

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION Unemployment Insurance
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ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 14-25

TO: STATE WORKFORCE AGENCIES

FROM: LORI FRAZIER BEARDEN
Acting Assistant Secretary



SUBJECT: Additional Planning Guidance for the Fiscal Year (FY) 2026 Unemployment Insurance (UI) State Quality Service Plan (SQSP)

1. **Purpose.** To initiate the FY 2026 SQSP process and define additional requirements relevant to the FY.

2. **Action Requested.** The Employment and Training Administration (ETA) requests State Administrators to:

- Make this information available to appropriate staff;
- Prepare their state's SQSP in accordance with planning and reporting instructions contained in [Employment and Training \(ET\) Handbook No. 336, 18th Edition, Change 4](#) (SQSP Handbook) and additional instructions in this Unemployment Insurance Program Letter (UIPL);
- Coordinate specifics, as appropriate, with the ETA Regional Office (RO) for electronic submission of the SQSP; and
- Submit the FY 2026 SQSP to the appropriate RO by the deadline set by the RO.

3. **Summary and Background.**

- a. Summary – The SQSP Handbook provides planning and reporting instructions for the SQSP process. This UIPL provides additional guidance relevant to the SQSP process for FY 2026, designates dates applicable to the FY, outlines national priorities and Federal program emphasis, and identifies special planning requirements for the FY.
- b. Background – The SQSP is the state's UI performance management and service plan. It represents an approach to the UI performance management and planning process that allows for an exchange of information between Federal and state partners to enhance the UI program's ability to reflect their joint commitment to performance excellence and customer-centered services. As part of UI Performs, the comprehensive performance management system for the UI program, the SQSP is the principal vehicle that state UI programs use to plan, record, and manage improvement efforts as they strive for

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excellence in service. Title III of the Social Security Act (SSA) authorizes the Secretary of Labor (Secretary) to provide funds to states to administer the UI program and governs the expenditure of those funds. The SQSP is a part of the process by which states receive Federal UI administrative grants.

The SQSP Handbook contains general instructions for the SQSP. It is designed as a permanent guide for the planning and budget process and provides states with planning guidelines and instructions for reporting UI financial and staff year information. The SQSP Handbook notes that ETA will issue a SQSP UIPL each year with additional planning guidance that supplements the SQSP Handbook and provides direction and instructions specific to the upcoming FY. The SQSP Handbook is approved under the Office of Management and Budget (OMB) No. 1205-0132. The current approval expires on June 30, 2027.

Though this UIPL providing additional planning guidance is similar to the guidance issued in previous years, there are changes relevant to the FY 2026 SQSP; therefore, please review this guidance carefully.

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

4. For FY 2026, ETA will continue to strive to make the SQSP process a meaningful management tool and a strategic road map to improve program administration, strengthen program integrity, and ensure quality service delivery. The SQSP process focuses on promoting state performance and integrity by aligning state UI administration and operations with national priorities, paying benefits accurately and timely, and connecting unemployment compensation (UC) claimants with needed reemployment services. This section highlights the major areas that states are to use in developing their FY 2026 SQSPs.

- a. **FY 2026 National Priorities and Federal Program Emphasis**

National Priorities

The Department of Labor's (Department) Employment and Training Administration (ETA) urges each state to focus its SQSP narrative on building a strategic plan and vision for UI operational excellence in the state. Each year, ETA establishes national priorities for the UI program. The following national priorities are provided for FY 2026 to assist states in their development of the SQSP. States should also establish additional state-level priorities for their UI program.

The Department suggests a state plan focusing on strategies to:

- 1) Improve Program Performance and Operate the UI Program Effectively (see **Attachment I**);
- 2) Proactively Identify and Prevent Improper Payments and Fraud (see **Attachment II**);
- 3) Strengthening Reemployment Services (see **Attachment III**); and

4) Ensure Accurate and Complete Submission of ETA UI Required Reports (see **Attachment IV**).

ETA also recommends that states identify the potential barriers and threats to success in their strategic plans as well as technical assistance needs.

Federal Program Emphasis

In FY 2026, ETA will continue to work with states to rebuild performance with particular attention on the goals specified in the Government Performance and Results Act of 1993 (GPRA)¹ – targets that the UI system, as a whole, is expected to meet. Individual states should continue to strive to meet and exceed these GPRA goals and targets. States are to describe in the SQSP Narrative the steps they will take to achieve these goals and targets.

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

b. **Program Performance**

The Department’s strategic approach to UI Performs is to focus efforts on improving performance and promoting overall excellence. States are expected to address performance that does not meet established performance levels for the SQSP measurement period.

Corrective Action Plans (CAPs) are expected whenever a state’s performance is below established performance levels for the SQSP measurement period. The measurement period for the FY 2026 SQSP is April 1, 2024 – March 31, 2025, unless otherwise indicated (see Attachment V).

¹ GPRA was designed to improve program management throughout the Federal government. Under this Act, federal agencies are required to develop a strategic plan outlining its mission, long-term goals for the agency's major functions, performance measures, and reporting results.

c. **UI Performance Criteria**

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

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

Additional instructions for Core Measures are as follows:

- ***The Detection of Overpayments Measure.*** This measure is the percentage of detectable/recoverable overpayments estimated by the Benefit Accuracy Measurement (BAM) survey that was established for recovery through regular UI Benefit Payment Control (BPC) program operations. For this Program Integrity Measure, the acceptable level of performance is a range of >50% and ≤95%. Any state reporting an overpayment detection rate below 50 percent is expected to address the deficiency in a CAP. In addition, because it is challenging for most states to cost-effectively detect and establish more than 90 percent of estimated overpayments, the upper limit of 95 percent was established. If an overpayment detection rate is above 95 percent and is found to be the result of improper administration of BAM or BPC activities or misreporting of data on the ETA 227 (Overpayment Detection and Recovery Activities) report, the state is expected to submit a CAP (for BAM/Overpayment Detection or BPC/Overpayment Detection or address reporting 227 issues) to address the deficiency. (See [UIPL No. 14-05, Change 1](#), Section 5.c.) The performance period for the BPC component is the three-year period ending March 31, 2025. The performance period for the BAM component is the three-year period ending September 30, 2024.
- ***Effective Audit Measure.*** The Effective Audit Measure, as noted in [UIPL No. 03-11](#), is a blended measure of the following four factors: 1) *Percentage of Contributory Employers Audited Annually*; 2) *Percentage of Total Wages Changed as a Result of Audit*; 3) *Percentage of Total Wages Audited*; and 4) *Average Number of Misclassifications Detected Per Audit*. Each of the four factors has a minimum standard score that states are expected to meet to pass the Effective Audit Measure as well as an overall combined score that is expected to be achieved. The measure also instructs each state to direct additional emphasis to the factor(s) that state personnel deem important. An additional two points must be earned among any of the four factors to attain the overall passing score of at least 7.0. A CAP is expected for states that do not meet the measure based on calendar year 2024 data.
- ***Improper Payments Measure.*** The Improper Payments Measure is defined as UC overpaid plus UC underpaid divided by the total amount of UC paid. It is based on estimates from the results of the BAM survey of paid UC claims in the State UI, Unemployment Compensation for Federal Employees, and Unemployment

