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ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 11-23

TO: STATE WORKFORCE AGENCIES

FROM: BRENT PARTON /s/
Acting Assistant Secretary

SUBJECT: Announcement of Grant Opportunities and National Identity (ID) Verification Offering under the American Rescue Plan Act (ARPA)

1. **Purpose.** To announce a comprehensive and strategic approach to deploying remaining Unemployment Insurance (UI) modernization funds to strengthen the integrity of the UI system. This Unemployment Insurance Program Letter (UIPL) announces three new funding opportunities to strengthen program integrity and resiliency, as well as an opportunity for states to participate in a National ID Verification Offering for both online and in-person ID verification services.
2. **Action Requested.** The U.S. Department of Labor’s (Department) Employment and Training Administration (ETA) requests that State Workforce Agency Administrators:
 - Review the opportunity to participate in the National ID Verification Offering described in Section 4.c. of this UIPL and contact their appropriate ETA Regional Office to express interest by **August 18, 2023** in the online or in-person services, or both. These non-binding notifications will help inform the Department’s planning for the designation of resources to support implementation activities.
 - Review the funding opportunities described in Sections 4.b. for Integrity, 4.d. for Information Technology (IT) Modernization, and 4.e. for Tiger Teams of this UIPL.
 - Coordinate with appropriate state staff to develop Initial Applications for opportunities the state wishes to apply for, as described in Sections 4.b.vi.C.2., 4.d.iv.B., and 4.e.ii.B. of this UIPL.
 - Submit all Initial Application materials under Sections 4.b., 4.d., and 4.e. electronically to <https://www.grants.gov/> no later than 11:59 pm Eastern Time on **August 18, 2023**. Note that grants provided under the IT Modernization funding opportunity will be awarded to states that submit complete and responsive applications in the order such applications were received as long as funding remains available, as described in more detail under Section 4.d.iv.B. of this UIPL.

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3. Summary and Background.

- a. Summary – The Fiscal Responsibility Act of 2023 (FRA), enacted on June 2, 2023, reduced total funding provided by Section 2118(a) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as amended by Section 9032 of ARPA, for modernization of the UI program from \$2 to \$1 billion, leaving approximately \$500 million in unobligated funds available to the Department and its state partners to pursue the three goals under ARPA: (1) preventing and detecting fraud; (2) promoting equitable access; and (3) ensuring the timely payment of benefits concerning the UI program.

During the COVID-19 pandemic, Congress expanded the UI system to enable it to quickly deliver additional aid that supported millions of Americans and spurred the economic recovery from the pandemic. The pandemic also revealed deep vulnerabilities resulting from years of underinvestment in the system. State UI agencies entered the COVID-19 pandemic after experiencing the lowest claims workload in 50 years, and thus the lowest administrative funding, which significantly impacted resources and staffing levels available to the states to manage the huge influx of claims. To add further complication to state unemployment compensation (UC) program operations, the frequency and complexity of fraud attacks against state UC programs increased significantly during the pandemic. States were forced to respond to and address relentless and sophisticated fraud attacks that continued to evolve to circumvent the prevention and detection tools and strategies states had in place.

The Department remains committed to leveraging the remaining funds to support meaningful transformation in the UI system so workers and the economy can continue to rely on it to deliver benefits and protect taxpayer dollars. The Department is deploying the remaining funds in concert with a government-wide focus on combating identity fraud in government programs, which intensified during the pandemic and continues.

This UIPL represents a key component of the Department’s response to the report¹ by the U.S. Government Accountability Office (GAO) in June 2022, that designated the UI program as High Risk, and called for the Department to act to transform the program in areas of fraud prevention, infrastructure, and service delivery. In line with GAO recommendations, this UIPL unveils a comprehensive, strategic approach to deploying remaining UI modernization funds to improve the future integrity of the UI system—directing the available funds and Department-provided supports to states to address fraud prevention and system modernization.

The vulnerability of the UI system to fraud is a symptom of systemic challenges, especially the condition and design of IT systems, which were unable to fully respond to the huge increase in claims and exponential growth in complex fraud attacks during the pandemic. The development of resilient IT systems that can continuously adapt to changing conditions and integrate evolving fraud prevention technologies needed to

¹ GAO-22-105162, *Unemployment Insurance: Transformation Needed to Address Program Design, Infrastructure, and Integrity Risks*, published June 2022, <https://www.gao.gov/assets/gao-22-105162.pdf>.

protect the program is a critical component of a comprehensive program integrity strategy. Such investments in IT infrastructure protect the system from fraud, while also providing a mechanism to promote equitable access, increase timely access to benefits and deliver improved customer experience. These IT investments complement targeted antifraud strategies like ID verification, data analytics, and cross-matching that will also be expanded through the funding in this UIPL—including a new national offering of government-operated ID verification services through Login.gov and the U.S. Postal Service (USPS) to states.

The Department is excited to partner with states to maximize the impact of these funding opportunities to support transformations in the UI program. The systematic challenges exposed by the pandemic evolved over decades and will take years to remedy, but the investments outlined in this UIPL, in addition to the related funding provided in previous UIPLs,² mark one of the most ambitious efforts to date to drive such change.

UIPL Structure. This UIPL includes subsections for Integrity grants, a National ID Verification Offering, IT Modernization grants, and Tiger Team grants. To aid states in navigating this UIPL, Attachment XVI provides section references and page numbers. By packaging these opportunities together, the Department seeks to establish a coordinated approach nationally and among the states.

States should leverage these funding opportunities to develop multi-faceted, state-specific antifraud and UI modernization strategies, and request grant funding for a spectrum of projects that complement and strengthen each other.

- ***Integrity Grants.*** Section 4.b. of this UIPL announces up to \$100 million in grants to states to take immediate steps to protect the UI program from fraudulent activity and to increase resources dedicated to overpayment recovery, by strengthening ID verification and implementing recommended and required fraud prevention and overpayment recovery strategies. Attachments I, II, and III to this UIPL provide supporting information.
- ***National ID Verification Offering.*** The Department is providing online and in-person opportunities to strengthen ID verification now and into the future. Over the

² On August 11, 2021, the Department issued UIPL No. 22-21, which provided states with \$140 million in ARPA funding for fraud detection and prevention, including ID verification and overpayment recovery activities, in all UC programs. The Department also made available up to \$525 million in CARES Act funding to assist states with efforts to prevent and detect fraud and to recover fraud overpayments in certain CARES Act UC programs. See UIPL Nos. 28-20; 28-20, Change 1; 28-20, Change 2; and 28-20, Change 4. Additionally, UIPL No. 23-21 provided up to \$260 million in funding to assist states with activities that promote equitable access to all UC programs. Under UIPL No. 11-22, ETA awarded grant funding to selected states to participate in the ARPA UI Navigator Program which helps workers learn about, apply for, and, if eligible, receive UI benefits and related services (*i.e.*, navigate the UI program) and supports state agencies in delivering timely benefits to workers—especially individuals in groups that are historically underserved, marginalized, and adversely affected by persistent poverty and inequality. UIPL No. 02-22, provided up to \$200 million in funding to support states with implementation of recommendations made following a Tiger Team consultative assessment for fraud prevention and detection, promoting equitable access, and ensuring the timely payment of benefits, including backlog reduction, for all UC programs.

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 government-operated ID verification systems developed by the U.S. General Services Administration (GSA) to verify identities online through Login.gov and by the USPS to verify identities in person at participating USPS retail locations nationwide, as described in Section 4.c. of this UIPL. The Department will cover the transaction costs for ID verification for participating states during this process. This partnership will further inform whether there is a need for standardized mechanisms for ID verification within the UI system as a potential long-term, federally supported sustainable public offering to states.

States may use Integrity Grant funding under Section 4.b. of this UIPL to offset the costs of integrating these Department-funded services with their state operations – including online ID verification services, in-person ID verification services, or both. Attachment V to this UIPL provides supporting information.

- ***IT Modernization Grants.*** The condition of state UI technologies was a key reason that state UI systems were overwhelmed by the surge of claims at the start of the pandemic and were unable to more fully protect against fraud while implementing Congress’s temporary extension of unemployment benefits to additional populations. As described in Section 4.d. of this UIPL, the Department is investing funds to help states adopt new strategies to modernize and rearchitect their UI programs to better defend against fraud threats now and prepare for challenges in the future. Attachments VI, VII, VIII, IX, and XV to this UIPL provide supporting information.
- ***Tiger Team Grants.*** Fraud prevention can and must be achieved while providing equitable access to benefits and delivering timely payment of benefits. For example, about two-thirds of all Tiger Team recommendations to date either directly or indirectly support program integrity. Many equitable access improvements already supported by the UI modernization work, like the conversion of UI forms into plain language, make it easier for individuals to accurately file UI applications and reduce improper payments. To further support these activities, the Department will provide approximately \$77 million dollars in funding for states (in addition to the \$37.8 million already obligated) to implement the negotiated recommendations that states have developed in partnership with the Department’s multi-disciplinary Tiger Team initiative. These negotiated recommendations directly and indirectly address fraud prevention, as well as timely payment of benefits and equitable access to benefits. Moreover, these recommendations promote technology changes that will improve customer experience in navigating applications and required online interactions between workers, employers, and states—changes that fulfill all three ARPA goals. Attachment X to this UIPL provides updated allocation amounts by state.

States may use information in Attachments XI, XII, and XIII to this UIPL to support completion of grant applications across multiple sections of the UIPL. Attachment XIV to this UIPL identifies additional resources, strategies, tools, and services available for states.

Two-step application process. The grant application and award process for all funding opportunities announced with this UIPL will be completed in two stages, an Initial Application and a later Full Project Plan. To receive funding, the state must complete an Initial Application for each funding opportunity it is pursuing as described in the respective subsections of this UIPL. To facilitate a coordinated approach at the national level, the Department has set the same deadline for all of the Initial Applications contained in this UIPL, August 18, 2023.

Upon receipt and processing of an approvable Initial Application, a Notice of Award (NOA) for the applicable funding opportunity will be sent to the state with a condition of award restricting access to the funds until the grant is amended to include a Full Project Plan. To draw down these funds, the state must subsequently submit the Full Project Plan for each NOA to resolve the condition of award, as described in the respective subsections of this UIPL.

Grant terms and conditions. The funding opportunities described in Sections 4.b. for Integrity Grants, 4.d. for IT Modernization Grants, and 4.e. for Tiger Team Grants of this UIPL are separate and distinct, with each requiring a separate two-step application process and specific reporting requirements. The periods of performance for each funding opportunity are described in the respective subsections of this UIPL.

