforts.

- **Benefit Charges Exchange:** This 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.

Compliance with Work Search Activities.

As noted above, robust work search activities are a critical component of supporting reemployment of UC claimants. Additional strategies for states to consider for mitigating improper payments related to compliance with such activities is described earlier in this UIPL.

Addressing Worker Misclassification

States should monitor their performance under the Effective Audit Measure (*see* UIPL No. 03-11) to determine whether they are effectively detecting and preventing worker misclassification. 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.

Ensuring Accurate and Complete Filing and Reporting of ETA Required Reports

The impact of the pandemic on the UI systems has resulted in some states not timely filing ETA required reports and/or inaccurately filing reports with zeros for data. States that have not provided complete and accurate reports need to include in the SQSP Narrative information their plans, including timeframes and milestones, for addressing this issue, and ensuring appropriate reporting in FY 2023. States that have previously transmitted reports with zeros for data (that are not correct) must amend the reports to include accurate data.

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

Government Performance and Results Act of 1993 (GPRA) UI Performance Measures (Federal Emphasis)

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.

ETA recognizes that the COVID-19 pandemic has negatively impacted states' program performance in FYs 2020, 2021, and 2022. As the impact of the pandemic subsides, it is important that states refocus their efforts on meeting the performance measures that ensure the UI program is achieving its mission-critical goals.

In FY 2023, ETA will continue to work with states to rebuild performance with attention on the following GPRA goals for FY 2023, with targets that the 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 2023 GPRA goals and targets.

- *Percent of Intrastate Payments Made Timely* (*Make Timely Benefit Payments)*
  - **Target:** 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.

- *Detection of Recoverable Overpayments* (*Detect Benefit Overpayments)*
  - **Target:** Overpayments established at a rate that is at least 57.5 percent of the estimated detectable, recoverable overpayments.

- *Percent of Employer Tax Liability Determinations Made Timely* (*Establish Tax Accounts Promptly)*
  - **Target:** 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.

5. **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 criteria for the SQSP measurement period. The measurement period for the FY 2023 SQSP is April 1, 2021 – March 31, 2022, unless otherwise indicated in Attachment I.

6. <u>UI Performance Criteria</u>. Attachment I lists the performance criteria for the Core Measures, Secretary's Standards, and other program criteria where Corrective Action Plans (CAPs) and/or Narratives may be expected if annual performance is not acceptable.

a. **Core Measures**. Performance below the acceptable levels of performance (ALP) for Core Measures is 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. States reporting ratios over 95 percent are expected to explain in the Narrative section the reasons for the higher-than-expected ratios. If an overpayment detection rate above 95 percent is 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). The CAP is to be designed to produce valid data for the Overpayment Detection Measure. The performance period for the BPC component is the three-year period ending March 31, 2022; the performance period for the BAM component is the three-year period ending September 30, 2021.

- ***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 must attain to pass the Effective Audit Measure, as well as an overall combined score that must be met. The measure also requires 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. Normally, a state that does not meet this measure based on Calendar Year (CY) 2021 data would be required to develop a CAP. However, since many states transferred audit staff to work in benefit functions during the COVID-19 pandemic, states will not need to develop CAPs if they failed the EAM based on CY 2021 data. Instead, states that failed the EAM must describe in the SQSP Narrative the steps they will take to pass the EAM.

- ***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*., repealed and replaced the Improper Payments Information Act of 2002, and the subsequent statutory amendments (the Improper Payments Elimination and Recovery Act (IPERA) of 2010 and the Improper Payments Elimination and Recovery Improvement Act (IPERIA) of 2012. PIIA requires agencies to examine the risk of erroneous payments in all programs and activities they administer. This Federal law 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.

  PIIA requires Federal programs to report an annual improper payment rate. It also requires agencies to 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 2023 are based on ETA's approved computation methodology.

  In accordance with PIIA, 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 UC programs. This ALP is applicable to the 2021 PIIA performance period (July 1, 2020 to June 30, 2021). A state failing to meet the ALP for the 2021 PIIA performance period will be expected to develop a CAP as part of the FY 2023 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 2021 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 2021 performance period (July 1, 2020 to June 30, 2021). 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 2021 PIIA performance period will be expected to develop a CAP as part of the FY 2023 SQSP.

b. **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 are required to address the performance issues in a CAP. The Secretary's Standards are listed in Attachment I.

c. **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 2023.