Compensation for Ex-Servicemembers programs. The [Payment Integrity Information Act \(PIIA\) of 2019](#), codified in 31 U.S.C. 3351 *et seq.*, requires agencies to examine the risk of erroneous payments in all programs and activities they administer. PIIA also requires Federal programs to report an annual improper payment rate and include all identified improper payments in the reported estimate, regardless of whether the improper payment in question has been or is being recovered (*see* [UIPL No. 09-13](#) for ETA's approved improper payment rate computation methodology). Corrective actions and Integrity Action Plan (IAP) root causes for FY 2026 are based on ETA's approved computation methodology. PIIA, in 31 U.S.C. 3351(4), defines the term "improper payment" as:

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

In accordance with the PIIA, under the compliance requirements in 31 U.S.C. 3351(2), an ALP of less than 10 percent has been established for the Improper Payments Measure. States are expected to maintain an improper payment rate of less than 10 percent for covered UI programs. This ALP is applicable to the 2024 PIIA performance period (July 1, 2023, to June 30, 2024). A state failing to meet the ALP for the 2024 PIIA performance period will be expected to develop a CAP as part of the FY 2026 SQSP.

- ***UI Overpayment Recovery Measure.*** As explained in [UIPL No. 09-13](#), the recovery rate is "the amount of improper overpayments recovered divided by the amount of improper overpayments identified." The ALP for the recovery rate measure is 68 percent for the 2024 PIIA performance period. The Department will compute future recovery targets based on the most recent recovery and other performance data available.

The performance period will be based on data from the ETA 227 report, Overpayment Detection and Recovery Activity (Regular), and ETA 227 report, Overpayment Detection and Recovery Activity (Emergency Unemployment Compensation) (EUC), for the PIIA 2024 performance period (July 1, 2023, to June 30, 2024). Pursuant to the UI Reports Handbook ([ET Handbook No. 401, 5th edition](#)), the June quarter ETA 227 reports are due August 1 each year. A state failing to meet the ALP for the 2024 PIIA performance period will be expected to develop a CAP as part of the FY 2026 SQSP.

- ii. **Secretary's Standards** are established in regulations at 20 CFR Parts 640 and 650. Like Core Measures, Secretary's Standards are indicators of state performance of significant UI activities and procedures. A state experiencing performance below the criteria for the Secretary's Standards is required to address the performance issues in a CAP.

- iii. **UI Programs**

States must address the following UI Programs as described below:

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

State BAM operations that, based on the BAM Administrative Determination, are not compliant with the NDNH matching requirements in [ET Handbook No. 395, 5th Edition](#), Chapter VI, [UIPL No. 03-07](#), and [UIPL No. 03-07, Change 1](#), must address the deficiency in a CAP for FY 2026.

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

State BAM operations or operational components that are not compliant with investigative and/or methods and procedures requirements established in [ET Handbook No. 395, 5th Edition](#), and through findings established through [ET Handbook No. 396, 4th Edition](#) monitoring reviews (based on the annual determination letter issued on or before May 1, 2025), must address this non-compliance in a CAP. This includes paid and denied claim population variances outside established control limits.

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

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

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

The deadline for submitting DV results for Validation Year (VY) 2025 was June 10, 2025. The VY coincides with the SQSP performance year. It covers data of any reporting period during the twelve months, beginning April 1st and ending

the following March 31st. DV items that fail to pass validation, or were due but not submitted, are expected to be addressed in the state's FY 2026 SQSP. Non-submitted items also include failure to certify that the state specific instructions in the Module 3 for Benefits and Tax are current and accurate during the April 1 – June 10, 2025, certification window.

Any DV items due for Validation Year 2025 that did not pass or were not submitted by the deadline (June 10, 2025) are expected to be addressed in a CAP for FY 2026.

ROs will monitor states every three years on cycles coinciding with the Data Validation Years. ROs will assess the accuracy of the states' DV results considered passing at the time of the monitoring review to verify that the states are properly implementing the DV program according to the program handbooks. DV items submitted as passing, but which a monitoring review determined to have failed are also expected to be addressed in the SQSP. All subsequent SQSP cycles will address items changed from pass to fail in the previous year's monitoring review.

iv. **Other UI Performance**

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

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

v. **Future Performance Requirements**

[UIPL No. 07-21](#), published in FY 2021, announced, for states with Reemployment Services and Eligibility Assessment (RESEA) programs, a new reemployment core measure: Reemployment Rate in the 2nd Quarter after Program Exit for RESEA Participants. This core measure is designed to focus on RESEA program performance, given that the RESEA program is now permanently authorized within the context of the broader workforce development system. This measure aligns with the Working for a Stronger America Act's primary indicators of performance and will

utilize data that states already report for Employment Service programs. This will enable ETA to assess state performance related to the employment outcomes of RESEA participants.

Performance data will be used to review performance trends and to establish baseline state RESEA performance. States that do not meet performance criteria for both of these periods will be expected to submit CAPs for the FY 2026 SQSPs.

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

d. UI Program Integrity and the Integrity Action Plan (IAP)

The purpose of the IAP is for the state to provide a comprehensive and detailed plan outlining the agency's UI integrity and anti-fraud strategies. States will use the IAP template (Word document) to develop their FY 2026 IAPs. The template provides states with a format that is conducive for developing a comprehensive, detailed, and actionable IAP, and offers flexibility to clearly articulate state integrity plans and anti-fraud strategies. States are expected to report their planned actions and activities to prevent, detect, reduce, and recover fraudulent and other UI improper payments in their IAPs, which are submitted each year as part of the annual SQSP submission.

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

For FY 2026, ETA is highlighting the following specific topics that states must incorporate into the SQSP IAPs as part of the FY 2026 SQSP submission. States should use the IAP template as a guide to develop their IAPs and ensure all key IAP topics (outlined below) are addressed.