Additionally, states choosing to participate in any of the grant opportunities announced in this UIPL must agree to share confidential UC data with the Department of Labor’s Office of Inspector General (DOL-OIG) for the purposes of both audits and fraud investigations. The collaboration between the Department, states, and the DOL-OIG has led to successful collaboration with law enforcement (including the National Unemployment Insurance Fraud Task Force within the U.S. Department of Justice)³ and the prosecution of criminals who perpetrated fraud against pandemic UI programs.

- b. Background – On March 11, 2021, the President signed ARPA into law (Public Law (Pub. L.) 117-2). Section 9032, ARPA, created a new Section 2118 of the CARES Act and provided for a \$2,000,000,000 appropriation to the Secretary of Labor (Secretary) to: (1) detect and prevent fraud, (2) to promote equitable access, and (3) to ensure timely payment of benefits to eligible workers with respect to UC programs. ARPA describes allowable uses of these funds, including awarding grants for such purposes to states and territories administering UC programs and for systemwide infrastructure investment and development.

On June 3, 2023, the President signed the FRA into law (Pub. L. 118-5). Section 24 of Title I of division B of FRA permanently rescinds \$1,000,000,000 of the unobligated balances of amounts made available by section 2118(a) of Title II of Division A of the CARES Act, as added by Section 9032 of ARPA. UIPL No. 10-23 was published on

³ U.S. Department of Justice, “National Unemployment Insurance Fraud Task Force,” <https://www.justice.gov/coronavirus/national-unemployment-insurance-fraud-task-force>.

July 13, 2023, and rescinded previous funding opportunity announcements which were impacted by the statutory funding rescission.⁴

The DOL-OIG issued two alert memorandums,⁵ identifying potentially fraudulent UI benefits paid in four specific high-risk areas, which included individuals with Social Security Numbers (SSNs): (1) filed in multiple states, (2) of deceased persons, (3) used to file UI claims with suspicious email accounts, and (4) of federal prisoners. The Department has taken action to support states in actively and aggressively addressing UI fraud and reducing improper payments and many actions have targeted the specific types of fraud identified by the DOL-OIG. In addition to adding the UI program to its High Risk list in June 2022, GAO issued two reports⁶ recommending the Department assess fraud risks to the UI program in alignment with GAO's Fraud Risk Framework.⁷ The Department is actively working to enhance its existing UI fraud risk management processes, to align with leading practices as provided in the GAO's Fraud Risk Framework, and will continue to identify, evaluate, and address UI fraud risks.

Fraud prevention cannot be accomplished through any single strategy, but rather requires a combination of immediate, intermediate, and long-term changes in systems and processes. ETA's efforts to address fraud risks and improve integrity in the UC programs includes providing guidance, technical assistance, and funding to states to combat fraud and reduce improper payments and requiring states to submit an Integrity Action Plan (IAP) as part of its State Quality Service Plan (SQSP). 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.

The UC program is a vital safety net for unemployed workers and an economic stabilizer for communities impacted by unemployment events. At the most fundamental level, equity within the UC program means the provision of UC payments to eligible workers, regardless of one's background, in a timely and fair manner, with an application process that is readily accessible to all workers. Specifically, equity within the UC program

⁴ UIPL No. 10-23 cancels UIPL No. 22-21, Change 2; UIPL No. 23-21, Change 5; UIPL No. 02-22, Change 3; and UIPL No. 07-23. Additionally, it announces that any further pending applications under UIPL No. 23-21 will not be processed.

⁵ Report No. 19-21-002-03-315, *Alert Memorandum: The Employment and Training Administration (ETA) Needs to Ensure State Workforce Agencies (SWA) Implement Effective Unemployment Insurance Program Fraud Controls for High-Risk Areas*, published February 22, 2021, <https://www.oig.dol.gov/public/reports/oa/2021/19-21-002-03-315.pdf> and Report No. 19-22-005-03-315, *Alert Memorandum: Potentially Fraudulent Unemployment Insurance Payments in High-Risk Areas Increased to \$45.6 Billion*, published September 21, 2022, <https://www.oig.dol.gov/public/reports/oa/2022/19-22-005-03-315.pdf>.

⁶ GAO-22-105051, *Additional Actions Needed to Improve Accountability and Program Effectiveness of Federal Response*, published October 2021, <https://www.gao.gov/assets/gao-22-105051.pdf> and GAO-23-105523, *Unemployment Insurance: Data Indicate Substantial Levels of Fraud during the Pandemic; DOL Should Implement an Antifraud Strategy*, published December 2022, <https://www.gao.gov/assets/gao-23-105523.pdf>.

⁷ GAO-15-593SP, *A Framework for Managing Fraud Risks in Federal Programs*, published July 2015, <https://www.gao.gov/assets/gao-15-593sp.pdf>.

includes a wide variety of factors such as eliminating administrative barriers to benefit receipt for eligible individuals, reducing workload backlogs, improving the timeliness and accuracy of UC payments, and ensuring equity in fraud prevention, detection, and recovery activities.

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 addressing disparities in accessing government programs facing individuals and communities including, but not limited to, low-wage workers, Black and Hispanic/Latinx workers, individuals with disabilities, individuals with limited English proficiency, women, and individuals living in rural areas. 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 ensure equitable access to individuals in underserved communities along with the individuals from those communities. Ensuring access to UC is a longstanding priority of the Department. On October 1, 2015, UIPL No. 02-16 was issued, which articulates the applicable access requirements under federal law and provides states guidance to assist with their compliance with these requirements. Change 1 to UIPL No. 02-16, which was issued on May 11, 2020, highlights additional state responsibilities regarding access to UC.

4. Guidance.

- a. **Relationship Between Grants.** With previous funding opportunities and other assistance under ARPA, the Department has provided states with multiple resources to protect the system from fraud while preserving equitable access to benefits. The additional funding opportunities described in this UIPL are designed to complement these efforts, either by funding new activities or by expanding on, accelerating, or enhancing existing efforts. As each state considers where to focus their immediate attention across these funding opportunities, it should consider the purpose of the grants, the periods of performance, and the capacity and priority of state operations. It is the collective responsibility of the Department and states to use these investments strategically and to demonstrate meaningful improvements that drive longer-term investment and more sustained results.

As noted throughout this UIPL, the Department is deploying a two-step application process. At the time of preparing a Full Project Plan (as described in more detail below), the state will have the opportunity to propose an amended period of performance to account for the time needed to appropriately execute the full scope of these grant projects.

If the sum of all complete and responsive applications submitted under a specific funding opportunity under Sections 4.b., 4.d., and 4.e. of this UIPL is less than the available funds

available under that funding opportunity, the Department may use the remaining unobligated balance to increase the funding for awards under one or more of the other funding opportunities contained in this UIPL. Final award amounts will be determined subject to the availability of funds.

- b. **Strengthening Integrity in the UI System.** This section of the UIPL provides states with information on both required and strongly recommended strategies, tools, and services for UI fraud risk mitigation, improper payment reduction, and overpayment recovery; and announces the availability of up to \$100 million to strengthen UI program integrity, including ID verification, fraud prevention and detection, and overpayment recovery efforts in all UC programs.

UI program integrity includes ID verification, fraud prevention and detection, improper payment reduction, fraud risk mitigation, the recovery of overpayments, the prevention of underpayments, the timely and accurate payment of benefits, and ensuring equitable access in all UC programs. ETA continuously develops and oversees implementation of integrity strategies that target the root causes of improper payments. The Department regularly evaluates and updates its antifraud strategies and is committed to ensuring its UI fraud risk management activities are conducted in alignment with GAO's Fraud Risk Framework. GAO's Fraud Risk Framework calls for a strategic approach for assessing and managing fraud risks. 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, states must also evaluate UI fraud risks and implement and maintain sufficient controls to effectively prevent fraud and reduce improper payments.

- i. **ID Verification in UC programs.** Section 1137(a)(1), of the Social Security Act (SSA), provides for states to require that individuals furnish their SSN as a condition of eligibility for benefits. As noted in Section 3.A.(1) of UIPL No. 35-95, any system planned or implemented to provide ease and convenience for filing claims must provide safeguards, including a way to ensure that the name and SSN used to establish eligibility for UC belongs to the individual filing the claim. Therefore, this provision of the SSA requires that states verify an individual's identity to ensure that the individual filing the claim is the owner of the name and SSN used when establishing eligibility. The strongest method by which states can ensure the name and SSN belong to the individual applying for UC is by conducting evidence-based ID verification. Evidence-based ID verification includes activities such as an individual presenting ID documents (*i.e.*, official government-issued documentation, control over a device, account or address known to be associated with an identity, or biometric information) at a physical location, through a virtual platform, or through other state-developed processes or procedures that validate or verify an individual's identity.

Evidence-based ID verification is most effective at preventing ID fraud:

- During the UC application process,
- Immediately following the completion of an initial claim,

- During any break in the claim series (e.g., additional and reopened claims), or
- When a claim is prioritized for investigation based on results of cross-matching or data analytics and evidence-based ID verification has not already been completed.

The Department encourages states to employ different fraud prevention and ID verification strategies at different points throughout the life of the claim. At a minimum, states must use a risk-based approach to determine which claims should be subject to evidence-based ID verification. A risk-based approach involves states using cross-matches and data analytics to identify suspicious activity that may be indicative of fraud. States must prioritize the investigation of claims having the greatest risks, and where appropriate, require the completion of evidence-based ID verification.

Cross-matching and data analytics are most effective when conducted in real-time during the UC application and/or initial claims process. Cross-matching and data analytics should also be conducted when a state identifies a change to key user data (e.g., bank account or mailing address information) on an existing claim, which may raise suspicion of “claim hijacking” or “claim or account takeover”. The state should immediately take action by flagging the claim for investigation and conducting account verification services (AVS)/bank account verification (BAV) and/or other data analysis to ensure the change was made by the legitimate owner of the claim. As workloads fluctuate and fraud schemes evolve, the Department expects states to continuously monitor their fraud management operations and collective ID verification efforts for effectiveness and adaptation.

A Note on ID Proofing. As defined by the National Institute of Standards and Technology (NIST),⁸ ID proofing is the process by which a credentialed service provider (CSP)⁹ collects, validates, and verifies information about a person to establish that an individual is who they claim to be. ID proofing is one of many options states may use to conduct evidence-based ID verification.

States implementing ID proofing in their UC programs must implement solutions/services that balance equitable access with alignment to NIST digital identity guidelines. For example, states that utilize ID proofing are required to provide a non-digital alternative ID verification option(s) such as in-person ID verification at locations like participating USPS retail locations or American Job Centers. States are encouraged to continue to refine and expand non-digital ID verification option(s) with funds from this opportunity, leveraging resources in their states where individuals can go or have gone to have their identity proofed.

