EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION Unemployment Insurance CORRESPONDENCE SYMBOL OUI/DPM DATE September 8, 2026

ADVISORY: **UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 14-26**

TO: STATE WORKFORCE AGENCIES

FROM: MAREK LACO
Acting Assistant Secretary

SUBJECT: Additional Planning Guidance for the Fiscal Year 2027 Unemployment Insurance State Quality Service Plan

1. **Purpose.** To initiate the fiscal year (FY) 2027 State Quality Service Plan (SQSP) process and define additional requirements relevant to the FY.

2. **Action Requested.** The Department of Labor (Department) Employment and Training Administration (ETA) requests State Workforce Agencies (SWAs) to:

   - Make this information available to appropriate staff;
   - Prepare the 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 2027 SQSP by the deadline to the appropriate ETA RO.

3. **Summary and Background.**

   a. Summary –This UIPL provides guidance relevant to the SQSP process for FY 2027, including:

   - FY 2027 national priorities (section 4.a. and Attachment I to this UIPL);
   - Fraud risk management expectations and the Integrity Action Plan (IAP) (section 4.b. of this UIPL);
   - Unemployment insurance (UI) program performance (section 4.c. of this UIPL), including data availability, Federal program emphasis, Corrective Action Plans (CAPs), additional UI programs, narrative requirements for other UI performance issues, and new performance requirements with respect to the "Reemployment Rate in the 2nd Quarter after Program Exit for Reemployment Services and Eligibility Assessment (RESEA) Participants";
   - Planning requirements for FY 2027 (section 4.d. of this UIPL); and

RESCISSIONS None	EXPIRATION DATE December 30, 2027

- Funding period (section 4.e. of this UIPL).

Attachment I to this UIPL describes the FY 2027 national priorities in more detail. Attachment II provides the Measures/Programs to be addressed in the FY 2027 SQSP. Attachment III provides a glossary for the Core Measures.

b. Background – The SQSP is a comprehensive performance management system for the UI program and the principal vehicle that SWAs use to plan, record, and manage improvement efforts as they strive for excellence in service. It is intended to be a dynamic document that states can use as a management tool - much like a business plan - not only to ensure strong program performance, but also to guide key management decisions, such as where to focus resources. The statutory basis for the SQSP is Title III, Section 303(a)(1) of the Social Security Act (SSA), which authorizes the Secretary of Labor to provide funds to administer the UI program and Sections 303(a)(8) and (9), SSA, which govern the expenditure of those funds.

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

***Note: Due to the sensitivity of information about integrity controls and certain other UI operational matters, SWAs must not make the SQSP or IAP publicly available.

4. FY 2027 SQSP Guidance

ETA urges each SWA to focus its SQSP on building a strategic plan and vision for UI operational excellence in the state. This includes a commitment to the proper and efficient administration of the UI program and good stewardship of taxpayer dollars. SWAs must ensure not only the integrity of the UI system but also improved performance.

This SQSP process is intended to function as a meaningful management tool and a strategic road map to improve program administration, strengthen program integrity, and ensure quality service delivery. This section highlights the major areas SWAs must use in developing their FY 2027 SQSPs. Additionally, ETA recommends that SWAs identify potential barriers and threats to success, technical assistance needs, and establish additional state-level priorities for their UI programs.

a. FY 2027 National Priorities for the UI Program

Each year, ETA establishes national priorities for the UI program. The following national priorities are provided for FY 2027 to assist SWAs in their development of the SQSP. See **Attachment I** to this UIPL for additional details.

- ***Priority #1: Proactively Identify and Prevent Fraud and Appropriately Recover Improper Payments, in accordance with the Model National Unemployment Insurance Standards.*** In July 2026, ETA announced model National UI

Standards. These standards represent the integrity practices a state should have in place to give the UI system a credible chance of stopping improper payments, including fraudulent payments, before they are issued. ETA expects SWAs to incorporate these model National UI Standards into their SQSP strategies and include robust discussion in the IAP regarding how the SWA is addressing each of the practices outlined in Attachment I, Priority #1 to mitigate fraud risks.