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

- State use of UI Integrity Center resources, with a particular focus on state connection to the Integrity Data Hub (IDH) and use of its datasets to cross-match UC claims and aid in the prevention and detection of fraud and improper payments (see [Training and Employment Notice \(TEN\) No. 24-21](#)).
- State use of required and recommended integrity controls and overpayment recovery activities as outlined in sections 4.b.ii and 4.b.iii. of [UIPL No. 11-23](#), including any additional effective cross-matching and overpayment recovery activities and identified best practices.
- State use and employer participation in the State Information Data Exchange System (SIDES) (see Section 5 of [TEN No. 12-16](#)).
- (Topic #2) – State plans and actions to address the state's top three improper payment root causes in the PIIA 2024 performance period.
- (Topic #3) – State coordination and collaboration with Department’s Office of Inspector General (DOL-OIG) and other state and Federal law enforcement agencies to investigate and prosecute UI fraud and recover overpayments. The response should also include information on the state’s plans to continue providing all confidential UC information to DOL-OIG for purposes of both investigating fraud and performing audits.
- (Topic #4) – State plans to strengthen program integrity in UI tax operations, including current activities and plans to identify and prevent worker misclassification, State Unemployment Tax Act (SUTA) Dumping, fictitious employer schemes, and development/use of effective employer audit strategies (i.e., use of remote audits).
- (Topic #5) – State plans and actions to strengthen internal security and ensure that all appropriate internal controls and processes are in place and are adequate to assess internal risks and threats, ensure program integrity, and minimize program vulnerabilities (see [UIPL No. 14-17](#)).
- (Topic #6) – State plans and actions to evaluate the effectiveness of fraud prevention and detection, ID verification, and improper payment reduction activities. The state should include strategies to ensure that processes used to detect and prevent fraud are effective, and do not limit the ability for a legitimate claimant to apply for and, if eligible, receive UC. States implementing or using facial recognition technology in their ID proofing processes must also report findings from bias testing and provide updates on efforts to mitigate biases or barriers in this section of the IAP.
- (Topic #7) – State plans and actions to mitigate negative consequences for victims of UI ID fraud, including ensuring simplified processes to remove the victim’s liability for overpayments resulting from ID fraud.

- (Topic #8) – If the state has not provided complete and accurate overpayment reporting on the ETA 227 series of reports (Overpayment Detection and Recovery Activities), and the ETA 902P report (Pandemic Unemployment Assistance Activities), the state must provide information on plans for improvement, including timeframes and milestones, for addressing the issue and ensuring complete, accurate, and timely reporting in FY 2026.

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

ETA will continue to provide technical assistance to states to support their integrity activities through guidance, webinars, individual state technical assistance, and in partnership with the many available resources to support states with strengthening UI program integrity (*see* Section 4.H. of this UIPL for UI Technical Assistance Resources).

e. **Planning Requirements for FY 2026**

i. SQSP Submittal Cycle

The SQSP process provides a 24-month window for states to adequately plan and implement performance improvement efforts. The process provides for two types of submittals: a Formal two-year (Biennial) plan, and an Alternate Year plan. Descriptions of the Biennial and Alternate Year SQSP submittals, significant activities, and dates relating to the submittal and approval of the SQSP are outlined in the SQSP Handbook and this UIPL. For FY 2026, all states will submit an Alternate year SQSP.

ii. SQSP Preparation

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

iii. SQSP Assurances and Approval

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

must also comply with the Assurance of Disaster Unemployment Assistance as described below:

Assurance of Disaster Unemployment Assistance (DUA)

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

Each state must:

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

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

- f. **Coordination with DOL-OIG.** States are reminded of their obligation to report alleged or suspected UI fraud to the DOL-OIG as outlined in [UIPL No. 04-17, Change 1](#). States must refer allegations that they reasonably believe constitute UC fraud, waste, abuse, mismanagement, or misconduct to the DOL-OIG. States are also required to disclose confidential UC information related to the CARES Act, as amended, to the DOL-OIG for the purpose of UC fraud investigations and audits for the entire pandemic relief period (*see* [UIPL No. 04-17, Change 1](#)). Additionally, [TEN No. 05-22](#) reminded states of the DOL-OIG's authority under the Inspector General Act and strongly encouraged states to comply with data requests made by DOL-OIG. States are also strongly encouraged to report suspected UI fraud to the IDH by creating fraud alerts and submitting all suspicious claims data for cross-matching. Providing suspicious claims data to the IDH gives each state the ability to analyze state claims data against known suspicious activity in other states, which offers a mechanism to quickly identify potential fraud across the UI system. States needing assistance with the IDH, or to learn more about how the IDH can help states' fraud prevention and detection efforts, can reach out to the IDH Team at IDHTeam@naswa.org for more information.
- g. **WIOA Combined State Plans.** WIOA provides the option for states to submit a Combined State Plan that includes program plans for mandatory one-stop partners and other programs. Given that the UI program is a mandatory one-stop partner under WIOA, states have the option of including the UI program as part of the Combined State Plan. However, each state must participate in the UI Performs SQSP process whether or not the state decides to include the UI program as part of its Combined State Plan.

If a state chooses to submit a WIOA Combined State Plan with UI as a required partner, the state must incorporate SQSP into the Combined State Plan via the WIOA State Plan Portal at <https://wioaplans.ed.gov/>. Those states must incorporate *only* the allowable documents for FY 2026 into the Combined State Plan upon ETA's approval of the SQSP, but no later than October 31, 2025.

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

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

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

- **ETA's Regional Offices.** ETA's ROs are available to provide states with ongoing technical assistance regarding UI program administration and operations, integrity strategies, and to connect states with resources supported and funded by the Department. States are encouraged to work closely with ROs in developing the SQSP and IAP, and any needed CAPS.
- **Office of Unemployment Insurance website.** <https://www.dol.gov/agencies/eta/ui-modernization>.
- **UI Integrity Center.** In FY 2012, ETA created the UI Integrity Center of Excellence (UI Integrity Center) to support the needs of the 53 SWAs in implementing strategies to ensure program integrity by preventing, detecting, and recovering improper payments, and reducing fraud in the UI programs. The NASWA Center for Employment Security Education and Research, Inc. (CESER) operates the UI Integrity Center through a cooperative agreement with ETA.
- **DOL-OIG.** ETA recommends states build a strong partnership with DOL-OIG. States are encouraged to collaborate with their respective ROs and DOL-OIG to share fraud trends and analysis, discuss recommendations and effective strategies for responding to emerging fraud schemes, receive updates on prosecution efforts, and facilitate sharing of UI fraud and integrity-related challenges and best practices among states.
- **UI Information Technology Support Center (UI ITSC).** ETA created UI ITSC in 1994 through a cooperative agreement with the State of Maryland to develop products and services and to support state UI agencies in the use of IT for efficient administration of the UI program. Since 2009, NASWA CESER has operated the UI

ITSC. The UI ITSC's activities involve providing information, technical assistance, products, and services to states in support of the modernization of IT systems used to administer the UI program. For more information on UI ITSC visit <http://www.itsc.org>.