⁸ NIST Special Publication (SP) 800-63 provides technical requirements for implementing digital identity services. The publication includes: an overview of identity frameworks; using authenticators, credentials, and assertions in a digital system; and a risk-based process to select assurance levels at <https://pages.nist.gov/800-63-3/sp800-63-3.html>.

⁹ NIST SP 800-63 defines a CSP, as a trusted entity that issues or registers subscriber authenticators and issues electronic credentials to subscribers. A CSP may be an independent third-party or issue credentials for its own use.

- ii. ***Fraud Prevention and Detection Activities.*** An antifraud strategy describes existing fraud control activities as well as any new control activities a program may adopt to address residual fraud risks. ETA issued UIPL No. 23-20, on May 11, 2020, reminding states of required and recommended program integrity functions for the UC programs. In this subsection, ETA is consolidating and clarifying these activities and expanding the recommended program integrity functions as outlined below. ETA reiterates the importance of conducting the required program integrity functions and encourages states to incorporate all recommended functions into a state’s fraud management operations. States must continue to use, operate, and maintain the required integrity controls and the required overpayment recovery activities discussed below at all times, including during times of mass unemployment events, absent specific statutory authorization allowing suspension of such controls or activities. ETA also strongly encourages states to use, operate, and maintain the recommended integrity controls and recommended overpayment recovery activities discussed below during such periods.

In accordance with UIPL Nos. 02-16 and 02-16, Change 1, states must ensure that the fraud prevention and detection technologies/strategies they use do not create barriers that prevent or limit access for some individuals in violation of applicable federal equal opportunity or nondiscrimination laws. This may include identifying potential barriers that may impact historically underserved and marginalized populations when making design decisions and training team members on equity-related issues and processes.

States should continuously evaluate their fraud prevention and detection activities from the perspective of equitable access (*see* Section 4.b.iv. for more information on evaluating data to ensure effectiveness and equity in ID verification and fraud prevention and detection).

A. Required Fraud Prevention and Detection Activities. States must use, operate, and maintain the following integrity controls to prevent and detect fraud.

- ID Verification (Section 1137(a)(1) of the Social Security Act and UIPL No. 35-95) including proper notification and adjudication when an eligibility issue arises (UIPL No. 16-21);
- National Directory of New Hires cross-match (UIPL Nos. 13-19 and 19-11, Training and Employment Notice (TEN) No. 05-20);
- Quarterly Wage Records cross-match (20 C.F.R. 603.23);
- Systematic Alien Verification for Entitlement (SAVE) (Section 1137(d) of the Social Security Act (42 U.S.C. §1320b-7)); and
- Referral of allegations reasonably believed to constitute UC fraud, waste, abuse, mismanagement, or misconduct to DOL-OIG (UIPL No. 04-17, Change 1).

B. Recommended Fraud Prevention and Detection Activities. ETA strongly recommends states implement, use, operate, and maintain the following integrity controls.

- UI Integrity Center’s Integrity Data Hub (IDH) (*see* Attachment XIV of this UIPL for details on IDH functionalities/resources);
- Digital Authentication, such as Multifactor Authentication (MFA);
- Device Fingerprint/Reputation Management, which establishes a combination of inputs (*i.e.*, digital identity) to assist in the authentication of a user’s identity during ongoing use of online state UI systems;
- Fraud Risk Scoring (*i.e.*, Case Management Prioritization), which includes using sophisticated risk analytics to assign a risk-based score to claims to detect suspicious activity early in the claims process, as well as minimize the number of false positives to protect legitimate individuals from being flagged for suspected fraud and avoid disproportionately assigning high risk scores to particular groups of individuals;
- Comparisons and cross-matches that detect shared characteristics (*e.g.*, phone numbers, mailing addresses, email addresses, and banking information) on multiple claims;
- Social Security Administration cross-matches (*i.e.*, Unemployment Insurance Query (UIQ), Prisoner Update Processing System (PUPS), Death Master File) (*see* Attachment XIV of this UIPL for details regarding PUPS);
- Federal, state, and local incarceration cross-matches;¹⁰
- Deceased Records cross-matches;
- Vital Statistics cross-matches;
- State Directory of New Hires cross-match;
- Department of Motor Vehicle cross-match;
- Interstate Benefits (IB) cross-match;
- State Identification Inquiry (SID) and IB8606 enhancements made to the Interstate Connection (ICON) network cross-match to prevent concurrent claim filing in multiple states;
- State Information Data Exchange System (SIDES) (TEN No. 12-16) (*see* Attachment XIV of this UIPL for details regarding SIDES);
- Use of a unique identifier to identify individuals instead of using the full SSN;
- Fictitious employer cross-matches;
- Periodic IT security assessments and audits consistent with NIST-compliant IT security guidelines (UIPL No. 04-21);

¹⁰ Data sets from jails and prisons may not be updated in real time and therefore may lag in the reported incarceration entrance and/or release dates. Additionally, data sets may contain unreliable identity information. ETA reminds states to factor these things in when reviewing incarceration data cross-match results. After receiving incarceration cross-match information, states must conduct appropriate investigations to determine eligibility. *See* UIPL No. 01-22.

- Adequate internal controls to protect the integrity and security of state assets (UIPL No. 14-17); and
- Implement a cross-functional integrity task force to develop and implement state-specific action plans to reduce UI improper payments (UIPL No. 19-11).

C. Effectively Conducting Fraud Prevention and Detection Activities. Simply deploying a fraud prevention and detection tool, implementing an ID verification/proofing solution, or adding a new cross-match is not the most effective strategy for fraud prevention and ID verification. To effectively prevent and detect fraud, states should consider where in the UI process every tool, solution, and resource is best used and how investigations are prioritized to prevent fraud and reduce improper payments.

States should think strategically about how cross-match results are triaged and prioritize claims for investigation that have a higher probability of fraud or the potential to result in large improper payments. States should be judicious in deciding which cross-matches trigger an immediate hold on benefits, and which require further investigation before a payment series is stopped. ID verification investigations are time sensitive, especially in situations where payment has already been made on a claim and the individual fails to respond by the deadline. After the response deadline passes and no response is received, states should act quickly to stop future payments from occurring by issuing an immediate failure to respond denial (*see* Section 4 of UIPL No. 16-21).

Further, states should consider the frequency of cross-matches within the life of the claim – some are more effective when run often and continuously throughout the claim lifecycle. For example, a multi-state cross-match may be most effective if conducted during the initial claim application or immediately following the initial claim and prior to issuing payment. Vital statistics, deceased records, and incarceration cross-matches are critical activities that are effective if conducted during the initial claim process, and prior to issuing first payment, and may also be highly effective at continuing to confirm UI eligibility throughout the life of the claim. Other activities, such as a suspicious email domain cross-match or AVS/BAV may be appropriate to run once or on an ad hoc basis when an email address or bank account is suspect, updated, or changed on a claim.

States should take the following three actions to strengthen fraud prevention and detection using the IDH:

1. Take advantage of, and use, all IDH functionality;
2. Implement IDH web service/real-time connectivity, if possible; and
3. Submit all UC initial and continued claims to the IDH in real-time, or daily, at minimum.

iii. ***Overpayment Recovery Activities.*** UIPL No. 23-20 also reminded states of required and recommended overpayment recovery activities.¹¹ Overpayment recovery is critical to protect both state UI trust funds and federal funds and must be given the same priority as fraud prevention and detection activities.

A. **Required Overpayment Recovery Activities.** States must implement, use, and maintain the following activities to recover overpayments.

- Benefit Offsets (Title II, Subtitle A of the Middle-Class Tax Relief and Job Creation Act of 2012, UIPL No. 05-13, and Section 5 of UIPL No. 13-20, Change 2);
- Treasury Offset Program (TOP) for applicable covered debt (Bipartisan Budget Act of 2013, UIPL Nos. 02-19, 12-14, and 04-20);¹²
- Cross Program Offset Recovery Agreement (CPORA) (UIPL No. 05-13); and
- Interstate Reciprocal Offset Recovery Arrangement (IRORA) (UIPL No. 05-13).

B. **Recommended Overpayment Recovery Activities.** ETA strongly recommends that states implement, use, and maintain the following activities to recover overpayments.

- Negotiating repayment plans;
- Accepting repayments through various methods (*e.g.*, online, via debit/credit card);
- State Income Tax Offset Program;
- Wage garnishments;
- Property liens and assessments;
- Offsets of lottery winnings, homestead exemptions, and other benefits;
- Active participation in probate and/or bankruptcy proceedings regarding an individual with an outstanding overpayment;
- Skip tracing;
- Work proactively and collaboratively with banks and financial institutions to detect suspicious activity, ensure that accounts are not unduly suspended, and recover overpayments (UIPL No. 19-21);
- Civil actions;
- Credit bureau referrals;
- State/federal prosecution;

¹¹ States may, under limited circumstances, elect to waive recovery of certain established non-fraud overpayments. For overpayments in the regular UI program, these circumstances are defined in state law. For overpayments under the temporary pandemic-related UC programs, refer to UIPL Nos. 20-21 and 20-21, Change 1.

¹² Covered debt includes past-due debts that are the result of claimant fraud or unreported earnings, uncollected employer contributions, and any penalties and interest assessed on such debt (26 U.S.C. § 6402(f)(4)).

- Penalties and interest on overpayments in compliance with state and federal law;
- Collection agency referrals when state staff is limited, or debt is uncollectable by other means;¹³
- Implementing a voluntary fraud self-disclosure program (*see* Section 4.b.iii.C. of this UIPL for more details); and
- Other recovery methods as determined by state law or policy.

C. Effectively Conducting Overpayment Recovery Activities. States may consider implementing a voluntary fraud self-disclosure program, which may help increase the recovery of UI fraud overpayments. Voluntary fraud self-disclosure programs may provide benefits to states such as revealing previously unknown fraud, waste, and abuse; reducing a state’s time and resources spent on data analytics and investigations; and enabling a state to identify, establish, and collect overpaid benefits.

In establishing a voluntary fraud self-disclosure program, states may consider such actions as reducing overpayment penalties (monetary¹⁴ or penalty weeks) and/or forgoing or reducing civil/criminal actions for individuals who voluntarily self-report their fraudulent activity involving the UI program. While state law will ultimately control what, if anything, a state can modify with respect to these activities, ETA encourages states to work with stakeholders to determine if a voluntary fraud self-disclosure program could be a beneficial added component to the state’s UI overpayment recovery efforts.