- ***Priority #2: Improve Program Performance and Operate the UI Program Effectively.*** In FY 2026, ETA prioritized its resources toward more direct oversight of the UI program by sending UI Strike Teams to SWAs whose performance had fallen short of acceptable levels. In FY 2027, ETA will continue to hold SWAs accountable for meeting UI performance metrics through increased oversight.

- ***Priority #3: Strengthen Reemployment Connection.*** The UI program supports reemployment through a variety of targeted strategies, including through administration of RESEA, providing for robust work search activities, and the Short-Time Compensation (STC) program.

- ***Priority #4: Ensure Timely, Accurate, and Complete Submission of ETA UI Required Reports.*** SWAs must continue to prioritize the timely and accurate submission of UI required reports.

b. **Fraud Risk Management Expectations and the IAP**

i. *Assessing Fraud Risk.* A critical component of effective integrity management is the ability to assess fraud risks using a risk-based approach and adjust activities based on evaluation results. To effectively manage fraud risks, ETA expects each SWA to develop and document a comprehensive anti-fraud strategy that:

- Identifies the SWA's approach for assessing, prioritizing, and addressing fraud risks within the UI program;
- Describes the framework for ongoing monitoring, evaluation, and refinement of fraud-prevention and fraud-detection activities;
- Incorporates data analysis, performance outcomes, audit findings, and emerging fraud trends to inform continuous improvement;
- Demonstrates how the SWA uses risk assessments to guide the allocation of resources, technology investments, and staff capacity; and
- Aligns SWA activities with Federal requirements, recommended practices, and core integrity principles.[1]

ii. *Preparing an IAP.* As part of the annual SQSP submission, each SWA must submit an IAP that outlines the state's UI anti-fraud strategy and provides a detailed and comprehensive plan for improving UI program integrity for the upcoming fiscal year.

[1] *See* A Framework for Managing Fraud Risks in Federal Programs at https://www.gao.gov/assets/gao-15-593sp.pdf.

The IAP provides ETA with essential information to assess SWA progress in addressing improper payment root causes, strengthening fraud detection and prevention capabilities, improving overpayment recovery efforts, and enhancing overall UI program integrity.

To promote the development of actionable, detailed plans while allowing flexibility for SWAs to clearly articulate their integrity priorities, operational processes, and strategic approaches, ETA is no longer requiring the use of an IAP template.

In addition to outlining the SWA's UI anti-fraud strategy, ETA expects SWAs to address and incorporate the following specific topics into the IAP as part of the FY 2027 SQSP submission.

- Discussion on how the SWA is addressing each of the practices outlined in the model National UI Standards (Attachment I, Priority #1).
- Strategies and actions currently in place to prevent and detect fraud, waste, and abuse;
- Activities underway or planned to address fraud and reduce improper payments;
- Efforts being taken to target the top root causes contributing to improper payments;
- Alignment with required UI program integrity functions and recommended practices;
- Efforts to recover overpayments, including coordination with state and Federal investigative partners and financial institutions; and
- Recommendations implemented and/or improvements being made as a result of ETA monitoring, a UI Strike Team engagement[2], and/or compliance assistance review.

SWAs are encouraged to revisit and refine their anti-fraud and UI program integrity strategies on a regular basis to reflect lessons learned, operational changes, updated performance results, and evolving fraud threats. This approach ensures the IAP serves as both a strategic document and a mechanism for continuous improvement in UI integrity performance. As such, ETA requires SWAs 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 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 SWAs to support their integrity activities through guidance, webinars, individual SWA technical assistance, and in partnership with the many available resources to support SWAs with strengthening UI program integrity

