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| EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210 | CLASSIFICATION Unemployment Insurance |
| | CORRESPONDENCE SYMBOL OUI/DPM |
| | DATE August 11, 2021 |

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 22-21

TO: STATE WORKFORCE AGENCIES

FROM: SUZAN G. LEVINE 
Acting Assistant Secretary

SUBJECT: Grant Opportunity to Support States with Fraud Detection and Prevention, Including Identity Verification and Overpayment Recovery Activities, in All Unemployment Compensation (UC) Programs

1. **Purpose.** To notify State Workforce Agencies regarding the availability of up to \$140 million to support states with fraud detection and prevention, including identity verification and overpayment recovery activities, in all UC programs.
2. **Action Requested.** The U.S. Department of Labor’s (Department) Employment and Training Administration (ETA) requests that State Workforce Agency Administrators:
 - Review the funding opportunity to determine if the state will apply for funds under this solicitation;
 - Coordinate with appropriate state staff to develop a SF-424 under this solicitation;
 - Submit the SF-424 by e-mail to covid-19@dol.gov by the close of business on **September 13, 2021**, with an electronic copy to the appropriate regional office. The subject line of the e-mail should include the name of the state and the title “ARPA Fraud Prevention Grant 2021.”
3. **Summary and Background.**
 - a. **Summary** – The Department is making up to \$140 million available for grants to states to support states with fraud detection and prevention, including identity verification and overpayment recovery activities, in all UC programs. States may use the funds made available under this UIPL to support innovative strategies and solutions to 1) strengthen identity verification of Unemployment Insurance (UI) claimants; 2) enhance fraud detection and prevention strategies; 3) improve data management and analytic capabilities; 4) increase cybersecurity; and 5) expand overpayment recovery efforts.

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| RESCISSIONS None | EXPIRATION DATE Continuing |
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Additionally, as a condition of receiving a grant under this UIPL, states must agree to information disclosure with the Department's Office of Inspector General (DOL-OIG) as described in Section 5.c.i. of this UIPL.

- b. Background – Since the onset of the Coronavirus Disease 2019 (COVID-19) pandemic, the UI program has been an attractive target for international and domestic criminal organizations perpetrating identity fraud. States have worked tirelessly to combat relentless and sophisticated fraud attacks, while simultaneously responding to the highest claims workload in the history of the UI program.

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.

Addressing both eligibility fraud and identity fraud remain a top priority for the Department and the entire UC system. As discussed in UIPL Nos. 23-20; 28-20; 28-20, Change 1; and 28-20, Change 2, ETA strongly encourages states to adopt an array of solutions and techniques to detect and fight fraud, to have robust strategies in place to verify the identity of individuals applying for unemployment benefits, and to strengthen efforts to recover overpayments, including fraudulently paid UC benefits. This includes implementing National Institute of Standards and Technology (NIST)-compliant¹ Identity Assurance Level 2 (IAL2) and Authenticator Assurance Level 2 (AAL2) identity proofing (*see* section 4.b. of this UIPL for more information). States are also encouraged to make use of the tools, resources, and services of the UI Integrity Center, funded by the Department and operated in partnership with the National Association of State Workforce Agencies (NASWA). *See* Training and Employment Notice (TEN) No. 04-20 for further information on the Integrity Data Hub (IDH).

As a reminder, states must refer allegations which they reasonably believe constitute UC fraud, waste, abuse, mismanagement, or misconduct to the DOL-OIG. Additionally, states are required to disclose confidential UC information related to the CARES Act, as amended, to the DOL-OIG for the purpose of UC fraud investigations and audits for the entire pandemic relief period. *See* UIPL No. 04-17, Change 1. States should also

¹ NIST Special Publication (SP) 800-63 provides technical requirements for implementing digital identity services. The publication includes: an overview of identity frameworks; using authenticators, credentials, and assertions in a digital system; and a risk-based process to select assurance levels at <https://pages.nist.gov/800-63-3/sp800-63-3.html>.

actively and regularly share information about suspected fraud with other state UI agencies and with local, state, and federal law enforcement.