ETA also suggests that states consider an escalated approach to claimant communications for overpayment recovery activities. For example, an individual with a non-fraud overpayment may successfully resolve their overpayment after receiving clear communication with instructions on how to establish a repayment plan and a clear explanation regarding any overpayment waiver processes. Only if the non-fraud overpayment is not waived and an individual fails to establish or comply with a repayment plan after a period of time that the state deems appropriate, should the state send an escalating notice for further recovery activities. *See* the UI Modernization website located at <https://www.dol.gov/agencies/eta/ui-modernization>, specifically information provided at <https://www.dol.gov/agencies/eta/ui-modernization/language-portfolio> for support with plain language conversions to simplify terminology complexity when communicating with claimants.

¹³ The immediate deposit and withdrawal standards prohibit states from paying third-party collection agencies out of a recovered overpayment. *See* 3304(a)(3), FUTA; 303(a)(4), SSA; 3304(a)(4), FUTA, 303(a)(5), SSA.

¹⁴ The Trade Adjustment Assistance Extension Act of 2011 (TAAEA) amended sections 303 and 453A of the SSA and Sections 3303, 3304, and 3309 of FUTA to require states to impose a monetary penalty (an amount not less than 15 percent of the erroneous payment) on claimants whose fraudulent acts resulted in overpayments (*see* UIPL No. 02-12). States may not waive or reduce this penalty assessed on fraud overpayments below the mandatory 15 percent.

Attachment IV to this UIPL provides considerations for states in providing individual notifications and processing refunds under the CARES Act UC programs that states are encouraged to consider expanding to the regular UI program as well. As provided in UIPL No. 20-21, Change 1, the Department strongly encourages states to waive the recovery of overpaid benefits in qualifying cases under the CARES Act UC programs. Given the scale of the challenge of implementing state UI and CARES Act UC programs accurately, many individuals received an overpayment of benefits due to no fault of their own. The CARES Act, as amended, provides that states may waive recovery for overpayments under the CARES Act UC programs when two conditions are met: (1) when the claimant was without fault in creation of the overpayment and (2) recovery of overpayment would be against equity and good conscience. Under no circumstances may a state waive recovery of an overpayment that is fraudulent.

- iv. ***Evaluating Data to Ensure Effectiveness and Equity.*** A critical part of fraud risk management includes evaluating outcomes using a risk-based approach and adapting activities to improve fraud risk management. States should monitor and evaluate the effectiveness of fraud prevention and improper payment reduction activities, to adapt to changing risks and continuously improve the effectiveness of their fraud management operations. This includes collecting and analyzing data for fraud trends and identifying potential control deficiencies. Effective monitoring and evaluation focuses on measuring outcomes and progress toward the achievement of objectives, rather than simply reviewing outputs and progress in implementing control activities. Results of the monitoring and evaluations should be used to improve the design and implementation of fraud risk management activities.

As states are implementing and refining processes for digital authentication, ID verification, cross-matching, data analytics, and other fraud prevention and detection activities, states must consider and address any equitable access impacts. One of the most common barriers to equitable access is an ID verification process that is difficult to complete. Examples of difficulty in completing ID verification processes may involve individuals with limited English proficiency; individuals with limited access to, or understanding of, technology; or instructions that are unclear or cumbersome. Another common barrier is states erroneously flagging legitimate claim activity as suspicious. This can result in delays for eligible individuals to receive UI benefits – a matter which is further exacerbated when states are experiencing high workload volumes, making it difficult for individuals to contact the state unemployment agency. States must ensure there is at least one timely, effective, and accessible non-digital alternative to online ID verification. This non-digital option should not be overly burdensome on applicants, limit access to public benefits programs or the timely receipt of benefits, or stigmatize members of the public in any way.

ETA strongly recommends that states implement data collection and analysis to review their fraud prevention and detection activities – monitoring for barriers to

equitable access and taking swift action to mitigate such barriers.¹⁵ The data for this analysis may come from system datapoints, customer surveys, periodic user interviews, and case samples. States should work with their service providers or with their in-house fraud management operations to identify and resolve any barriers or equitable access impacts resulting from ID verification practices and data analytics and cross-matching services.

When using a CSP for ID proofing or a third-party ID verification solution, ETA recommends that states establish, within their contracts, a process to receive Personally Identifiable Information (PII) and data on an individual's ID verification status (*i.e.*, verified, not verified, pending, inconclusive) within a service provider's system or solution. To be able to properly respond to customer inquiries, states should have access to such information in real-time (if possible), but no later than 24 hours after an individual started the ID verification process and whenever there is a change in the ID verification status. By knowing the individual's ID verification status, the state can also ensure that appropriate instructions and next steps are provided to the individual. The Department outlined stringent technical, service level, business performance, and equity requirements in its solicitation for ID verification/proofing services described in TEN No. 06-21. ETA recommends that states incorporate similar provisions in their ID verification solicitations and contracts with service providers. Attachment III to this UIPL describes recommended contract provisions for ID verification/proofing services and solutions.

DOL-OIG recently issued an Alert Memorandum¹⁶ highlighting concerns about states' use of ID verification service providers, specifically those employing the use of facial recognition technology, and the impact these ID verification/proofing services may have on equitable and secure access to UI benefits. ETA strongly encourages states to carefully review ID verification/proofing solutions that use biometrics such as facial recognition. While these solutions may help to reduce ID fraud, they may have negative implications for or lead to violations of states' nondiscrimination obligations under Section 188 of Workforce Innovation and Opportunity Act (WIOA). States are reminded that a non-digital alternative option for ID verification must be available and not require substantially more time, hardship, or delay to complete. Furthermore, states using ID verification/proofing solutions that employ the use of facial recognition technology, must test the system for biases and work with the service provider to identify and resolve any biases or barriers to equitable access resulting from the ID verification process.

¹⁵ As described in UIPL No. 11-14, the Department's regulations also require state compliance with the U.S. Office of Management and Budget (OMB) guidelines on the collection of data based on race or ethnicity. *See* 29 CFR § 38.41(d). States must provide information about the reasons for a data request, and the ways in which the data may be used before asking about a claimant's race/ethnicity, sex, age, or disability status.

¹⁶ Report No. 19-23-005-03-315, *Alert Memorandum: ETA and States Need to Ensure the Use of Identity Verification Service Contractors Results in Equitable Access to UI Benefits and Secure Biometric Data*, published March 31, 2023, <https://www.oig.dol.gov/public/reports/oa/2023/19-23-005-03-315.pdf>.

Below are a few examples of data points and information that can be used to conduct meaningful analysis, monitor equity outcomes, and make necessary changes to ensure equitable access.

- PII and data on an individual’s ID verification status (*i.e.*, verified, not verified, pending, inconclusive) within a service provider’s system or solution to identify any disparate results amongst demographic groups or specific friction points within the ID verification process, such as:
 - Data from individuals who successfully verify through alternative method(s) after failing initial screenings, including appeals data;
 - Number of ID verification attempts each user is making;
 - Time spent in the system at each identification step;
 - Wait time for customer service requests related to ID verification;
 - Location, device type, and connection type;
 - The strength of the identification match; and
 - System, monitoring, and incident reports.

- How many individuals used a non-digital option to verify their ID including:
 - what caused them to be unable to access the technology (if applicable);
 - what caused them to be denied by the technology (if applicable); and
 - which alternative access option was used.

- Which claims were flagged as suspicious and warranting further investigation, including:
 - the length of time to resolve these investigations; and
 - the outcome of these investigations, such as whether they resulted in a fraudulent overpayment, non-fraudulent overpayment, suspected/confirmed ID fraud, claim abandoned during the ID verification process, or a non-issue (*i.e.*, “false positive”), by demographic group.

Additionally, ETA strongly recommends conducting root cause analysis to identify the source of specific instances where legitimate individuals have been adversely affected by UI program integrity measures (*i.e.*, fraud risk scoring, fraud prevention and detection activities, ID verification/proofing systems or solutions). State root cause analysis should seek to identify issues that may exist at larger scale and may merit more systemic modifications to the state’s overall fraud risk mitigation and improper payment reductions strategies, including ID verification and fraud prevention and detection activities.

- v. ***Protecting Victims of UI ID Fraud.*** States must provide individuals who suspect that they are victims of UI ID fraud with options to report such activity and, once fraud has been confirmed, states must take actions to protect the UI ID fraud victim.

To meet these requirements, ETA strongly recommends that states provide a reporting mechanism for UI ID fraud on their websites, communicate status updates for such investigations, and take action to protect the victim when the state determines that UI ID fraud has occurred.

- A. Providing a reporting mechanism for UI ID fraud on state websites. As described in Section 5 of UIPL No. 16-21, states must provide individuals who suspect that their ID has been stolen with easily accessible options to report such theft or fraudulent activity. This may include dedicated phone options, email addresses, or an online portal by which individuals can notify the state agency. States may also provide links to resources from other agencies that specialize in protecting consumers and their PII, such as the Federal Trade Commission’s Consumer website at <https://www.identitytheft.gov/#/>.

In December 2022, the Department published updated website content on the UI ID fraud reporting website at www.dol.gov/fraud. ETA issued TEN No. 14-22, strongly encouraging states to align their website content and communications for individuals who experience UI ID fraud with the new content, resources, and reporting requirements outlined at www.dol.gov/fraud.

- B. Communicating status updates. ETA strongly recommends that states clearly communicate their UI fraud reporting requirements on their state website(s) and have in place established processes and procedures for assisting individuals who have experienced UI ID fraud. To reduce confusion and anxiety for a victim of UI ID fraud, states should provide updates throughout the process once a report of UI ID fraud has been received. This may include, but is not limited to:

- Providing confirmation to the submitter that the fraud report was received;
- Clearly defining expectations and outlining next steps;
- Providing ongoing updates to the submitter and/or SSN owner (if known) throughout the investigation; and
- Notifying the submitter and/or SSN owner (if known) once the investigation is complete.

- C. Protecting victims. When a state determines that UI ID fraud has occurred the state must take actions to protect the rights of the UI ID fraud victim. As discussed in UIPL No. 20-21, Change 1, once the state issues a fraud determination, one option states can use to mitigate negative impacts on the UI ID fraud victim is to establish a pseudo claim record and transfer all claim information regarding the fraudulent activity to the pseudo claim. This removes the fraudulent activity from the victim's SSN and/or UI account, which should remove barriers the victim may encounter if they need to file for UI in the future. This solution also applies to “claim hijacking” (also known as “claim or account takeover”). On hijacked claims, any weeks that were

fraudulently redirected must be removed from the legitimate UI claim and the weeks must be immediately repaid to the rightful owner of the claim if eligibility for those weeks is determined. In the case of hijacked claims, the state should employ ID verification as part of its investigation to verify the legitimate individual's identity prior to repaying the weeks.

