EXHIBIT 54

OIG OVERSIGHT OF THE UNEMPLOYMENT INSURANCE PROGRAM

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BACKGROUND

The OIG has remained committed to meeting the challenges created by the COVID-19 pandemic and to assisting the Department of Labor (DOL or Department) and Congress in improving the efficiency and integrity of the Unemployment Insurance (UI) program. Strengthening the UI program to prevent fraud before it occurs and to detect it when it does are key objectives to ensure that unemployed workers expeditiously receive much-needed benefits while safeguarding tax dollars directed toward that goal. Recovering improper payments creates challenges for all involved. Strengthening programs to prevent improper payments in the first place is critical for program integrity and good stewardship of taxpayer funding.

Unemployment insurance is generally administered by states with oversight from DOL's Employment and Training Administration (ETA). The OIG is an independent agency within DOL that serves the American people, DOL, and Congress by providing objective oversight of Departmental programs, including the UI program.

OVERVIEW OF THE UI PROGRAM

Enacted more than 80 years ago, the UI Program is the Department's largest income-maintenance program. A joint federal-state program, unemployment insurance is the first economic line of defense against the collective impact of unemployment and acts as a safety-net for individuals who lose their jobs through no fault of their own. The UI program requires states to make benefit payments in a timely manner, providing needed assistance to unemployed workers while ensuring claimants meet eligibility requirements. It is equally important that the program has sufficient controls in place to quickly determine that benefits are or were paid to the right person in the correct amount. Each state workforce agency[1] (SWA or State):

- administers a separate UI program under its jurisdiction's laws, but follows uniform guidelines established by federal law;
- establishes requirements for eligibility, benefit amounts, and the length of time that benefits can be paid; and
- manages the personnel and system resources to administer its respective programs.

In normal circumstances, UI benefits are generally funded by state employer taxes with administrative costs funded by the federal government. Extensions and expansions of coverage and benefits, such as those provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and subsequent legislation, are also normally funded by the federal government.

ETA is the federal agency responsible for providing program direction and oversight. The OIG conducts independent oversight of the UI program through audits to strengthen the integrity and efficiency of the program and through criminal investigations to detect and deter large-scale fraud. The OIG's federal criminal investigations are time and resource-intensive and one of the last lines of defense in safeguarding the UI program from fraud.

OIG HISTORICAL CONCERNS REGARDING THE UI PROGRAM

The OIG has long reported significant concerns with DOL and states' ability to deploy UI program benefits expeditiously and efficiently while ensuring integrity and adequate oversight. We renewed this concern in March 2020 at the onset of the COVID-19 pandemic as UI claims began to rise to historically unprecedented levels—far higher than state systems were designed to handle. In the more than 3 years since, our concern has grown as workers waited for UI benefits, improper payments soared, and our audit and investigative work found program weaknesses and related criminal activity has persisted throughout and after the federal emergency. We remain particularly concerned about deployment of UI benefits in response to emergencies, including natural disasters and economic downturns. Unless more is done now at the federal and state level to increase systemic integrity in the UI program, the program's weaknesses will continue to negatively impact American taxpayers and workers both under current conditions and in the face of the next emergency.

Our April 2020 advisory report[2] outlined areas of concern the Department and the states should consider as they implemented the CARES Act UI programs. Our identification of these areas represents years of work relating to DOL's UI program, including the response to past disasters. One of these areas was state preparedness, specifically, the issues of staffing and system capabilities. Our audit work has confirmed these issues persisted into the pandemic.[3] For example, many states had not developed or implemented UI IT modernization plans that improved the timeliness or accuracy of UI benefits processing.[4] Ensuring states have these plans in place—and are actively pursuing implementation—would be a strong step toward improving the administration of benefits, particularly during a future crisis.

Deploying Benefits Expeditiously and Efficiently

Rapid deployment of CARES Act funding was critical in helping workers in need. Staff at ETA and states struggled during the COVID-19 pandemic as SWAs worked to ensure timely and accurate UI benefits in a time of national emergency. Anticipating and addressing the increased risk that came with the expanded funding was also vital to meeting the intent of the CARES Act. As the OIG's prior audit work has shown, quickly deploying funds can result in shortcomings in the effective and efficient implementation of stimulus programs. For example, a 2011 audit report[5] found states took over a year to spend most of the American Reinvestment and Recovery Act of 2009 (Recovery Act) funding available for emergency staffing, and at least 40 percent of funding for this purpose was unspent after 15 months.

In addition, a separate audit on the Recovery Act[6] found $1.3 billion of the $7 billion that DOL provided to states for UI modernization, including information technology (IT) modernization, would likely not have been spent before the period of availability expired. To access these funds, states had to meet certain modernization criteria; once accessed, the funds could be spent for several purposes including to modernize IT systems. Of the funds spent from the $7 billion, states did not always take advantage of the opportunity to modernize their IT systems.

To implement the new UI programs authorized by the CARES Act, states needed sufficient staffing and system resources to manage the extraordinary increases in the number of claims and payments. Our pandemic audit work has confirmed that ETA and states continued to face challenges in these areas as they endeavored to implement the new temporary UI programs, including Pandemic Unemployment Assistance (PUA), Pandemic Emergency Unemployment Compensation (PEUC), and Federal Pandemic Unemployment Compensation (FPUC).

Our subsequent reports found continuing programmatic weaknesses led to certain workers, unemployed through no fault of their own, suffering lengthy delays in receiving benefits. For example, states without modernized IT systems faced additional difficulty in promptly implementing the CARES Act programs.[7] Further, for the PEUC program, we identified that it took 49 states, on average, 50 days to implement the program.[8] However, states with modernized IT were able to implement the PEUC program 15 days faster. Similarly, modernized states implemented the PUA program 8 days faster.

Also from April 1, 2020, to March 31, 2021,only 5 of the 53 SWAs were able to timely pay benefits, including the FPUC supplement, to regular UI claimants.[9] As a result, during the year following the passage of the CARES Act, more than six million Americans waited a month or more for pandemic-related UI benefits. Further, states are still challenged in paying claimants timely. In August 2023, only 34 percent of states were paying regular UI claimants timely versus 75 percent before the pandemic started.[10]

Additionally, we identified that states may have inadvertently applied a racial or gender bias when providing benefits to claimants and did not provide adequate protections for claimants' personal data. Facial recognition can serve as an effective tool in preventing fraudulent payments. However, ETA and states need to implement proper oversight mechanisms. Specifically, to combat imposter claims, 45 percent of states hired identity verification service contractors that used facial recognition technology. In 2019, National Institute of Standards and Technology's[11] Information Technology Laboratory reported[12] it found empirical evidence that the algorithms[13] used in current facial recognition technology have a racial and gender bias. Furthermore, 15 of 24 (63 percent) of state contracts did not include privacy security measures recommended to protect UI claimants' biometric data.[14]

Further, we issued audit reports that advised ETA to establish methods to detect and recover improper payments, including fraud, and reported on the PUA program, which posed a significant risk to the UI system. PUA's expanded coverage, for a population of claimants who were traditionally ineligible to receive UI benefits,[15] presented significant challenges to states. Further, we found the risk of improper payments including fraud was even higher under PUA because claimants could self certify their eligibility for benefits.