[2] Applicable to SWAs that had a UI Strike Team engagement in FY 2026,

iii. *Coordination with Department of Labor (DOL)-Office of Inspecter General (OIG)*. SWAs 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. SWAs must refer allegations that they reasonably believe constitute UI fraud, waste, abuse, mismanagement, or misconduct to the DOL-OIG. SWAs are also required to disclose confidential UC information related to the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as amended, to the DOL-OIG for the purpose of UI fraud investigations and audits for the entire pandemic relief period (*see* UIPL No. 04-17, Change 1). Additionally, Training and Employment Notice (TEN) No. 05-22 reminded SWAs of the DOL-OIG's authority under the Inspector General Act, and ETA expects SWAs to comply with data requests made by DOL-OIG.

iv. *Coordination with the Integrity Data Hub (IDH)*. SWAs are also strongly encouraged to report suspected UI fraud to the IDH by creating fraud alerts and submit to the IDH all UI claims data for cross-matching. Providing all UI claims data to the IDH gives SWAs the ability to analyze data against activity in other SWAs, and the IDH's numerous data sources can help SWAs quickly identify suspicious activity and potential fraud across the UI system.

c. **UI Program Performance**

In FY 2027, ETA expects SWAs to focus on improving performance and promoting overall excellence. See **Attachment II** to this UIPL for further supporting information.

i. *Data Availability.* ETA ROs will provide SWAs with data showing their performance measured against the Core Measures, Secretary's Standards, and other information relevant to the SQSP (*e.g.*, reporting deficiencies). The measurement period for the FY 2027 SQSP is April 1, 2025 – March 31, 2026, unless otherwise indicated.

ii. *Federal Program Emphasis:* SWAs should continue to strive to meet and exceed the goals specified in the Government Performance and Results Act of 1993 (GPRA),[3] as amended, Pub. L. 103-62, and must describe in the SQSP Narrative the SWA's performance in comparison to the GPRA goals, as well as actions planned to correct any identified deficiencies.

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

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

[3] 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. *Percent of Employer Tax Liability Determinations Made Timely (Establish Tax Accounts Promptly)*: 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.

iii. *Corrective Action Plans (CAPs)*: CAPs are expected whenever performance for Core Measures or Secretary's Standards is below established performance levels for the SQSP measurement period.

iv. *UI Programs*: SWAs must address the following UI Programs as described below:

A. **State Directory of New Hires (SDNH)/National Directory of New Hires (NDNH):** State Benefit Accuracy Measurement (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 2027.

B. **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, 2026), must address this non-compliance in a CAP. This includes paid and denied claim population variances outside established control limits.

C. **Tax Performance System (TPS):** To ensure that UI tax operations are in substantial compliance with Federal reporting and oversight requirements, a SWA'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 may not 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). SWAs should note exceptions, if any, on their Program Review Findings screens in the Unemployment Insurance Reporting System, accordingly.

D. **Data Validation (DV):** The deadline for submitting DV results for Validation Year (VY) 2026 was June 10, 2026. The VY coincides with the SQSP performance year. It covers data of any reporting period during the twelve months, beginning on April 1st and ending on the following March 31st. DV items that fail to pass validation, or were due but not submitted, are expected to be addressed in the SWA's FY 2027 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, 2026 certification window.

Any DV items due for VY 2026 that did not pass or were not submitted by the deadline (June 10, 2026) are expected to be addressed in a CAP for FY 2027.

ROs will monitor SWAs every three years on cycles coinciding with the DV Years. ROs will assess the accuracy of the SWAs' DV results considered passing at the time of the monitoring review to verify that the SWAs 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.

v. *Narrative Requirements for Other UI Performance Issues.* SWAs 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 SWA'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 SWA's data will be considered inaccurate. SWAs 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.

vi. *New Performance Requirements.* UIPL No. 07-21, published in FY 2021, announced for SWAs 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 Workforce Innovation and Opportunity Act's (WIOA) primary indicators of performance and will utilize data that SWAs already report for Employment Service programs. This will enable ETA to assess SWA performance related to the employment outcomes of RESEA participants.

To accommodate time necessary to capture RESEA participant outcomes, the FY 2027 SQSP process will assess performance using RESEA outcome data from FYs 2023-2025. SWAs that do not meet performance criteria will be expected to submit CAPs for the FY 2027 SQSPs.