- **Online Training Resources.** ETA has a cooperative agreement with the State of Utah to invest in the development of online training modules for state UI staff. These resources are located at <https://www.naswa.org/learning>.
- i. **Funding Period.** The Department's proposed FY 2026 appropriation language for State UI and Employment Service Operations allows for obligation of UI allocations by states through December 31, 2026, with 90 additional days to liquidate the obligations and complete the expenditure of funds. In addition, this proposed language (which mirrors the language of recent-year appropriation acts) allows states to obligate FY 2026 UI funds through September 30, 2028, if such obligations are for automation, competitive grants awarded to states for improved operations, or for conducting in-person reemployment and eligibility assessments and improper payment reviews, and providing reemployment services and referrals to training, as appropriate. The grant management resources and information, including grant terms and conditions, are available at <https://www.dol.gov/agencies/eta/grants/resources>. Please note that FY 2026 grant terms and conditions are not available at this time. This information will be provided through ROs at a later date and also posted at the webpage indicated above.
- j. **Data Availability.** ROs will provide states with data showing their performance measured against the Core Measures, Secretary's Standards, and other information relevant to the SQSP (e.g., reporting deficiencies).
- k. **SQSP Submittal Deadlines.** Each RO will set a date and inform states of the deadline to submit their SQSPs for FY 2026.
- l. **Electronic Submission of the SQSP.** States must submit the SQSPs electronically and should contact their respective RO SQSP Coordinators before submittal to coordinate specific details. Standard forms required as part of the budget reporting process (Chapter II of [ET Handbook No. 336, 18th Edition, Change 4](#)) are available in PDF and may be downloaded from the OMB website at: grants.gov/forms/forms-repository/sf-424-family.

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

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

6. **References.**

- Social Security Act (SSA), sections 303(a)(1) and 306 (42 U.S.C. 503(a)(1) and 506);
- Government Performance and Results Act (GPRA) of 1993, Pub. L. 103-62, as amended by GPRA Modernization Act of 2010, Pub. L. 111-352;

- Payment Integrity Information Act of 2019 (PIIA), Pub. L. 116-117 <https://www.congress.gov/116/plaws/publ117/PLAW-116publ117.pdf>;
- Workforce Innovation and Opportunity Act (WIOA), Pub. L. 113-128, 29 USC 3101 note and Title I;
- Wagner-Peyser Act, 29 U.S.C. Sec. 49 *et seq.*, as amended by Title III of WIOA;
- Trade Act of 1974, Pub. L. 93-618, as amended;
- Bipartisan Budget Act of 2013, Pub. L. 113-67;
- Bipartisan Budget Act of 2018, Pub. L. 115-123;
- 20 CFR Parts 601, 640, 650, 652, and 660;
- 2 CFR Part 200, Subpart F, The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Parts 200 and 2900;
- Appendix C to Office of Management and Budget (OMB) Circular A123, Requirements for Payment Integrity Improvement;
- UIPL No. 12-25, *Fiscal Year (FY) 2025 Funding Allotments and Operating Guidance for Unemployment Insurance (UI) Reemployment Services and Eligibility Assessments (RESEA) Grants*, issued June 10, 2025, [UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 12-25 | U.S. Department of Labor](#);
- 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, [UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 01-22 | U.S. Department of Labor](#);
- UIPL No. 07-21, *Performance Measures for Reemployment Services and Eligibility Assessments (RESEA) and Unemployment Insurance (UI) participants*, issued December 17, 2020, [UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 07-21 | U.S. Department of Labor](#);
- 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, [UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 13-19 | U.S. Department of Labor](#);
- UIPL No. 14-17, *States' Responsibilities for Internal Security in the Unemployment Insurance Program*, issued March 23, 2017, [UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 14-17 | U.S. Department of Labor](#);
- 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, [UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 04-17, Change 1 | U.S. Department of Labor](#);
- UIPL No. 17-16, *Reengineering Unemployment Insurance (UI) Benefits Program Accountability Process: High Priority Designation of States with Sustained Poor Performance*, issued July 13, 2016, [UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 17-16 | U.S. Department of Labor](#);

- UIPL No. 02-16, Change 1, *State Responsibilities for Ensuring Access to Unemployment Insurance Benefits, Services, and Information*, issued May 11, 2020, [UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 02-16, Change 1 | U.S. Department of Labor](#);
- UIPL No. 02-16, *State Responsibilities for Ensuring Access to Unemployment Insurance Benefits*, issued October 1, 2015, [UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 02-16 | U.S. Department of Labor](#);
- 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, [UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 01-16, Change 1 | U.S. Department of Labor](#);
- UIPL No. 01-16, *Federal Requirements to Protect Individual Rights in State Unemployment Compensation Overpayment Prevention and Recovery Procedures*, issued October 1, 2015, [UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 01-16 | U.S. Department of Labor](#);
- UIPL No. 17-14, *Revised Employment and Training (ET) Handbook No. 336, 18th Edition: “Unemployment Insurance (UI) State Quality Service Plan (SQSP) Planning and Reporting Guidelines”*, issued July 7, 2014, [UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 17-14 | U.S. Department of Labor](#);
- UIPL No. 09-13, Change 1, *Integrity Performance Measure for Unemployment Insurance*, issued January 27, 2015, [UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 09-13, Change 1 | U.S. Department of Labor](#);
- UIPL No. 09-13, *Integrity Performance Measures for Unemployment Insurance (UI)*, issued January 29, 2013, [UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 09-13 | U.S. Department of Labor](#);
- 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, [UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 05-13 | U.S. Department of Labor](#);
- UIPL No. 03-11, *Implementation of the Effective Audit Measure*, issued December 30, 2010, [UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 03-11 | U.S. Department of Labor](#);
- UIPL No. 03-07, Change 1, *Use of National Directory of New Hires (NDNH) in Unemployment Insurance (UI) Benefit Accuracy Measurement (BAM) Audits*, issued February 27, 2008, [UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 03-07, Change 1 | U.S. Department of Labor](#);
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- UIPL No. 14-05, Change 3, *Acceptable Levels of Performance (ALP) Criteria for Appeals Case Aging Measures and Nonmonetary Determination Quality Review*, issued April 16, 2008, [UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 14-05, Change 3 | U.S. Department of Labor](#);