ETA is committed to supporting states by providing funding and investing in the most innovative and successful tools and resources to stay ahead of fraud schemes, which includes providing states with options to access NIST-compliant identity proofing and authentication solutions. This includes Blanket Purchase Agreements (BPAs) awarded by the Department that provide the Department with a procurement vehicle to enhance identity proofing in the state's UI programs. In the near future, the Department plans to issue guidance to states on the BPAs and the procedures for the Department to issue orders under those BPAs, in accordance with federal procurement regulations. As part of that ordering process, the Department anticipates working with states to identify particular requirements applicable to a state UI program and to provide for the payment for services ordered using grants made available under this UIPL or another funding source identified by the state subject to requirements of federal appropriations law.

Promoting Program Equity. As states consider additional tools to incorporate into their fraud management 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 is available to understand the impact of fraud mitigation on eliminating barriers that prevent full and equal access to benefits for all eligible individuals.

In the near future, the Department expects to issue additional funding opportunities for promoting equitable access and ensuring the timely payment of benefits with respect to UC programs. States may want to consider these additional funds when preparing their strategies to detect and prevent fraud under this UIPL.

4. **Guidance.** This section provides definitions for different types of fraud, namely eligibility fraud and identity fraud. States are encouraged to implement NIST-compliant processes for identity proofing and authentication to combat identity fraud.

a. **Types of Fraud.** There are primarily two different types of fraud occurring within the UC program.

i. *Eligibility fraud* generally occurs when benefits or services are acquired as a result of false information with the intent to receive benefits for which an individual or individuals would not otherwise be qualified. State law determines how this is evaluated within the UC program. Not all improper payments are considered fraudulent.

ii. *Identity fraud* is when one person acquires and uses the identifying information of another person in order to illegally receive benefits. The fraud can happen either at the time of UI application submission, or by changing key user data like bank account information after a claim has been established. As discussed in UIPL No. 16-21, synthetic identity fraud occurs when real and fake information are combined to create false identities.

b. **National Institute of Standards and Technology (NIST)-compliant IAL2/AAL2 Identity Proofing and Authentication.** The Department strongly encourages all states to implement NIST-compliant identity proofing, specifically IAL2 and AAL2, before claimants start filling out the UI claims application and for re-accessing their account. IAL2 and AAL2 are recommended for UC programs due to the personally identifiable information (PII) collected from individuals and employers. NIST Standard Publication (SP) 800-63 outlines components of identity assurance that states should take into consideration when reviewing available tools/solutions:

- i. *Identity Assurance Level (IAL)* indicates how robust the identity proofing process is and how the identity in question is bound between an authenticator and a specific person. IAL2 requires evidence that supports the real-world existence of the claimed identity and verifies that the applicant is appropriately associated with this real-world identity. IAL2 introduces the need for either remote or physically-present identity proofing and includes filling out personal information (name, address, DOB, etc.) and submitting photos of approved government-issued identification or supporting documents for remote identity proofing.
- ii. *Authenticator Assurance Level (AAL)* refers to the authentication process and indicates the confidence that the person trying to log in is the same person as the person attached to the account. AAL2 indicates the level of security behind the point of access, which requires the proof of possession and control of two distinct authentication methods.

As states are implementing NIST-compliant IAL2/AAL2 identity proofing and authentication services or other identity verification methods, the Department strongly encourages states to include service delivery expectations that mitigate access barriers to individuals. The state must provide at least two options to individuals upfront to verify their identity (*i.e.*, online, by phone, and/or in-person). An example of service delivery expectations that further mitigate access barriers include that incorrect identity proofing by denying the validation of an individual's identity who has accurately represented themselves and submitted to identity proofing requirements (which is an example of a "false positive") shall not exceed 0.5 percent of the total IAL2 identities processed. Timely determinations prevent fraudulent benefit payments while ensuring that qualified and eligible claimants receive benefits as soon as administratively feasible. *See* UIPL Nos. 04-01, 01-16, and 16-21.

