The U.S. Department of Labor (DOL) is implementing an aggressive strategic plan to address unemployment insurance (UI) improper payments in collaboration with states and the UI Integrity Center. This plan includes a number of robust strategies already underway - strategies focused on prevention, detection, and recovery of overpayments. This plan continues to evolve as new strategies are developed.

Improper Payment Rate (overpayment rate + underpayment rate).
The Payment Integrity Information Act (PIIA) of 2019, which is the successor to the Improper Payment Information Act, the Improper Payment Elimination and Recovery Act of 2010, and the Improper Payment Elimination and Recovery Improvement Act, requires that Federal programs report an annual improper payment rate. It also requires agencies to include all identified improper payments in the reported estimate, regardless of whether the improper payment in question has been recovered or is being recovered. DOL bases the UI improper payment estimates on results of the Benefit Accuracy Measurement (BAM) survey, which examines a nationwide statistically valid sample of payments made in the three largest permanently authorized unemployment compensation programs: State UI, Unemployment Compensation for Federal Employees (UCFE), and Unemployment Compensation for Ex-service members (UCX). The BAM sample does not include payments made under episodic programs such as Extended Benefits (EB) and temporary programs like the Emergency Unemployment Compensation (EUC) program and the UI-related programs created by the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020, including Pandemic Unemployment Assistance (PUA), Pandemic Emergency Unemployment Compensation (PEUC), and Federal Pandemic Unemployment Compensation (FPUC).

The plan's strategies target the largest root causes of UI improper payments:

1) **Benefit Year Earnings (BYE)**
   BYE errors occur when individuals continue to claim benefits and fail to report earnings after returning to work or they incorrectly report earnings from employment. To address this root cause, it is critical for states to identify, as quickly as possible, when a UI claimant has returned to work to ensure the claimant understands their responsibility to report their earnings. The National Directory of New Hires (NDNH) is an important tool to help states identify when a claimant has returned to work. Improving states' use of the NDNH, while also increasing employer compliance with reporting new hire information, can improve detection and prevention of BYE errors. In addition, enhanced messaging and communication to UI claimants on the importance of timely and accurately reporting earnings from employment help decrease the occurrences of incorrectly reported earnings.

2) **Work Search**
   Work search errors occur when UI claimants fail to comply with states' work search requirements. All states require most UI claimants to make an active search for work as a condition of UI eligibility; however, work search requirements vary greatly in each state. States with stringent work search requirements typically record higher overpayment rates than states with broader work search requirements. States are encouraged to review and update their work search policies, adopting an array of work search activities to support

rapid reemployment in today's labor market. Aside from the work search policy itself, there are numerous reasons UI claimants fail to comply state work search requirements. Examples include a lack of clear understanding regarding the work search requirements or failure to retain adequate documentation or record of their work search. Enhanced work search messaging, such as incorporating behavioral insights or conducting an aggressive public messaging campaign can clarify state work search requirements, making the requirements more understandable to UI claimants. In addition, increasing the frequency of work search reporting or technology improvements to the UI system to capture work search activities as part of the weekly claim certification may contribute to an increase in work search compliance, resulting in a decrease of work search errors.

3) <u>**Separation Issues**</u>
Separation issue errors occur when UI claimants receive benefits and are then later determined to be ineligible due to a disqualifying separation from previous employment. The requirement to pay UI benefits "when due" creates separation issue errors at the point of application because states must request information from employers on the reason for the claimant's separation from employment. If states are unable to get timely and accurate information from employers, they are legally required to make a determination based on the available information and make payments if the UI claimant is otherwise found eligible for benefits. Failure of employers or their third party administrators (TPAs) to provide timely and adequate information on the reason for an individual's separation from employment presents a major challenge to addressing separation issue errors. The State Information Data Exchange System (SIDES) enables electronic communication between state UI agencies and employers/TPAs, leading to improved response quality and timeliness. Other challenges that result in separation issue errors occur when a UI claimant is unsure of their reason for separation, does not understand the list of separation issues presented by the UI agency during the initial claim, or the claimant fails to inform the UI agency when a separation occurs while in continued claim status. Updates to claimant and employer messaging and enhancements to the initial claims process and/or system improvements may reduce confusion with UI separation terminology. States may also consider running additional cross-matches to identify changes in reporting and/or wages throughout the claim.

