

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION Unemployment Insurance
	CORRESPONDENCE SYMBOL OUI/DPM
	DATE November 2, 2021

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 2-22

TO: STATE WORKFORCE AGENCIES

FROM: ANGELA HANKS /s/
Acting Assistant Secretary

SUBJECT: Grant Opportunity to Support States Following a Consultative Assessment for Fraud Detection and Prevention, Promoting Equitable Access, and Ensuring the Timely Payment of Benefits, including Backlog Reduction, for all Unemployment Compensation (UC) Programs.

1. **Purpose.** To notify State Workforce Agencies of the availability of up to \$200 million in funding to support states in improving UC systems and processes following a consultative assessment with a team of experts provided by the U.S. Department of Labor’s (Department) Employment and Training Administration (ETA).

2. **Action Requested.** The Department requests that State Workforce Agency Administrators:

- Review the funding opportunity and coordinate with appropriate state staff to determine if the state will apply for funds under this solicitation;
- Submit the SF-424 by e-mail to covid-19@dol.gov by the close of business within 30 days after the state and ETA agree on the assessment recommendations to implement, with an electronic copy to the appropriate ETA Regional Office. The subject line of the e-mail should include the name of the state and the title “UI Tiger Team Grant 2021;”
- Express interest in a Tiger Team consultative process by March 31, 2022 or they may forfeit their opportunity for the grant funding allocation provided under this guidance.

3. **Summary and Background.**

- a. Summary – The Department is making up to \$200 million available in grants to support states with improving UC systems and processes that achieve the following goals: 1) preventing, detecting, and recovering funds from fraud; 2) promoting equitable access; and 3) ensuring the timely payment of benefits as well as activities to reduce workload backlogs, for all UC programs. States must first engage with the Department to complete a consultative assessment of their UC program. During this assessment the Department will leverage a multi-disciplinary team of experts (*i.e.*, Tiger Teams) designed specifically to analyze state UC systems and process challenges. The Tiger Teams will work with states to identify areas to enhance their existing efforts towards achieving these three goals and make actionable recommendations for the states to implement. If

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needed, the Department and state will negotiate which of these recommendations to implement (*i.e.*, negotiated recommendations). States, after having completed this consultative assessment, must then use these funds to implement negotiated recommendations. States may also use other funds to implement the negotiated recommendations. In addition to implementing the recommendations of the Tiger Team, states may request permission from the Department to use any excess funds from these grants to further support the three goals of improving UC systems and processes.

- b. Background – On March 11, 2021, the President signed the American Rescue Plan Act of 2021 (ARPA) into law (Public Law (Pub. L.) 117-2). Section 9032, ARPA, creates a new Section 2118 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Pub. L. 116-136) and provides for a \$2,000,000,000 appropriation to the Secretary of Labor (Secretary) to detect and prevent fraud, to promote equitable access, and to ensure timely payment of benefits to eligible workers with respect to UC programs. Such funds may be used for federal administrative costs; system-wide infrastructure investment and development; and to make grants to states or territories administering UC programs for such purposes, including the establishment of procedures or the building of infrastructure to verify or validate identity, implement federal guidance regarding fraud detection and prevention, and accelerate claims processing or process claims backlogs due to the pandemic.

As a reminder, states must refer allegations which they reasonably believe constitute UC fraud, waste, abuse, mismanagement, or misconduct to the Department’s Office of Inspector General (DOL-OIG). Additionally, states are required to disclose confidential UC information related to the CARES Act, as amended, to DOL-OIG for the purpose of UC fraud investigations and audits for the entire pandemic relief period. *See* Unemployment Insurance Program Letter (UIPL) No. 04-17, Change 1. States should actively and regularly share information about suspected fraud with other state UI agencies and with local, state, and federal law enforcement, in accordance with 20 CFR Part 603.

Promoting Program Equity. As states consider additional tools to incorporate into their operations, equitable access to unemployment benefits must be at the forefront of the decision-making process, in line with Executive Order (EO) 13985 of January 2021, and UIPL Nos. 02-16 and 02-16, Change 1. At the most fundamental level, equity within the UC program means the provision of UC payments to eligible workers, regardless of one’s background, in a timely and fair manner, with an application process that is readily accessible to all workers. In the context of fraud management, equitable access means that there are alternatives to digital mechanisms of identity proofing; that the mechanisms used to prove identity or flag for fraud do not contain racial, gender, or other bias; and that data and evaluations are available to understand the impact, if any, of fraud mitigation on the equitable access to benefits for all eligible individuals.

