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.

[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.