UI Integrity Center.
A key asset to support states' work to prevent, detect, and recover improper and fraudulent payments is the UI Integrity Center. DOL has a cooperative agreement with the National Association of State Workforce Agencies, Center for Employment Security Education and Research to manage UI Integrity Center operations. The UI Integrity Center supports the needs of State Workforce Agencies in adopting and implementing strategies to ensure program integrity to bring down the UI improper payment rate and address fraud in UI programs. The primary activities and deliverables of the UI Integrity Center include:
- Continuous routine state engagement to collect and disseminate state integrity best practices, including maintaining a central repository to house promising state practices, tools and products developed by the UI Integrity Center;
- Providing consultative and technical assistance services to states including business process analysis, coaching, and/or funding to support adoption of strategies and process

improvements that reduce the improper payment rate and promote prevention, detection, and recovery of UI improper and fraudulent payments;

- Developing and disseminating tools and products to support state integrity efforts;
- Transitioning and maintaining the UI National Integrity Academy as an online training resource for state use; and
- Creating and enhancing the Integrity Data Hub (IDH) and expanding states' use to support state cross-match efforts to prevent and detect improper payments and fraud.

The UI Integrity Center captures data and conducts analytics related to their tools and resources to measure effectiveness and outcomes (*e.g.*, amount of dollars saved, number of improper payments prevented). Periodic state assessments also provide qualitative information regarding the value of different UI Integrity Center products and services, and assess their overall contribution in reducing a state's improper payment rate.

Currently, state UI agencies are focusing their attention and all available resources to handle the unprecedented volume of claims resulting from the economic impact of the Coronavirus Disease 2019 (COVID-19) pandemic as well as implementation of the new UI-related programs created under the CARES Act. Similarly, the Employment and Training Administration's (ETA) top focus and priorities include providing timely guidance, technical assistance, and oversight to states related to the implementation and administration of the new UI-related programs and providing support and resources to combat the significant increase in fraud infiltrating the UI system. As a result, the activities associated with many of the planned strategies for Fiscal Year (FY) 2020 have been delayed.

Section 1.0 – State Engagement Strategies. States operate and administer the UI program in accordance to state laws and policies, and are the entities that directly control UI integrity and can reduce improper payments. DOL is engaging states through the following strategies to prevent improper payments and bring the individual state rate into compliance with the 10 percent threshold established by PIIA.

Strategy 1.1: High-Rate/High-Impact (H-R/H-I) states.
Starting in FY 2019, DOL refocused its attention on preventing improper payments and reducing the national improper payment rate. As part of this effort, DOL is providing targeted technical assistance to 11 states with high improper payment rates that also significantly affect the national UI improper payment rate.

> *FY 2020 Results:* ETA reports the following actions related to this strategy:
> - The UI Integrity Center paused intensive technical assistance services to the High-Rate/High Impact (H-R/H-I) states due to COVID-19-related activities. The UI Integrity Center will resume intensive technical assistance services with these states when claims volume returns to a manageable level and state resources are able to refocus on this effort. ETA anticipates intensive technical assistance services to resume in FY 2021. The H-R/H-I states developed their integrity action plans as part of the FY 2021 State Quality Service Plan and included additional strategies identified from their intensive technical services. Nine of the 11 states have reported improper payment rate reductions for the 12-month period ending March 31, 2020, compared to their 2019 rates. Two of these states obtained a rate below 10 percent for at least two consecutive quarters and ETA removed them from the H-R/H-I designation.
> - ETA delayed conference calls with the H-R/H-I states for the quarter ending September 30, 2020, due to COVID-19-related activities. ETA uses these quarterly calls to monitor states' performance and progress on implementing identified strategies. ETA plans to resume the regular quarterly calls in FY 2021.

Strategy 1.2: Publication of state UI improper payment data on DOL's website.
ETA publishes each state's improper payment rate on the "UI Payment Accuracy by State" webpage at DOL.gov. This webpage provides a color-coded U.S. map depicting UI improper payment performance for all states, as well as historical improper payment data.

