



Agency Priority Goal | Action Plan | FY 2022 – Q3

Strengthening America's Safety Net for Workers

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Goal Overview

Goal Statement

By September 30, 2023, the Department will 1) increase intrastate first payments of unemployment benefits made within 21 days by at least 10 percent towards the regulatory target of 87 percent and 2) reduce the estimated improper payment rate of unemployment benefits. The Department will also plan and offer new, innovative technical assistance and grants to strengthen UI service delivery, fraud prevention, and equitable access.

Problem to Be Solved

Since the pandemic began in the U.S. in early 2020, UI claims rose exponentially totaling 89.4 million initial claims from mid-March 2020 through the end of September 2021. The increase and magnitude of initial claims over this period were the highest since the Department began tracking UI data in 1967. Over the course of the pandemic since March 1, 2020, the UI system paid UI benefits to nearly 55 million workers, adding over \$850 billion into states' economies.

While states mobilized quickly to implement new temporary pandemic-related UI programs, because of years of low administrative funding, reductions in staff, outdated technology and a lack of resources, states were poorly positioned to provide quality services to the extraordinary numbers of claimants filing for unemployment compensation. States abruptly and unexpectedly faced a significant increase in claims, going from historic lows in weekly claims volume to dealing with unprecedented and unforeseen levels of claims -- processing about 200,000 initial claims for the week ending March 7, 2020 to processing over 6.1 million initial claims for the week ending April 4, 2020. The pandemic exposed longstanding operational and technological weaknesses in state UI systems, which have resulted in delays and obstacles that disproportionately affect workers of color and created potential racial and ethnic disparities in the percentages of unemployment applicants who received benefits during the pandemic.

The following major challenges have been identified in the UI system due to COVID-19:

1. **Decline in State UI Program Performance:** The economic impacts of the pandemic resulted in an unprecedented increase in UI claims. States experienced significant backlogs in adjudications and appeals, reductions in core program performance (timeliness of payments, adjudications, and appeals) and reduced quality of determinations, which resulted in a decline in the states' acceptable levels of program performance.
2. **Increase in Fraud:** The UI program has been especially vulnerable to increasing criminal fraud attacks and states had limited staffing resources and limited experience dealing with sophisticated identity fraud operations.
3. **Impact on Service Delivery to UI Claimants:** States struggled to provide timely and quality services due to the extraordinary numbers of claimants filing for unemployment compensation and the resulting backlogs, which impacted the quality of service delivery to UI claimants.
4. **Contributing Factors (not a comprehensive list):**
 - a. Years of low administrative funding and reductions in staff prior to the pandemic;
 - b. Unprecedented increase in claims volume during the pandemic;
 - c. Implementing and operating a variety of new temporary UI programs in the midst of the pandemic;
 - d. States' antiquated and inflexible information technology systems were a major contributing factor in the states' inability to provide quality services and benefits.

- States struggled to program their UI systems and implement the new temporary pandemic-related UI programs;
- e. States found it necessary to quickly onboard new, inexperienced staff to respond to crushing workload demands;
 - f. States also faced turnover in senior leadership;
 - g. States had to adjust rapidly to remote work environments for all UI program functions; and
 - h. Throughout the COVID-19 pandemic, the UI system was a major target for sophisticated and organized criminal fraud

What Success Looks Like

ETA has identified and highlighted in this APG the key strategies and milestones that support states' ability to:

1. Improve State UI Program Performance, including enhancing reemployment connections (Performance Improvement and Reemployment Connections);
2. Strengthen Program Integrity by Preventing and Detecting Fraud, Reducing Improper Payments, and Facilitating Recovery of Overpaid Benefits (Program Integrity); and
3. Improve Quality of Services Provided to UI Claimants (Quality Service)

Goal Strategies to Achieve Success

Performance Improvement and Reemployment Connections:

ETA will assist and support states to return to acceptable levels of program performance as quickly as possible by:

1. Developing standardized backlog tracking and reporting
2. Supporting States with targeted technical assistance (TA), in partnership with the Office of UI Modernization (OUIIM)

ETA will also enhance reemployment connections by:

1. Revising the Reemployment Services and Eligibility Assessment (RESEA) State Plan Template and provide TA
2. Integrating RESEA Monitoring and Other Reemployment Programs
3. Continuing to Implement RESEA Performance Measures and Performance-Based Outcome Payments
4. Publishing Worker Profiling and Reemployment Services (WPRS) / RESEA participant selection Guidance, and provide TA