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

  State BAM operations or operational components that, based on the BAM Administrative Determination, are not compliant with investigative and/or method and procedure 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, 2022), 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 normal deadline for submitting DV results is June 10 of a performance year. Due to the ongoing COVID-19 pandemic, that deadline has been extended to August 10, 2022. DV items that fail to pass validation, or that are due but not submitted, are expected to be addressed in the state's FY 2023 SQSP. Non-submitted items include failure to certify that Module 3 of the DV Benefits and Tax Handbooks are up-to-date during the April 1 – June 10, 2022, certification window.

Any DV items due for Validation Year (VY) 2022 that did not pass or were not submitted by the August 10, 2022, deadline, are expected to be addressed in a CAP for FY 2023.

ROs will monitor states every three years on cycles coinciding with the Data Validation Years. They 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 must also be addressed in the SQSP. All subsequent SQSP cycles will address items changed from pass to fail in the previous year's monitoring review.

d. **UI Program Integrity and the IAP**

Beginning with the FY 2023 SQSP submission, states will use the new Word document template to develop their IAPs. The IAP will no longer be included in the Excel CAP Workbook. The new template provides states with a format that is conducive for developing comprehensive, detailed, and actionable IAP. The IAP template will guide states in developing their IAPs and allow states more flexibility to clearly articulate their integrity plans and actions, while also ensuring all key IAP topics are addressed.

States are expected to report their planned activities to prevent, detect, reduce, and recover fraud and UI improper payments in their IAPs, which are submitted each year as part of the annual SQSP submission. The purpose of the IAP is for the state to provide a comprehensive and detailed plan outlining the agency's UI integrity strategies, including plans and actions to combat fraud, reduce improper payments, and improve the recovery of overpayments.

States are expected to address each of the following topics, including specific National Priorities and additional integrity strategies as outlined below, as part of IAPs for the FY 2023 SQSP submission.

- (Topic #1) - The specific topics areas identified under the "Combatting Fraud; Strengthening Identity Verification; Improving Prevention, Detection, and Recovery of Improper and Fraudulent Overpayments; and Reducing the UI Improper Payment Rate" National Priority outlined in Section 4 of this UIPL.
    - 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 are expected to 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, identity verification, fraud prevention and detection, and cybersecurity.

  - State use of UI Integrity Center resources, with a particular focus on state connection to the IDH and use of its datasets to cross-match UC claims and aid in the prevention and detection of fraud.

  - State use of required and recommended cross-matches and overpayment recovery activities as outlined in UIPL No. 23-20, including any additional effective cross-matching and recovery activities and identified best practices.

  - State use and employer participation in SIDES.

  - State strategies designed to facilitate claimants' compliance with state work search requirements while also supporting their reemployment such as adoption of the work search requirements in the Model Work Search Legislation.

- (Topic #2) - State plans and actions to address the state's top three improper payment root causes in 2021 for PIIA purposes.

- (Topic #3) - State coordination and collaboration with DOL-OIG and other state and Federal law enforcement agencies to investigate and prosecute UI fraud.

- (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, and Fictious 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 balance the need to identify and prevent fraudulent activity while ensuring that eligible individuals with legitimate claims get the benefits they are entitled to when they are due.

- (Topic #7) - If the state has not provided complete and accurate overpayment reporting on the ETA 227 reports (Overpayment Detection and Recovery Activities), and the ETA 902P report (Pandemic Unemployment Assistance Activities), specifically Section C. *Overpayment Activity and Administration (all activity EXCEPT for Identity Theft)* and Section D. *Overpayment Activity Related to Identity (ID) Theft* of the ETA 902P report, 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 2023.

In FY 2022, ETA began requiring states 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 31st. The six-month update to the IAP continues to be required for FY 2023, although the IAP update will not be required to be developed using the Excel CAP Workbook. States will develop the six-month IAP update in the IAP Word document template and submit it at the same time the state submits the SQSP quarterly update for the quarter ending March 31st. The purpose of the six-month update is for a state to provide a progress report on all integrity strategies outlined in the IAP and must include details on any new fraud prevention strategies, solutions, and/or activities; changes to existing integrity strategies; plan or strategy delays and/or challenges in implementing the IAP; positive outcomes; 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 UI Integrity Center.

e. **Other UI Performance**

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

- Failure to meet reporting requirements.

- 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). 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.

f. **Future Performance Requirements**

In FY 2021, ETA published UIPL No. 07-21 that announced a new reemployment core measure: Reemployment rate in the 2nd Quarter after Program Exit for RESEA Participants. This new 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. The measure aligns with the 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 2023 SQSPs.