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

d. **Planning Requirements for FY 2027**

i. *SQSP Submittal Cycle.* The SQSP process provides a 24-month window for SWAs 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 2027, all SWAs will submit a Biennial SQSP.

Each ETA RO will set a date and inform SWAs of the deadline to submit their SQSPs for FY 2027.

ii. *SQSP Preparation.* In addition to submitting their Transmittal Letter, Budget Worksheets/Forms, State Organization Chart, and SQSP Signature Page, SWAs must use the Excel CAP Workbook to develop their CAPs for the SQSP submissions. SWAs must also use the Excel CAP Workbook for reporting updates to specific CAP milestones and CAP performance each quarter.

To promote the development of actionable, detailed plans while allowing flexibility for SWAs to clearly articulate their integrity priorities, operational processes, and strategic approaches, ETA is no longer requiring the use of an IAP template. In addition to outlining the SWA's UI anti-fraud strategy, ETA expects SWAs to address and incorporate the specific topics listed above in section b, **Fraud Risk Management Expectations and the IAP,** into the IAP as part of the FY 2027 SQSP submission.

iii. *SQSP Assurances and Approval.* By signing the SQSP Signature Page, a SWA 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. SWAs must also comply with the Assurance of Disaster Unemployment Assistance as described below:

- **Assurance of Disaster Unemployment Assistance (DUA):** Each SWA must ensure that it will conduct annual training for DUA staff and develop and maintain a Standard Operating Procedures manual for DUA. SWAs are encouraged to use the DUA training modules available on ETA's learning platform hosted by the National Association of State Workforce Agencies at https://www.naswa.org/learning.

Each SWA must: (1) indicate that it has conducted training and provide the date(s) of the training; and (2) indicate that it has developed and/or maintained DUA Standard Operation Procedures for use during a major disaster declaration.

SWAs may contact the RO for a copy of a DUA Standard Operating Procedure Template. ROs will also obtain an initial copy from each SWA for the Department's record. See TEN No. 13-21 for additional information.

iv. *Electronic Submission of the SQSP*. SWAs 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.

SWAs may submit the SQSP Signature Page electronically if state law permits. SWAs 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.

v. *WIOA Combined State Plans*. Given that the UI program is a mandatory one-stop partner under WIOA, SWAs have the option of including the UI program as part of the Combined State Plan. Regardless, each SWA must participate in the UI Performs SQSP process whether or not the SWA decides to include the UI program as part of its Combined State Plan.

If a SWA chooses to submit a WIOA Combined State Plan with UI as a required partner, the SWA must incorporate SQSP into the Combined State Plan via the WIOA State Plan Portal at https://wioaplans.dol.gov/. Those SWAs 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, 2026.

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

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

e. **Funding Period**. The Department's proposed FY 2027 appropriation act language for State UI and Employment Service Operations reflects the revised language enacted in the Consolidated Appropriations Act, 2026, Pub. L. 119-75. This language: (1) removes the state obligational authority reference, which means SWAs' obligational authority for automation is no longer limited to the period ending on December 31 immediately following the fiscal year; and (2) adds a "recapture" provision letting the Department recapture and reissue states' unexpended funds after the period of expenditure (but before return to the Trust Fund) for UI-related automation activities.

As a result, funds are available for state obligation beginning on October 1, 2026, and for Federal obligation through December 31, 2027, except for RESEA outcome payments under section 306(f)(2) of the Social Security Act, which remain available through March 31, 2028.

The period of performance for SWAs' grants will be set by the terms and conditions in the corresponding Notice of Award and is expected to match each fund source's maximum statutory/regulatory life (subject to fund availability). States have 90 additional days after the funding period ends to liquidate obligations; extensions require the ETA Grant Officer's written approval, requested through the appropriate regional office at least 30 days before the deadline.

Grant management resources, including terms and conditions, are at https://www.dol.gov/agencies/eta/grants/resources. FY 2027 terms and conditions are not yet available and will be issued through ROs and posted to that page.