Moreover, in an effort to expeditiously and efficiently provide UI benefits, states improperly paid billions of dollars. In May 2021, ETA provided guidance to states on the waiving of recovery of overpayments when the claimant was without fault and if the repayment would be contrary to equity and good conscience as allowable by the CARES Act . This guidance also outlined limited circumstances when the states could use blanket waivers in lieu of recovering overpayments.

In Spring 2023, we started assessing the effects of waivers and blanket waivers on the recovery of UI overpayments, including fraud. While DOL provided guidance correctly stating recovery of fraudulent payments may not be waived, we remain concerned that states may have unintentionally waived or will waive fraudulent payments. As of September 30, 2023, states reported waiving recovery of more than $4.8 billion in overpayments for the three key CARES Act programs: PUA, FPUC, and PEUC.

History of Improper Payments, including Fraud

For over 20 years, the OIG has reported on weaknesses in the Department's ability to measure, report, and reduce improper payments in the UI program, which has experienced some of the highest improper payment rates across the federal government. The reported improper payment rate estimate for the regular UI program has been above 10 percent[16] for 15 of the last 19 years.[17]

The UI program requires states to make weekly benefit payments while ensuring claimants meet eligibility requirements. A state may determine a payment is improper after a claimant receives benefits based on new information that was unavailable when the benefit payment was approved or as a result of the requirement that claimants be provided with due process prior to stopping payment of benefits.

Improper payments have largely resulted from a combination of four primary causes. First, some claimants fail to demonstrate that they meet their states' requirements for searching for new jobs (work search[18]). Second, some claimants continue to claim UI benefits after returning to work or misreport earnings (benefit year earnings). Third, some employers, or their third-party administrators, fail to provide prompt and adequate information about why individuals left their employment (employee separation). Finally, some improper payments have been caused by fraud, such as those arising from schemes perpetrated during the pandemic.[19]

WHAT IS AN IMPROPER PAYMENT?

A payment is improper if it should not have been made or was to the wrong recipient.

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Examples include overpayments and underpayments.

*

An improper payment can be unintentional or intentional.

*

Intentional improper payments are more commonly referred to as financial fraud.

Our recommendations have specifically included the need for the Department to estimate improper payments within federally funded temporary emergency programs. In August 2020, we recommended[20] ETA estimate the improper payment rate for pandemic-related UI programs. In December 2021, consistent with our recommendation, ETA reported an improper payment rate of 18.71 percent that it applied to two of the three key pandemic UI programs, PEUC and FPUC. Additionally, in December 2022, ETA reported an improper payment rate estimate of 21.52 percent, which it also applied to PEUC and FPUC.[21]

In congressional testimony in February 2023,[22] we noted that more than $888 billion in total federal and state UI benefits were paid for benefit weeks during the UI pandemic period.[23] Applying the estimated 21.52 percent improper payment rate to the approximate $888 billion in pandemic UI expenditures, at least $191 billion in pandemic UI payments could have been improperly paid, with a significant portion attributable to fraud.

The potential loss of $191 billion of taxpayer money highlights the urgent need for systemic improvements. For perspective, $191 billion could have provided more than $3.5 billion to each SWA toward ensuring preparedness for emergencies, including modernizing UI IT systems, enhancing staffing levels, and formulating robust contingency plans. To recover the improperly paid benefits and mitigate the impact of these losses, collaboration between ETA and the states is vital. These issues have persisted after the pandemic; the OIG is seeing, and ETA and states are still reporting, elevated levels of improper payments in the UI program.

Also, based on audit and investigative work, the improper payment rate for pandemic-related UI programs was likely higher than 21.52 percent. For example, ETA's previously reported improper payment rate estimates have not included the PUA program. In August 2023, the Department reported that the PUA program had a total improper payment rate of 35.9 percent.[24] According to ETA officials, the small-scale review used to calculate the improper payment rate estimate for PUA cannot be used to estimate the PUA fraud rate.

In the last 2 years, ETA estimated fraud rates of 8.57 percent and 7.73 percent, respectively.[25] Notably, neither of these rates included PUA. The fraud rate—which is a subset of the improper payment rate—for pandemic-related UI programs was likely higher than the fraud rate for regular UI programs. In fact, in the first 6 months after the CARES Act passed, we found 4 states paid $1 out of every $5 in PUA benefits to likely fraudsters. In 2023, GAO estimated the pandemic-related fraud rate, including PUA, was 11 to 15 percent for the period April 2020 to May 2023, and estimated up to $135 billion was lost to fraud.[26]

We continue to review and evaluate improper payment rate estimates.[27] Estimating the improper payment rate for all emergency UI programs is critical for the efficient operation of the program. ETA and the states, under their program operating responsibilities, must determine the improper payment rate, including the fraud rate, for pandemic UI programs.

A Perfect Storm

Following the start of the pandemic in the United States in early 2020, unemployment compensation claims rose exponentially to historically unprecedented levels. Prior to the pandemic, numbers of UI claims were historically low. On March 14, 2020, the Department reported 282,000 initial unemployment claims. Within 2 to 3 weeks, initial unemployment claims rose to 10 times pre-pandemic levels, far higher than state systems were designed to handle.[28] Within 5 months, through August 15, 2020, the Department reported more than 57 million initial claims, the largest increase since the Department began tracking UI data in 1967.

The CARES Act provided significant funding to the UI program, which resulted in hundreds of billions of dollars in additional payments. New UI programs under the CARES Act meant more workers qualified.[29] Further, unemployed workers received a supplemental payment for certain weeks in addition to their regular benefit amount and individuals who exhausted their regular unemployment benefits were provided additional weeks of unemployment compensation. Also, certain UI claims could be backdated to the beginning of the eligibility period. With the legislative extensions, claimants could receive up to 79 weeks of pandemic-related UI payments.

In June 2020, the Inspector General provided a member briefing[30] and a statement for the record[31] to Congress highlighting challenges DOL and states faced in administering and overseeing the UI program as well as the substantially increased fraud risk. The expanded coverage offered under the PUA program posed significant challenges to states as they implemented processes to determine initial and continued program eligibility for participants. The CARES Act initially allowed reliance solely on claimant self-certifications without documentation substantiating the individual’s prior employment or self-employment. This initial reliance during PUA’s first 9 months rendered the PUA program extremely susceptible to improper payments, including fraud. In March 2022 before the U.S. Senate Committee on Homeland Security and Governmental Affairs,[32] in February 2023 before the U.S. House Committee on Ways and Means,[33] and in March 2023 before the U.S. House Committee on Oversight and Accountability,[34] the Inspector General provided oral and written testimony that spoke to the continuation of many of these concerns and challenges.