Funds made available under this UIPL are provided in addition to the ARPA Fraud Prevention Grant 2021 made available with UIPL No. 22-21 and the UI Equity Grant 2021 made available with UIPL No. 23-21, as well as the funds made available with

respect to preventing and detecting fraud and recovering overpayments for the Pandemic Unemployment Assistance (PUA) and Pandemic Emergency Unemployment Compensation (PEUC) programs (*see* UIPL Nos. 28-20; 28-20, Change 1; and 28-20, Change 2).

4. **ETA “Tiger Team” Initiative.** Upon receiving a state’s commitment to participate in the consultative assessment the Department will assign a Tiger Team to review the state’s unemployment insurance (UI) infrastructure, claims and payment processes, information technology (IT) capabilities, communications, and any changes in laws and policies to achieve the three goals of: 1) preventing, detecting, and recovering funds from fraud; 2) promoting equitable access; and 3) ensuring the timely payment of benefits as well as activities to reduce workload backlogs, for all UC programs. Based on this review, the Tiger Team will recommend solutions to the state that may include activities such as work flow adjustments, process improvements, technology updates, and/or communication revisions. After having completed this consultative assessment, the state may then use allowable funds and request these grant funds to implement the agreed upon recommendations.
- a. **Composition of Tiger Teams and the Consultative Assessment Approach.** Each Tiger Team is comprised of experts including a Fraud Specialist, Equity/Customer Experience Specialist, Unemployment Insurance (UI) Program Specialist, Business Intelligence Analysts, Computer Systems Engineer/Architect, and Project Manager. The Department will deploy a dedicated Tiger Team to work in collaboration with the state to conduct an intensive discovery process to quickly pinpoint challenges and propose recommended solutions. The expectation is that the consultative assessment will aid the state in addressing immediate needs and issues that will lead to achieving quick “wins” such as near-term improvements in customer experiences, improved operational processes, and improved fraud prevention and detection. As much as possible, these recommendations will be achievable using the state’s existing technological infrastructure.

The engagement will last approximately eight weeks and will include three phases: 1) a four-week discovery phase, 2) a two-week analysis phase and 3) a two-week phase to generate and prioritize recommendations. States should expect to provide the highest level of direct staff involvement in the first phase with lesser time commitments in the second and third phases.

In addition to the time commitment for state staff, documentation and resources expected from states to facilitate the consultative assessment may include:

- Information and data related to current challenges;
- Benefits system documentation and maps;
- Risk control matrices and risk registers;
- List of third-party data sources;
- Training materials and manuals;
- Business process documentation and process maps;
- Results of any previous Business Process Reengineering efforts;

- Call center Service Level Agreement (SLA) documents and performance metrics;
 - State-specific UI program operational metrics;
 - Call center and website customer satisfaction survey results; and/or
 - Overpayment and recoveries data.
- b. **Identifying States for Participation.** The Department anticipates the capacity to provide Tiger Team consultative assessments to six states at a time, with the duration of the services to last approximately eight weeks.

Initially, states will be selected on a first-come, first-served basis upon expressing interest in a Tiger Team consultative assessment. States may volunteer to participate at any time by contacting covid-19@dol.gov and copying the appropriate ETA Regional Office. **States must express interest in a Tiger Team consultative process by March 31, 2022 or they may forfeit their opportunity for the grant funding allocation.**

ETA may also identify states to receive a Tiger Team consultative assessment based upon feedback from ETA Regional Offices and/or an evaluation of a state's performance. ETA will reach out to those states to determine if they are interested in participating in the consultative assessment. **ETA may select states for participation after March 31, 2022 and such selected states will still have access to the grant funding allocation.**

- c. **Next Steps after the Consultative Assessment.** Once the Tiger Team makes recommendations, the Department will work with the states to determine the recommendations that the state will begin implementing. The negotiated recommendations will become the subject of grant funding under this UIPL.

5. Funding for States to Implement Tiger Team Recommendations. This section discusses the amount available to states, allowable uses of funds, application instructions, and reporting requirements.

- a. **Amount Available to States.**¹ The Department is providing up to \$200 million to states that participate in a Tiger Team consultative assessment and then agree to implement agreed upon recommendations. The methodology for state funding levels is based on the size of UI covered employment in the state. For purposes of this methodology, states are assigned to four groups (Small, Medium, Large, and Extra Large) based on the 12-month average of UC covered employment for the four quarters in calendar year 2020 reported on the ES 202 (Employment, Wages and Contributions). States are assigned to groups as follows:

- Small: covered employment under 1 million employees
- Medium: covered employment between 1 million and 2 million employees

¹ Since Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau do not operate regular UC programs, this grant opportunity is not being made available to these jurisdictions.