States are also strongly encouraged to use the UI Integrity Center's IDH BAV service to authenticate new bank account information provided on all claims prior to issuing payments, including verifying bank account information on claims that have been determined to be hijacked, prior to reissuing any payments. The IDH's BAV service validates the status of the bank account (e.g., account is open or closed) and provides a level of assurance that the individual identified as the UI claimant is the bank account owner and/or authorized user.

States that may not have the current administrative capability to move such activity to a pseudo claim may choose to temporarily mark the overpayment as "uncollectible." This ensures that UI ID fraud victims are not negatively impacted while the state develops a process to disassociate the fraudulent activity from the victim's SSN. Below are other actions the state may take to mitigate the negative consequences for the UI ID fraud victim:

- Ensure that if a future claim is filed under the victim's SSN, the claimant undergoes a secondary ID verification process (e.g., include an in-person reporting requirement or other expanded ID verification alternatives). However, states should try to minimize the burden on the victim as much as possible when verifying identity.
- Ensure that the owner of the SSN is not held responsible for any overpayment and, whenever possible, is not issued a Form 1099G at the end of the year.
- Exclude the overpayment from TOP and suspend any overpayment collection activity for the actual owner of the SSN.
- Do not initiate any legal actions against the actual owner of the SSN.

vi. ***Integrity Grant to States.*** The Department is providing up to \$100 million in additional funding to states to strengthen UI program integrity, including ID verification, fraud prevention and detection, and overpayment recovery efforts in all UC programs.

A. Amount per State.¹⁷ The methodology for state funding levels is based on size of UI covered employment in the state. For purposes of this methodology, states are assigned to four groups (Small, Medium, Large, and Extra-Large)

¹⁷ Since Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau do not operate regular UC programs, this grant opportunity is not being made available to these jurisdictions.

based on the 12-month average of UI covered employment for the four quarters in calendar year 2022 reported on the ES 202 (Employment, Wages and Contributions) report. States are assigned to the size groups as follows:

- Small: covered employment under 1 million employees
- Medium: covered employment between 1 million and 2 million employees
- Large: covered employment between 2 million and 7 million employees
- Extra Large: covered employment greater than 7 million employees

Attachment I to this UIPL provides the funding available for each state.

- B. Allowable Uses. States must use the funds made available under this UIPL to strengthen ID verification and other fraud prevention and detection and overpayment recovery efforts in all UC programs. Types of costs may include any costs associated with the procurement and/or implementation of ID verification, fraud prevention, and overpayment recovery tools, solutions, and services, which includes any costs related to the state's integration with the Department's National ID Verification Offering (*see* Section 4.c. of this UIPL); payment of subscription costs to operate new and/or maintain existing services/solutions; and hiring of staff¹⁸ to conduct data analysis, investigations, collections, recovery, or other integrity-related duties.

Examples of permissible uses of these funds include, but are not limited to, the activities listed below. The term "effectiveness" refers to a state's ability to properly detect suspicious activity, investigate in a timely manner, and mitigate barriers to equitable access.

- Establishing and refining the state's risk-based approach to determine which claims are subject to evidence-based ID verification as described in Section 4.b.i. of this UIPL;
- Covering costs of integrating state operations with the Department-funded National ID Verification Offering as described in Section 4.c. of this UIPL, as well as any costs associated with participation in the voluntary enhanced data analysis described in Section 4.c.iii.C. of this UIPL;
- Implementing new and/or maintaining/enhancing existing ID verification solutions and/or procedures to verify the identity of individuals filing for UC;
- Strengthening the effectiveness of how the state uses required fraud prevention and detection activities and required overpayment recovery activities as described in Sections 4.b.ii. and 4.b.iii. of this UIPL;
- Implementing new and/or strengthening the effectiveness of how states use recommended fraud prevention and detection activities and

¹⁸ States are reminded of the ability to exercise flexibility in staffing models for the performance of certain UC administrative activities, as described in UIPL No. 12-01, Change 2.

recommended overpayment recovery activities, as described in Sections 4.b.ii. and 4.b.iii. of this UIPL;

- Establishing and refining the state’s use of data, including through the use of activities such as filing metrics and customer surveys, to monitor and adapt the effectiveness of tools used to combat UI ID fraud and other improper payments as described in Section 4.b.iv. of this UIPL;
- Establishing and refining external communication protocols when states receive reports of UI ID fraud as described in Section 4.b.v. of this UIPL;
- Establishing and refining protections for victims of UI ID fraud as described in Section 4.b.v. of this UIPL; and
- States may also use the funds made available under Section 4.b.vi. of this UIPL for the same activities described in Section 5.b. of UIPL No. 22-21.

C. Application Instructions. The grant application and award process for funding under this subsection will be completed in two stages. To receive funding, the state must agree to the conditions described in Section 4.b.vi.C.1. of this UIPL and complete an Initial Application as described in Section 4.b.vi.C.2. of this UIPL. Upon receipt and processing of an approvable Initial Application, a NOA will be sent to the state. To drawdown funds from this NOA, the state must submit a Full Project Plan, as described in Section 4.b.vi.C.3. of this UIPL.

1. *Conditions of receiving grant funding.* By submitting an Initial Application to receive funds under this subsection, the state must agree to the following conditions.

- Disclosure to DOL-OIG. The state will disclose confidential UC information to DOL-OIG. As discussed in UIPL No. 04-17, Change 1, states must refer allegations that they reasonably believe constitute UC fraud, waste, abuse, mismanagement, or misconduct to the DOL-OIG. As a condition of receiving a grant under this subsection, the state agrees to provide all confidential UC information to DOL-OIG for purposes of investigating fraud and performing audits through weeks of unemployment ending on or before the end of the period of performance as described in Section 4.b.vi.D. of this UIPL.
- Submission of a Full Project Plan. The state will submit a Full Project Plan to the appropriate ETA Regional Office, as described in Section 4.b.vi.C.3 of this UIPL within 60 calendar days after receiving the NOA.

2. Initial Application. The Grant Application to receive any new or additional funds must be submitted electronically via <https://www.grants.gov/>, with an electronic copy to the appropriate ETA Regional Office, as soon as possible and no later than 11:59 pm

Eastern Time on August 18, 2023. The Grant Application package consists of a completed SF-424 (as described in Attachment XI of this UIPL) to reflect up to the full amount of the state's allocation (*see* Attachment I to this UIPL).

To demonstrate that the state agrees to comply with the conditions described in Section 4.b.vi.C.1. of this UIPL, when completing the SF-424, the state must check the "I AGREE" box under Item 21 and include the appropriate language in Item 15. States should maintain any supporting documentation that serves as evidence for meeting the required conditions.

Upon receipt and processing of the SF-424, the state will receive a NOA. These grants are subject to the requirements of 2 CFR Parts 200 and 2900, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

3. *Full Project Plan.* As noted in Section 4.b.vi.C.1. of this UIPL, the Full Project Plan must be submitted to the appropriate ETA Regional Office, as soon as possible and by no later than 60 calendar days upon receipt of the NOA. The Full Project Plan package must include:

- A copy of the completed SF-424 from the Initial Application;
- A completed SF-424A;
- If indirect cost is indicated on the SF-424A, then a Negotiated Indirect Cost Rate Agreement (NICRA); and
- A completed Full Project Plan Template (as described in Attachment II to this UIPL).

The submission of the required documents does not constitute approval by the Department. Upon receipt of the Full Project Plan, the Department will review and work with the state to approve the proposal. Once approved by the Grant Officer, the Full Project Plan will be an official amendment to the initial NOA, and the condition of the award that previously restricted access to the additional funds will be resolved.

D. Period of Performance. Funds awarded under this subsection will have a period of performance which begins April 1, 2023, and ends on December 31, 2025. States must fully obligate all funds one quarter before the period of performance ends and must liquidate all funds within 90 days thereafter. Funding for state staff costs may not be obligated for use at a future date and the obligation may only occur at the time the staff performs services on the project/activity.

Grant funds may only be used for costs of activities incurred no earlier than the beginning of the calendar quarter preceding the calendar quarter upon execution of the award.

E. Reporting Requirements. For the grant awarded under this subsection, states must provide:

1. *ETA 9178-ARPA* – a quarterly narrative progress report containing updates on the implementation and progress of each grant project/activity. The form *ETA 9178-ARPA* is provided as Attachment XIII to this UIPL.
2. *ETA 9130* (OMB Control No. 1205-0461 Expiration Date: 01/31/2025) – a quarterly financial report.

c. **National ID Verification Offering**. The Department is providing government-operated ID verification systems to states that support online verification services through partnership with GSA’s Login.gov and in-person verification services through partnership with USPS. These offerings are being made available by the Department using ARPA funds to directly cover at least two (2) years of transaction costs¹⁹, subject to the availability of funding and necessary agreements being in place. Available funding will be dependent on state uptake, usage, and claims volume.

As previously noted, fraud prevention and detection activities are strongest when states employ a variety of tools, strategies, and resources. States are reminded that they must ensure there is at least one timely, effective, and accessible non-digital alternative to online ID verification (*see* Section 4.b.i. and 4.b.iv. of this UIPL). USPS in-person ID verification services can be used to satisfy the requirement to provide a non-digital option for ID verification.

i. ***GSA’s Login.gov Online and USPS In-person.***

A. Login.gov. Operated by GSA, Login.gov is the federal government’s secure sign-in service used by the public to access participating government agencies’ web services and conduct ID verification. Participating state UI agencies will ask the individual applying for and/or receiving UC to create a Login.gov account to securely access their information on the state’s UI system. The individual can use the same username and password to access any state or federal agency that partners with Login.gov. This streamlines the process and eliminates the need to remember multiple usernames and passwords.

¹⁹ The Department will cover costs calculated based on volume of ID verification transactions through GSA’s Login.gov online services and USPS’s in-person services, subject to available funding. States will be responsible for costs incurred to integrate state operations with these services. Such costs are allowable uses under the Integrity Grants described in Section 4.b. of this UIPL.

How Does it Work. Participating agencies use Login.gov to help protect their users (*e.g.*, claimants, applicants, beneficiaries). When an individual signs in to a participating UI state agency website, they will be prompted to sign in or create an account with Login.gov, if the individual has not used the service before.

- Individuals must establish a Login.gov account with an email address, password, and multi-factor authentication.
- While signed into the Login.gov application, the individual will be prompted to verify their identity through uploading their government-issued ID, providing their SSN, and verifying their PII.
 - The individual will have to provide a phone number with their name associated to the phone plan or receive a letter at an address known to be associated with them. The individual does not need to be the primary account holder.
- Once the ID verification is complete, the individual must agree to share information with the Department.
- The individual can seek help from the Login.gov 24/7 Call Center if they are having issues navigating within the application.