> *FY 2020 Results:* ETA reports the following actions related to this strategy:
> - ETA updated the color-coded U.S. map to reflect each state's 2019 improper payment rate to coincide with the annual reporting in the DOL Agency Financial Report (AFR) in November 2019.
> - ETA posted the improper payment rate data to the webpage quarterly when the data became available.
> - ETA is currently updating the color-coded U.S. map to reflect each state's 2020 improper payment rate to coincide with the annual reporting in the DOL Agency Financial Report (AFR) in November 2020.

Strategy 1.3: UI State Performance Excellence awards – Recognition of states demonstrating top performance in program integrity operations.
DOL recognizes state UI programs that are top performers in program integrity operations at the annual National Association of State Workforce Agencies (NASWA) Workforce Summit and UI Directors' Conference.

> *FY 2020 Results:* ETA reports the following actions related to this strategy:
> - In September 2020, DOL presented the 2020 "Program Integrity Excellence Awards" recognizing states that have demonstrated top performance in program integrity operations designed to prevent, detect, and recover UI improper and fraudulent payments. In addition, DOL presented the "Significantly Improved Program Integrity Awards" recognizing states that have made significant improvements in reducing their UI improper payment rates.
> - DOL will present the 2021 performance excellence awards to states again at the annual NASWA Workforce Summit and UI Directors' Conference in fall, 2021.

Strategy 1.4: Promotion of UI Integrity Act provisions.
The President's Budgets for FYs 2018, 2019, 2020, and 2021 proposed a package of statutory changes to provide much-needed tools and resources that would:
- Require states to use the SIDES to exchange information with employers about a claimant's separation from employment.
- Require states to use the NDNH to better identify individuals continuing to claim unemployment compensation and failing to report earnings after returning to work, one of the leading root causes of UI improper payments.
- Allow the Secretary of Labor to require states to implement corrective action measures for poor state performance in the UI program, helping to reduce improper payments in states with the highest improper payment rates.
- Require states to cross-match with the Social Security Administration's (SSA) Prisoner Update Processing System (PUPS) or other repositories of prisoner information.
- Allow states to retain five percent of recovered UI overpayments for program integrity use.
- Require states to use penalty and interest collections solely for UI administration.
- Require states to use the Integrity Data Hub developed by the UI Integrity Center (see Strategy 2.1 for additional information).

> *FY 2020 Results:* ETA reports the following actions related to this strategy:
> - DOL provided technical assistance to Congress on legislation and explained the importance of these proposals to provide the UI program with the necessary support to lower its improper payment rate.
> - In FY 2021, DOL will continue to provide ongoing technical assistance to Congress on this legislation.

Section 2.0 – UI Integrity Center of Excellence. The UI Integrity Center serves as a state-driven source of innovative program integrity strategies to prevent and detect improper payments, reduce fraud, and bring the UI program into compliance with the requirements of PIIA. A state-driven approach is fundamental since state agencies operate the federal-state UI program and make the benefit payments. ETA funds the UI Integrity Center through cooperative agreements with the New York State Department of Labor and the National Association of State Workforce Agencies (NASWA), which operates the UI Integrity Center.

Strategy 2.1: Develop and enhance the Integrity Data Hub (IDH) to assist states with fraud detection and identity verification.
In October 2017, the UI Integrity Center implemented the IDH for participating states to submit UI claims for cross-matching and analysis to support the detection and prevention of UI fraud and improper payments integrating the Suspicious Actor Repository (SAR). In FY 2019, in addition to the SAR and Suspicious Email Domain flagging, the IDH was expanded to include a centralized Foreign Internet Protocol (IP) Address Detection and state requested enhancements to improve match results and allow for better integration with state systems. In addition, the UI Integrity Center enhanced the IDH infrastructure and security to allow the implementation of additional datasets for cross-matching by all states, and collection and storage of claims data.