- Large: covered employment between 2 million and 7 million employees
- Extra Large: covered employment greater than 7 million employees

Attachment I lists the amount of funding available for each state.

- b. **Allowable Uses of Funds.** States, after having completed this consultative assessment, will use these funds to implement the recommendations upon which the state and the Department have agreed. States may also use other funds to implement negotiated recommendations. States should expect that the negotiated recommendations will be prioritized and tied to outcome metrics, as agreed upon by the Department and the states.
- i. Recommendations from the consultative assessment will focus on the areas of: 1) preventing, detecting, and recovering funds from fraud; 2) promoting equitable access; and 3) ensuring the timely payment of benefits, as well as activities to reduce workload backlogs, for all UC programs. Possible recommendations may include, but are not limited to:
- Redesign of critical process work flows;
 - Implementation and enhancement of identity proofing tools;
 - Enhancements to reduce manual work processes where appropriate;
 - Retooling of claimant and/or employer communications (*e.g.*, state workforce agency website or outgoing correspondence) to improve clarity, incorporate behavioral insights, and promote plain language;
 - Implementation of automation tools;
 - Developing and hosting training for staff as new processes, tools and/or strategies are developed;
 - Strengthening recovery efforts through forfeiture and financial institution coordination; and
 - Developing and executing communication plans to educate the public as new processes, tools, and/or strategies are implemented.
- ii. As stated above, states should expect that the negotiated recommendations will be tied to outcome metrics which may include, but are not limited to:
- **Increased Reciprocity Rate for Individuals with Barriers to Access.** The state may be asked to commit to increasing the reciprocity rates for UC programs and/or improving parity of reciprocity rates when comparing across demographic groups (*see* UIPL No. 02-16 and 02-16, Change 1).
 - **Improved Timeliness of Issuing First Payments and/or Resolving Nonmonetary Determinations.** The state may be asked to commit to improving the timeliness of issuing first payments and/or resolving nonmonetary determination issues for UC programs and/or improving parity of timeliness rates when comparing across demographic groups.

- **Improved Fraud-Related Activity Accuracy.** The state may be asked to commit to improved accuracy of fraud “hits” (*i.e.*, fewer false positives for fraud) to be adjudicated across UC programs and/or improved parity of fraud rates when comparing across demographic groups. This could include a metric measuring access for individuals with barriers to access, such as the provision of efficient and timely alternative access methods for those individuals that are timely and free of charge for the individual.
- **Improved Recovery Efforts for Benefit Overpayments.** A state may be asked to commit to improving amounts of benefit overpayments recovered, including through the use of forfeiture and coordination with financial institutions. Additionally, a state may be asked to commit to enhancing reporting of outcomes on the amount of fraud prevented through improved efforts.
- **Improved Nonmonetary Adjudication Quality.** A state may be asked to commit to improving the quality of nonmonetary adjudication for UC programs and/or improving parity of nonmonetary adjudication quality when comparing across all demographic groups.

In addition to implementing the negotiated recommendations, states may request permission from the Department to use any excess funds to further support improving UC systems and processes so as to further achieve the three ARPA goals described above.

- c. **Application Instructions.** States are required to submit an SF-424 (OMB No. 4040-0004) https://apply07.grants.gov/apply/forms/sample/SF424_4_0-V4.0.pdf. ETA encourages states to submit this form within 30 days after the state and ETA agree on the assessment recommendations to implement, by electronic submission to the ETA National Office at covid-19@dol.gov with a copy to the appropriate ETA Regional Office. For additional information on completing the SF-424, please refer to Attachment II.

In addition to the SF-424, states must include a Project Synopsis for each of the negotiated recommendations. For additional information on preparing the Project Synopsis, please refer to Attachment III. States will be funded for each negotiated recommendation, in the listed order of priority, up to the amount provided in Attachment I.

- d. **Reporting Requirements.** States must provide a narrative Quarterly Progress Report (ETA 9178-ARPA) and Quarterly Financial Report (ETA 9130) containing updates on the progress and implementation of each grant project. The form ETA 9178-ARPA is provided in Attachment IV. ETA will use the ETA 9178-ARPA report to track each state’s progress in implementing negotiated recommendations with the funds provided under this UIPL, ensuring that a state’s use of funds is consistent with the allowable use of funds outlined in Section 5.b. of this UIPL.

States must provide ETA with an ETA 9178-ARPA narrative update that identifies the specific negotiated recommendations being implemented and to report specific outcome metrics as they relate to those activities (*see* Section 5.b. of this UIPL). Please refer to Attachment IV for instructions for completion and the timeline for submission for the ETA 9178-ARPA.

6. **Inquiries.** Please direct inquiries to covid-19@dol.gov with a copy to the appropriate ETA Regional Office.