UIPL No. 07-21 also announced two new program performance measures that are meant to assist states in managing reemployment performance, but are not core measures and do not have associated acceptable levels of performance.

7. Planning Requirements for FY 2023.

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 336, ET Handbook No. 336, 18th Edition, Change 4 and this UIPL. This year (FY 2023), all states will submit a Biennial SQSP.

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 its performance each quarter. States must also use the new IAP template to develop their IAP and provide the IAP updates. The RO will provide states with the Excel Workbook and IAP template with specific instructions relevant to this Biennial SQSP submittal.

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)

  Beginning with the FY 2022 SQSP, each state must assure that it will conduct annual training for its 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 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 their RO for a copy of a DUA Standard Operating Procedure template. See TEN No. 13-21 for additional information.

8. **Tiger Team Grant Funds and Consultative Assessments.** In the SQSP Narrative Response section, states must detail their status as it relates to the opportunity for grant opportunities following a consultative assessment for fraud prevention and detection, promoting equitable access, and ensuring the timely payment of benefits, including backlog reductions, for all UC programs, as announced including backlog reductions, for all UC programs, as announced in UIPL No. 02-22 (with an amended deadline under UIPL No. 02-22 Change 1).

    - If your state has not done so yet but plans to express interest for this consultative assessment prior to September 30, 2022, please provide the anticipated timeframe.

    - If your state has either expressed interest for this consultative assessment or has already been through the consultative assessment, please provide an update on the status of that engagement. In addition, if your state is actively implementing projects resulting from the consultative assessment, please provide in detail the progress on those activities, as well as any challenges or barriers your state is facing.

    - If your state has not yet expressed interest for this consultative assessment and has no plans to do so by the September 30, 2022, deadline, please detail why. Please include your state's current efforts in process improvement, technology improvement, and operations enhancements in the areas of fraud prevention and detection, promoting equitable access, and ensuring the timely payment of benefits, including backlog reductions, for all UC programs.

9. **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 (*i.e.*, establish an overpayment). 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 UC program is a matter of state law. When establishing overpayments under the temporary CARES Act UC 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. We remind states 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 UC programs, states are permitted to use blanket waivers under the seven scenarios described in Attachment I to UIPL No. 20-21, Change 1. States may also submit requests for additional blanket waiver scenarios within the context of the CARES Act UC programs by submitting Attachment II 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.

10. **Coordination with DOL-OIG.** 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, as a condition of receiving funding under UIPL No. 22-21, the 50 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.

11. **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.

    States electing to include UI in a Combined State Plan must incorporate the SQSP in its entirety into the Combined State Plan through the Combined State Plan process via the online WIOA State Plan Portal at https://wioaplans.ed.gov/. Those states must incorporate the FY 2023 SQSP into the Combined State Plan upon ETA's approval of the SQSP, but no later than October 31, 2022.

12. **UI Technical Assistance Resources.** The following resources provide states with information and support for UI program activities.

    a. **Staff from ETA's Regional Offices and the Office of Unemployment Insurance.**

    b. **UI Information Technology Support Center.**

       ETA created 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's CESER has operated the ITSC. 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.

    c. **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 UC programs. NASWA's CESER operates the UI Integrity Center through a cooperative agreement with ETA.

d. Tiger Team Consultations.

Under the direction of ARPA, the Department has made available to states access to consultative services through vendor supported "Tiger Team" state assessments. These consultations focus on operations, communications, process flows, and technologies that support timeliness of UC payments, reduction of backlogs, equity of benefits access and awareness, and fraud prevention and detection. States have the opportunity to work with the Tiger Teams to develop customized recommendations for their states, focused on quick wins, as well as access to funding to implement those recommendations.

e. Fraud and Equity Funded Efforts.

ETA is committed to supporting states by providing funding and investing in the most innovative and successful tools, activities, and resources to combat fraud and promote equitable access in UC programs. Funding opportunities have been provided to states under UIPLs No. 28-20; 28-20, Change 1; 28-20, Change 2; 22-21; and 23-21.

13. **Funding Period.** The Department's proposed FY 2023 appropriation language for State UI and Employment Service Operations allows for obligation of UI allocations by states through December 31, 2023, with 90 additional days to liquidate the obligations and complete the expenditure of funds. Under this proposed language (which mirrors language that all recent-year appropriation acts have contained), states would be able to obligate FY 2023 UI funds through September 30, 2025, 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 2023 grant terms and conditions are not available at this time. This information will be provided through ETA's ROs at a later date and also posted at the webpage indicated above.

14. **Data Availability.** ETA's 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).