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

6. **References.**
   - Social Security Act (SSA), sections 303(a)(1), 303(a)(8) and (9), 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. 13-26, *Fiscal Year 2026 Funding Allotments and Operating Guidance for Unemployment Insurance Reemployment Services and Eligibility Assessments Grants*, issued July 29, 2026, UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 13-26 | 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;
- UIPL No. 03-07, *Use of National Directory of New Hires (NDNH) in Unemployment Insurance (UI) Benefit Accuracy Measurement (BAM) Audits*, issued October 31, 2006, UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 03-07 | U.S. Department of Labor;
- 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;
- TEGL No. 01-26, *Fiscal Year 2026 Funding Allotments and Operating Guidance for Unemployment Insurance Reemployment Services and Eligibility Assessments Grants*, issued July 29, 2026, TRAINING AND EMPLOYMENT GUIDANCE LETTER No. 01-26 | 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. 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), ET HANDBOOK No. 336, 18th Edition, Change 4 | U.S. Department of Labor;
- ET Handbook No. 361, *State Unemployment Insurance (UI) Data Validation (DV) Handbook, Benefits and Tax* (August 2026), ET HANDBOOK No. 361 | U.S. Department of Labor;
- ET Handbook No. 395, *Benefit Accuracy Measurement State Operations Handbook*, 5th Edition (November 2009), ET HANDBOOK No. 395, 5th Edition | U.S. Department of Labor;
- ET Handbook No. 396, *Unemployment Insurance Benefit Accuracy Measurement Monitoring Handbook*, 4th Edition (November 2009), ET HANDBOOK No. 396, 4th Edition | U.S. Department of Labor; and
- ET Handbook No. 401, 5th Edition, *UI Report Handbook No. 401* (July 2017), ET HANDBOOK No. 401, 5th Edition | U.S. Department of Labor.

7. Attachments.

- Attachment I: FY 2027 National Priorities for the UI Program.
- Attachment II: Measures/Programs to be Addressed in the Fiscal Year (FY) 2027 State Quality Service Plan (SQSP).
- Attachment III: Core Measures Glossary.

FY 2027 National Priorities for the UI Program

PRIORITY #1
Proactively Identify and Prevent Fraud and Appropriately Recover Improper Payments, in accordance with the Model National Unemployment Insurance (UI) Standards.

In July 2026, ETA announced model National Unemployment Insurance (UI) Standards. These standards represent the integrity practices a state should have in place to give the UI system a credible chance of stopping improper payments, including fraudulent payments, before they are issued.

The standards include practices that many states have themselves determined necessary to run a secure program. What is missing is consistency. Where these standards are applied unevenly - strong in one state, weak or absent in the next - fraud migrates to the weakest point, and the interstate data sharing that makes these checks effective breaks down.

ETA requests that SWAs incorporate these model National UI Standards into their SQSP strategies and include robust discussion in the IAP regarding how the SWA is addressing each of these practices and mitigating the underlying fraud risks that drive them:

1) ***Verify every initial claim before issuing payment.*** Each initial claim should be checked to:
   a. Determine whether the same individual is receiving UI benefits in another state;
   b. Crossmatch the claim against known fraudulent attributes - including those flagged in other states - using email address, IP address, bank account, employer, mailing address, and telephone number;
   c. Confirm the individual is not deceased;
   d. Verify bank account information before making a deposit;
   e. Verify current and base period work authorization; and
   f. Enable multi-factor authentication for all user accounts.

2) ***Verify every continued claim, not just the first.*** Each continued claim should be checked to confirm that:
   a. The claimant continues to meet eligibility requirements for being able to work, available to work, and actively seeking work;
   b. Work authorization remains current;
   c. The claimant is not receiving UI benefits also in another state; and
   d. Where a claimant has made any material change to their account, that claim should again be screened for suspicious attributes across email, IP address, bank account, mailing address, and telephone number - leveraging the same and additional tools used for the initial claim check.