B. USPS. USPS offers in-person ID verification services at participating USPS retail locations nationwide for government customers. In-person ID verification allows federal and state agencies to securely verify an individual's identity in-person to provide access to services when an identity cannot be substantiated through a technology-based solution. In-person ID verification also provides an alternative for individuals who are unable to or prefer not to be verified through an online solution.

How Does it Work. In-person ID verification can be completed at participating USPS retail locations when an individual is required to complete in-person ID verification. In-person ID verification may be necessary in the event an individual is unable to complete an online ID verification process (*e.g.*, digital ID verification, technology-based solution) or does not have the means by which to complete the process (*e.g.*, lack of bandwidth, technologically challenged, no computer access, disability).

- Individuals receive an enrollment barcode or enrollment code provided by the service.
- Individuals must present the enrollment barcode or enrollment code to any participating USPS retail location.
 - No appointment time is needed.
 - No fee is collected from the individual verifying their identity.
- Individuals must present certain original and non-expired government identification documents (*e.g.*, state-issued driver's license or identification card, passport, etc.).

- Zip code;
- Gender;
- Age;
- Race and Ethnicity;
- Education Level;
- Industry & Occupation;
- Disability (if identified); and
- Language Preference.

C. Option for States to Participate in More In-Depth Analysis. To better understand success rates for ID verification and the impact on fraud prevention, equitable access, and timeliness of ID verification efforts, the Department requests that states, as available, volunteer to participate in a more in-depth data exchange. When a state agrees to participate in this more in-depth analysis, the Department will collect additional data elements to carry out this analysis. The additional individual-level data elements may include information such as claims disposition and comparative data on UI claims before and after the implementation of the National ID Verification Offering. The state may use Integrity Grant funding provided in Section 4.b. of this UIPL for additional expenses incurred by the state in this additional data collection. States can express interest in participation through their appropriate ETA Regional Office.

D. Data Protections. The Department will protect all data in accordance with the Privacy Act of 1974, Federal regulations at 20 CFR Part 603, and all other requirements related to confidentiality and disclosure avoidance that will be described in the DSA's PA. *See* Attachment V to this UIPL for Roles and Responsibilities of the State and Department. Upon receipt, all data acquired from states will be treated as if it has, at a minimum, protection at the appropriate risk level in accordance with the NIST Federal Information Processing Standards (FIPS) 200 and Special Publication 800-60.

iv. ***State Request for Intent to Participate.*** States should contact their appropriate ETA Regional Office to express interest by August 18, 2023. These non-binding notifications will help inform the Department's planning for the designation of resources to support implementation activities. The ETA Regional Office will facilitate discussion(s) with the state to discuss the Login.gov and USPS offerings to identify the best fit for the state. Once the state affirmatively decides to participate in one or both of the government-operated ID verification systems, they will be asked to sign a DSA and PA with the Department (*see* Section 4.c.ii. of this UIPL).

d. **IT Modernization Grants.** The Department is providing approximately \$200 million for individual states to receive up to \$11.25 million to invest in IT project(s) that address at least one of the following categories that support modular and evidence-driven approaches to modernization that increase the agility and resiliency of UI systems. Each of these categories are described in more detail in Attachment VI to this UIPL.

Attachment VII to this UIPL describes promising practices and sample projects and measures of success that align with these categories.

- Cloud migration;
- Modular and Application Programming Interface (API)-driven approaches; and
- Measurably improving the customer experience (CX).

Funds will be awarded to states that submit complete and responsive Initial Applications in the order received by the Department, as long as funding remains available.

- i. ***Vision for Creating More Resilient and Responsive IT Systems.*** An effective approach to modernization starts with the understanding that technology is always evolving and that state systems must be responsive to changing needs. It is critical for all states to develop a system architecture that can scale to meet increases in demand, which often occur at the same time states need to adapt to new federal programs and changing fraud threats.

Many states struggle to adapt their systems due in part to how the systems were designed and the constraints that accompany legacy technology. The resulting inflexibility and brittleness of these systems means that even relatively “simple” changes can be prohibitively costly, time-consuming, and risky. Addressing these challenges will help systems to scale up when unemployment increases, while mitigating additional exposure to criminal actors, and making it easier for states to effectively integrate technologies that stop fraudulent claims before they are paid.

Instead of monolithic system architectures, the Department encourages states to pursue modular and incremental approaches when modernizing their systems. This approach involves “breaking down” complex monoliths into smaller, more interchangeable components (*i.e.*, modules) that are easier to change and maintain. Modular approaches also make it easier for states to integrate new technologies and may be accomplished using a wide range of tactics, including using standard interfaces, leveraging APIs, adopting cloud technology, using open-source software, and adopting user-centric and agile development practices.

- ii. ***Amount per State.*** Each state,²⁰ regardless of size, that submits a complete and responsive application may receive up to \$11.25 million for these purposes, unless and until funding for this grant opportunity is fully obligated. Funds will be awarded to states that submit complete and responsive Initial Applications in the order received by the Department, as long as funding remains available.

²⁰ Since Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau do not operate regular UC programs, this grant opportunity is not being made available to these jurisdictions.

- iii. ***Allowable Uses.*** States may use the funds awarded under this granted opportunity to cover costs associated with the activities in the categories listed above and described in Attachment VI to this UIPL.
- iv. ***Application Instructions.*** The grant application and award process under this subsection will be completed in two stages. In the first stage, the state must agree to the conditions and complete an Initial Application as described below. Upon receipt and processing of an approvable Initial Application, a NOA will be issued to the state. In the second stage and prior to any drawdown of funds from this NOA, the state must submit a Full Project Plan, also described below.
 - A. **Conditions of Receiving Grant Funding.** As part of submitting an Initial Application to receive funds under this subsection, the state must agree to the following conditions.
 - 1. ***Disclosure to DOL-OIG.*** The state will disclose UC information to DOL-OIG. As discussed in UIPL No. 04-17, Change 1, states must refer allegations that they reasonably believe constitute UC fraud, waste, abuse, mismanagement, or misconduct to the DOL-OIG. As a condition of receiving a grant under this subsection, the state agrees to provide all confidential UC information to DOL-OIG for purposes of investigating fraud and performing audits through weeks of unemployment ending on or before the end of the period of performance as described in Section 4.d.v. of this UIPL.
 - 2. ***Submission of a Full Project Plan.*** The state will submit a Full Project Plan to the appropriate ETA Regional Office, as described in Section 4.d.iv.C. of this UIPL within 90 calendar days after receiving the NOA, and acknowledges that no drawdown of funds may occur until the Full Project Plan has been approved by the Grant Officer.
 - 3. ***Sharing Regular Report Outcomes.*** The state agrees to report on one or more of the desired outcome metrics in Attachment VI to this UIPL through the form ETA 9178-ARPA process.
 - 4. ***Making software and related artifacts produced by these grants available under an open license, where required, or participating in communities of practice.*** In addition to the intellectual property rights requirements for grants and cooperative agreements published at 2 CFR 200.315(d), Department grant regulations at 2 CFR 2900.13 require that intellectual property developed under a discretionary federal award process must be licensed under an open license, which allows subsequent users to copy, distribute, transmit, and adapt the copyrighted work and attribute the work in the manner specified by the recipient.

This requirement applies to situations where states develop new intellectual property using grant funds. However, this requirement does not apply to all potential uses of grant funds, such as hiring staff to improve customer experiences, and does not require that a state make existing vendor solutions and intellectual property purchased or licensed through a discretionary grant available under an open license. It does apply to situations where states use the funds to develop new intellectual property that is considered separate from existing vendor solutions.

In cases where the open-source requirement does not apply, states must agree to participate in a Department-sponsored community of practice. These community(ies) will convene participating states at least once every fiscal year (FY) during the period of performance beginning in FY 2024. Such community(ies) will share and document promising practices and examples of impact from states across these funding areas.

- B. Initial Application. To receive consideration the state must submit an Initial Application (as detailed below) electronically via <https://www.grants.gov/>, with an electronic copy to the appropriate ETA Regional Office, as soon as possible and no later than 11:59 pm Eastern Time on August 18, 2023. **Funds will be awarded in the order that completed Initial Applications are received, as long as funding remains available.**

The Initial Application package consists of a completed SF-424 (as described in Attachment XI of this UIPL), and a completed Project Abstract (following the template provided in Attachment VIII to this UIPL). To be considered responsive and complete, states must submit the project abstract template committing to UI IT modernization activities that correspond to at least one of the three categories listed above (and described in Attachment VI to this UIPL) and complete all required certifications. States are encouraged to review Attachments VI and VII to this UIPL for more information on these program areas and examples of eligible projects.

These grants are subject to the requirements of 2 CFR Parts 200 and 2900, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

- C. Full Project Plan. As noted in Section 4.d.iv.A.2. of this UIPL, the Full Project Plan must be submitted to the appropriate ETA Regional Office, as soon as possible and by no later than 90 calendar days of receiving the NOA. The Full Project Plan package must include:
- A copy of the completed SF-424 from the Initial Application;
 - A completed SF-424A;

- If indirect cost is indicated on the SF-424A, then a NICRA; and
- A completed Project Plan Template (as described in Attachment IX to this UIPL).

The submission of the required documents does not constitute approval by the Department. Upon receipt of the Full Project Plan, the Department will review and work with the state to approve the proposal. Once approved by the Grant Officer, the Full Project Plan will be an official amendment to the initial NOA, and the condition of the award that previously restricted access to the additional funds will be resolved.

- v. ***Period of Performance.*** Funds awarded under this subsection will have a five-year period of performance that begins on the date the award is executed (*i.e.*, the date of the NOA). States must fully obligate all funds one quarter before the period of performance ends and must liquidate all funds within 90 days thereafter. Funding for state staff costs may not be obligated for use at a future date and the obligation may only occur at the time the staff performs services on the project/activity.

Grant funds may only be used for costs of activities incurred no earlier than the beginning of the calendar quarter preceding the calendar quarter upon execution of the award.