Program Integrity:

OUI continues to actively and aggressively address integrity and fraud in the UI program by:

1. Investing in Technology and Tools (notably, identity verification solutions) working in partnership with OUIIM, the UI Integrity Center, the Office of the Chief Information Officer (OCIO), and the US Digital Service
2. Providing Grants to States – fraud prevention grants offered to states
3. Providing Targeted TA
4. Coordinating with Banks, Financial Institutions, and Law Enforcement
5. Requiring State Integrity Action Plans
6. Collaborating with UI Integrity Center
7. Partnering with OIG and Law Enforcement

Quality Service:

1. Tiger Team Initiative / Strategy: ETA will work in partnership with OUIIM to improve the quality of service provided to claimants by funding multi-disciplinary teams to work in collaboration with the states to conduct an intensive discovery process to quickly pinpoint challenges and identify recommended solutions for states to implement
2. Grants to States: ETA will provide funding opportunities to states participating in the Tiger Team strategy to fund identified recommendations negotiated with ETA

Structural Barriers and Challenges

A number of statutory requirements impose challenges to reducing UI improper payments:

1. Federal-State Partnership: Each state administers the UI program according to its own laws and policies, which must conform to broad federal requirements. Improper payment rates often reflect differences in state laws. Additionally, states have bottom-line authority to set operational priorities. DOL has limited authority to ensure states use their administrative funding to pursue improper payment rate reduction activities.
2. Statutory requirements to pay “when due” and to provide due process prior to stopping benefit payments: Federal UI law includes structural, but essential, program features that substantially contribute to the UI improper payment rate. Section 303(a)(1) of the Social Security Act requires UI benefit payments to be made “when due” and prohibits

states from suspending payments until an official determination has been made that payments are no longer due. This statutory structural feature legally requires states to make payments based upon available evidence that may be later detected as improper as a result of obtaining new information. When a claimant has been initially determined eligible and is in continued claims status, there is a presumption of continued eligibility until a claimant is provided due process, which requires notice and the opportunity to be heard prior to stopping payment of benefits.

Goal Targets/Key Indicators

By Sept. 30, 2023, we will...	Name of Indicator	FY 2023 Target	FY 2022 YTD ¹ Target	FY 2022 YTD Result ²	Update Cycle
Increase the percent of all intrastate first payments of unemployment benefits made within 21 days	First Payment Timeliness	66.4%	63.2%	58.6%	Quarterly
Reduce the estimated improper payment rate of unemployment benefits	Improper Payment Rate	TBD	14.00%	23.30%	Quarterly

¹ Year-to-Date

² Results for these measures lag by one quarter. Q2 results are provided with this Q3 update.

Key Milestones

Performance Improvement and Reemployment Connections

Owner	Key Milestone	Milestone Due Date	Milestone Status	Comments
ETA	Leverage current workstreams (Tiger Teams, Equity Grants, Technical Assistance) to establish appropriate baseline state-level demographic data metrics, collections, and reports to identify equity-based metrics and to develop future targets.	09/30/2023	On Schedule	ETA-OUI-24
ETA	Develop and submit for public comment an ICR concerning equity performance data for the UI program.	9/30/2023	On Schedule	ETA-OUI-25
ETA	Submit notice to Federal Register seeking comments on revisions to existing Information Collection Request to collect enhanced/expanded demographic data elements.	12/31/2022	On Schedule	ETA-OUI-26
ETA	Identify 18 states to receive services of Unemployment Insurance (UI) Response/Tiger Teams to help address backlogs and recommend actions to improve the timeliness of UI benefit payments.	12/31/2021	Completed	ETA-OUI-02
ETA	ETA will develop and issue new reports that state UI agencies will be required to submit to ETA on the backlogs of claims adjudications and appeals	06/30/2022	Behind Schedule (Revised due date 12/31/2023)	ETA-OUI-03

Owner	Key Milestone	Milestone Due Date	Milestone Status	Comments
ETA	Identify and share with states, throughout the UI Community of Practice and Webinars or Webcasts, best practices for reducing backlogs or for improving timeliness of UI benefit payments	09/30/2022	On Schedule	ETA-OUI-05
ETA	Publish Worker Profiling and Reemployment Services (WPRS) guidance and conduct related webinar for state agencies.	03/31/2022	Behind Schedule (Revised due date 9/30/2022)	ETA-OUI-20
ETA	Publish a revised Reemployment Services and Eligibility Assessment (RESEA) state plan template.	12/31/2022	On Schedule	ETA-OUI-21
ETA	Complete implementation of new RESEA monitoring requirements.	06/30/2022	Behind Schedule (Revised due date 9/30/2022)	ETA-OUI-22
ETA	Revise National RESEA performance plan and develop timeline for full implementation	09/30/2022	On Schedule	ETA-OUI-23