3) ***Verify identity before any money moves.*** Every claimant should have their identity verified before any payment is issued.

4) ***Confirm separations with employers.*** Every effort should be made to confirm separation information directly with the employer, including through the use of the electronic exchange of information with employers, and to resolve any discrepancy before the claim is paid – not after. The Department reminds states of the prohibition on providing relief of charges to an employer when the employer fails to respond timely or adequately to a request for information by the state agency and has an established pattern of failing to respond to such requests.

5) ***Confirm work performance while an individual is receiving UI payments.***[4] For continued claims, states should:
   a. Check the claim against interstate and intrastate wage records, state and national New Hire registries, and where possible under state data sharing parameters, state tax records;
   b. Use data analytics to identify trends on a claim reflecting unreported work and earnings or job separations and leverage electronic information exchange with employers; and
   c. Prioritize reviewing claims in active filing status and where other factors reflect an increased risk of fraud - considering a claim's eligibility in its totality rather than siloed by individual cross matching results.

6) ***Confirm base period wages against verifiable records.*** Claims should be checked against wage records upon submission, with any discrepancy resolved before payment where possible. This is necessary to ensure that individuals do not self-report or overstate their wage history to fraudulently receive additional UI amounts.

7) ***Include the reporting of work search activities before payment is issued.*** States' processes should:
   a. Include reporting details on work search activities upfront, rather than requiring a simple yes/no answer, to facilitate downstream auditing; and
   b. Leverage its RESEA program as an opportunity to communicate expectations for work search activities, and to review actual logs and supporting documentations for compliance with state law.

8) ***Shut down UI tax fraud schemes.*** States should actively monitor for fictitious employer schemes, State Unemployment Tax Act (SUTA) dumping, and other fraudulent behaviors or manipulation of the experience-rating system, watching for the changes in business ownership that typically accompany these practices. Monitoring should use data and technological tools as available.

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[4] ETA acknowledges the constraints around crossmatch hits that are received after the work has been completed, and expects states to seriously consider enhancing their wage records to: (1) collect and report certain enhanced wage record elements; (2) increase the frequency of employer wage reporting to occur at least monthly; and (3) prepare for and engage in robust, proactive communication with employers and employer representatives so that employers can successfully implement enhanced reporting expectations.

9) ***Robust internal quality control to continuously assess effectiveness of antifraud efforts***[5]**.** A state must have a robust internal quality control program for assessing risk, evaluating outcomes, and adapting mitigation activities to improve fraud risk management strategies. States should:
   a. Use the sample cases reviewed through the BAM program[6] as a floor, not a ceiling - reviewing additional cases, regularly updating the Fraud Risk Profile, and maintaining a continuous feedback loop with information technology (IT), policy, and operations staff to address the findings; and
   b. Designate a responsible party who is looking at this activity UI systemwide – with consideration for Benefits, Tax, Integrity, and Appeals operations.

PRIORITY #2
Improve Program Performance and Operate the UI Program Effectively

In FY 2026, ETA prioritized its resources toward more direct oversight of the UI program by sending UI Strike Teams to SWAs whose performance had fallen short of acceptable levels. In FY 2027, ETA will continue to hold SWAs accountable for meeting UI performance metrics through increased oversight. SWAs with poor performance will be subject to intensive monitoring and audit, and failure to improve UI performance will result in escalation, up to and including, the withholding of administrative grant funding.

In developing their SQSPs, SWAs 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;
- Assessing possible modifications to the states' processes, policy, IT, and staffing resources to support efficient administration of the program;
- 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).

[5] WorkforceGPS, *Unemployment Insurance Fraud Risk Management,* https://ui.workforcegps.org/resources/2024/05/01/18/20/Unemployment_Insurance_Fraud_Risk_Management. An authorized account is required for access. The Department discusses internal security in more detail under 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.
[6] The BAM program provides the basis for assessing the accuracy of UI payments and is a diagnostic tool for identifying errors and their causes.