During his March 2022 and March 2023 congressional testimonies, Inspector General Larry D. Turner reported that the unprecedented infusion of federal funds into the UI program combined with continuing program weaknesses and easily attainable stolen PII provided a high-value target for fraudsters to exploit. Because some states were not prepared to process the extraordinary volume of new UI claims and struggled to implement the new programs, some controls were not initially implemented.

For example, an individual could make a fraudulent claim with relatively low risk of being caught and, as time went on, one fraudster could have been issued several UI debit cards, with tens of thousands of dollars on each card. In fact, in a later audit, we found 1 claim that was filed from a 3 bedroom house shared the same physical address as 90 other claims and used the same email address as 145 other claims.[35] In total, the likely fraudster(s) received more than $1.5 million in unemployment benefits. In the same audit, we found that, from March 28, 2020, to September 30, 2020, in 4 states, potentially fraudulent claims were paid more than 60 percent of the time.

As previously mentioned, PUA had control weaknesses that may have facilitated comparable or greater improper payments. During the program’s first 9 months, PUA claimants did not have to provide evidence of earnings and states relied on claimant self certifications of eligibility. We found the inclusion of self-certification allowed states to streamline the payment process and deliver assistance to those in need. However, it also rendered the program particularly susceptible to improper payments, including fraud.

Subsequent to our work identifying the fraud risks, Congress took action under the Continued Assistance for Unemployed Workers Act of 2020 to require supporting documentation from claimants to improve states’ abilities to ensure proper claimant eligibility and to mitigate fraud. However, a significant amount of UI benefits had already been paid to likely fraudsters.

For instance, despite ETA providing states guidance on areas of improper payments as early as May 2020, control issues occurred in some states with the PUA forms that claimants used to certify their continuing eligibility for UI benefits. ETA notified one state in June 2020 that its form did not include the required questions confirming that claimants are able and available to work. However, by then, that state had paid more than $4 billion in PUA benefits, including FPUC. Similarly, in July 2020, ETA notified another state that its PUA monetary determination form did not have a procedure in place for re-determining the claimant’s weekly benefit if the claimant did not provide proof of earnings or provided insufficient proof. That state responded that the problem would be addressed by the end of August 2020. However, by the end of August, that state had paid more than $25 billion in PUA benefits, including FPUC.

When the OIG identifies anti-fraud measures that may help the program, we share them with the Department and SWAs as appropriate. For example, we have published four alert memoranda[36] on specific high-risk areas. As of September 2023, our investigators, auditors, and data scientists have collaboratively identified $46.9 billion in potentially fraudulent UI benefits paid from March 2020 to April 2022 in the now six specific high risk areas,[37] to individuals with Social Security numbers:

1. filed in multiple states,
2. of federal prisoners,
3. used to file for UI claims with suspicious email accounts,
4. of deceased persons,
5. belonging to individuals under 14 years of age, and
6. belonging to individuals 100 years of age or older (see Table 1).

Table 1: Potential Fraud in Six High-Risk Areas, March 2020 - April 2022

High-Risk Area	Total Number of Claimants*	Total Potential Fraud Identified
Multistate Claimants	2,011,191	$28,967,047,154
Deceased Persons	205,494	$139,483,136
Federal Prisoners**	46,985	$267,382,013
Suspicious Emails	2,281,136	$16,265,578,304
Under Age 14	45,594	$1,225,663,851
Age 100 or Older	4,895	$66,541,872
Total* **	**4,595,295**	**$46,931,696,330**

* Claimants can represent more than one claim.
** Federal prisoner data was only available for analysis for the period March 2020 through October 2020.
*** Totals do not include duplicates that were identified in one or more areas.

- Source: OIG analysis of data from SWAs, DOJ, Federal Bureau of Prisons, and the U.S. Social Security Administration.

For the first four high-risk areas, we have shared our methodology and underlying data with DOL for further dissemination to the SWAs and are working to share data supporting the additional high-risk areas. We recommended states establish effective controls to mitigate fraud and other improper payments to ineligible claimants and are examining whether states took effective measures to address the initial four high-risk areas.

OIG PANDEMIC INVESTIGATIVE WORK

The volume of UI investigative matters is unprecedented in the OIG's history. Prior to the pandemic, the OIG opened approximately 100 UI investigative matters annually. Since April 1, 2020, the OIG has opened over 205,000 investigative matters involving the UI program, of which approximately 166,000 are still under review. That is a thousandfold increase in the volume of UI work. UI investigations now account for approximately 97 percent of the OIG investigative case inventory, compared to approximately 11 percent prior to the pandemic.

In response to the extraordinary increase in oversight demands, the OIG: hired additional criminal investigators, increased the caseload of investigators already onboard, deployed staff to review DOL and SWA's efforts, and strengthened our data analytics program. In addition, we took several other actions to augment our efforts, including the following:

- initiated the development of a National UI Fraud Task Force,[38] alongside the U.S. Department of Justice (DOJ);
- collaborated with DOJ on the strategic assignment of 12 term-appointed assistant United States attorneys assigned solely to prosecute UI fraud;
- established a multi-disciplinary Pandemic Rapid Response Team within the OIG;
- appointed a National UI Fraud Coordinator to manage our national investigative response to UI fraud;
- appointed seven Regional UI Fraud Coordinators to partner with SWAs and federal, state, and local law enforcement on UI fraud matters in their geographic areas of responsibility;
- leveraged resources from the Council of the Inspectors General on Integrity and Efficiency, Pandemic Response Accountability Committee (PRAC);
- collaborated with state auditors to help develop their audit strategies for the CARES Act UI programs;
- joined the DOJ COVID-19 Fraud Enforcement Task Force;[39]
- implemented an extensive outreach and education program targeted to SWAs, the Department, financial institutions and their associations, law enforcement agencies, and the public. The program raised awareness regarding fraud trends, best practices, red flags, and more[40];
- joined the DOJ's Pandemic Fraud Strike Force Teams initiative.[41]; and
- engaged with foreign law enforcement partners and agencies to raise awareness of American pandemic-related UI fraud issues and establish ongoing collaboration.

As the primary federal law enforcement agency responsible for providing oversight of the UI program, the OIG has vigorously pursued pandemic-related UI fraud. In fact, in September 2022, the OIG announced[42] that its investigations have resulted in more than 1,000 individuals being charged with crimes involving UI fraud since March 2020. Since then, that number has risen.[43]

As of September 2023, our pandemic investigations have resulted in upwards of 850 search warrants executed and over 1,550 individuals charged with crimes related to UI fraud. These charges resulted in more than: 950 convictions; 19,000 months of incarceration; and over $1 billion in investigative monetary results. We have also referred over 45,000 fraud matters that do not meet federal prosecution guidelines back to the states for further action.