- vi. ***Reporting Requirements.*** For the grant awarded under this subsection, states must provide:

- A. ETA 9178-ARPA – a quarterly narrative progress report containing updates on the implementation and progress of each grant project/activity. The form ETA 9178-ARPA is provided as Attachment XIII to this UIPL.
- B. ETA 9130 (OMB Control No. 1205-0461 Expiration Date: 01/31/2025) – a quarterly financial report.
- C. A Note on the UI IT Modernization Pre-Implementation Planning Checklist (OMB Control No. 1205-0527 Expiration Date: 06/30/2023). The Department published UIPL No. 11-18, Change 1, announcing revisions to ETA 9177, *UI IT Modernization Pre-Implementation Planning Checklist Report*. The information gathered in the ETA 9177 Report must be used by states to prepare for the implementation of new UI IT systems and to ensure the availability of mission-critical functions. The ETA 9177 Report is required when a state is modernizing a major component of a UI IT system or systems. A major component can be a full benefits or tax system, or it can be a significant component subset, such as continued claims certification or adjudication. An ETA 9177 Report submission is not necessary when a state is merely upgrading subcomponents of a system, such as enhancing the front-end interface for claims intake. Other instances where a state is not required to submit an ETA 9177 Report include ongoing maintenance activities:

database upgrade, IT server upgrades, replacing obsolete hardware/software, etc. When proceeding with approved activities for the State UI IT Modernization Grants, states should review the ETA 9177 Report and associated UIPL to determine what, if any, reporting may be required under ETA 9177.

- e. **Tiger Team Grants.** Following a Tiger Team consultative assessment under UIPL No. 02-22, eligible states (as described below) may receive grant funds to support implementation of negotiated recommendations to enhance their UC systems and business processes to address the three goals of ARPA: (1) prevent and detect fraudulent activity, and to recover funds from fraud; (2) promote equitable access; and (3) ensure timely payment of benefits and reduce backlogs across all UC programs.
 - i. ***Updated Allocations for States.*** As part of the Department’s deliberative approach in investing the funds remaining after enactment of the FRA, the Department is making the following modifications. Attachment X to this UIPL provides the updated allocation amount by state.
 - A. **States that Have Begun the Tiger Team Consultative Assessment.** States that have begun the consultative assessment²¹ by June 30, 2023, and received less than 85 percent of their funding allocation described in Attachment I to UIPL No. 02-22 may receive up to 85 percent of that original allocation. States that have already been awarded more than 85 percent of their original allocation may not apply for additional funds and will not be required to return any funds.
 - B. **States that Did Not Begin the Tiger Team Consultative Assessment.** States that expressed interest prior to the March 31, 2023 deadline (as announced in UIPL No. 02-22, Change 2) and did not begin the Tiger Team Consultative Assessment as of June 30, 2023 are not eligible for implementation grant funds.
 - ii. ***Updated Application Instructions.*** The grant application and award process for funding under this subsection will be completed in two stages. To receive funding, the state must agree to the conditions described in Section 4.e.ii.A. of this UIPL and complete an Initial Application as described in Section 4.e.ii.B. of this UIPL. Upon receipt and processing of the Initial Application, a NOA will be sent to the state. To draw down funds from this NOA, the state must submit a Full Project Plan, as described in Section 4.e.ii.C. of this UIPL.

This table summarizes the deadline for each group of states and more detail is found in the sections below.

²¹ This includes states that have received their negotiated recommendations, as well as states that have participated in a kick-off meeting and are in the process of developing their negotiated recommendations with the Department.

Group	Deadline for New Grant Application/Initial Application	Deadline for Full Project Plan
Group 1: States that have completed the Tiger Team consultative assessment and not yet received all funding provided in Attachment X to this UIPL	Initial Application to request any additional funds due electronically by 11:59 pm Eastern Time on August 18, 2023.	Due within 60 calendar days of issuance of the NOA
Group 2: States that have completed the Tiger Team consultative assessment and received all funding provided in Attachment X to this UIPL	N/A – no further funding available	N/A
Group 3: States that began the Tiger Team consultative assessment by June 30, 2023 but have not yet received their negotiated recommendations	Initial Application due electronically by 11:59 pm Eastern Time on August 18, 2023.	Due within 60 calendar days of the state receiving negotiated recommendations

A. Conditions of Receiving Grant Funding. By submitting an Initial Application to receive any funds under this subsection, the state must agree to the following conditions.

1. *Disclosure to DOL-OIG.* The state will disclose UC information to DOL-OIG. As discussed in UIPL No. 04-17, Change 1, states must refer allegations that they reasonably believe constitute UC fraud, waste, abuse, mismanagement, or misconduct to the DOL-OIG. As a condition of receiving a grant under this subsection, the state agrees to provide all confidential UC information to DOL-OIG for purposes of investigating fraud and performing audits through weeks of unemployment ending on or before the end of the period of performance as described in Section 4.e.iv. of this UIPL. Any funds awarded to states in Group 1 will include an amendment to the award of any previous funds to incorporate this new condition.
2. *Complete the Tiger Team Consultative Process.* For states in Group 3, the state will complete the Tiger Team consultative assessment, including receipt of the negotiated recommendations.
3. *Submission of a Full Project Plan.* The state will submit a Full Project Amendment to the appropriate ETA Regional Office, as described in Section 4.e.ii.C. of this UIPL. States in Groups 1 must submit this Full Project Amendment within 60 calendar days of receiving the NOA. States in Group 3 must submit within 60 calendar days of the state receiving their negotiated recommendations.

States who anticipate significant challenges with meeting the timeframe for submitting a Full Project Amendment may request an

extension. ETA expects that requests for an extension will be rare, and approvals must be provided by the Grant Officer.

- B. **Initial Application.** The Grant Application to receive any new or additional funds must be submitted electronically via <https://www.grants.gov/>, with an electronic copy to the appropriate ETA Regional Office, as soon as possible and no later than 11:59 pm Eastern Time on August 18, 2023. The Grant Application package consists of a completed SF-424 (as described in Attachment XI of this UIPL) to reflect any new or additional amount requested, up to the full amount of the new allocation (*see* Attachment X to this UIPL).

To demonstrate that the state agrees to comply with the conditions described in Section 4.e.ii.A.1. of this UIPL, when completing the SF-424, the state must check the “I AGREE” box under Item 21 and include the appropriate language in Item 15. States should maintain any supporting documentation that serves as evidence for meeting the required conditions.

Upon receipt and processing of the SF-424, the state will receive a NOA. These grants are subject to the requirements of 2 CFR Parts 200 and 2900, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

- C. **Full Project Plan.** As noted in Section 4.e.ii.A.3. of this UIPL, the Full Project Plan must be submitted to the appropriate ETA Regional Office. States in Group 1 must submit this Full Project Amendment within 60 calendar days of receiving the NOA. States in Group 3 must submit within 60 calendar days of the state receiving their negotiated recommendations. The Full Project Plan package must include:

- A copy of the completed SF-424 from the Initial Application;
- A completed SF-424A;
- If indirect cost is indicated on the SF-424A, then a NICRA; and
- A Project Synopsis for each of the negotiated recommendations (as described in Attachment III to UIPL No. 02-22).

The submission of the required documents does not constitute approval by the Department. Upon receipt of the Full Project Plan, the Department will review and work with the state to approve the proposal. Once approved by the Grant Officer, the Full Project Plan will be an official amendment to the initial NOA, and the condition of the award that previously restricted access to the additional funds will be resolved.

- iii. ***Possible Changes to Original Negotiated Recommendations.*** Recognizing that circumstances may have evolved since the state originally received their negotiated recommendations, the Department may consider changes to the original negotiated

recommendations. The Department will consider state project ideas that revise or expand from the negotiated recommendations, address the purposes articulated in Section 9032 of ARPA, and enhance the state's UC system and business processes. States that are interested in pursuing this option should contact their appropriate ETA Regional Office to discuss.

- iv. ***Period of Performance.*** As noted in Section 4.a. of UIPL No. 02-22, Change 2, the period of performance of grants awarded for implementing the negotiated recommendations is two years from the start date of the award (*i.e.*, the date of the NOA). Funds awarded under this subsection will have a period of performance which begins April 1, 2023, and ends on December 31, 2025.
- v. ***All other terms and conditions remain in place.*** Except as explicitly noted in this UIPL, all other guidance from UIPL Nos. 02-22 and 02-22, Change 2, remain the same.
- f. **OMB Information Collection Statement.** In general, under the Paperwork Reduction Act of 1995 (PRA), no person is required to respond to a collection of information unless such collection displays a valid OMB control number. However, Section 2116 of the CARES Act provides that the PRA does not apply to Subtitle A of Title II of Division A of the CARES Act. ARPA amended Subtitle A of Title II of Division A of the CARES Act by adding Section 2118, which provides funding and authority for these grants to states. Thus, the PRA does not apply to information collections required for these grants.

5. **Inquiries.** Please direct inquiries to the appropriate ETA Regional Office.

6. **References.**

- Division B, Title I, Section 24, of the Fiscal Responsibility Act of 2023 (Pub. L. 118-5);
- American Rescue Plan Act of 2021 (ARPA), including Title IX, Subtitle A, Crisis Support for Unemployed Workers (Pub. L. 117-2);
- Consolidated Appropriations Act, 2021, including Division N, Title II, Subtitle A, the Continued Assistance for Unemployed Workers Act of 2020 (Pub. L. 116-260);
- Coronavirus Aid, Relief, and Economic Security (CARES) Act, Title II, Subtitle A – Relief for Workers Affected by Coronavirus Act (Pub. L. 116-136);
- Section 188 of the Workforce Innovation and Opportunity Act (WIOA), 29 U.S.C. § 3248;
- Section 302(a) and 303 of the Social Security Act (SSA), 42 U.S.C. §§ 502(a), 503;
- Section 1137 SSA, 42 U.S.C. § 1320b-7;
- Section 3304 of the Federal Unemployment Tax Act (FUTA), 26 U.S.C. § 3304;
- Section 6402(f) of the Internal Revenue Code (IRC), 26 U.S.C. § 6402(f);
- 2 C.F.R. Parts 200 and 2900, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards;
- 20 C.F.R. Part 603;
- 29 C.F.R. Part 38;

- 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>;
- UIPL No. 10-23, *Cancellation of American Rescue Plan Act (ARPA) Related Guidance, including Unemployment Insurance Program Letter (UIPL) No. 22-21, Change 2; UIPL No. 23-21, Change 5; UIPL No. 02-22, Change 3; and UIPL No. 07-23*, issued July 13, 2023;
- UIPL No. 09-23, *Additional Planning Guidance for the Fiscal Year (FY) 2024 Unemployment Insurance (UI) State Quality Service Plan (SQSP)*, issued June 30, 2023, <https://www.dol.gov/agencies/eta/advisories/UIPL0923>;
- UIPL No. 03-23, *Availability of U.S. Department of Labor (Department) Funded Resources and Services to State American Rescue Plan Act (ARPA) Grantees*, issued March 6, 2023, <https://www.dol.gov/agencies/eta/advisories/uipl-03-23>;
- UIPL No. 11-22, *Grant Opportunity for States to Participate in the American Rescue Plan Act (ARPA) Unemployment Insurance (UI) Navigator Program*, issued January 31, 2022, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-11-22>;
- 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>;
- 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://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-02-22-change-1>;
- 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://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-02-22>;
- 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://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-01-22>;
- UIPL No. 23-21, *Grant Opportunity for Promoting Equitable Access to Unemployment Compensation (UC) Programs*, issued August 17, 2021,