Program Integrity

Owner	Key Milestone	Milestone Due Date	Milestone Status	Comments
ETA	Research and compile list of state fraud prevention and detection laws and tools, including ID verification services, and identify opportunities to provide enhanced technical assistance aimed at strengthening UI program integrity and fraud management operations.	06/30/2022	Behind Schedule (Revised due date 9/30/2022)	ETA-OUI-27
ETA	Develop and issue updated identity (ID) verification guidance setting baseline expectations for State Workforce Agencies (SWAs) regarding ID proofing/verification requirements	09/30/2022	On Schedule	ETA-OUI-28
ETA	Increase the number of SWAs using National Institute of Standards and Technology (NIST) – compliant digital authentication technology to strengthen SWAs' UI systems with the goal of 30 SWAs using such technology	09/30/2023	On Schedule	ETA-OUI-06
ETA	Complete implementation with a minimum of 30 states to use the Bank Account Verification (BAV) services deployed through the UI Integrity Center's integrity Data Hub (IDH), and onboarding additional states	06/30/2022	Behind Schedule (Revised due date 9/30/2022)	ETA-OUI-07
ETA	Increase the number of SWAs using an incarceration cross-match by continuing to encourage connection to the incarceration data exchanges, including the in the Interstate Connection Network (ICON) that uses SSA's Prisoner Update Processing System (PUP), and other incarceration datasets available for prisoner cross-matching, with the goal of 30 SWAs cross-matching UI data with incarceration data	03/31/2023	On Schedule	ETA-OUI-08
ETA	Provide assistance and monitor states' progress and use of Fraud Prevention grants	09/30/2022	On Schedule	ETA-OUI-14

Quality Service

Owner	Key Milestone	Milestone Due Date	Milestone Status	Comments
ETA	Educate and provide technical assistance to policy makers concerning the need for enhancements to state administrative funding as set in President's FY 2023 budget	12/30/2022	On Schedule	ETA-OUI-12
ETA	Provide assistance and monitor states' progress and use of Equity Innovation grants	09/30/2022	On Schedule	ETA-OUI-13
ETA	On a rolling basis, cohort by cohort, Unemployment Insurance (UI) Response / Tiger Teams will provide recommendations to 18 states on improving customer experience / service	09/30/2022	On Schedule	ETA-OUI-15
ETA	On a rolling basis, after states have completed the Tiger Team assessment process and have submitted applications for funds, issue grants to states to support implementation of recommendations	09/30/2022	On Schedule	ETA-OUI-16
ETA	Develop a plan for future customer service metric(s) or checklist for state UI programs	12/31/2022	On Schedule	ETA-OUI-29

Narrative – Fiscal Year 2022, Q3

Progress Update:

Overall

ETA continues making progress awarding Equity grants to states. As of June 16, 2022, ETA has awarded Equity grants to 16 states, announcing \$76,995,691 in grant funding to those states. On Friday, June 10, ETA announced the award of \$18 million in UI Navigator Grants to seven states (Maine, New Mexico, Oklahoma, Oregon, Pennsylvania, Washington, and Wisconsin). These grants will support states partnering with community-based organizations to raise awareness of the UI program and to help individuals in underserved communities access UI benefits to which they may be entitled. ETA is in the process of awarding Equity grants to five additional states.

In addition, the ETA Tiger Team engagements continue to progress with four cohorts of six states underway and recruitment for a fifth cohort nearly complete (five states signed on). So far, ETA has funded 15 projects identified by the Tiger Teams in 6 states totaling \$10.6 million. ETA also issued Training and Employment Notice (TEN) No. 24-21 on May 5, 2022, to announce the new Integrity Data Hub (IDH) Participation Agreement and to encourage states to use the newly available Bank Account Verification (BAV) service.