In one recent OIG investigation, the primary defendant in the case, a former federal employee, was sentenced to 192 months of federal incarceration for her role in a mail/wire fraud conspiracy, plus an additional 24 months of incarceration for aggravated identity theft. The defendant was convicted for her role in a conspiracy to defraud at least 5 SWAs of more than $3.5 million in pandemic-related UI benefits. To obtain these UI benefits, the defendant and others filed false and misleading applications in the names of identity theft victims, co-conspirators, and inmates of state and federal prisons. Among other information, the defendant and her co-conspirators included in these applications materially false wage and employment histories and contact information that did not, in fact, belong to the purported applicants. The defendant was ordered by the court to pay more than $2 million in restitution, jointly and severally with 3 other convicted co defendants. The court also ordered forfeiture in the amount of over $1.6 million, which represents the specific amount of fraudulent UI benefits directly attributable to the defendant, for which she is solely liable.

In another OIG investigation, a defendant was sentenced to 92 months of federal incarceration for his role in a scheme involving the possession of 15 or more access devices[44] and possession of a firearm by a convicted felon. Additionally, he was sentenced to 24 more months of consecutive incarceration for aggravated identity theft. The investigation revealed that the defendant possessed the identities of approximately 72 identity theft victims and he used those identities to apply for UI benefits in 25 states. The court also ordered the defendant to pay restitution in the amount of $491,074 to 15 SWAs.

Working with Domestic and International Law Enforcement Partners

Early in the pandemic, the OIG worked with the DOJ to create the National UI Fraud Task Force, a nine-agency federal task force focused on law enforcement intelligence sharing, deconfliction, joint national and regional messaging, and the effective use of investigative and prosecutorial resources. The National UI Fraud Task Force has also worked closely with partners at the International Organized Crime Intelligence and Operations Center (IOC-2) to develop a deconfliction process to coordinate investigative information across federal law enforcement agencies.

Through data analytics and a leads generation process, the National UI Fraud Task Force and IOC-2 partner agencies have identified significant fraud committed against the UI program by domestic and international criminal organizations. Many of these include street-level criminal organizations with ties to illegal guns and drugs. These investigations are ongoing and actively being investigated through the National UI Fraud Task Force, the COVID-19 Fraud Enforcement Task Force, and the COVID-19 Strike Force team Teams initiative.

The OIG has been very engaged on DOJ's COVID-19 Fraud Enforcement Task Force. We have representation on its subcommittees involving communications, forfeiture, corporations and large business fraud, and data, and we co-chair the task force's Criminal Enterprise Subcommittee.

The OIG has also participated in other initiatives. For example, since 2020, the OIG supported DOJ's annual Money Mule Initiative,[45] which aimed to raise awareness about and suppress money mule activity. Money mules are people who, at someone else's direction, receive and move money obtained from victims of fraud. The OIG conducted extensive internal and external outreach regarding money mules and identified and targeted money mules in coordination with DOJ and other partner agencies.

In addition, the OIG issued alerts to financial institutions about UI fraud both on its own and jointly with its partners, such as the U.S. Secret Service (Secret Service), Financial Crimes Enforcement Network, and the National UI Fraud Task Force. One such joint OIG/Secret Service alert[46] served as a framework for the recovery of millions of dollars of fraudulent UI funds being held by financial institutions. Later, in 2021, the OIG authored a National UI Fraud Task Force alert issued through Financial Crimes Enforcement Network to financial institutions requesting they identify funds they froze due to suspicion of fraud. The OIG created a process with DOJ and the Secret Service to collect that data and work with those financial institutions to return fraudulent funds to SWAs. The OIG and its law enforcement partners are working with hundreds of financial institutions in response to our request.

The OIG has also conducted extensive engagement with foreign law enforcement partners, including the European Union Agency for Law Enforcement Cooperation,[47] International Criminal Police Organization,[48] and other national law enforcement agencies. These efforts focused on introducing foreign partners to the OIG's mission, briefing partners on pandemic fraud trends, and collaborating to examine the movement of pandemic-related UI funds transnationally.

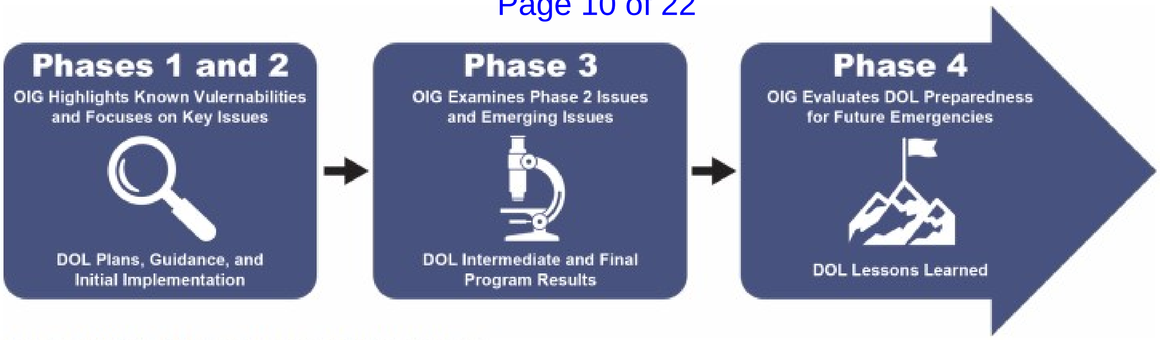
The PRAC has also played a pivotal role in amplifying the ability of OIGs to share information and conduct internal and external outreach to stakeholders that have been impacted by pandemic fraud. For example, the OIG worked with the PRAC on social media tool kits related to money mule activity and erroneous 1099-G forms that were issued to victims of UI fraud. The OIG has also worked with the PRAC, DOJ, and the Secret Service to create a web-based survey where financial institutions can more broadly report UI and other types of pandemic fraud. This information is being collected by the PRAC, analyzed by its partners, and, if appropriate, sent to field personnel for further action.

The OIG, through its membership in IOC-2, has also been engaged with several allied national police agencies to strategize about pandemic-related fraud and how to best establish practices to share information. The issue of pandemic fraud has not only been an issue for the United States, but it has also negatively impacted our foreign partners' pandemic programs. We have conducted outreach and education related to pandemic fraud, including UI fraud, with our Five Eyes partner countries as participants on the International Public Sector Fraud Forum.[49] The OIG, IOC-2, and our federal law enforcement partners have identified numerous instances of international organized criminal groups engaged in UI fraud. We will continue to work with our domestic and international law enforcement partners on these matters.

