Payment Integrity Scorecard

Program or Activity Employment & Training Administration - Federal State Unemployment Insurance	**Reporting Period** Q3 2025	**FY 2024 Overpayment Amount ($M)***	**$4,916**

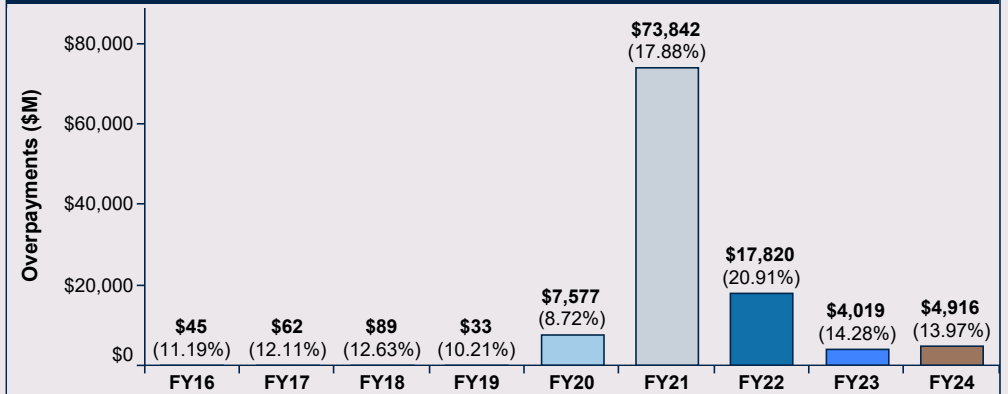*Estimate based a sampling time frame starting 7/2023 and ending 6/2024

Department of Labor
Employment & Training Administration - Federal State Unemployment Insurance

Brief Program Description & summary of overpayment causes and barriers to prevention:

The UC programs provide temporary, partial wage replacement to eligible workers. Programs included in the monetary loss calculation include the traditional state UI, UCFE, UCX, EB, EUC08 benefits, and PEUC and FPUC CARES Act benefits. The top three root causes for OPs in the UC programs are BYE, Work Search, and Separation Issue IPs. Barriers to prevention include (1) statutory requirements, based on sound policy, to provide due process; (2) states must balance legal requirement to pay benefits quickly with requirement to prevent fraud and ensure equitable access; (3) 53 jurisdictions with different IT systems; and (4) increasingly sophisticated/evolving fraud schemes, including identity fraud.

Historical Payment Rate and Amount ($M)
(Overpayment as Percentage of Total Outlays)

Bar chart — Overpayments ($M):
- FY16: $45 (11.19%)
- FY17: $62 (12.11%)
- FY18: $89 (12.63%)
- FY19: $33 (10.21%)
- FY20: $7,577 (8.72%)
- FY21: $73,842 (17.88%)
- FY22: $17,820 (20.91%)
- FY23: $4,019 (14.28%)
- FY24: $4,916 (13.97%)

Discussion of Actions Taken in the Preceding Quarter and Actions Planned in the Following Quarter to Prevent Overpayments

Combating fraud is a priority of this Administration. ETA is dedicated to ensuring states have the necessary tools and resources to combat fraud and reduce improper payments. The UI system has been impacted by an increase in sophisticated and organized fraud over the years, particularly identity fraud. ETA encourages states to employ a multi-layered approach in their fraud prevention efforts, which requires using an array of tools and techniques to identify and prevent fraud prior to paying benefits. However, it's important to note that not all improper payments are fraud. The majority of UI improper payments are caused by non-fraud, eligibility-related issues such as work search, benefit year earnings, and separation errors. ETA's actions to improve UI program integrity include reinforcing existing integrity requirements, monitoring to hold states accountable, and providing states with resources and supports. ETA is invested in increasing collaboration across government agencies to enhance UI integrity tools and make these tools available to aid states in more quickly identifying potential improper payments and fraud. ETA has and continues to work closely with Treasury's Bureau of Fiscal Services to provide states with access to Do Not Pay's critical payment integrity data sources and services.