5. **Funding for States to Combat Fraud in All UC Programs.** This section discusses the amount available to states, allowable uses of funds, application instructions, and reporting requirements.

a. **Amount Available to States.**² The Department is providing a total of up to \$140 million to states to combat fraud in all UC programs. The methodology for state funding levels is based on 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 UI covered employment for the four quarters in calendar year 2020 reported on the ES 202 (Employment, Wages and Contributions). States are assigned to the size groups as follows:

- Small: covered employment under 1 million employees
- Medium: covered employment between 1 million and 2 million employees
- Large: covered employment between 2 million and 7 million employees
- Extra Large: covered employment greater than 7 million employees

Attachment I lists funding available for each state.

b. **Allowable Use of Funds.** States may use the funds made available under this UIPL to strengthen identity verification of UI claimants, enhance fraud detection and prevention strategies, improve data management and analytic capabilities, increase cybersecurity, and expand overpayment recovery efforts in all UC programs. Examples of permissible uses of these funds include but are not limited to the following activities:

- i. Procuring, implementing, and paying reoccurring subscription costs and/or ongoing maintenance costs of identity verification and fraud detection solutions, such as NIST-compliant IAL2 and AAL2 tool(s)/strategy(ies) that provide identity verification and user authorization of all individuals applying for UC benefits. This includes using such funds to pay for services provided under an order issued by the Department against one of the Department's identity proofing BPAs;
- ii. Implementing or enhancing data analytics capabilities to understand the nature and prevalence of fraud and the impact of fraud mitigation efforts, such as tracking:
 - Current and historical numbers of cases flagged as potential or resolved fraud;
 - Type of fraud (eligibility fraud vs. identity fraud);
 - Type of perpetrators; and
 - Investigation outcomes.

² 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.

- iii. Implementing cross-matching to detect suspicious activity, including synthetic or false identities, and identification of other patterns of fraudulent behavior (*e.g.*, with a state’s own internal data or the IDH Identity Verification (IDV) solution);
- iv. Implementing or enhancing cybersecurity perimeter defense for the websites and web applications responsible for initial application steps and regular certification (*e.g.*, to protect against online bot attacks);
- v. Costs incurred from working with banks and financial institutions to detect suspicious activity, ensure that accounts are not unduly suspended and eligible claimants with suspended claims are paid benefits, and facilitate the expeditious return of improperly paid UC funds;
- vi. Costs incurred to capture and analyze additional data elements to measure the service delivery expectations. This includes capturing any data elements to measure effectiveness and equity outcomes of identity verification and fraud detection and prevention solutions, tools, and actions associated with the use of these funds to ensure that service delivery does not adversely affect people of color, individuals in poverty, and others who may have been historically underserved or marginalized.

Examples include tracking which claims were flagged as potential fraud at any time, the length of time to resolve these investigations, and the outcome of these investigations (*e.g.*, fraud, overpayment but not fraudulent, non-issue (*i.e.*, “false positive”)) by demographic group.

Other examples include reporting data on claimant experience with fraud fighting technology (*e.g.*, speed of identity proofing broken out by subgroups such as race, ethnicity, gender, disability status, geographic location, age).

- vii. Assessing and mitigating disproportionate impact of fraud measures on vulnerable communities such as communities of color, communities with disabilities, limited English proficient and immigrant communities, and certain geographic communities (*e.g.*, rural versus urban).
- viii. Assessing and mitigating security vulnerabilities (*e.g.*, migrating from using PINs to strong passwords, locking accounts after multiple failed login attempts, immediately notifying users when key account information like when a mailing address or bank account is modified);
- ix. Hiring staff or obtaining contract services to conduct fraud investigations, other eligibility fraud and identity fraud detection-related activities, and support overpayment recovery efforts;³

³ Refer to UIPL No. 12-01, Change 2, for states’ ability to exercise flexibility in staffing models after the emergency flexibilities under Section 9015, ARPA, expire on September 6, 2021.