Measures Below Target

States continue to struggle to meet the acceptable level of performance for first payment timeliness. They continue to recover from the backlog of adjudications and appeals resulting from the temporary pandemic-related UI programs and the significant increase in claims that were processed during the pandemic. Many states are also seeing reductions in staffing as reported claims decline and state administrative funding declines. Based on funding appropriated by Congress in FY 2022, DOL is not able to provide full funding for earned above-base workloads reported by states. ETA is currently providing states 55 cents on each dollar earned for above-base funding.

The Improper Payment Rate for the four quarters ending March 31, 2022, was 23.30 percent, which is a decrease from the 23.54 percent rate for the four quarters ending December 31, 2021. The workload for the pandemic programs affected all States' programs (including Regular UI). The top three root causes that attributed to the Improper Payment Rate for the period ending in the third quarter 2022 were Separation issues (claimant was discharged or claimant volunteered quit without good cause), Benefit Year Earnings (claimant did not report earnings), and Other Eligibility Issues (main issue under this root cause is Identify Fraud). ETA is also starting to see an increase in improper payments linked to Work Search issues as states have reimposed work search requirements that were suspended during much of the pandemic.

Milestones Behind Schedule

For third quarter reporting, the following five milestones were behind schedule:

- **ETA-OUI-03:** ETA's work on this milestone has been interrupted with the departure of a staff member who had been leading the workgroup dealing with this task. In addition, the Office of Unemployment Insurance has been without a Reports Team Lead to oversee this work. ETA anticipates filling this position soon. While other staff have knowledge and experience to take up this milestone, they have been dedicated on other high priority projects, such as addressing Department financial audit findings and identifying additional equity elements that could be added to improve UI reports. The milestone due date has been revised accordingly.
- **ETA-OUI-07:** ETA was overly ambitious in establishing the milestone completion date for ETA-OUI-07, which anticipated the implementation of Bank Account Verification (BAV) with a minimum of 30 states by June 30, 2022. The UI Integrity Center released BAV into IDH production in mid-February of 2022 and has rapidly onboarded states to use the BAV service. ETA issued Training and Employment Notice (TEN) No. 24-21 on May 5, 2022, to announce the new IDH Participation Agreement - Version 5.0 and to encourage states to use the BAV service. As of June 30, 2022, a total of 23 states were regularly using BAV and two states were conducting testing of BAV for implementation into production. Due to the time it takes for states to review and sign a new IDH Participation Agreement and complete testing of a new IDH service, it will likely take until September 30, 2022, to achieve 30 states having implemented BAV.
- **ETA-OUI-20:** ETA is recruiting additional staff to assist with its reemployment activities. Due to recruitment delays and HR backlogs, current staff remain focused on higher priority projects. ETA is finalizing recruitments and anticipate the new staff on board soon. ETA hopes to resume WPRS work in late July or early August after new positions have been filled.
- **ETA-OUI-22:** ETA is making progress on this milestone. The RESEA monitoring tools are being integrated into ETA's core monitoring guide. A draft of the core monitoring guide is complete and undergoing testing by Federal Project Officers (FPOs). ETA conducted FPO training on a supplemental RESEA monitoring tool specific to RESEA profiling on June 16, 2022.

- ETA-OUI-27: The work on ETA-OUI-27 continued to evolve and the project became more comprehensive as additional sources of information became available. While the list of state fraud prevention and detection laws and tools, including ID verification services, was created by June 30, 2022, ETA identified the need to obtain additional information directly from states for a thorough analysis of all state fraud prevention and detection tools was unavailable in public documents. ETA sent a survey to states on July 7, 2022, to answer some of the outstanding questions regarding states' use of ID verification and digital authentication tools. ETA anticipates receiving more information from states and completing a more comprehensive list of state tools by quarter ending September 30, 2022.

Data Accuracy and Reliability

First Payment Timeliness

1. **Means used to verify and validate measured values:** Data is validated by USDOL by utilizing an established data validation program
2. **Sources for the data:** First payment timeliness measures are based on data reported by the states monthly
3. **Level of accuracy required for the intended use of the data:** These data are generally highly accurate and valid data
4. **Limitations to the data at the required level of accuracy: These data do not have significant limitations,** though we note that states may have reporting challenges on occasion
5. **How the agency has compensated for such limitations, if needed, to reach the required level of accuracy:** The Office of Unemployment Insurance works with states on a case-by-case basis to address any reporting challenges