OIG PANDEMIC OVERSIGHT WORK

In April 2020, shortly after CARES Act enactment, we published our Pandemic Response Oversight Plan detailing how the OIG would conduct its pandemic oversight, with a significant focus on the UI program. We designed our four-phased plan to provide recommendations to DOL to address current and emerging vulnerabilities with the pandemic response and to prevent similar vulnerabilities from hampering preparedness for future emergencies. (see Figure 1)

Figure 1: The OIG's Four-Phased Design for Pandemic Oversight



Source: OIG Pandemic Response Oversight Plan

During Phases 1 and 2, which are complete, we reviewed on DOL's plans, guidance, and initial implementation, highlighting significant vulnerabilities. During Phase 3, which is ongoing, we are taking a deep dive into key and emerging issues. Our Phase 4 work plans include reporting on lessons learned for UI, worker safety and health, and employment training and recovery from the overall toll on workers since COVID-19 first appeared in the United States. Based on the work performed under this oversight plan, we continue to make recommendations for DOL to strengthen and enhance programs prior to the start of emergencies. We published two plan updates and one revision[50].

At the start of the pandemic, we examined past audits including those related to the Recovery Act and the Disaster Unemployment Assistance program,[51] and we assessed comparable lessons learned. As a result, in April 2020, we issued the previously noted advisory report[52] identifying six initial areas of concern for ETA and the states to consider while implementing CARES Act UI provisions: (1) state preparedness, specifically the issues of staffing and systems capabilities, (2) initial eligibility determination, (3) benefit amount, (4) return to work, (5) improper payment detection and recovery, and (6) program monitoring.

Our identification of these areas represents years of work relating to DOL's UI program, including the use of prior stimulus funds and response to past disasters. The advisory report outlined years of weaknesses and recommendations identified by the OIG to strengthen the UI program. Many of the weaknesses previously identified became once again apparent during the pandemic. DOL and states must apply lessons learned to correct additional weaknesses identified prior to the next disaster. We have issued several subsequent reports, including alert memoranda addressing urgent concerns, involving the UI program, such as the following:

- In May 2020, we issued an alert memorandum[53] describing our concerns regarding claimant self-certification in the PUA program. In our view, reliance on such self-certifications rendered the PUA program highly vulnerable to improper payments, including fraud. Subsequent to our work, Congress took action to require supporting documentation to improve states' abilities to ensure proper claimant eligibility and to mitigate fraud through the Consolidated Appropriations Act, 2021.
- In August 2020, we reported[54] states did not use existing tools effectively to combat fraud and other improper payments. We also stated ETA should work with the OIG to obtain access to state claimant data that could be used to identify and disrupt fraudulent schemes that threaten the integrity of UI programs, including those under the CARES Act.
- In May 2021, we reported[55] that DOL and states struggled to implement the three pandemic UI programs that posed the greatest risk for fraud, waste, and abuse: PUA, PEUC, and FPUC. Specifically, DOL's guidance and oversight did not ensure states: implemented the programs and paid benefits promptly, performed required and recommended improper payment detection and recovery activities, or reported accurate and complete program activities. This occurred primarily because states' IT systems were not modernized, staffing resources were insufficient to manage the increased number of new claims, and, according to state officials, ETA's guidance was untimely and unclear.
- In November 2021, we issued[56] the Department a qualified opinion, for the first time in 25 years, on its consolidated financial statements and reported one material weakness related to pandemic-related UI funding. There were two primary causes for this issue: (1) the Department being unable to support $47 billion it estimated for UI claims in appeal or unprocessed as of September 30, 2021, and (2) unreliable reporting of $4.4 billion in UI benefit overpayments due to certain states' non-reporting of UI overpayment activity.
- In July 2022, we reported[57] that the Department did not meet the requirements for compliance with the Payment Integrity Information Act (PIIA) for FY 2021. PIIA requires federal agencies to identify programs susceptible to significant improper payments, estimate the improper payments for those programs, and report on actions to reduce the improper payments in those programs. While DOL met three of the six compliance requirements for UI programs, we found DOL did not meet the other three requirements: it did not publish all improper payment estimates, did not demonstrate improvement from the improper target rate published in FY 2020, and did not report an improper payment rate of less than 10 percent.

- In August 2022, we issued an alert memorandum[58] about deficient reporting by states regarding the CARES Act UI program. Our examination of required reports identified that some states did not submit reports to ETA or reported zero activity. For instance, seven states reported zero overpayments for the PUA program. This lack of accurate state performance information hinders Congress and ETA's ability to: assess state activities, mitigate overpayment risks, identify program weaknesses, and improve future temporary programs.
- In September 2022, we reported[59] ETA and states did not protect pandemic-related UI funds from historic levels of improper payments, including fraud, nor from payment delays. We attributed this to four causes: lack of eligibility testing, untimely oversight, PUA self-certification, and the 3-month suspension of a primary oversight tool. Additionally, DOL's interpretation of its regulations on data access hindered the OIG's timely and complete access to UI claims data to assist in detecting and deterring fraud. We estimated that, in the initial 6 months after the CARES Act passed, 4 states paid $30.4 billion in PUA and FPUC benefits improperly, including $9.9 billion paid to likely fraudsters. Further, based on our analysis of ETA's timeliness reports, at least 6.2 million American workers nationwide waiting a month or more for pandemic-related UI benefits during the year after the CARES Act passed.
- In December 2022, for the second straight year, we issued[60] the Department a qualified opinion on its consolidated financial statements and report one material weakness related to pandemic-related UI funding. There were two primary causes for this issue: (1) the Department was unable to support $7.9 billion it estimated in remaining pandemic-related UI claims in appeal or unprocessed as of September 30, 2022, and (2) the Department was unable to support the $3.5 billion it estimated in remaining pandemic-related UI benefit overpayment receivables.
- In March 2023, we issued an alert memorandum[61] about urgent equity and security concerns in the UI program, including facial recognition technology. Resulting from the economic impact of the pandemic, UI programs have become a target for fraud with significant numbers of imposter claims being filed with stolen or synthetic[62] identities. Approximately 45 percent of states hired identity verification service contractors that used facial recognition technology. The National Institute of Standards and Technology has reported that it found empirical evidence the algorithms used in current facial recognition technology have a racial and gender bias. Furthermore, some states did not implement necessary privacy security measures recommended to protect UI claimants' biometric data. Less than a month after we issued our report, ETA provided additional guidance to states regarding biometrics and facial recognition.
- In June 2023, we reported[63] that, again, DOL did not meet the requirements for compliance with PIIA for FY 2022. While DOL met four of the six compliance requirements for UI excluding PUA, it did not meet the other two: it did not demonstrate improvement from the improper payment rate published in FY 2021 and it did not report an improper payment rate of less than 10 percent. For PUA, we reported DOL did not meet four of the six compliance requirements for the PUA program: it did not publish improper payment estimates, programmatic corrective action plans, reduction targets, and an improper payment rate.
- In July 2023, we found[64] ETA did not provide adequate oversight of the emergency UI administrative grants. Specifically, ETA did not verify if states were qualified for the grants before transferring all grant funds to the states' accounts. In our review of 14 states, we found ETA qualified these states to receive more than $136 million in emergency administrative grant funds. Additionally, we found ETA could not provide reasonable assurance that states used the emergency administrative grants to administer UI programs. These funds were monitored through single audits that did not disclose how states used the funds.
- In July 2023, we released[65] a memorandum detailing our collaboration with the PRAC to evaluate the federal government's COVID-19 response in six local communities: Springfield, Massachusetts; Coeur d'Alene, Idaho; Marion County, Georgia; Sheridan County, Nebraska; White Earth Reservation in Minnesota; and Jicarilla Apache Reservation in New Mexico. Our assessment centered on DOL's expanded UI benefits for pandemic-affected workers. From March 27, 2020, to September 6, 2021, the OIG found that over 33,400 beneficiaries in these areas collectively received more than $516 million.
- In September 2023, we issued[66] a memorandum reporting on three key matters related to the National Association of State Workforce Agencies (NASWA) resulting from our audit of ETA's oversight of UI integrity for three key CARES Act programs. We found ETA needs to improve its oversight of the Integrity Data Hub (IDH). ETA did not ensure an initial assessment of NASWA's IDH was performed in compliance with federal requirements, nor did ETA provide documentation it evaluated NASWA's security assessment reports. Further, we found the IDH was less effective at identifying potentially improper multistate claims when compared to the OIG's data.
- As of September 2023, we have issued four alert memoranda that identified a cumulative total of $46.9 billion in potentially fraudulent UI benefits paid from March 2020 through April 2022 in the previously mentioned six specific high-risk areas.
- In September 2023, we reported[67] that the EURGENO program should have been better managed. EURGENO was designed to mitigate the effects of the pandemic on employers that reimburse the states for eligible UI benefits paid (reimbursing employers). However, reimbursing employers experienced delays in receiving pandemic relief, waiting anywhere from a month to more than a year. Additionally, states received funding for ineligible weeks and amounts that were later determined to be ineligible. Consequently, these states owe millions to the federal government, including approximately $29 million in questioned costs across the 6 states we tested.