> *FY 2020 Results:* ETA reports the following actions related to this strategy as of October 9, 2020:
> - Forty-eight (48) states/territories have executed an IDH participation agreement and five (5) are in process.
> - Thirty (30) states have implemented the SAR cross-match through the IDH, preventing an estimated $32.26 million in improper payments since its inception.
> - In November 2019, Multi-State Cross-Matching (MSCM) became available to states, proving the ability to identify the use of UI claims data across multiple states. MSCM also provides a lookback capability to identify after-the-fact matches based on new claims or fraud activity data submitted to the IDH. Twenty-four (24) states are currently using MSCM.
> - In December 2019, the Fraud Alert System went into production, providing a mechanism for states to share information through the IDH on emergent fraud schemes and activities identified in their states. All states/territories, ETA National and Regional Office staff, and the Department's Office of Inspector General (OIG) have access to the Fraud Alert System. In FY 2020, there were 191 alerts submitted through the Fraud Alert System and shared with states.
> - On April 24, 2020, the UI Integrity Center implemented the IDH Updated Reporting Architecture (URA) that supports the development of expanded data analysis and reporting.
> - On June 1, 2020, IDH functionality was increased to process new UI claim types for cross-matching, including the Pandemic Unemployment Assistance (PUA) program.
> - In July 2020, the UI Integrity Center implemented the identity verification (IDV) solution as part of the IDH. The IDV solution provides states with a centralized, front-end identity verification/identity proofing tool by returning fraud scoring

information, including flagging synthetic identities. Thirteen (13) states are currently using the IDV solution.

- On August 31, 2020, ETA issued Training and Employment Notice (TEN) No. 03-20 and No. 04-20 encouraging states to share information through the IDH Fraud Alert System and use the IDH to combat UI fraud.
- In FY 2021, ETA and the UI Integrity Center will continue to enhance IDH functionality by incorporating data analysis capability and increasing the datasets available for cross matching. In addition, the UI Integrity Center will develop training materials to support IDH utilization and ETA will continue to encourage states' use of the IDH as an effective tool to prevent and detect improper payments, fraud, and identity theft.
- The UI Integrity Center will collect performance information from states utilizing the IDH to enable the estimation of improper payments prevented and dollars saved and will continue reporting IDH usage and outcomes quarterly to ETA.
- In alignment with the Agency Priority Goal to decrease UI improper payments, by the end of FY 2021, at least 30 states will be actively transmitting and receiving data through the SAR and implementing the IDV solution.
- The full implementation requirement of IDH by states has been included in the Integrity Act package submitted to Congress as part of the FY 2021 President's budget request, and ETA will continue to promote states' participation in the IDH in FY 2021.

Strategy 2.2: Develop and promote the Integrity Knowledge Exchange to engage states and share best practices.
The UI Integrity Center's Integrity Knowledge Exchange offers several strategies aimed at improving state improper payment control efforts. These strategies include:
- State Services with UI subject matter experts providing integrity-focused business process analyses and other intensive consultative services directly to states;
- A State Practices Portal containing a "model" integrity blueprint highlighting integrity practices that should be part of state UI modernization efforts; and
- A Library for the exchange of promising state practices and integrity information.

   FY 2020 Results: ETA reports the UI Integrity Center completed the following actions related to this strategy:
- Provided targeted and intensive services to 29 states to-date including the H-R/H-I states. Operational or policy recommendations to states have been successful with a recommendation implementation rate of 82.8 percent. The State Services team modified its in-person service delivery model for technical assistance to a new virtual delivery model called Virtual State Services (VSS) in light of continued state travel restrictions due to COVID-19. The State Services team has conducted 12 VSS.
- The State Practices Portal includes 96 "model blueprint" state practices representing 29 states and the Library contains over 1,933 published resources.
- In March 2020, the Library published a new micro-collection dedicated to the COVID-19 pandemic and the UI system emergency response that includes over 137 resources.

- Identified 13 practices that have the greatest impact on reducing improper payments, and have promoted their adoption by states.
- Created a four-part document series entitled Top Integrity Practices and Solutions (TIPS) designed to be one-page desk aids highlighting specific challenges to UI integrity operations.
- Created and published two NDNH webinars in June 2020, highlighting successful state practices and common errors.
- On June 1, 2020, issued a technical guide to states outlining specific programmatic best practices for preventing and detecting identity theft, verifying identity, and strengthening internal security.
- On August 6, 2020, released a guide for states' use on the Role of Financial Institutions in UI fraud Detection and Recovery.
- Developed customized claimant videos for states' use to better inform claimants of their UI requirements and responsibilities.
- In FY 2021, ETA and the UI Integrity Center will continue to develop and promote the Integrity Knowledge Exchange.