Improper Payment Rate

1. **Means used to verify and validate measured values:** State Benefit Accuracy Measurement (BAM) staff investigate the accuracy of each paid week sampled to determine if all eligibility requirements are met and the claim is properly paid. These investigation outcomes are further validated by state BAM supervisors. Additionally, ETA UI staff (Regional and National) conduct state peer reviews of state audits to ensure the accuracy of the state BAM audit results.
2. **Sources for the data:** The BAM statistical survey is used to estimate the improper payment rate at the national and state levels. State BAM samples are randomly selected from the population of State UI, Unemployment Compensation for Federal Employees, and Unemployment Compensation for Ex-Servicemembers payments issued by the state each week. Based on the results of the state BAM audits, the estimated improper payment rates are computed nationally and by state. The amounts that were paid, overpaid, and underpaid are coded for each sample payment and weighted to represent the population of UI claims for all 52 weekly samples in all 52 state workforce agencies participating in BAM (U.S. Virgin Islands is excluded due to its size).
3. **Level of accuracy required for the intended use of the data:** ETA waits until states complete 99 percent of the sampled cases prior to generating the annual improper payment results. Additionally, as required by the Office of Management and Budget, ETA follows the requirement of a 95 percent confidence interval of no more than +/- 3 percent for the estimated improper payment rate.
4. **Limitations to the data at the required level of accuracy:** Estimates based on BAM data are subject to sampling and non-sampling errors that can affect survey data. Sampling error reflects the variability of the estimate due to the fact that only a portion of the population is sampled and audited. Non-sampling error includes operational issues such as failure to include all UI payments in the sampling frame, misapplication of UI law and policy by the BAM auditors, and data entry errors.

5. **How the agency has compensated for such limitations, if needed, to reach the required level of accuracy:** ETA has implemented several quality assurance procedures within the BAM program for reducing non-sampling errors, such as alerts for incomplete or improper sampling frames, system edits to identify interpretation, and/or data entry errors to end users recording audit results into the system.

Additional Information

Contributing Programs

Employment and Training Administration (ETA)

President's Management Agenda

Delivering excellent, equitable, and secure Federal services and customer experiences through Strategies 1, 3, and 4, and Managing the business of Government to Build Back Better through Strategies 1, 2, and 5

Program Activities

ETA collaborates with the UI Integrity Center to collect and disseminate state best practices, develop tools and resources to support reduction of the UI improper payment rate. The UI Integrity Center provides consultative services to states to develop strategies to reduce fraud and improper payments, operate the IDH that provides states with access to data sources to increase prevention and detection of improper payments and fraud, and provide on-line integrity training for state staff.

Legislation and Regulations

Under the Social Security Act and the Federal Unemployment Tax Act, the UI program is established as a joint federal-state program. States are required to administer the UI program in conformity with federal requirements including the prevention, detection, and recovery of improperly paid UI benefits.

The requirement to reduce improper payments in the UI program is established in the following laws, policies, and guidance:

1. [Payment Integrity Information Act of 2019](#)
2. [Improper Payment Information Act of 2002, 31 U.S.C. 3321](#);
3. [Improper Payments Elimination and Recovery Act of 2010, 31 U.S.C. 3301](#);
4. [Improper Payments Elimination and Recovery Improvement Act of 2012, 31 U.S.C. 3321](#); and
5. [Office of Management and Budget \(OMB\) Memorandum M-18-20, Requirements for Payment Integrity Improvement, Appendix C to OMB Circular 123](#) (June 26, 2018).

Policies

The \$2 billion as a part of the American Rescue Plan Act grants broad authority to the Department of Labor to help states to prevent and detect fraud, promote equitable access, and ensure timely payment of benefits.

The Department of Labor has begun to spend this funding by carrying out work on four tracks to address systemic shortcomings in access, based on proven strategies:

1. Direct assistance to the states through "Tiger Teams"
2. Tools to states to help address immediate fraud concerns by facilitating more effective ID verification
3. Developing IT solutions to modernize antiquated state technology by centrally developing open, modular technology solutions that can be adopted by states as needed; and
4. Providing direct grants to states to promote timeliness and equity and fight fraud

Many states had stopped or significantly reduced operation of the RESEA program during the pandemic. Also, states have had to revamp the operation of RESEA to new remote offerings of these services.

Stakeholder / Congressional Consultations

Agencies regularly consult stakeholders including DOL Leadership, Congress, and federal partners on implementing and coordinating outreach and engagement related to the activities mentioned in this APG. DOL will strengthen outreach efforts to stakeholders that serve historically underserved and marginalized communities.