- In September 2023, we reported[68] that PUA for non-traditional claimants was weakened by billions in overpayments, including fraud. From April 1, 2020, to March 31, 2023, the 53 SWAs reported nearly $35 billion in established PUA overpayments—benefit payments that SWAs investigated and found were improper. In total, states reported that over 15 percent of all PUA benefits paid were overpayments and approximately 61 percent of all FPUC overpayments occurred when PUA was the underlying benefit. The significant overpayments in the PUA program, including fraud, were caused by a combination of allowing claimants to self-certify their eligibility coupled with states' difficulties implementing new UI programs and meeting the substantial increase in claims volume.
- In September 2023, we reported[69] ETA and states did not always meet the requirements or statutory intent of the TFFF program. Specifically, individual claimants waited to receive urgently needed UI benefits, states received TFFF funding when they were not eligible, and states' TFFF accounts have unused fund balances. As of July 31, 2023, nearly $5 billion remained unused and has not been reconciled, closed out for deobligation, and returned to Treasury. These issues occurred because ETA did not have sufficient controls in place to ensure states accessing funds were in fact eligible for reimbursements or that unused TFFF funds were returned to the federal government.
- In September 2023, we reported[70] that ETA did not evaluate the capability of SWAs' UI IT systems to successfully administer UI benefits. Further, ETA did not have sufficient information to know which SWAs' UI IT systems posed the greatest risk of failing because they did not require SWAs to develop UI IT modernization plans. Only 1 of the 10 SWAs we reviewed had developed or implemented UI IT modernization plans that improved the timeliness or accuracy of UI benefits processing. Similarly, of the 38 SWAs we surveyed, only 14 reported that they had implemented such plans. Ensuring SWAs have these plans in place and are actively pursuing implementation would be a strong step toward ETA ensuring SWAs improve administration of benefits, particularly during a future crisis.
- In September 2023, we reported[71] on our Quality Control Review (QCR) of the single audit performed by Scott and Company, LLC for 2021 for one state. Our review focused on the state's $3.67 billion in UI expenditures. We found deficiencies in the firm's: planning and testing of UI, reporting on the lack of internal controls in the PUA program, and reporting the federal expenditures.

OIG RECOMMENDATIONS

The OIG has made several recommendations to DOL and Congress to improve the efficiency and integrity of the UI program. While action has been taken to resolve some recommendations, further action is needed to close them. Summaries of key recommendations that remain open follow. Additionally, we have highlighted three high-priority recommendations for Congress at the end of the section.

OIG Recommendations to DOL

OIG Access to UI Claimant Data and Wage Records

- Implement immediate measures to ensure ongoing OIG access to UI claims data for all audit and investigative purposes
- Expedite regulatory updates to require ongoing disclosures of UI information to the OIG for audits and investigations of federal programs

Staffing and Systems for Prompt Payments during Emergencies

- Continue to work with states to develop, operate, and maintain a modular set of technological capabilities (i.e., staffing and replacing legacy IT systems) to modernize the delivery of UI benefits that is sufficient to manage and process sudden spikes in claims volume during emergencies or high unemployment
- Conduct a study to assess:
  - the technological needs of the UI programs to determine the capabilities that need to be upgraded or replaced,
  - the features necessary to effectively respond to rapid changes in the volume of claims in times of emergency or high unemployment,
  - the capabilities needed to ensure effective and equitable delivery of benefits, and
  - the capabilities to minimize fraudulent activities

Controls for Improper Payments

- Obtain direct access to UI claims data from all SWAs
- Create an integrity program that:
  - incorporates a data analytics capability and
  - regularly monitors state UI claims data to detect and prevent improper payments, including fraud, and to identify trends and emerging issues that could negatively impact the UI program

- Establish effective controls, in collaboration with SWAs, to mitigate fraud and other improper payments to potentially ineligible claimants in high-risk areas, such as UI benefits paid to individuals with Social Security numbers filed in multiple stats and belonging to deceased persons
- Include CARES Act UI transactions in the Benefit Accuracy Measurement (BAM)[72] system or develop an alternative methodology to reliably estimate improper payments for those programs
- For DOL financial statements, design and implement controls to ensure management's reviews of UI program estimates are performed at a sufficient level of detail and adequate documentation is maintained to assess the reasonableness of the estimates

Reconciliation

- Develop procedures and establish a deadline to ensure reconciliation to determine the amount of unused emergency UI funds to be returned to Treasury
- Determine the proper disposition of excess funds and take necessary actions, including recovery of questioned costs
- Capture lessons learned for future programs

Guidance and Assistance to States

- Assist states with claims, overpayment, and fraud reporting to create clear and accurate information, and then use the overpayment and fraud reporting to prioritize and assist states with fraud detection and recovery
- Examine the effectiveness of the Benefit Accuracy Measurement system contact verification process to ensure it reflects the current methods claimants use to seek work
- Specify within ETA's policy the information states must include in their documentation to support compliance with the requirements to receive grant funds prior to disbursement of the funds

Coordination with Congress

- Work with Congress to establish legislation requiring SWAs to cross-match high-risk areas, such as UI benefits paid to individuals with Social Security numbers filed in multiple states and belonging to deceased persons
- Work with Congressional stakeholders to inform them of the urgency of the expiring statute of limitations concerning pandemic-related UI fraud

OIG Recommendations to Congress

In addition, the OIG encourages Congress to consider and adopt DOL proposals to aid the Department's efforts to combat improper payments in the UI program. In its FY 2024 Congressional Budget Justification,[73] the Department proposed provisions designed to provide new and expanded tools and controls for states to help ensure workers are properly paid and to prevent improper payments, including fraud in the UI system.