- UIPL No. 14-05, Change 2, *Performance Criteria for Appeals Case Aging Measures and the Starting Date for Measuring Nonmonetary Determinations Time Lapse*, issued December 13, 2006, [UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 14-05, Change 2 | U.S. Department of Labor](#);
- UIPL No. 14-05, Change 1, *Performance Criterion for the Overpayment Detection Measure; Clarification of Appeals Timeliness Measures; and Implementation of Tax Quality Measure Corrective Action Plans (CAPs)*, issued October 12, 2005, [UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 14-05, Change 1 | U.S. Department of Labor](#);
- UIPL No. 14-05, *Changes to UI Performs*, issued February 18, 2005, [UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 14-05 | U.S. Department of Labor](#);
- Training and Employment Guidance Letter (TEGL) No. 14-24, *Fiscal Year (FY) 2025 Fiscal Year (FY) 2025 Funding Allotments and Operating Guidance for Unemployment Insurance (UI) Reemployment Services and Eligibility Assessments (RESEA) Grants*, issued June 10, 2025, [TRAINING AND EMPLOYMENT GUIDANCE LETTER No. 14-24 | U.S. Department of Labor](#);
- TEN No. 28-23, *Announcement of a New Data Sharing Partnership Between the U.S. Department of Treasury's (Treasury) Bureau of the Fiscal Service (Fiscal Service) and the National Association of State Workforce Agencies' (NASWA) Unemployment Insurance (UI) Integrity Center to provide State UI Agencies Access to Do Not Pay Working System (DNP) Data Sources and Services through the UI Integrity Data Hub (IDH)*, issued May 2, 2024, [TRAINING AND EMPLOYMENT NOTICE No. 28-23 | U.S. Department of Labor](#);
- 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, [TRAINING AND EMPLOYMENT NOTICE No. 05-22 | U.S. Department of Labor](#);
- 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, [TRAINING AND EMPLOYMENT NOTICE No. 24-21 | U.S. Department of Labor](#);
- 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, [TRAINING AND EMPLOYMENT NOTICE No. 15-21 | U.S. Department of Labor](#);
- TEN No. 13-21, *State Quality Service Plan Assurances Required for Disaster Unemployment Assistance*, issued October 19, 2021, [TRAINING AND EMPLOYMENT NOTICE No. 13-21 | U.S. Department of Labor](#);
- TEN No. 17-19, *Model Unemployment Insurance State Work Search Legislation*, issued February 10, 2020, [TRAINING AND EMPLOYMENT NOTICE No. 17-19 | U.S. Department of Labor](#);
- TEN No. 12-16, *Unemployment Insurance (UI) State Information Data Exchange System (SIDES)*, issued September 27, 2016, [TRAINING AND EMPLOYMENT NOTICE No. 12-16 | U.S. Department of Labor](#);

- TEN No. 03-15, *Reengineering Unemployment Insurance (UI) Benefits Program Accountability Processes: Update on Implementation Progress and State Impacts*, issued July 27, 2015, [TRAINING AND EMPLOYMENT NOTICE No. 03-15 | U.S. Department of Labor](#)
- TEN No. 08-14, *Reengineering Unemployment Insurance (UI) Benefits Program Accountability Processes*, issued September 2, 2014, [TRAINING AND EMPLOYMENT NOTICE No. 08-14 | U.S. Department of Labor](#);
- ET Handbook No. 336, *Unemployment Insurance (UI) State Quality Service Plan (SQSP) Planning and Reporting Guidelines*, 18th Edition, Change 4 (March 2019), [Employment and Training \(ET\) Handbook No. 336, 18th Edition, Change 4](#);
- ET Handbook No. 361, *Unemployment Insurance Data Validation Handbook, Tax* (October 2022), [ET Handbook No. 361, Unemployment Insurance Data Validation Handbook, Tax](#).
- ET Handbook No. 395, *Benefit Accuracy Measurement State Operations Handbook*, 5th Edition (November 2009), [Employment and Training \(ET\) Handbook No. 395, 5th Edition](#);
- ET Handbook No. 396, *Unemployment Insurance Benefit Accuracy Measurement Monitoring Handbook*, 4th Edition (November 2009), [Employment and Training \(ET\) Handbook No. 396, 4th Edition](#); and
- ET Handbook No. 401, 5th Edition, *UI Report Handbook No. 401* (July 2017), [Employment and Training \(ET\) Handbook No. 401, 5th Edition](#).

7. **Attachments.**

- Attachment I: Improve Program Performance and Operate the UI Program Effectively
- Attachment II: Proactively Identify and Prevent Improper Payments and Fraud
- Attachment III: Strengthening Reemployment Services
- Attachment IV: Ensure Accurate and Complete Submission of ETA UI Required Reports
- Attachment V: Measures/Programs to be Addressed in the Fiscal Year (FY) 2026 State Quality Service Plan (SQSP)

National Priority #1

Improve Program Performance and Operate the UI Program Effectively

The SQSP process is intended for states to develop and execute a strategic road map to improve program administration and ensure quality service delivery. Significant progress has been made nationwide in improving the timeliness of benefit payments in recent years. However, many states continue to face challenges in meeting the acceptable level of performance for first payments, adjudication, and appeals. ETA has observed contributing factors which include the need to make program improvements to aging technology systems and/or to implement new technology solutions; training state staff; the reduction in staffing levels as workloads and funding decline; the loss of key subject matter expertise; and the addition of front-end checks, such as ID verification to strengthen integrity of the UI system.

An effective customer experience (CX) occurs when individuals can effectively and efficiently interact with state UI systems across all access points such as phone, website, online portal, mobile application, or in-person. If CX considerations and improvements are interwoven with a SWA's existing processes, then individuals are more likely to complete tasks accurately, timely, and more independently (i.e., requiring fewer SWA staff interactions). For additional information and resources, see [TEN No. 18-24](#).

As part of the FY 2026 SQSP preparation, states should assess their current strategies and processes to further improve timeliness and operational effectiveness. States must, in the State Plan Narrative, describe their plans to address any pending adjudication and appeals backlogs and to improve timely delivery of benefits.

For FY 2026, ETA will continue to provide intensive technical assistance to support performance improvements for states with sustained poor performance; and to use the UI performance management system, UI Performs, which includes core measures and Secretary's Standards to monitor state performance.

In developing their SQSPs, states are strongly encouraged to incorporate administrative capacity-building strategies such as:

- Conducting business process analysis in key areas to identify opportunities for improving program operations, and implementing recommendations from the analysis to improve performance;
- Reviewing staff training strategies to support succession planning and ongoing staff development (<https://www.naswa.org/services/learning>); and
- Using technical assistance opportunities offered by the Department, the [UI Information Technology Support Center \(ITSC\)](#), and the [UI Integrity Center](#), as well as the peer-to-peer communication platforms and other information sharing tools available through the [UI Community of Practice \(CoP\)](#).

National Priority #2

Proactively Identify and Prevent Improper Payments and Fraud

The SQSP process is intended for states to develop and execute a strategic road map to improve program administration and ensure quality service delivery – this includes strengthening program integrity and preventing improper payments and fraud.

There are several activities involved in strengthening UI program integrity, such as improper payment reduction; fraud prevention and detection; identity (ID) verification; fraud risk mitigation; the recovery of overpayments; the prevention of underpayments; the timely and accurate payment of benefits; the timely and accurate establishment of employer accounts; the timely and accurate collection of employer contributions; and ensuring proper unemployment compensation (UC) administration.

Combating UI fraud is a continually evolving issue and effective prevention requires the ability to quickly adapt risk mitigation responses to changing threats. This takes dedicated focus, strong processes, and system-wide commitment from each state. Rather than simply reacting to detected fraud, a strong fraud prevention approach focuses on deterring and stopping fraud from occurring in the first place. Prevention activities are actions performed before benefits are issued to ensure that the payment is going to the right person, in the right amount, at the right time.