	Accomplishments in Reducing Overpayment	Date
1	Executed a Data Sharing Agreement with another federal agency to provide states with access to two new critical payment integrity data sources/services.	Apr-25
2	The 2025 UI SIDES Seminar was hosted for states, employers, and TPAs from April 22-24, 2025, and highlighted promising state practices focused on improving UI program integrity.	Apr-25
3	Held a webinar for states to learn more about accessing and using the new payment integrity data sources/services accessible through the Integrity Data Hub.	Jun-25

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Program or Activity
Employment & Training Administration - Federal State Unemployment Insurance

Reporting Period
Q3 2025

	Goals towards Reducing Overpayments	Status	ECD
1	ETA began onboarding states to an IDH Participation Agreement amendment, which includes the two new data sources and services provided under the partnership with Do Not Pay.	On-Track	Sep-25
2	ETA continued to support enhancements to the IDH to continuously improve fraud prevention and detection and reduce UI improper payments.	On-Track	Sep-25

	Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1	Recovery Activity	Provide technical assistance (TA) to states on overpayment recovery methods & best practices & find opportunities to streamline state recovery efforts.	ETA continues to provide TA to states (as needed) regarding required & recommended recovery activities.
2	Recovery Activity	Continue to work closely with federal law enforcement and banks/financial institutions to streamline recovery efforts and facilitate the return of UI funds.	ETA continues to ensure connect states with law enforcement and/or banks to facilitate the return of UI funds.
3	Recovery Activity	Pursue legislative changes to support and enhance state overpayment recovery efforts.	ETA continues providing legislative TA to key stakeholders & promoting those proposals.

Amt($)	Root Cause of Overpayment	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
$3,933M	Overpayments outside the agency control that occurred because of an Inability to Access the Data/Information Needed.	Statutory barriers, established for good policy reasons require payments "when due", prohibiting states from suspending payments until official state determination that payments are no longer due. UI is not administered at the Federal level.	Training – teaching a particular skill or type of behavior; refreshing on the proper processing methods.	Provide states access to effective tools, technology, resources, and solutions; offering states enhanced technical assistance to prevent/detect IPs and fraud and to reduce IPs due to issues that were not detectable by normal procedures.
$876M	Overpayments within agency control that occurred because of a Failure to Access Data/Information Needed.	State agency identified issue but didn't properly follow procedures/complete forms and/or provided incorrect info - didn't resolve issue. Or result of 3rd-party error/incorrect info. OPs originate from state agency administration issues, not Federal.	Audit - process for assuring an organization's objectives of operational effectiveness, efficiency, reliable financial reporting, and compliance with laws, regulations, and policies.	Hold states accountable through performance measures and require corrective action for not meeting targets; provide oversight and TA; share best practices; enhance training/resources to improve UC knowledge and reduce IPs due to state agency errors.
$106M	Overpayments within agency control that occurred because of an Inability to Access the Data/Information Needed.	State agency had detected payment error as result of crossmatch with state or national files and had taken official action to establish overpayment for recovery before investigation or state was in the process of resolving the error prior to sample selection.	Predictive Analysis - A data analytics technique used to prevent Improper Payments. It uses predictive capabilities to identify unobserved attributes that lead to suspicion of Improper Payments based on known Improper Payments.	Promote state strategies to improve use of cross-matching and data analytics to prevent and detect fraud and provide enhanced crossmatches for states' use to ensure UI benefit payments are only made to eligible individuals and reduce IPs.

ETA is focused on reducing fraud, waste, and abuse across our nation's UI system and is committed to strengthening UI program integrity, ensuring UI benefits are provided only to eligible workers. ETA continues to actively and aggressively address fraud and improper payments in UI programs by providing oversight and support to states. ETA continues working to make additional payment integrity data sources available to states through the IDH to improve states' ability to identify and prevent fraud and improper payments. Additionally, the Department continues to assess and evaluate UI fraud risks in alignment with GAO's Fraud Risk Framework and update the UI Integrity Strategic Plan with evolving antifraud strategies to combat emerging fraud threats and newly identified risks.