The Department stated that the proposals collectively would result in savings of more than $2 billion over the 10-year budget window. These are similar to DOL proposals included in prior DOL budget requests that would help address UI program integrity and the high improper payment rates in the UI program. These proposals include the following:

- require SWAs to cross-match UI claims against the National Directory of New Hires;
- require SWAs to cross-match UI claims with a system(s)…that contains information on individuals who are incarcerated;
- require states to disclose information to the OIG;
- allow SWAs to retain up to 5 percent of recovered fraudulent UI overpayments for program integrity use;
- require SWAs to use [UI] penalty and interest collections solely for UI administration; and
- permit the Department to collect and store states' UI claimant data.

These legislative proposals are consistent with previous OIG findings and recommendations to improve the UI program.

The OIG has also recommended that Congress ensure DOL and the OIG have ongoing, timely, and complete access to UI claimant data and wage records for our respective oversight responsibilities. In addition, the OIG recommended that Congress authorize OIG participation in asset forfeiture funds to combat UI fraud and other crimes.

Further, in our Fall 2022 and Spring 2023 Semiannual Reports to Congress, the OIG recommended Congress extend the statute of limitations for fraud involving pandemic-related UI programs, which will begin to expire in early 2025. However, even if this statute of limitations is extended, the degree to which we can continue our level of oversight work depends on the availability of resources. We will continue to efficiently use our available resources for pandemic-related audit and investigative efforts; however, at current funding levels, resource limitations have resulted and will continue to result in a substantial reduction of effort in pandemic-related oversight.

HIGHLIGHTED HIGH-PRIORITY RECOMMENDATIONS FOR CONGRESS

- Extend the statute of limitations for fraud involving pandemic-related UI programs;
- Ensure DOL and the OIG have ongoing, timely, and complete access to UI claimant data and wage records;
- Grant the OIG statutory authority to participate in asset forfeiture funds to combat UI fraud and other crime; and
- Ensure effective payment integrity controls to reduce improper payments in all UI programs including temporary ones, such as broader requirements for mandatory cross-matching.

DOL'S PROGRESS

The Department has emphasized the progress it has made in addressing challenges with the UI program. According to DOL, one of the challenges associated with the pandemic-related UI programs was that the programs did not include an adequate preparation period. ETA officials stated a swift rollout of a new government benefit program, including policy formulation, product development, and operational procedures, typically requires a timeframe of 30 to 48 months. Unfortunately, the challenges associated with the pandemic-related UI programs had to be resolved in real-time, while states grappled with an extraordinary tenfold increase in claims volume. The Department's statements reinforce the OIG's position that the Department must be prepared before disasters occur.

According to DOL, since the passage of the CARES Act, ETA and states have instituted efforts to focus on program integrity when implementing the pandemic-related UI programs. These efforts include measures like secure sign-in services, in-person identity verification, and a new identity fraud reporting website being introduced to mitigate fraud. Specifically, in July 2023, DOL announced opportunities to strengthen ID verification, subject to the availability of funds. Additionally, ETA made available up to $765 million in fraud prevention grants and expert Tiger Teams provided states with assessments and improvement recommendations for UI processes. ETA also facilitated the secure availability of incarceration data to cross-reference UI claims against prisoner information.

Further, ETA reported it continued to provide oversight and technical assistance through the State Quality Service Plans, the Integrity Action Plan, the UI Integrity Center, and through information provided by the OIG. ETA also stated it worked with the Office of the Chief Financial Officer to develop a UI fraud risk profile in line with GAO's Fraud Risk Framework. In addition, in its FY 2024 Congressional Budget Justification, the Department proposed provisions designed to provide new and expanded tools and controls for states to help ensure workers are properly paid and to prevent improper payments, including fraud in the UI system.

The Department issued a policy granting the OIG access to UI data for benefit weeks covered by CARES Act programs and related extensions. ETA also announced its intent to amend its regulations to facilitate the OIG's ongoing access by February 2025, and, in July 2023, requested public comment on potential revisions that would require states to disclose unemployment compensation data to the OIG for oversight, including audits. ETA has also required sharing of state UI data as a condition of fraud prevention grants to provide such access through 2025 and recently issued guidance supporting additional grants that would provide access for potentially the next 2 to 5 years. According to ETA, 52 of 53 SWAs received grants. The Inspector General is authorized to have timely access without constraints to this data under the Inspector General Act of 1978, as amended, and needs access to all UI program data.

On August 31, 2021, the Department announced the establishment of the Office of Unemployment Insurance Modernization to work with state agencies and federal partners to modernize and reform the UI system. According to the Department, the Office of Unemployment Insurance Modernization will provide oversight and management of the $1 billion[74] allotted to UI initiatives by the American Rescue Plan Act of 2021 (ARPA) to prevent and detect fraud, promote equitable access, ensure timely benefit payments, and reduce backlogs. To achieve this, the Office of Unemployment Insurance Modernization has allocated targeted grants to states and territories, offered improved guidance, directed assistance, and tested technology-driven solutions.

The Department also noted it has announced and provided grant opportunities to states, including funds for pilot states to engage community-based organizations to help workers learn about UI benefits and related services. These opportunities also support state agencies in delivering timely benefits to workers. The Department has launched the UI IT Modernization - Project Claimant Experience

Pilot, partnering with states for product development, with outcomes published online. Moreover, over $200 million in IT modernization grants have been awarded to 19 states, aiming to foster the adoption of modular and evidence-driven strategies.

OIG CHALLENGES OVERSEEING THE UI PROGRAM

The OIG’s three biggest challenges overseeing the UI program are in the areas of resource limitations, the statute of limitations related to UI fraud, and data access.

Ongoing Impact of Resource Limitations on the OIG’s Ability to Conduct Oversight

We are significantly concerned about the ongoing impact of resource limitations on our ability to conduct oversight. The OIG is in the process of significantly reducing its workforce through attrition and has had to reduce our planned oversight efforts due to budgetary constraints. Essentially, the degree to which we can continue our level of oversight work depends on the availability of resources. Moreover, the statute of limitations for most pandemic-related UI fraud will begin to expire in early 2025[75] and we continue to face challenges with data access, both of which are also significant concerns previously mentioned in this document that may impede oversight.