7. **References.**

- American Rescue Plan Act of 2021 (ARPA), including Title IX, Subtitle A, Crisis Support for Unemployed Workers (Pub. L. 117-2);
- Consolidated Appropriations Act, 2021, including Division N, Title II, Subtitle A, the Continued Assistance for Unemployed Workers Act of 2020 (Pub. L. 116-260);
- Coronavirus Aid, Relief, and Economic Security (CARES) Act (Pub. L. 116-136), Title II, Subtitle A – Relief for Workers Affected by Coronavirus Act;
- Executive Order 13985 of January 20, 2021; 86 FR 7009, page 7009-7013, <https://www.federalregister.gov/documents/2021/01/25/2021-01753/advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government>;
- UIPL No. 23-21, *Grant Opportunity for Promoting Equitable Access to Unemployment Compensation (UC) Programs*, issued August 17, 2021, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=7400;
- UIPL No. 22-21, *Grant Opportunity to Support States with Fraud Detection and Prevention, Including Identity Verification and Overpayment Recovery Activities, in All Unemployment Compensation (UC) Programs*, issued August 11, 2021, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=4240;
- UIPL No. 14-21, Change 1, *State Responsibilities After the Temporary Unemployment Benefit Programs under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as amended, End Due to State Termination of Administration or When the Programs Expire*, issued July 12, 2021, https://wdr.doleta.gov/directives/corr_doc.cfm?docn=9502;
- UIPL No. 14-21, *American Rescue Plan Act of 2021 (ARPA) - Key Unemployment Insurance (UI) Provisions*, issued March 15, 2021, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=5669;
- UIPL No. 09-21, *Continued Assistance for Unemployed Workers Act of 2020 (Continued Assistance Act) - Summary of Key Unemployment Insurance (UI) Provisions*, issued December 30, 2020, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=3831;
- UIPL No. 28-20, Change 2, *Additional Funding to Assist with Strengthening Fraud Detection and Prevention Efforts and the Recovery of Overpayments in the Pandemic Unemployment Assistance (PUA) and Pandemic Emergency Unemployment Compensation (PEUC) Programs, as well as Guidance on Processes for Combatting Identity Fraud*, issued August 11, 2021, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=7207;

- UIPL No. 28-20, Change 1, *Additional Funding for Identity Verification or Verification of Pandemic Unemployment Assistance (PUA) Claimants and Funding to Assist with Efforts to Prevent and Detect Fraud and Identity Theft as well as Recover Fraud Overpayments in the PUA and Pandemic Emergency Unemployment Compensation (PEUC) Programs*, issued January 15, 2021, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=9897;
- UIPL No. 28-20, *Addressing Fraud in the Unemployment Insurance (UI) System and Providing States with Funding to Assist with 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*, issued August 31, 2020, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=8044;
- UIPL No. 23-20, *Program Integrity for the Unemployment Insurance (UI) Program and the UI Programs Authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 - Federal Pandemic Unemployment Compensation (FPUC), Pandemic Unemployment Assistance (PUA), and Pandemic Emergency Unemployment Compensation (PEUC) Programs*, issued May 11, 2020, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=4621;
- UIPL No. 02-16, Change 1, *State Responsibilities for Ensuring Access to Unemployment Insurance Benefits, Services, and Information*, issued May 11, 2020, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=5491;
- UIPL No. 02-16, *State Responsibilities for Ensuring Access to Unemployment Insurance Benefits*, issued October 01, 2015, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=4233;
- UIPL No. 01-16, Change 1, *Federal Requirements to Protect Claimant Rights in State Unemployment Compensation Overpayment Prevention and Recovery Procedures - Questions and Answers*, issued January 13, 2017, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=7706;
- UIPL No. 01-16, *Federal Requirements to Protect Individual Rights in State Unemployment Compensation Overpayment Prevention and Recovery Procedures*, issued October 1, 2015, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=5763;
- UIPL No. 19-11, *National Effort to Reduce Improper Payments in the Unemployment Insurance (UI) Program*, issued June 10, 2011, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=3036; and
- UIPL No. 12-01, Change 2, *States' Ability to Exercise Flexibility in Staffing Models for the Performance of Certain Unemployment Compensation (UC) Administrative Activities*, issued January 8, 2021, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=8998.

8. Attachment(s).

- Attachment I: State Size Classifications and Funding Allocation for UI Tiger Team Recommendations Grants.
- Attachment II: Instructions for Completing the SF-424.
- Attachment III: Instructions for Completing the UI Tiger Team Project Synopsis.
- Attachment IV: ETA 9178-ARPA Quarterly Narrative Progress Report.