Strategy 2.3: Provide training to state UI agencies through the UI National Integrity Training Academy.
In February 2017, the UI Integrity Center implemented an online UI National Integrity Training Academy (Academy) that offers program integrity training for state agencies' staff via online modules leading to credentials. In FY 2019, the Academy completed the development of four of its certificate programs (Program Leadership, UI Operations Integrity, Fraud Investigations, and Tax Integrity) on an online eLearning platform. These four completed programs of study offer more than 120 lessons and over 130 hours of training to the UI system.

FY 2020 Results: ETA reports the UI Integrity Center's Academy completed following actions related to this strategy:
- The Academy has awarded certificates to 1,660 enrolled learners in UI Operations Integrity (1,157), UI Fraud Investigations (385), UI Program Leadership (42), and UI Tax Integrity (76).
- Nearly 8,000 state staff have enrolled in training offered by the Academy.
- Training has been a significant need in states struggling to manage the COVID-19 pandemic. The Academy, in collaboration with former state UI Directors, identified existing eLearning lessons that can provide efficient and effective onboarding training for new state UI staff. A "New Hire Training" course bundle was developed and made available to all states in March 2020.
- In partnership with ETA, the Academy designed and built PUA eLearning to assist states in properly administering and processing claims under the new program requirement. This training became available in May 2020.
- The Academy launched its fully online version of the Basic Fraud Investigations Instructor Led Training course. Historically, this class was a three day, in-person training event. Under the new version, states have the option of utilizing a self-paced workbook containing case studies and practice activities. The workbook is downloaded from the Academy's learning management system, completed by the learner, and uploaded for grading by one of the Academy's instructors.

- The Academy, along with the State Engagement Team, worked collaboratively with over 20 states and territories on specific training needs. Customized training bundles, the Academy's Adobe Connect virtual learning platform, and training delivery consultation services have been accessed by states extensively.
- Additionally, the new learning management system, implemented on May 18, 2020, provides easy access to the various training programs to states. This new system has significantly enhanced navigation through a searchable online catalog and provides access to on-demand training available at any time.
- In FY 2021, the Academy will continue to offer online training and develop new training aimed at improving state integrity efforts.

Strategy 2.4: **Develop and test new state messaging tools using behavioral science techniques.**

The UI Integrity Center has awarded two contracts to support states testing behavioral messaging approaches with claimants and employers focused on reducing improper payments for various root causes. Behavioral messaging techniques have proven successful in DOL trials that included simplified messages that increased claimant and employer responsiveness, and encouragement messaging that increased customer participation in reemployment and eligibility assessment programs. During FY 2019, the UI Integrity Center began implementing this strategy as part of its state intensive service plan with the designated H-R/H-I states (see Strategies 1.1 and 2.2 for additional information).

> *FY 2020 Results*: ETA reports the following actions related to this strategy:
> - The UI Integrity Center paused all behavioral science interventions with the H-R/H-I states due to COVID-19-related activities. ETA anticipates this work to resume in FY 2021 (see Strategies 1.1 and 2.2 for additional information).
> - The Department's Chief Evaluation Office (CEO) is also supporting H-R/H-I states in implementing and evaluating behavioral science strategies related to reducing work search improper payments (see Strategy 5.2 for details).
> - The UI Integrity Center's development of the Behavioral Insights toolkit is underway and planned for completion in FY 2021. The toolkit will provide states with information about the behavioral interventions implemented by participating states, with example resources, lessons learned, and best practice tips for adoption.

Strategy 2.5: **Support states in addressing fraud in UI programs, including the CARES Act programs.**

The UI Integrity Center has been actively engaged in supporting states in combatting fraud in all UI programs and helping states implement the CARES Act programs with integrity. It continues to play a vital role in this effort, providing tools, technical assistance, and training to states to detect and prevent improper payments and combat fraud in all UI programs.

> *FY 2020 Results*: ETA reports the UI Integrity Center completed following actions related to this strategy:
> - Conducted reoccurring meetings with states and the OIG to shares alerts on newly identified fraud schemes/activities received through the Fraud Alert System

available on the IDH (see Strategy 2.1 for additional information) and to allow states to share information about their experiences and strategies to address the fraudulent activities.