PRIORITY #3
Strengthen the Reemployment Connection

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

1) ***RESEA as an Individualized Reemployment Program.*** Among other statutory purposes, the RESEA program is intended to promote the alignment of reemployment programs and serve as an entry point to Federal, state, and local workforce, training, and education programs, such as the Wagner-Peyser Act-funded Employment Service, the WIOA Dislocated Worker program, and Registered Apprenticeship. As a dedicated funding stream for evidence-based, individualized reemployment services for claimants of UI benefits, RESEA is a permanent partner within the public workforce development system. RESEA is also explicitly identified as a designated component of America's Talent Strategy: Building the Workforce for the Golden Age. Specifically, RESEA's ability to support the rapid reemployment of UI claimants is identified as a key component of strategic Pillar II: Worker Mobility and other RESEA components may also contribute to other strategic pillars, including Pillar III: Integrated Systems and Pillar IV: Accountability.

   The Department is working to identify opportunities to enhance SWAs' capacity to connect UI claimants to reemployment services and other resources that meet their specific needs, such as referrals to Registered Apprenticeship programs and using technology to provide customized labor market information and reemployment plans. The Department is also working with SWAs on opportunities to reform work search protocols, a required component of RESEA, to better align UI claimants with meaningful work search activities that improve reemployment outcomes and lower duration of unemployment compensation receipt.

   The RESEA program requires SWAs to submit an annual RESEA state plan as a precondition to receiving their formula allocated grant. Annual operating guidance published by the Department provides instruction and policy updates for SWAs to develop their plans. These plans describe a SWA's implementation of RESEA services and activities and provide information about their use of required evidence-based interventions. UIPL No. 13-26 and TEGL No. 01-26 provide the FY 2026 RESEA operating guidance. SWAs are permitted to reference their RESEA and WIOA state plans in the SQSP rather than replicate these strategies and approaches. SWAs 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.

2) ***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 SWAs. In TEN No. 17-19, ETA provides SWAs with model work search legislation. ETA reminds SWAs that this TEN focuses 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 SWAs 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 SWAs 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 SWA'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 (2) 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);

- Proactively identifying and referring claimants to suitable job openings from public and private job banks, and requiring claimants to apply to all referred suitable job openings (which may be beyond any minimum number of required work search activities) and accept employment in suitable work if offered;

- Developing and facilitating continuous review of completed work search activities to verify claimant compliance;

- Documenting these activities through the SWA's case management system or other 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.

3) ***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 UI payments for the weeks in which they worked reduced hours. ETA also encourages the use of STC to support workers and employers.

PRIORITY #4
Ensure Timely, Accurate, and Complete Submission of ETA UI Required Reports

In FY 2025 and FY 2026, ETA, in coordination with the Department's Office of the Chief Information Officer, launched the UI required reporting application in the modernized UI Reporting System (UIRS) (UIPL No. 15-24 and its Changes). This new cloud-based system aligns SWAs and Federal users within a single system through a modern and streamlined user interface. In this new system, SWAs should continue to prioritize the timely and accurate submission of UI required reports and notify the Department through the hotline team for any system support requirements.

Also in FY 2026, ETA, in conjunction with the Department's Office of the Chief Financial Officer, continued to work with SWAs to reconcile outstanding financial reporting issues primarily tied to the expired pandemic-era programs. While ETA expects to complete this reconciliation work in FY 2026, SWAs must continue to report accurate and timely data in FY 2027, reconcile Federal and state financial funding, and respond to outreach on key UI financial reports. Key ongoing financial reporting includes, but is not limited to, the ETA 2112 Monthly Financial Summary Report, the ETA 227 Overpayment Detection and Recovery Report (including the report versions for both the regular and CARES Act programs) and the ETA 902P Pandemic Unemployment Assistance Report.

The SWA's SQSP Narrative is required to include actions planned to address financial and performance reporting issues, including, but not limited to, report timeliness in FY 2027.