Effective anti-fraud strategies employ a multi-layered approach by leveraging an array of controls, tools, and resources to detect and fight fraud and reduce improper payments early and, wherever possible, before a payment is made. ETA continues to strongly encourage states to responsibly deploy multiple defense strategies such as multifactor authentication (MFA), fraud risk scoring, data analytics, trend analysis, cross-matching, bank account verification (BAV) or account verification services (AVS), machine learning, and artificial intelligence (AI) to proactively detect potential fraud.

ETA's efforts to improve integrity in the UI programs include providing guidance, technical assistance, resources, and funding to support states in combatting fraud and improper payments. The information below highlights additional resources made available for ID verification, UI Integrity Center resources, the use of the State Information Data Exchange System (SIDES) to exchange information electronically with employers and their representatives, and support for states to develop a Fraud Risk Profile in line with framework from the U.S. General Accountability Office (GAO).

- **ID Verification.** Section 303(a)(1) of the Social Security Act (SSA), requires that a state has methods of administration to reasonably ensure the full payment of unemployment compensation (UC) when due. As well as promptness, the Department has always interpreted "when due" to also require accuracy in ensuring that payments are not made when they are not due (see 20 CFR 602.11(a), 602.21(c), and [UIPL No. 04-01](#)). These federal provisions mean, among other things, states must have a system in place to ensure the individual applying to receive UI benefits is the true owner of the name and Social Security Number (SSN) being used to establish eligibility (see [UIPL No. 35-95](#)).

The strongest method by which states can ensure the name and SSN belong to the individual applying for benefits is by conducting evidence-based ID verification. Additionally, cross-matching and data analytics are most effective when conducted in real-time during the application process and when the state identifies a change in key user data (e.g., bank account or mailing address information).

As workloads fluctuate and fraud schemes evolve, ETA expects states to continuously monitor their fraud management operations and collective ID verification efforts for effectiveness and adaptation. At a minimum, states are required to employ a risk-based approach that involves using both cross-matching and data analytics to identify suspicious activity that may be indicative of fraud and/or questionable ID. A risk-based approach could also result in the assignment of a risk score, which is a tool or method that involves assigning a numerical value (score) based on the level of risk and/or likelihood of fraud associated with a user's actions and/or information supplied at any point in the UI process.

- **Work Authorization and use of the Systematic Alien Verification for Entitlements (SAVE) program.** In addition to meeting all other eligibility criteria, the wage credits used to establish a claim and monetary entitlement to benefits must be earned while an alien is legally authorized to work in the United States, and an alien must be legally authorized to work in the United States to meet the eligibility requirement of being “available for work” while receiving such benefits. Therefore, an alien without valid authorization to work from the U.S. Citizenship and Immigration Services (USCIS) is not legally available for work and not eligible for benefits. As a condition of eligibility, each applicant for UC must declare under penalty of perjury, whether he or she is a citizen or national of the United States and, if not, whether he or she is in satisfactory immigration status. States can now access the Department of Homeland Security's SAVE system at no cost to conduct this verification.
- **State Use of UI Integrity Center Resources.** The UI Integrity Center, established and funded by ETA and operated by NASWA, assists states in their efforts to prevent, detect, and recover improper and fraudulent payments, and improve UI program integrity by developing and promoting innovative program strategies. The UI Integrity Center is a unique and valuable resource available at **no cost** to states. ETA strongly encourages states to access its services and resources on a regular and ongoing basis to inform and support state integrity strategies; strengthen fraud prevention and detection; enhance fraud management operations; and improve overpayment recovery efforts. Below are important UI Integrity Center services and resources that states should connect to and build into the IAP as part of the SQSP.
 - [*Integrity Data Hub*](#) (IDH) – is a secure, robust, centralized, multi-state data system that allows participating states to crossmatch, compare, and analyze states UC claims data against a variety of datasets for enhanced prevention and detection of improper payments and fraud in UI programs. The IDH is a key payment integrity tool available to states at no cost. ETA and NASWA work together to seek new opportunities and partnerships to continuously improve and enhance the IDH and make additional data sources and functionality available to states for cross-matching.

While all 53 state UI agencies have agreements to participate in the IDH, states vary significantly in their use of this resource. ETA strongly encourages states to take full advantage of all available IDH functionality and submit all UI initial claims for cross-matching.

- [*State Services*](#) – supports states in assessing business processes and provides recommendations for adoption of effective strategies for combatting fraud, reducing a state’s improper payment rate, enhancing overpayment recovery, and improving UI program integrity.
- [*UI Integrity Knowledge Exchange Library \(Library\)*](#) – provides an online, searchable, knowledge-sharing platform with a repository containing thousands of UI technical resources to strengthen UI program integrity.
- [*Behavioral Insights \(BI\)*](#) – brings together practices from the field of behavioral science to promote UI integrity and reduce UI improper payments by applying observations about human behavior to strategies that can improve decision-making and program outcomes. NASWA’s [*BI Toolkit*](#) provides states with a collection of resources, articles, templates, and how-to information to help state UI agencies apply the learnings of BI to address program compliance challenges and improve UI program integrity (see [*TEN No. 15-21*](#)).
- [*UI National Integrity Academy \(Academy\)*](#) – provides no-cost interrelated certificates that offer program integrity trainings for state staff via online, eLearning modules, and Virtual Instructor Led Training. The Academy’s Learning Management System provides states with access to self-paced, on-demand training available at any time and a searchable online catalog with over 120 lessons available for state UI staff in the areas of Program Leadership, UI Operations Integrity, Fraud Investigations, Tax Integrity, Data Analysis, and Behavioral Insights.
- **State Information Data Exchange System (SIDES).** State implementation and employers’ use of SIDES should be an integral part of each state’s anti-fraud and improper payment reduction strategy (see [*TEN No. 12-16*](#) and information available at <https://www.naswa.org/uisides>).

SIDES is composed of Web Services for third-party administrators (TPAs) and large employers, and E-Response for smaller employers who are less frequent users of the UI system. States are encouraged to connect to all SIDES exchanges, which include the following:

- *Separation Information Exchange* – supports timely and accurate information from employers and TPAs, which aids in reducing separation errors.
- *Monetary & Potential Charges Exchange* – advises the employer/TPA of the wages used to calculate potential UC payable to the claimant and advises the employer of the potential charges applied to the employer’s state unemployment taxes if UC is paid and the employer is found liable.