- Developed new data analytics capabilities using MSCM (see Strategy 2.1 for details) data by identifying patterns that may help detect fraud and sharing the results with states.
- Developed job aids and webinar content for state UI staff, such as offsetting benefit payments to recover overpayments provisions, verifying the accuracy and authenticity of documents, helpful tips on reading financial documents (i.e. 1099's, Tax Filings, etc.), identity verification / identity theft; internal security, and maintaining security of personally identifiable information in a virtual environment.
- Developed a webcast focused on maintaining integrity during critical periods of increased workload.
- Promoted and provided technical assistance to states for the use of datasets available on the IDH for combating fraud (see Strategy 2.1 for details).
- Worked with financial institutions, through which fraudulent UI payments flow, to identify new strategies to help detect fraud and recover fraudulent payments.
- Provided ad-hoc technical assistance and virtual consultations with states on process and procedure review and dissemination of program integrity-related information.
- Connected states with each other to discuss common needs and solutions.
- On May 11, 2020, ETA issued UI Program Letter (UIPL) No. 23-20 reminding states of the program integrity functions required for the regular UI program and to provide states with guidance regarding required program integrity functions for the UI programs authorized under the CARES Act.
- On August 31, 2020, ETA issued UIPL No. 28-20 reminding states of their roles and responsibilities in addressing fraud in the UI system and the techniques and strategies available to assist states with their fraud management operations. The UIPL also announced funding to assist states' in their efforts to prevent and detect fraud and identity theft and recover fraud overpayments in the Pandemic Unemployment Assistance (PUA) and Pandemic Emergency Unemployment Compensation (PEUC) programs.
- In FY 2021, ETA, in partnership with the UI Integrity Center, will continue to work with states to capture and disseminate information on fraud schemes and strategies to prevent/detect and recover fraudulent payments in the CARES Act UI programs.

Section 3.0 – Benefit Year Earnings (BYE) Strategies. This root cause of improper payments concerns payments to individuals who continue to claim benefits after they have returned to work and fail to report earnings. Key to addressing this root cause is ensuring claimants understand their responsibility to report when they return to work along with any earnings and for states to identify as quickly as possible that the claimant has returned to work.

Strategy 3.1: Promote effective National Directory of New Hires (NDNH) cross-matching. States can successfully reduce BYE overpayments by operating effective cross-matching programs, such as the use of NDNH recommended operating procedures (ROPs) for immediate notification of claimants that the state agency is aware they may have returned to work while still claiming benefits. ETA published its initial ROPs in UIPL No. 19-11, and in June, 2019, ETA published enhanced ROPs in UIPL No. 13-19 to assist states with this cross-match. Additionally, in September 2019, the UI Integrity Center hosted a webinar series to provide guidance to states on the enhanced ROPs and to present state best practices in the use of this cross-match.

> *FY 2020 Results:* ETA reports the following actions related to this strategy:
> - Fifty-one (51) out of the fifty-three (53) states are using the NDNH in their integrity operations. Puerto Rico and the U.S. Virgin Islands are currently unable to meet Department of Health and Human Services' system security requirements and are not permitted to access the NDNH data. ETA will continue to work with both to rebuild their capacity to enable them to use NDNH.
> - ETA, in collaboration with the UI Integrity Center, identified states with high BYE errors and which are underutilizing the NDNH cross-match to identify these errors. These states were provided intensive technical assistance and guidance on the use of the NDNH cross-match by the UI Integrity Center.
> - The UI Integrity Center is offering technical assistance to other states as NDNH utilization or reporting issues are identified.
> - The UI Integrity Center delivered two NDNH webinars in September 2019, highlighting best practices and recommended operating procedures for investigation of new hire hits, and focusing on effective investigative techniques for addressing National and State New Hires cross-matches. In June 2020, the UI Integrity Center recorded two additional NDNH webinars, as a review for states, on effective NDNH operating procedures and best practices. All of the webcasts are available to the states via the UI Integrity Center's Knowledge Exchange Library.
> - On September 24, 2020, ETA issued TEN No. 05-20 to remind states of the NDNH ROPs and provide information on resources, tools, and technical assistance available through ETA and the UI Integrity Center.
> - In FY 2021, ETA and the UI Integrity Center will continue working with states to build and improve their capacity to use NDNH.