- <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-23-21>;
- UIPL No. 22-21, Change 1, *Extension of Time to Submit Request for Funding under Grant Opportunity Announced in Unemployment Insurance Program Letter (UIPL) No. 22-21*, issued September 17, 2021, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-22-21-change-1>;
 - 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://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-22-21>;
 - 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 07, 2022, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-20-21-change-1>;
 - 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://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-20-21>;
 - UIPL No. 19-21, *Benefits Held by Banks and Financial Institutions as a Result of Suspicious and/or Potentially Fraudulent Activity and the Proportional Distribution Methodology Required for Recovering/Returning Federally Funded Unemployment Compensation (UC) Program Funds*, issued May 04, 2021, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-19-21>;
 - UIPL No. 16-21, *Identity Verification for Unemployment Insurance (UI) Claims*, issued April 13, 2021, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-16-21>;
 - UIPL No. 04-21, *Unemployment Insurance (UI) Information Technology (IT) Security – Additional Information*, issued November 2, 2020, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-04-21>;
 - UIPL No. 28-20, Change 5, *Extension of Time to Submit Request for Funding under Grant Opportunity Announced in Unemployment Insurance Program Letter (UIPL) No. 28-20, Change 4*, issued October 17, 2022, <https://www.dol.gov/agencies/eta/advisories/uipl-28-20-change-5>;
 - UIPL No. 28-20, Change 4, *Support for States to Resolve Outstanding Items from the Expired Coronavirus Aid, Relief, and Economic Security (CARES) Act Unemployment Compensation (UC) Programs, Including Additional Funding to Assist States with Reporting and Detection and Recovery of Overpayments*, issued July 22, 2022, <https://www.dol.gov/agencies/eta/advisories/uipl-no-28-20-change-4>;
 - UIPL No. 28-20, Change 3, *Extension of Time to Submit Request for Funding under Grant Opportunity Announced in Unemployment Insurance Program Letter (UIPL) No.*

28-20, Change 2, issued September 17, 2021,

<https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-28-20-change-3>;

- 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://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-28-20-change-2>;
- 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://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-28-20-change-1>;
- 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://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-28-20>;
- 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://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-23-20>;
- UIPL No. 13-20, Change 2, *Families First Coronavirus Response Act, Division D Emergency Unemployment Insurance Stabilization and Access Act of 2020 (EUISAA) – Review of State Compliance for Receipt of Emergency Administrative Grants and Clarification on Benefit Offset Requirements*, issued June 3, 2021, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-13-20-change-2>;
- UIPL No. 04-20, *Treasury Offset Program (TOP) Revised and Clarified Requirements for Referring Unemployment Compensation (UC) Debts for Recovery through Federal Tax Refund Offset*, issued December 16, 2019, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-04-20>;
- UIPL No. 13-19, *National Directory of New Hires (NDNH) and State Directory of New Hires (SDNH) Guidance and Best Practices*, issued June 7, 2019, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-13-19>;

- UIPL No. 02-19, *Recovery of Certain Unemployment Compensation Debts under the Treasury Offset Program*, issued December 12, 2018, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-02-19>;
- UIPL No. 11-18, Change 1, *Employment and Training Administration (ETA) 9177 Report – Pre-Implementation Planning Checklist Report for State Unemployment Insurance (UI) Information Technology (IT) Modernization Projects – Additional Updates to the ETA 9177 Report and Reporting Instructions*, issued on July 16, 2020, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-11-18-change-1>;
- UIPL No. 14-17, *States’ Responsibilities for Internal Security in the Unemployment Insurance Program*, issued March 23, 2017, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-14-17>;
- 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 and Audits*, issued August 3, 2021, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-04-17-change-1>;
- UIPL No. 02-16, Change 1, *State Responsibilities for Ensuring Access to Unemployment Insurance Benefits, Services, and Information*, issued May 11, 2020, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-02-16-change-1>;
- UIPL No. 02-16, *State Responsibilities for Ensuring Access to Unemployment Insurance Benefits*, issued October 1, 2015, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-02-16>;
- UIPL No. 01-16, Change 1, *Federal Requirements to Protect Claimant Rights in State Unemployment Compensation Overpayment Prevention and Recovery Procedures – Questions and Answers*, issued January 13, 2017, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-01-16-change-1>;
- UIPL No. 01-16, *Federal Requirements to Protect Individual Rights in State Unemployment Compensation Overpayment Prevention and Recovery Procedures*, issued October 1, 2015, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-01-16>;
- UIPL No. 12-14, *Required Use of the Treasury Offset Program to Collect Covered Unemployment Compensation Debt*, issued May 20, 2014, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no12-14>;
- UIPL No. 11-14, *Collection and Analysis of Claimant Demographic Data*, issued May 15, 2014, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no11-14>;

- UIPL No. 05-13, *Work Search and Overpayment Offset Provisions Added to Permanent Federal Unemployment Compensation Law by Title II, Subtitle A of the Middle Class Tax Relief and Job Creation Act of 2012*, issued January 10, 2013, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-05-13>;
- UIPL No. 19-11, *National Effort to Reduce Improper Payments in the Unemployment Insurance (UI) Program*, issued June 10, 2011, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-19-11>;
- UIPL No. 12-01, Change 2, *States' Ability to Exercise Flexibility in Staffing Models for the Performance of Certain Unemployment Compensation (UC) Administrative Activities*, issued January 8, 2021, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-12-01-change-2>;
- UIPL No. 04-01, *Payment of Compensation and Timeliness of Determinations during a Continued Claims Series*, issued October 27, 2000, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-04-01>;
- UIPL No. 35-95, *The Department of Labor's Position on Issues and Concerns Associated with the Utilization of Telephone and Other Electronic Methods in the Unemployment Insurance (UI) Program*, issued June 28, 1995, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-35-95>;²²
- TEN No. 14-22, *Updated Unemployment Insurance (UI) Identity (ID) Fraud Reporting Website Content*, issued January 4, 2023, <https://www.dol.gov/agencies/eta/advisories/ten-14-22>;
- TEN No. 05-22, *Authority of the U.S. Department of Labor's (Department) Office of Inspector General (DOL-OIG) to Receive Confidential Unemployment Compensation (UC) Data*, issued September 15, 2022, <https://www.dol.gov/agencies/eta/advisories/training-and-employment-notice-no-05-22>;
- TEN No. 24-21, *Encouragement for States to Use the Integrity Data Hub (IDH) available through the Unemployment Insurance (UI) Integrity Center*, issued May 5, 2022, <https://www.dol.gov/agencies/eta/advisories/training-and-employment-notice-no-24-21>;
- TEN No. 16-21, *Announcing Grant Awards Made to States Selected to Participate in the Unemployment Insurance (UI) Information Technology (IT) Modernization Project – Claimant Experience Pilot*, issued December 2, 2021, <https://www.dol.gov/agencies/eta/advisories/training-and-employment-notice-no-16-21>;
- TEN No. 15-21, *Announcing the National Association of State Workforce Agencies (NASWA) Unemployment Insurance (UI) Integrity Center's Behavioral Insights Toolkit*, issued November 17, 2021, <https://www.dol.gov/agencies/eta/advisories/training-and-employment-notice-no-15-21>;

²² Although this UIPL shows an expiration date of June 30, 1996, TEN No. 26-21 (published May 24, 2022) confirms that it is still active.

- TEN No. 06-21, *Accessing Unemployment Insurance (UI) Identity Verification and Fraud Protection (Identity Proofing) Services using the U.S. Department of Labor’s (Department) Blanket Purchase Agreements (BPA)*, issued September 15, 2021, <https://www.dol.gov/agencies/eta/advisories/training-and-employment-notice-no-06-21>;
- TEN No. 05-20, *National Directory of New Hires (NDNH), State Directory of New Hires (SDNH), and Other Improper Payment Prevention and Detection Resources, Tools, and Services Available to States*, issued September 24, 2020, <https://www.dol.gov/agencies/eta/advisories/training-and-employment-notice-no-05-20>;
- TEN No. 04-20, *Encouragement for States to Use the Integrity Data Hub (IDH) available through the Unemployment Insurance (UI) Integrity Center*, issued August 31, 2020, <https://www.dol.gov/agencies/eta/advisories/training-and-employment-notice-no-04-20>;
- TEN No. 03-20, *Unemployment Insurance (UI) Integrity Center’s Integrity Data Hub (IDH) Fraud Alert System*, issued August 31, 2020, <https://www.dol.gov/agencies/eta/advisories/training-and-employment-notice-no-03-20>;
- TEN 14-19, *Importance of Including Labor Market Information Stakeholders in Planning and Implementation for Unemployment Insurance (UI) Information Technology Modernization Projects*, issued January 13, 2020, <https://www.dol.gov/agencies/eta/advisories/training-and-employment-notice-no-14-19>;
- TEN No. 12-16, *Unemployment Insurance (UI) State Information Data Exchange Systems (SIDES)*, issued September 27, 2016, <https://www.dol.gov/agencies/eta/advisories/training-and-employment-notice-no-12-16>;
- and
- Employment Security Manual, Section 7511, *The Secretary’s Interpretation of Federal Law Requirements*, available at 20 C.F.R. Part 614, Appendix C, *Standard for Fraud and Overpayment Detection*.

7. **Attachment(s)**.

- Attachment I: Integrity Grants – State Size and Amount
- Attachment II: Integrity Grants – Full Project Plan Template
- Attachment III: Identity (ID) Verification/Proofing Services and Solutions Recommended Contract Provisions
- Attachment IV: Considerations in Providing Individual Notifications under CARES Act UC Programs with Possible Applicability to the Regular UC Program
- Attachment V: National Identity (ID) Verification Offering – Roles and Responsibilities
- Attachment VI: IT Modernization Grants – Categories and Outcome Metrics
- Attachment VII: IT Modernization Grants – Promising Practices and Sample Projects
- Attachment VIII: IT Modernization Grants – Initial Application Project Abstract Template
- Attachment IX: IT Modernization Grants – Full Project Plan Template
- Attachment X: Tiger Team Grants – Updated Funding Allocations by State
- Attachment XI: Instructions for Completing the SF-424 and SF-424A
- Attachment XII: Instructions for Budget Information Narrative
- Attachment XIII: Form ETA 9178-ARPA

- Attachment XIV: Important Resources, Strategies, Tools, and Services for States
- Attachment XV: Glossary of Key Terms for IT Modernization
- Attachment XVI: Summary of UIPL Contents