- *Additional Fact-Finding Exchange* – permits electronic transmission of unique questions and responses between the state and the employer/TPA.
- *Determinations & Decisions Exchange* – permits the state to electronically transmit a non-monetary determination or an appeals decision to an employer/TPA, and permits the employer/TPA to electronically respond, if necessary, with an appeal of a non-monetary determination or appeal of a lower-level appeal decision using the standard national format.
- *Earnings Verification Exchange* – electronically sends wage verification requests to employers through a state-specific employer portal and is recommended if a state does not have an automated web-based system for requesting employers to verify earnings.
- *Benefit Charges Exchange* – advises the employer/TPA of the amount of benefits charged to the employer for determining the employer’s state unemployment taxes based on the claimant’s eligibility and account liability.
- *Power of Attorney Exchange* – intended for employers/TPAs/professional employer organizations to electronically request authorization to represent an employer for tax and/or benefit purposes ([TEN No. 14-24](#)).
- **Fraud Risks Profile.** The Department’s UI fraud risk management activities are fully aligned with the U.S. General Accountability Office’s (GAO’s) Fraud Risk Framework² and the “leading practices” are thoroughly embedded in ETA’s daily UI program integrity work. The Department uses its UI Fraud Risk Profile to assess existing UI fraud risk mitigation efforts, identify additional risks, and prioritize implementation of anti-fraud strategies. The creation, evaluation, monitoring, and evolution of risk mitigation strategies is an ongoing process. As such, ETA regularly assesses and updates its UI Integrity Strategic Plan³ and continuously evolves its anti-fraud and improper payment reduction strategies to best address inherent fraud risks and emerging fraud threats.

The UI program is a Federal-state partnership, authorized by Federal law (Title III of the SSA) and administered by states through conforming state laws. Both ETA and state UI agencies have a vested interest in ensuring UI program integrity and are jointly responsible for managing the process of assessing and mitigating fraud risks to the UI programs. However, only states can directly prevent, detect, and recover improper payments.

ETA requires states to evaluate UI fraud risks, and implement and maintain sufficient controls to effectively prevent fraud and reduce improper payments, which includes developing a state-specific anti-fraud strategy.⁴ To provide resources to state UI agencies to

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

³ The UI Integrity Strategic Plan is found at: https://ui.workforcegps.org/resources/2024/05/30/18/57/UI_Integrity_Strategic_Plan-Antifraud_Strategy (UI CoP log-in required).

⁴ GAO’s Framework for Managing Fraud Risks in Federal Programs highlights the key elements of an antifraud strategy (see <https://www.gao.gov/assets/gao-15-593sp.pdf>, Table 4, page 19).

aid in the development of state-specific anti-fraud strategies, and share information on ETA's activities regarding UI fraud risk management and the identified national UI fraud risks, ETA developed and published [UI Fraud Risk Management](#) webpages on the Workforce GPS, UI Community of Practice (see [TEN No. 32-23](#)).

Integrity and Disaster Unemployment Assistance (DUA)

Although DUA awards are under individual grants separate from the UI state administrative funding grants, ETA is using this SQSP guidance as an opportunity to stress the importance of integrity activities related to the DUA program. The incidents of declared disasters qualifying for DUA⁵ have increased in recent years. The UI system at large has experienced perpetrators of fraud attempting to leverage disruptions in the labor market, including disaster events, to file fraudulent claims. This has been particularly evident regarding DUA and UI claims related to recent major disasters. As a result, ETA is amplifying the need for states to enhance the integrity of the DUA program as a national priority.

- **Importance of ID Verification.** ETA strongly encourages states to use the same ID verification processes for all DUA claims that are used in the administration of their regular UI program. To bolster these efforts, ETA intends to make the use of front-end identity verification services on disaster-related claims a condition of any extensions or waivers requested and approved pursuant to Section 301 of the Stafford Act.
- **Importance of Documentation Substantiating Employment and Self-Employment.** As described in [UIPL No. 09-19](#), when filing an initial DUA application, if an individual does not have the required documentation to substantiate employment or wages, DUA benefits are payable based on the individual's affidavit. The individual has 21 days to present the required documentation to continue receiving payments. When an individual does not provide documentation demonstrating proof of employment within 21 days, the state must discontinue payments, issue a denial of benefits for any payments received by the individual, and establish an overpayment, as provided at 20 CFR 625.6(e)(2). As provided at 20 CFR 625.14(a), the individual is liable to repay the established overpayment and the state must take all reasonable measures under the law to recover the total sum of the DUA payments made to the individual.

ETA reminds states that they are to provide assurances regarding the DUA program as part of the FY 2026 SQSP submissions (see [TEN No. 13-21](#)). The assurances regarding DUA are:

- Each state must provide an assurance that it will conduct annual training for DUA staff charged with accepting DUA claim applications, adjudicating DUA claims, hearing DUA appeals and developing and maintaining a Standard Operating Procedures manual for DUA. States are encouraged to use the DUA training modules available on the NASWA learning platform at <https://www.naswa.org/learning>.
- Each state must:
 - Indicate that it has conducted training and provide the date(s) of the training; and

⁵ See Section 410 of the Stafford Act (42 U.S.C. § 5177).

- Indicate that it has developed and/or maintained DUA Standard Operating Procedures for use during a major disaster declaration. (States may contact the RO for a copy of a DUA Standard Operating Procedure Template. ROs will also obtain an initial copy from each state for the Department's record.)

ETA also encourages state UI agencies to review *The Disaster Lifecycle from Preparedness through Resiliency: A Guide for State Workforce Agencies*, which ETA recently published and announced in [TEN No. 19-24](#). This guide is designed to help state workforce agencies and their partners develop a comprehensive, adaptable, and strategic disaster preparedness and response planning process that can be quickly implemented by staff and partners.

National Priority #3

Strengthening Reemployment Services

The UI program supports reemployment through a variety of targeted strategies, including through administration of the RESEA, providing for robust work search activities, and the Short-Time Compensation (STC) program.

RESEA as an Individualized Reemployment Program.

The RESEA program is a dedicated funding stream for states to provide evidence-based individualized reemployment services and referrals to other workforce partners. RESEA, a voluntary program for states, is codified in Section 306 of the SSA. Recognizing RESEA as a permanent workforce partner, states with RESEA programs have been directed to prioritize strategies that support the expansion and sustainability of the program, such as permanent staffing, expanded eligibility, and increased service-delivery. ETA publishes operating guidance each year for the administration of their RESEA program. [UIPL No. 12-25](#), and [Training and Employment Guidance Letter \(TEGL\) No. 14-24](#) provide the FY 2025 RESEA operating guidance.

The RESEA program requires states to submit an annual RESEA state plan as a precondition to receiving their formula allocated grant. States are permitted to reference their RESEA and WIOA state plans in the SQSP rather than replicate these strategies and approaches. States should also discuss in their SQSPs how their RESEA strategies support reducing improper payments, including the review of claimant eligibility and providing services that help participants comply with work search requirements.

Robust Work Search Requirements that Actively Support Reemployment.

