U.S. Department of Labor

Employment and Training Administration
200 Constitution Avenue, N.W.
Washington, D.C. 20210

July 6, 2026

Dear State UI Directors,

I am writing to follow up on U.S. Department of Labor (Department) Acting Secretary Keith Sonderling's letter to Governors on June 17, 2026 and to share the Department's model National Unemployment Insurance (UI) standards. These standards represent the Department's view of the integrity practices that a state should incorporate to give the UI system a credible chance of stopping improper and fraudulent payments before they are issued.

The standards include practices that many states have themselves determined necessary to run a secure program. What is missing is consistency. Where these standards are applied unevenly — strong in one state, weak or absent in the next — fraud migrates to the weakest point, and the interstate data sharing that makes these checks effective breaks down.

Under section 303(a)(1) of the Social Security Act (42 U.S.C. § 503(a)(1)), federal administrative funding is conditioned on a state's ability to maintain methods of administration that the Secretary of Labor finds reasonably calculated to ensure the full payment of unemployment compensation when due. From the Department's perspective, many of the model National UI standards serve as foundational.

To meet these standards, the Department makes several tools available at no cost, and we strongly encourage their use: the Integrity Data Hub, which dramatically streamlines the crossmatching described above; the State Information Data Exchange System; and the Unemployment.gov pilot for identity and work authorization verification.[1] We expect states to be drawing on the Department of Homeland Security's Systematic Alien Verification for Entitlements program, the National Directory of New Hires, and the UI Interstate Connection Network.

As you conduct strategic planning in anticipation of the next State Quality Service Plan (SQSP), please include discussion of how your state is addressing these practices and mitigating the underlying fraud risks that drive them.

I am grateful for your partnership in this work, and questions may be directed to Michelle Beebe at Beebe.Michelle.E@dol.gov or 202-386-1003.

Yours sincerely,

Luke Timmons
Deputy Assistant Secretary for Unemployment Insurance

Attachment: Model National UI Standards

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[1] The Department also makes several resources available for states through the UI Integrity Center, including a Learning Management System and the UI Integrity Library; as well as the UI Information Technology Support Center (UI ITSC), and specifically a UI Business Process and IT Modernization Guidebook.

ATTACHMENT
Model National Unemployment Insurance Standards

These standards represent the Department of Labor's view of the integrity practices a state should have in place to give the UI system a credible chance of stopping improper and fraudulent payments before they are issued.

1. ***Verify every initial claim before issuing payment.*** Each initial claim should be checked to:
   a. Determine whether the same individual is receiving UI benefits in another state;
   b. Crossmatch the claim against known fraudulent attributes — including those flagged in other states — using email address, IP address, bank account, employer, mailing address, and telephone number;
   c. Confirm the individual is not deceased;
   d. Verify bank account information before making a deposit;
   e. Verify current and base period work authorization; and
   f. Enable multi-factor authentication for all user accounts.

2. ***Verify every continued claim, not just the first.*** Each continued claim should be checked to confirm that:
   a. The claimant continues to meet eligibility requirements for being able to work, available to work, and actively seeking work;
   b. Work authorization remains current;
   c. The claimant is not also receiving UI benefits in another state; and
   d. Where a claimant has made any material change to their account, that claim should again be screened for suspicious attributes across email, IP address, bank account, mailing address, and telephone number – leveraging the same and additional tools used for the initial claim check.

3. ***Verify identity before any money moves.*** Every claimant should have their identity verified before any payment is issued.

4. ***Confirm separations with employers.*** Every effort should be made to confirm separation information directly with the employer, including through the use of the electronic exchange of information with employers, and to resolve any discrepancy before the claim is paid — not after. The Department reminds states of the prohibition on providing relief of charges to an employer when the employer fails to respond timely or adequately to a request for information by the state agency and has an established pattern of failing to respond to such requests.

5. ***Confirm work performance while an individual is receiving UI payments.***[2] For continued claims, states should:
   a. Check the claim against interstate and intrastate wage records, state and national New Hire registries, and where possible under state data sharing parameters, state tax records.
   b. Use data analytics to identify trends on a claim reflecting unreported work and earnings or job separations and leverage electronic information exchange with employers.

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[2] We acknowledge the constraints around crossmatch hits which are received after the work has been completed, and expect states to seriously consider enhancing their wage records to: (1) collect and report certain enhanced wage record elements; (2) increase the frequency of employer wage reporting to occur at least monthly; and (3) prepare for and engage in robust, proactive communication with employers and employer representatives so that employers can successfully implement enhanced reporting expectations.

   c. Prioritize reviewing claims in active filing status and where other factors reflect an increased risk of fraud – considering a claim's eligibility in its totality rather than siloed by individual cross matching results.

6. ***Confirm base period wages against verifiable records.*** Claims should be checked against wage records upon submission, with any discrepancy resolved before payment where possible. This is to ensure that individuals do not self-report or overstate their wage history to fraudulently receive additional UI.

7. ***Include the reporting of work search activities before payment is issued.*** States' processes should:
   a. Include reporting details on work search activities upfront, rather than requiring a simple yes/no answer, to facilitate downstream auditing.
   b. Leverage its Reemployment Services and Eligibility Assessment (RESEA) program as an opportunity to communicate expectations for work search activities and to review actual logs and supporting documentations for compliance with state law.

8. ***Shut down UI tax fraud schemes.*** States should actively monitor for fictitious employer schemes, State Unemployment Tax Act (SUTA) dumping, and other fraudulent behaviors or manipulation of the experience-rating system, watching for the changes in business ownership that typically accompany these practices. Monitoring should use data and technological tools as available.

9. ***Robust internal quality control to continuously assess effectiveness of antifraud efforts[3].*** A state must have a robust internal quality control program for assessing risk, evaluating outcomes, and adapting mitigation activities to improve fraud risk management strategies. States should:
   a. Use the sample cases reviewed through the Benefit Accuracy Measurement (BAM) program[4] as a floor, not a ceiling – reviewing additional cases, regularly updating the Fraud Risk Profile, and maintaining a continuous feedback loop across IT, policy, and operations staff to address the findings.
   b. Designate a responsible party who is looking at this activity UI systemwide –with consideration for Benefits, Tax, Integrity, and Appeals operations.

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[3] WorkforceGPS, *Unemployment Insurance Fraud Risk Management*, https://ui.workforcegps.org/resources/2024/05/01/18/20/Unemployment_Insurance_Fraud_Risk_Management. An authorized account is required for access. The Department discusses internal security in more detail under UIPL No. 14-17, *States' Responsibilities for Internal Security in the Unemployment Insurance Program*, issued March 23, 2017, https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-14-17.

[4] The BAM program provides the basis for assessing the accuracy of UI payments and is a diagnostic tool for identifying errors and their causes.