- x. Costs incurred as a result of a state’s participation in forfeiture and seizure efforts of law enforcement agencies (*e.g.*, Department of Justice, United States Secret Service); and
- xi. Administrative expenses incurred by the state to gather business requirements, program computer systems, or otherwise implement tools, strategies, or solutions to strengthen fraud detection, prevention, and recovery efforts.

c. Requirement to Receive Funding.

- i. *Required Disclosure to DOL-OIG.* As discussed in UIPL No. 04-17, Change 1, states must refer allegations which they reasonably believe constitute UC fraud, waste, abuse, mismanagement, or misconduct to the DOL-OIG. Additionally, states are required to disclose confidential UC information related to the CARES Act, as amended, to the DOL-OIG for the purpose of UC fraud investigations and audits for the entire pandemic relief period, which for most states will be weeks of unemployment beginning after January 27, 2020 through weeks of unemployment ending before September 6, 2021.

As a condition of receiving funding through this solicitation, the state must agree to provide all confidential UC information to DOL-OIG for purposes of both investigating fraud and performing audits through weeks of unemployment ending before December 31, 2023.

States may use funds awarded under this UIPL, UI administrative grant under Section 302(a), SSA, or another source of funding to pay for this disclosure. *See* 20 C.F.R. 603.8(b).

d. 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 as soon as possible, but no later than **September 13, 2021**, 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 order to attest compliance with the requirement to receiving this funding under section 5.c.i. of this UIPL, states should check the “I AGREE” box under Item 21 and include the appropriate language in Item 15 as indicated in the instructions for completing the SF-424. Additionally, please note that states should maintain any supporting documentation that serves as evidence for meeting this requirement in this UIPL.

e. **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 as Attachment III. ETA will use the ETA 9178-ARPA report to track each state's progress in addressing fraud with ARPA funds, ensuring that a state's use of funds is consistent with the permissible solutions/activities outlined in section 5.b. of this UIPL, and ensuring fraud prevention solutions/activities do not have a negative impact on access to benefits.

States must provide ETA with an ETA 9178-ARPA narrative update that identifies the specific issue a state's proposed solutions/activities will impact, to report specific outcome metrics as they relate to the solutions/activities, including service delivery expectations that mitigate access barriers to individuals (*see* section 4.b. of this UIPL). Please refer to Attachment III for instructions for completion and the timeline of submission for the ETA 9178-ARPA.

A note for states participating in the Department's identity proofing BPAs. States that participate in the Department's identity proofing BPAs may be subject to additional terms and conditions. The terms and conditions of any grant issued in accordance with this UIPL shall be read in harmony with, and as complementary to, the terms and conditions set forth in the identity proofing order and corresponding BPA.

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

6. **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;
- Section 303 of the Social Security Act (42 U.S.C. 503);
- 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. 19-21, *Benefits Held by Banks and Financial Institutions as a Result of Suspicious and/or Potentially Fraudulent Activity and the Proportional Distribution Methodology Required for Recovering/Returning Federally Funded Unemployment Compensation (UC) Program Funds*, issued May 04, 2021, https://wdr.doleta.gov/directives/corr_doc.cfm?docn=9571;
- UIPL No. 16-21, *Identity Verification for Unemployment Insurance (UI) Claims*, issued April 13, 2021, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=9141;

- 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. 16-20, Change 5, *Expanded Eligibility Provisions for the Pandemic Unemployment Assistance (PUA) Program*, issued February 25, 2021, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=3202;
- UIPL No. 16-20, Change 4, *Continued Assistance to Unemployed Workers Act of 2020 —Pandemic Unemployment Assistance (PUA) Program: New Operating Instructions and Reporting Changes*, issued January 8, 2021, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=6973;
- UIPL No. 16-20, Change 3, *Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 - Eligibility of Individuals who are Caregivers for Pandemic Unemployment Assistance (PUA) in the Context of School Systems Reopening*, issued August 27, 2020, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=3849;