Section 4.0 – Separation Strategies. The goal of these strategies is to improve timeliness and accuracy of information from employers on the reason for a UI applicant's separation from employment, which states use to make eligibility determinations.

Strategy 4.1: Implementation/expansion of the State Information Data Exchange System (SIDES).
SIDES was developed through the collaborative efforts of state UI agencies, NASWA, ETA, and employers to enable the electronic communication of separation and other UI information between employers and state UI agencies. The system improves the timeliness and quality of separation information from employers, thus reducing the number of improper payments to claimants who are determined to be ineligible for UI due to disqualifying job separations, such as quitting without good cause or discharged for misconduct. NASWA operates SIDES on behalf of the participating states UI agencies.

NASWA developed a marketing toolkit (http://sidesitk.naswa.org/sides) designed to help states identify gaps in SIDES marketing and to enhance employer use; learn about best practices implemented in other states; and connect states to existing NASWA SIDES peer learning opportunities. The UI Integrity Center has included SIDES marketing best practices and toolkit as part of its Integrity Knowledge Exchange Services.

> *FY 2020 Results:* ETA reports the following actions related to this strategy:
> - Currently, 50 state UI agencies are using SIDES for the exchange of separation information with employers or employers' third party administrators (TPAs).
> - ETA, in collaboration with NASWA, hosted a SIDES training seminar March 3-5, 2020, in Kansas City, Missouri. The training seminar and bootcamp sessions presented best practices for state UI agencies and encouraged employer use of SIDES. A total of 138 attendees (99 state staff representing 41 states; 33 integrated partner staff representing 20 companies; and 6 software providers) participated in the training seminar, and 87 attendees (67 state staff representing 38 states; 16 integrated partner staff representing 11 companies; and 4 software providers) participated in the SIDES bootcamp session.
> - ETA will continue to encourage implementation of SIDES Web Services and E-Response by all 53 state UI agencies. This full implementation requirement of SIDES by states has been included in the Integrity Act package submitted to Congress as part of the FY 2021 President's budget request.
> - In FY 2021, to improve and increase employer use of SIDES, the NASWA SIDES team will conduct additional outreach to the employers and employers' third party administrators (TPAs). In addition, ETA will partner with the Integrity Center and the SIDES team to improve states' use of SIDES, while increasing employer use of SIDES by 15 percent.

Section 5.0 – Work Search Strategies. This root cause concerns the failure of claimants to comply with the states' work search requirements. Work search requirements vary significantly among states and are among the most difficult to control and costly for states to monitor.

Strategy 5.1: DOL's Chief Evaluation Office (CEO) work search study.
Work search errors continue to be a primary driver for the high UI improper payment rate. To better understand the causes of work search improper payments and to inform strategies to address these causes, ETA and CEO collaborated to conduct a research study to capture information on state laws and policies, how states communicate and enforce claimant work search requirements, and strategies states have implemented to improve claimant work search compliance. In FY 2019, CEO secured a contract firm to conduct the study. ETA issued UIPL No. 26-13, Change 3, requesting states to provide information pertaining to their work search requirements, and provided the information collection to the CEO contractor. Additionally, the UI Integrity Center developed an assessment of state practices related to work search (messaging, enforcement, support for compliance, etc.). In September 2019, ETA, CEO, and the UI Integrity Center finalized the assessment of state practices and transmitted it to states.

> *FY 2020 Results:* ETA reports the following actions related to this strategy:
> - In December 2019, CEO provided a preliminary study report for ETA review.
> - CEO provided a draft report summarizing overall findings on state policies and practices in March 2020, for ETA review.
> - CEO provided a draft summary study report for review on May 1, 2020, along with other summary documents.
> - ETA and the UI Integrity Center provided comments and suggestions on the draft report in August 2020.
> - ETA anticipates receiving the final report in FY 2021, bringing the work search study to completion.