15. **SQSP Submittal Deadlines.** Each ETA RO will set a date and inform states of the deadline to submit their SQSPs for FY 2023.

16. **Electronic Submission of the SQSP.** States must submit the SQSPs electronically and should contact their 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: https://www.grants.gov/web/grants/forms/sf-424-family.html#sortby=1.

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.

17. Inquiries. Please direct inquiries to the appropriate ETA RO.

18. 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;
- Improper Payments Elimination and Recovery Act of 2010 (IPERA), Pub. L. 111-204 (31 U.S.C. 3301 note and 3321 note);
- Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), Pub. L. 112-248;
- 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;
- The 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;
- Executive Order 13985 of January 20, 2021; 86 FR 7009, page 7009-7013, https://www.federalregister.gov/documents/2021/01/25/2021-01753/advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government;
- 20 CFR Parts 601, 640, 650, 652, and 660;
- 20 CFR Part 200, Subpart F;
- The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Parts 200 and 2900;
- 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 1, *Extension of Time for States to Express Interest in the Grant Opportunity Announced in Unemployment Insurance Program Letter (UIPL) No. 2-22 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 February 16, 2022, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=8539;

- UIPL No. 02-22, *Grant Opportunity 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 November 2, 2021, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=6683;
- UIPL No. 01-22, *Announcing the Availability of an Incarceration Data Exchange and Instructions to Access the Data Exchange between the Unemployment Insurance (UI) Interstate Connection Network (ICON) and the Social Security Administration (SSA) Prisoner Update Processing System (PUPS)*, issued October 29, 2021, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=4115;
- 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, *Grant Opportunity to Support States with Fraud Detection and Prevention, Including Identity Verification and Overpayment Recovery Activities, in All Unemployment Compensation (UC) Programs*, issued August 11, 2021, https://wdr.doleta.gov/directives/corr_doc.cfm?docn=4240;
- UIPL No. 20-21, Change 1, *Additional State Instructions for Processing Waivers of Recovery of Overpayments under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as Amended*, issued February 7, 2022, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=8527;
- UIPL No. 20-21, *State Instructions for Assessing Fraud Penalties and Processing Overpayment Waivers under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as Amended*, issued May 5, 2021, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=6830;
- UIPL No. 13-21, *Fiscal Year (FY) 2021 Funding Allotments and Operating Guidance for Unemployment Insurance (UI) Reemployment Services and Eligibility Assessments (RESEA) Grants*, issued January 19, 2021, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=6686;
- UIPL No. 07-21, *Performance Measures for Reemployment Services and Eligibility Assessments (RESEA) and Unemployment Insurance (UI) participants*, issued December 17, 2020, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=3854;
- UIPL No. 28-20, Change 2, *Additional Funding to Assist with Strengthening Fraud Detection and Prevention Efforts and the Recovery of Overpayments in the Pandemic Unemployment Assistance (PUA) and Pandemic Emergency Unemployment Compensation (PEUC) Programs, as well as Guidance on Processes for Combatting Identity Fraud*, issued August 11, 2021, https://wdr.doleta.gov/directives/corr_doc.cfm?docn=7207;
- UIPL No. 28-20, Change 1, *Additional Funding for Identity Verification or Verification of Pandemic Unemployment Assistance (PUA) Claimants and Funding to Assist with Efforts to Prevent and Detect Fraud and Identity Theft as well as Recover Fraud Overpayments in the PUA and Pandemic Emergency Unemployment Compensation (PEUC) Programs*, issued January 15, 2021, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=9897;

- UIPL No. 28-20, *Addressing Fraud in the Unemployment Insurance (UI) System and Providing States with Funding to Assist with Efforts to Prevent and Detect Fraud and Identity Theft and Recover Fraud Overpayments in the Pandemic Unemployment Assistance (PUA) and Pandemic Emergency Unemployment Compensation (PEUC) Programs*, issued August 31, 2020, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=8044;
- UIPL No. 23-20, *Program Integrity for the Unemployment Insurance (UI) Program and the UI Programs Authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Federal Pandemic Unemployment Compensation (FPUC), Pandemic Unemployment Assistance (PUA), and Pandemic Emergency Unemployment Compensation (PEUC) Programs*, issued May 11, 2020, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=4621;
- UIPL No. 22-20, *Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Short-Time Compensation (STC) Program Grants*, issued May 10, 2020, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=6220;
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18. **Attachment**.

- Attachment I: Measures/Programs to be Addressed in the Fiscal Year (FY) 2023 State Quality Service Plan (SQSP).