- UIPL No. 16-20, Change 2, *Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 - Pandemic Unemployment Assistance (PUA) Additional Questions and Answers*, issued July 21, 2020, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=5479;
- UIPL No. 16-20, Change 1, *Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Pandemic Unemployment Assistance (PUA) Program Reporting Instructions and Questions and Answers*, issued April 27, 2020, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=5899;
- UIPL No. 16-20, *Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Pandemic Unemployment Assistance (PUA) Program Operating, Financial, and Reporting Instructions*, issued April 5, 2020, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=4628;
- UIPL No. 14-20, *Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Summary of Key Unemployment Insurance (UI) Provisions and Guidance Regarding Temporary Emergency State Staffing Flexibility*, issued April 2, 2020, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=3390;
- UIPL No. 04-17, Change 1, *Requirement for States to Refer Allegations of Unemployment Compensation (UC) Fraud, Waste, Abuse, Mismanagement, or Misconduct to the Department of Labor's (Department) Office of Inspector General's (DOL-OIG) and to Disclose Information Related to the Coronavirus Aid, Relief, and Economic Security (CARES) Act to DOL-OIG for Purposes of UC Fraud Investigation and Audits*, issued August 3, 2021, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=5817;
- 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;
- UIPL No. 29-05, *Memorandum of Understanding Regarding Unemployment Insurance Criminal Investigations Between the U.S. Department of Labor's Office of Inspector General and the Employment and Training Administration*, issued August 2, 2005, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=2104;
- 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;
- UIPL No. 04-01, *Payment of Compensation and Timeliness of Determinations during a Continued Claims Series*, issued October 27, 2000,
https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=1746;
 - TEN No. 04-20, *Encouragement for States to Use the Integrity Data Hub (IDH) available through the Unemployment Insurance (UI) Integrity Center*, issued August 31, 2020, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=3588;
 - TEN No. 03-20, *Unemployment Insurance (UI) Integrity Center's Integrity Data Hub (IDH) Fraud Alert System*, issued August 31, 2020,
https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=5585; and
 - Employment Security Manual, Section 7511, *The Secretary's Interpretation of Federal Law Requirements*, available at 20 C.F.R. Part 614, Appendix C, *Standard for Fraud and Overpayment Detection*.

7. Attachment(s).

- Attachment I: State Size Classifications and Funding Allocation to Support States with Fraud Detection and Prevention, Including Identity Verification and Overpayment Recovery Activities, in All Unemployment Compensation (UC) Programs;
- Attachment II: Instructions for Completing the SF-424; and
- Attachment III: ETA 9178-ARPA Quarterly Narrative Progress Report.

State Size Classifications and Funding Allocation to Support States with Fraud Detection and Prevention, Including Identity Verification and Overpayment Recovery Activities, in All Unemployment Compensation (UC) Programs

| State | Size Classification | UC Fraud Funding Allotment |
|----------------------|---------------------|----------------------------|
| Alabama | Medium | \$2,456,000 |
| Alaska | Small | \$1,228,000 |
| Arizona | Large | \$3,684,000 |
| Arkansas | Medium | \$2,456,000 |
| California | Extra Large | \$4,914,000 |
| Colorado | Large | \$3,684,000 |
| Connecticut | Medium | \$2,456,000 |
| Delaware | Small | \$1,228,000 |
| District of Columbia | Small | \$1,228,000 |
| Florida | Extra Large | \$4,914,000 |
| Georgia | Large | \$3,684,000 |
| Hawaii | Small | \$1,228,000 |
| Idaho | Small | \$1,228,000 |
| Illinois | Large | \$3,684,000 |
| Indiana | Large | \$3,684,000 |
| Iowa | Medium | \$2,456,000 |
| Kansas | Medium | \$2,456,000 |
| Kentucky | Medium | \$2,456,000 |
| Louisiana | Medium | \$2,456,000 |
| Maine | Small | \$1,228,000 |
| Maryland | Large | \$3,684,000 |
| Massachusetts | Large | \$3,684,000 |
| Michigan | Large | \$3,684,000 |
| Minnesota | Large | \$3,684,000 |
| Mississippi | Medium | \$2,456,000 |
| Missouri | Large | \$3,684,000 |
| Montana | Small | \$1,228,000 |
| Nebraska | Small | \$1,228,000 |
| Nevada | Medium | \$2,456,000 |
| New Hampshire | Small | \$1,228,000 |
| New Jersey | Large | \$3,684,000 |
| New Mexico | Small | \$1,228,000 |
| New York | Extra Large | \$4,914,000 |
| North Carolina | Large | \$3,684,000 |
| North Dakota | Small | \$1,228,000 |
| Ohio | Large | \$3,684,000 |
| Oklahoma | Medium | \$2,456,000 |
| Oregon | Medium | \$2,456,000 |
| Pennsylvania | Large | \$3,684,000 |
| Puerto Rico | Small | \$1,228,000 |