Measures/Programs to be Addressed in the Fiscal Year (FY) 2027
State Quality Service Plan (SQSP)

Core Measures	Measurement Period	Criteria	Requirement
First Payment Promptness	Apr 1, 2025 – Mar 31, 2026	87%	CAP
Nonmonetary Determination Time Lapse	Apr 1, 2025 – Mar 31, 2026	80% (combined score)	CAP
Nonmonetary Determination Quality – Non-separations	Apr 1, 2025 – Mar 31, 2026	75%	CAP
Nonmonetary Determination Quality – Separations	Apr 1, 2025 – Mar 31, 2026	75%	CAP
Detection of Overpayments	<u>BPC</u> Apr 1, 2023 – Mar 31, 2026	50%	CAP
	<u>BAM</u> Oct. 1, 2022 – Sep. 30, 2025	95%	CAP
	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, 2025 – Mar 31, 2026	30 days	CAP
Average Age of Pending Higher Authority Appeals	Apr 1, 2025 – Mar 31, 2026	40 days	CAP
Lower Authority Appeals Quality	Apr 1, 2025 – Mar 31, 2026	80%	CAP
New Employer Status Determinations Time Lapse	Jan 1, 2025 – Dec 31, 2025	70%	CAP
Tax Quality – Part A	Jan 1, 2025 – Dec 31, 2025	No more than 3 tax functions failing Tax Performance System (TPS) in a year	CAP
Tax Quality – Part B	Jan 1, 2025 – Dec 31, 2025	The same tax function may not fail for 3 consecutive years	CAP
Effective Audit Measure	Jan 1, 2025 – Dec 31, 2025	Score $\geq$7 and pass all 4 factors	CAP
Improper Payments Measure	BAM batches 202427 through 202526	< 10%	CAP
UI Overpayment Recovery Measure	Jul 1, 2024 – Jun 30, 2025	68%	CAP

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

UI Programs, etc.	Measurement Period	Criteria	Requirement
Data Validation –Populations & Modules (Benefits and Tax)	Apr 1, 2025 – Mar 31, 2026	Results not submitted by June 10, 2026	CAP
		Failing/ incomplete submissions by June 10, 2026	CAP
Compliance with NDNH matching requirements for BAM	Status as of March 31, 2026	Must meet requirements	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, 2026	Must meet requirements	CAP
Incorrect recording of the Issue Detection Date and/or Determination Date	Apr 1, 2025 – Mar 31, 2026	95%	Narrative
TPS Sample Reviews	Jan 1, 2025 – Dec 31, 2025	Must submit	CAP
Reporting Deficiencies	Ongoing	Must submit	Narrative
RESEA Participant Reemployment Rate	Jan 1, 2025 – Dec 31, 2025	May not fail target for 3 consecutive years	CAP

UI Program Integrity	Ongoing	Must submit	IAP

Core Measures Glossary

- ***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 SWA 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 SWAs 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 SWA is expected to submit a CAP (for BAM/Overpayment Detection, BPC/Overpayment Detection, or address ETA 227 reporting 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 on March 31, 2026. The performance period for the BAM component is the three-year period ending on September 30, 2025.

- ***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 SWAs 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 SWA 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 SWAs that do not meet the measure based on calendar year 2025 data.

- ***Improper Payments Measure***. The Improper Payments Measure is defined as UI overpaid plus UI underpaid divided by the total amount of UI paid. It is based on estimates from the results of the BAM survey of paid UI 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). CAPs and IAP root causes for FY 2027 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 claimant; (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. SWAs are expected to maintain an improper payment rate of less than 10 percent for covered UI programs. This ALP is applicable to the 2025 PIIA performance period (July 1, 2024, to June 30, 2025). A SWA failing to meet the ALP for the 2025 PIIA performance period will be expected to develop a CAP as part of the FY 2027 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 2025 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 2025 performance period (July 1, 2024, to June 30, 2025). Pursuant to the UI Reports Handbook (ET Handbook No. 401, 5th edition), the June quarter ETA 227 reports are due on August 1 each year. A SWA failing to meet the ALP for the 2025 PIIA performance period will be expected to develop a CAP as part of the FY 2027 SQSP.