Another targeted strategy to support reemployment is through the work search requirements set forth in Section 303(a)(12) of the SSA. Each state defines acceptable work search activities through its laws and policies, which vary across the states. In [TEN No. 17-19](#), ETA provides states with model work search legislation. ETA reiterates this TEN and its focus on proactively referring claimants to suitable work, establishing a comprehensive definition of acceptable work search activities that focuses on rapid reemployment, and providing fair notice and documentation of requirements. It is a promising practice for states to have a fully integrated workforce system that focuses its collective efforts on assisting claimants to return to suitable work as quickly as possible. The following items reflect work search strategies that states should consider:

- Requiring work search activities that embrace a wide array of activities that support reemployment in today's labor market and include receiving services through American Job Centers;
- Supporting claimant compliance with required work search activities through a reemployment service delivery design that includes developing clear, plain language work

search requirements and behavioral insights that: 1) ensure claimants understand work search requirements (both acceptable activities and documentation requirements); 2) ensure claimants understand the consequences of failing to comply with these requirements; and 3) provide assistance in developing a reemployment plan that meets the requirements, including through customer-friendly technology applications that facilitate claimants carrying out tasks that meet the work search requirements;

- Leveraging the design of the state’s RESEA program:
 - to support the development of an individual reemployment plan that can help each claimant effectively plan work search activities, and make such services available virtually to support a broader reach; and
 - to encourage RESEA (and other career and reemployment service providers) to take advantage of the My Reemployment Plan to support development of individualized reemployment plans and connect claimants to effective reemployment resources (*see [Pathways to Reemployment](#)*);
- Encouraging states to proactively identify and refer claimants to suitable job openings from public and private job banks, and ensure that claimants accept employment in suitable work when offered;
- Developing and facilitating continuous review of completed work search activities to verify claimant compliance;
- Documenting these activities through the state’s case management system or other information technology (IT) systems that support documentation requirements; and
- Providing case management services through American Job Center career counselors, which include following up with claimants and employers on the results of job referrals to inform future job referrals and/or the need for additional reemployment services for the claimant.

Short-Time Compensation (STC) as a Lay-Off Aversion Program.

The STC program (known also as “work-sharing” or “shared work”) is a lay-off aversion program in which an employer, under a state-approved plan, reduces the work hours for a group of workers, and these workers in turn receive reduced UC payments for the weeks in which they worked reduced hours. ETA also encourages the use of STC to support workers and employers.

National Priority #4

Ensuring Accurate and Complete Submission of ETA UI Required Reports

Some states continue to experience technical challenges in submitting timely and accurate ETA-required reports, including reports for the now-expired temporary pandemic UC programs.

Accurately reported data are essential for properly assessing state performance, distributing administrative funds appropriately among the states, and providing a basis for many statistical research analyses. Because performance measures are intended to guide and assist states in improving their performance and service to their ultimate customers (workers and employers), states also have an interest in ensuring that the data from reports, upon which these measures are based, are correct.

The state's SQSP Narrative is required to include actions planned to address this issue and ensure appropriate reporting in FY 2026. States are also required to correct any inaccuracies in previously transmitted reports to ensure accurate data is reported.

**Measures/Programs to be Addressed in the Fiscal Year (FY) 2026
State Quality Service Plan (SQSP)**

Core Measures	Measurement Period	Criteria	FY 2026 Requirement
First Payment Promptness	Apr 1, 2024 – Mar 31, 2025	87%	CAP
Nonmonetary Determination Time Lapse	Apr 1, 2024 – Mar 31, 2025	80% (combined score)	CAP
Nonmonetary Determination Quality – Non-separations	Apr 1, 2024 – Mar 31, 2025	75%	CAP
Nonmonetary Determination Quality – Separations	Apr 1, 2024 – Mar 31, 2025	75%	CAP
Detection of Overpayments	<u>BPC</u> Apr 1, 2021 – Mar 31, 2024	50%	CAP
	<u>BAM</u> Oct. 1, 2021 – Sep. 30, 2024	95%	Narrative
	If rate over 95% is a result of improper administration of BAM and/or BPC	95%	CAP
Average Age of Pending Lower Authority Appeals	Apr 1, 2024 – Mar 31, 2025	30 days	CAP
Average Age of Pending Higher Authority Appeals	Apr 1, 2024 – Mar 31, 2025	40 days	CAP
Lower Authority Appeals Quality	Apr 1, 2024 – Mar 31, 2025	80%	CAP
New Employer Status Determinations Time Lapse	Jan 1, 2024 – Dec 31, 2024	70%	CAP
Tax Quality – Part A	Jan 1, 2024 – Dec 31, 2024	No more than 3 tax functions failing Tax Performance System (TPS) in a year	CAP
Tax Quality – Part B	Jan 1, 2024 – Dec 31, 2024	The same tax function cannot fail for 3 consecutive years	CAP
Effective Audit Measure	Jan 1, 2024 – Dec 31, 2024	Score ≥ 7 and pass all 4 factors	CAP
Improper Payments Measure	BAM batches 202326 through 202427	< 10%	CAP
UI Overpayment Recovery Measure	Jul 1, 2023 – Jun 30, 2024	68%	CAP

Secretary's Standards in Regulation	Measurement Period	Criteria	FY 2026 Requirement
First Payment Promptness (Intrastate 14/21 Days)	Apr 1, 2024 – Mar 31, 2025	87%	CAP
First Payment Promptness (Intrastate 35 Days)	Apr 1, 2024 – Mar 31, 2025	93%	CAP
First Payment Promptness (Interstate 14/21 Days)	Apr 1, 2024 – Mar 31, 2025	70%	CAP
First Payment Promptness (Interstate 35 Days)	Apr 1, 2024 – Mar 31, 2025	78%	CAP
Lower Authority Appeals (30 Days)	Apr 1, 2024 – Mar 31, 2025	60%	CAP
Lower Authority Appeals (45 Days)	Apr 1, 2024 – Mar 31, 2025	80%	CAP

UI Programs, etc.	Measurement Period	Criteria	FY 2026 Requirement
Data Validation –Populations & Modules (Benefits and Tax)	Apr 1, 2024 – Mar 31, 2025	Results not submitted by June 10, 2025	CAP
		Failing/incomplete submissions by June 10, 2025	CAP
Compliance with NDNH matching requirements for BAM	Status as of March 31, 2025		CAP
BAM operations not compliant with investigative and/or method and procedure requirements including construction of valid samples and sample populations	Based on the annual determination letter issued on or before May 1, 2025		CAP
Incorrect recording of the Issue Detection Date and/or Determination Date	Apr 1, 2024 – Mar 31, 2025		Narrative
TPS Sample Reviews	Jan 1, 2024 – Dec 31, 2024		CAP
Reporting Deficiencies	Ongoing		Narrative
UI Program Integrity	Ongoing		IAP