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|-------------------|-------------|----------------------|
| Rhode Island | Small | \$1,228,000 |
| South Carolina | Medium | \$2,456,000 |
| South Dakota | Small | \$1,228,000 |
| Tennessee | Large | \$3,684,000 |
| Texas | Extra Large | \$4,914,000 |
| Utah | Medium | \$2,456,000 |
| Vermont | Small | \$1,228,000 |
| Virgin Islands | Small | \$1,228,000 |
| Virginia | Large | \$3,684,000 |
| Washington | Large | \$3,684,000 |
| West Virginia | Small | \$1,228,000 |
| Wisconsin | Large | \$3,684,000 |
| Wyoming | Small | \$1,228,000 |
| U.S. TOTAL | | \$140,000,000 |

Instructions for Completing the SF-424

I. Application for Federal Assistance (SF-424)

Use the current version of the form for submission. Expired forms will not be accepted. SF-424, Expiration Date 12/31/2022, Office of Management and Budget (OMB) Control No. 4040-0004 (Grants.gov).

https://apply07.grants.gov/apply/forms/sample/SF424_4_0-V4.0.pdf.

Section # 8, APPLICANT INFORMATION:

- **Legal Name:** The legal name must match the name submitted with the System for Award Management (SAM). Please refer to instructions at <https://www.sam.gov/SAM/>.
- **Employer/Tax Identification Number (EIN/TIN):** Input your correct 9-digit EIN and ensure that it is recorded within SAM.
- **Organizational DUNS:** All applicants for Federal grant and funding opportunities are required to have a 9-digit Data Universal Numbering System (D-U-N-S®) number, and must supply their D-U-N-S® number on the SF-424. Please ensure that your state is registered with the SAM. Instructions for registering with SAM can be found at <https://www.sam.gov/SAM/>. Additionally, the state must maintain an active SAM registration with current information at all times during which it has an active Federal award or an application under consideration. To remain registered in the SAM database after the initial registration, there is a requirement to review and update the registration at least every 12 months from the date of initial registration or subsequently update the information in the SAM database to ensure it is current, accurate, and complete. Failure to register with SAM and maintain an active account will result in a rejection of your submission.
- **Address:** Input your complete address including Zipcode+4; Example: 20110-831. For lookup, use link at <https://tools.usps.com/go/ZipLookupAction!input.action>.
- **Organizational Unit:** Input appropriate Department Name and Division Name, if applicable.
- **Name and contact information of person to be contacted on matters involving this application.** Provide complete and accurate contact information including telephone number and email address for the point of contact.

Section # 9, Type of Applicant 1: Select Applicant Type: Input “State Government”.

Section # 10, Name of the Federal Agency: Input “Employment and Training Administration”.

Section # 11, Catalog of Federal Domestic Assistance Number: Input “17.225”;
CFDA Title: Input “Unemployment Insurance”.

Section # 12, Funding Opportunity Number and Title: Input “ARPA Fraud Prevention Grant 2021”.

Section # 13, Competition Identification Number: Leave Blank.

Section # 14, Areas Affected by Project: Input the place of performance for the project implementation; Example “NY” for New York.

Section # 15, Descriptive Title of Applicant’s Project:

- Input “ARPA Fraud Prevention Grant 2021”.