Strategy 5.2: DOL's Chief Evaluation Office behavioral science trials.
To prevent work search improper payments, claimants must comply with state work search requirements. CEO has conducted new messaging approaches using behavioral science techniques in workforce programs that have proven to be successful in Department of Labor trials in other workforce program areas. The UI program is working with CEO and the UI Integrity Center to develop and implement work search compliance strategies using behavioral science techniques. ETA and CEO selected H-R/H-I states to participate in trials to implement work search compliance strategies using behavioral science.

> *FY 2020 Results:* ETA reports the following actions related to this strategy:
> - The CEO contractor collaborated with the UI Integrity Center (as part of the UI Integrity Center's State Intensive Services) and implemented behavioral science interventions in participating states. Interventions were conducted through March 2020 until states stopped the interventions due to the operational flexibilities provided to waive work search as a result of the Families First Coronavirus Response Act of 2020. The CEO and contractors have reengaged states to obtain the remaining data needed to conclude the project evaluation.

- The CEO provided an update in September 2020 regarding the new timeline, revised data sources, and developed new outcome measures. ETA anticipates completion of this strategy in FY 2021.

Strategy 5.3: Re-envisioning work search requirements in the 21st Century labor market.
Work search errors continue to be one of the top root causes of improper payments. In 2016, the UI program published a Pathway to Reemployment Framework that contained a set of re-envisioned work search requirements that reflect the way individuals search for work and get jobs in the 21st Century labor market, and requirements that are acceptable to meet state eligibility requirements for UI. This framework is available at (https://rc.workforcegps.org/resources/2016/10/03/05/36/Pathway_to_Reemployment_Framework).

In FY 2019, ETA began developing model state work search legislation and framework that builds on the Pathway to Reemployment Framework and issued a TEN to inform states of the model legislation and encourage its adoption. The model state work search legislation and framework promotes state implementation of a broader array of work search activities that support rapid reemployment and supports claimant compliance with work search requirements, including documentation.

> *FY 2020 Results:* ETA reports the following actions related to this strategy:
> - In February 2020, ETA issued TEN No. 17-19 to promote the model state work search legislation as an effective strategy for states to consider implementing. Additionally, the ETA Assistant Secretary sent letters to each state Administrator encouraging states to adopt the model legislation.
> - ETA will continue providing technical assistance to states to reduce work search errors, and encourage work search activities that support rapid reemployment and claimant compliance with work search requirements.

Section 6.0 – Other Root Cause and Recovery Strategies. This section includes additional strategies targeted to specific root causes of UI overpayments, as well as strategies for the recovery of overpayments.

Strategy 6.1: Implementation of the Federal Treasury Offset Program (TOP).
State implementation of TOP permits the recovery of certain unemployment compensation debts due to fraud and certain non-fraud overpayments and delinquent UI tax debt through Federal income tax refund offsets. In August 2019, ETA promoted TOP implementation for the recovery of UI tax debts during its virtual UI tax conference for all state UI agencies.

> *FY 2020 Results:* ETA reports the following actions related to this strategy:
> - Forty-nine (49) state UI agencies and the District of Columbia have implemented TOP and are using it to recover UI overpayments and twenty-six (26) states are using TOP to recover delinquent UI tax debt.
> - For the 2020 reporting period, the UI program reported over $919 million in established overpayments and recovered approximately $760.6 million of those overpayments (an 83 percent recovery rate); over $113 million was recovered through TOP.
> - In FY 2021, DOL will continue to seek full implementation of TOP by all 53 state UI agencies.

Strategy 6.2: Employment Service (ES) Registration technical assistance.
ES Registration errors are a result of UI claimants not enrolled for services with the public workforce system and access to the public jobs bank. They were often the result of information technology system errors that exit a claimant from their required registration with the state Employment Service or job bank after a period of inactivity. ETA continued to provide technical assistance to states on an individual, as needed basis through FY 2020.

> *FY 2020 Results:* ETA reports the following actions related to this strategy:
> - For the 2019 reporting period, the UI program reported an estimated ES Registration rate of 0.15 percent down from the 2018 rate of 0.33 percent (a 54 percent reduction). DOL published these results in the Department's Agency Financial Report in November 2019.
> - ETA will continue to monitor performance on all root causes but will no longer develop corrective actions specific to ES Registration errors due to the significant decrease in this root cause.