- Additionally, input: “State attests to meeting the requirement to receive funding as described in UIPL No. 22-21.”

Section # 16, Congressional Districts of:

- a. Applicant: Input the Congressional District of your home office. For lookup, use link at www.house.gov with Zipcode + 4.
- b. Program/Project: Input the Congressional District where the project work is performed. If it is the same place as your home office, input the congressional district for your home office. For lookup, use link at www.house.gov with Zipcode+4.

Section # 17, Proposed Project Dates

- a. Start Date: Input a valid start date for the project (earliest start date will be October 1, 2021).
- b. End Date: Input a valid end date for the project (September 30, 2023).

Section # 18, Estimated Funding (\$):

Input the applicable funding allotment as listed for your state in Attachment I.

Section #s 19 – 20: Complete as per instructions for Form SF-424.

Section # 21, Authorized Representative: Please select the “I AGREE” check box and provide complete information for your authorized signatory including contact information such as telephone number and email address. If your Authorized Representative has changed from your previous application submission for this program, please include a letter from higher-level leadership authorizing the new signatory for the application submission.

Remember to have the SF-424 signed and dated by the Authorized Representative.

Attachment III to UIPL No. 22-21

Form ETA 9178-ARPA

U.S. Department of Labor (DOL)
 Employment and Training Administration
 Form ETA 9178-ARPA

OMB No. N/A⁴
 Expiration Date: N/A

**Quarterly Narrative Progress Report
 American Rescue Plan Act (ARPA) Grants**

| General Information | | | | | | | | | |
|-----------------------------|--|----------------------|---------------------|-------------------------------|--|----------------------------|--|--|--|
| State Name: | | Grant Number: | | Report Quarter Ending: | | Date of Submission: | | | |
| | | | | | | | | | |
| Project Name: | | | UIPL Number: | | | | | | |
| | | | | | | | | | |
| Project Contact Information | | | | | | | | | |
| Name: | | | | Agency: | | | | | |
| Title | | | | Address: | | | | | |
| Phone: | | | | Ext: | | | | | |
| | | | | City: | | | | | |
| E-Mail: | | | | | | State: | | | |
| | | | | | | Zip Code: | | | |

Project Report

A. Summary of Project

Please limit your response to 1000 characters or less.
 States must use this section to provide a detailed executive summary of the project/activity/solution (project). Each funded project will have its own separate quarterly progress report (ETA 9178-ARPA) through the quarter the project ends. States must use this section to provide a short summary of the project’s purpose. This summary should only change during the life of the grant if the state has received an approved modification. Modifications only apply to grants that require a full application.

B. Timeline for Grant Activities and Milestones or Deliverables

Please limit your response to 1000 characters or less.
 States must use this section to provide the timelines for and the progress in completing grant activities, key milestones, and deliverables for this quarter. A timeline must still be developed for all project activities. The timeline must provide a project flow that includes start and end dates, schedule of activities, and projected outcomes. In order to reap the most benefit from the timeline, the timeline must be updated each quarter noting the actual date of completion as each activity is accomplished. Items to incorporate in the timeline include: project goals, milestones, special events, important deadlines and deliverables.

⁴ Refer to section 2116(a) of P.L. 116-136, the Coronavirus Aid, Relief, and Economic Security Act, March 27, 2020.

C. Project Implementation and Funding Status

Please limit your response to 1000 characters or less.

States must use this section to provide a description of the implementation of key activities and/or project status for the current quarter. Place an ‘X’ in one of the four check-boxes provided below to provide an assessment of implementation progress. The assessment must be supported by the status narrative noting if the project is on schedule, behind schedule, ahead of schedule, or complete this quarter. Once the project is marked as complete this quarter, the state is no longer required to submit an ETA 9178-ARPA report for the project.

In addition, please provide the funding status for this project for the end of the quarter, including the total project funding, total obligated, funding balance, and time remaining to expend funds/expenditure target. |

| State Self-Assessment: | On Schedule | Behind Schedule | Ahead of Schedule | Complete this Quarter |
|------------------------|-----------------|-----------------|--------------------|-----------------------|
| | | | | |
| Total Project Funding | Total Obligated | Funding Balance | Expenditure Target | |
| | | | | |

D. Project Challenges, Risk Mitigation Efforts/Modification Requests, and Technical Assistance Needs

Please limit your response to 1500 characters or less.

States must use this section to summarize any significant challenges to project implementation encountered during the quarter, and describe any risk mitigation efforts or actions taken to address the identified challenges. In addition, a status update must be provided on the resolution of challenges identified in previous quarters. This section should also include any questions you have for DOL and note any identified needs for technical assistance from DOL or others. The narrative must also indicate whether the grantee is requesting a modification to any project strategies and how the modification request changes the original project proposal. If a modification has been requested, the narrative must also indicate the status of the modification request. Modifications only apply to grants that require a full application. If states have nothing to report, that should be specified. |

E. Best Practices, Promising New Strategies and Success Stories

Please limit your response to 1000 characters or less.

States must use this section to describe promising approaches, innovative processes, or grant success stories. States must also describe any lessons learned and how those lessons learned will be implemented. Throughout the implementation of the project, states may discover new strategies that emerge as a result of data-driven continuous improvement. As progress is made with a new and promising strategy, or as data is gathered to support it, states must document the progress and data each quarter. If states have nothing to report, that must be specified. |

F. Additional Outcome Information

Please limit your response to 1000 characters or less.

This section requires states to report grant-specific outcomes not captured in other sections of the quarterly narrative progress report, including, but not limited to, outcomes measuring equitable service delivery, outcomes measuring fraud detection and prevention, outcomes measuring backlog reduction, specific outcomes included in the grant application. |

| Certification | |
|--------------------------------------|--|
| Name of Grantee Certifying Official: | |
| Phone: | |
| E-Mail Address: | |

Instructions to Complete ETA 9178-ARPA

Contact Information:

This section is to provide the contact information (*i.e.*, Name, Title, Address, etc.) for the state official who is responsible for the day-to-day operation and implementation of the project. This may be a different person than the certifying official.

Certification:

- **Name of Certifying Official**
Use this section to provide the name of the state official who is certifying submission of the report to the U.S. Department of Labor (Department).
- **Telephone Number**
Provide the area code and telephone number ((###) ###-####) of the authorized state official.
- **Email Address**
Provide the email address of the authorized state official.

General Instructions

States receiving ARPA Grant Funds are required to submit quarterly progress reports to the Department's Employment and Training Administration (ETA) in order to comply with the reporting and record keeping requirements of these funds. Each state recipient of funds must submit a narrative Quarterly Progress Report (QPR) containing updates on the progress and implementation of the project(s) undertaken as a result of the funding.

Report Form and Instructions

The QPR provides narrative updates on the implementation of project(s) undertaken as a result of the funding and the status of each project per quarter.

Due Dates

All quarterly reports are due to ETA no later than 45 days after the end of each reporting quarter. The table below shows the expected due dates for each reporting quarter.

| Reporting Quarters | Due Dates |
|---|---------------------------|
| October 1 st – December 31 st | February 14 th |
| January 1 st – March 31 st | May 15 th |
| April 1 st – June 30 th | August 14 th |
| July 1 st – September 30 th | November 14 th |

Should the due date of the report fall on a Saturday, Sunday, or holiday, the report is due the previous business day.

Submission Procedures

Information contained in the quarterly report (ETA 9178-ARPA) must be submitted by email directly to the ETA regional office. An ETA Federal Project Officer will review and accept the report within 30 days of receipt.

OMB Approval. Section 2116(a) of the CARES Act, 5 U.S.C. 9032(a), states that “Chapter 35 of Title 44, United States Code, (commonly referred to as the ‘Paperwork Reduction Act of 1995’) shall not apply to the provisions of, and the amendments made by, this subtitle.” As the OMB approval process is waived for these reporting instructions, these instructions should be considered final.