We will continue to efficiently and effectively use our available resources; however, at current funding levels, resource limitations have resulted and will continue to result in a reduction of oversight in both the Offices of Audit and Investigations. For example, due to budget constraints, we cancelled 10 contracted audits planned for FY 2023, in the areas of: dislocated worker grants (1), job training (5), worker safety (1), and UI (3). These cancellations will result in fewer recommendations for improvement of Department programs and operations. Further, the OIG will not have the investigative capacity to review the approximately 166,000 open UI fraud complaints and to conduct investigations of each instance of suspected fraud before the statute of limitations expires.

The immense challenges we continue to face have not stopped OIG auditors or investigators from producing impactful oversight. As of September 30, 2023,[76] our pandemic response oversight has identified more than $74 billion in funds for better use and investigative monetary results of over $1 billion (see Table 2).

Table 2: DOL OIG's Cumulative Pandemic-Related Results, as of September 30, 2023

Results	2023
Audit Reports	47
Recommendations	136
Funds Identified for Better Use	$74 billion+
Questioned Costs	$277 million+
Indictments/Initial Charges	1,552
Convictions	957
Months of Incarceration Ordered	19,000+
Investigative Monetary Results	$1 billion+

While we have efficiently deployed our available resources to produce impactful results and will continue to do so, there is much more to do. For example, our investigators continue to work tirelessly to seek recoveries from and indictments for those responsible for pandemic-related fraud. Even though the COVID-19 public health emergency has ended, the OIG continues its work focused on assisting DOL to recover from this unprecedented emergency and to prepare for any future emergencies.

Extending the Statute of Limitations associated with Pandemic-Related Unemployment Insurance Fraud

We are increasingly concerned that, unless Congress acts urgently to extend the statute of limitations for fraud associated with pandemic-related UI programs, many groups and individuals that have defrauded the UI program may escape justice. As the primary federal law enforcement agency responsible for providing oversight of the UI program, the OIG has vigorously pursued pandemic-related UI fraud. As of September 30, 2023, OIG investigations have resulted in more than 1,550 individuals being charged with crimes involving UI fraud since March 2020.[77]

Even with the OIG's tireless efforts, the current statute of limitations associated with UI fraud means federal law enforcement may still fall short in fully investigating and prosecuting the most egregious cases of UI fraud, especially given the volume and complexity of UI fraud matters we are tasked to investigate. Currently, the statute of limitations for many of these cases will begin to expire in early 2025 as the statutes most often used to prosecute UI fraud have 5-year limitations.

As previously stated, during the pandemic, the volume of the OIG's UI investigative matters increased a thousandfold. Prior to the pandemic, the OIG opened approximately 100 UI fraud investigative matters each year. As of September 2023, the OIG has opened more than 205,000 investigative matters related to the pandemic. We continue to receive, on average, 100 to 500 new UI fraud complaints each week from the National Center for Disaster Fraud.

As a direct result of the exponential increase in pandemic-related UI fraud referrals, OIG investigators are now carrying the largest case inventory in the OIG's history. We are still dedicating the majority of our investigative resources to addressing pandemic-related UI fraud matters. This issue is further exacerbated by the OIG's significant reduction in the number of investigators onboard due to the near exhaustion of supplemental pandemic funding, resulting in a significant decrease in investigative capacity.

Pandemic-related UI fraud referrals that we receive often include complex schemes involving criminal enterprises and bad actors who use sophisticated techniques to maintain their anonymity. For instance, in one pandemic-related UI fraud investigation into the theft of over $4 million in UI benefits, conspirators orchestrated a scheme to file UI claims using stolen identities, which were often associated with elderly citizens.[78] The conspirators then opened bank accounts using the stolen identities for the sole purpose of receiving fraudulent UI proceeds. They withdrew the fraudulent proceeds and purchased money orders made out to themselves and to an online vehicle auction company. The conspirators then laundered the UI funds by using the money orders to purchase salvaged automobiles in the United States and ship them to Nigeria. They also facilitated the transfer of conspiracy proceeds to overseas bank accounts. This complex fraud investigation spanned both domestic and foreign jurisdictions. The defendants have been convicted of conspiracy to commit wire fraud.

Criminal investigations like this one require significant resources and time. We leveraged additional resources by partnering with SWAs, the U.S. Department of Justice (DOJ), and other federal law enforcement agencies on the National Unemployment Insurance Task Force, the COVID-19 Fraud Enforcement Task Force, and the COVID-19 Fraud Enforcement Strike Force teams to investigate and prosecute UI fraud. While these investigative resources helped us address the incredible volume of UI fraud matters, the process of collecting and cleaning the SWA data required a significant amount of time. We leveraged the UI data we were able to collect to identify those matters that posed the greatest risk to the UI program; however, to most effectively and efficiently investigate these matters, we need additional time, data, and resources.

Supplemental pandemic resources from Congress allowed the OIG to hire more criminal investigators and significantly expand the number of staff reviewing UI fraud matters. Unfortunately, the OIG is in the process of reducing staffing to pre-pandemic levels due to the near exhaustion of the supplemental funding provided by Congress. We have also been forced to eliminate all of the approximately 20 contract staff we have been using to triage the approximately 205,000 UI fraud complaints we received during the pandemic. Despite our dwindling resources, the OIG anticipates identifying and investigating pandemic-related UI fraud until the statute of limitations expires. Absent congressional action, the statute of limitations will begin to expire in early 2025.

In August 2022, an extension of the statute of limitations was implemented for crimes involving the U.S. Small Business Administration's Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) program. Congress should likewise consider extending the statute of limitations for existing laws when pandemic-related UI programs are defrauded. The expansion of the statute of limitations would provide investigators and prosecutors time to pursue and hold accountable those who defrauded the UI program and victimized the American people during the pandemic.

Further, for similar reasons, Congress could consider extending the federal statute of limitations for states to pursue administrative recoveries in cases of proven overpayments, including fraud, and with appropriate due process.

Providing the OIG Access to UI Claimant Data and Wage Records

Barriers to the OIG's ongoing, timely, and complete access to UI claimant data and wage records from SWAs remains a significant concern. This deficiency directly and adversely impacts the OIG's ability to provide independent oversight and combat fraud, waste, and abuse to help DOL improve the integrity of the UI programs. The power and use of data and predictive analytics enables the OIG to continuously monitor DOL programs and operations to detect and investigate fraud. Continuous monitoring serves as a deterrent to fraud, allows the OIG to promptly discover areas of weakness, and enables DOL management to timely correct problems.

To effectively address the challenges posed by the pandemic, we took a proactive stance, employing data analytics at both national and state levels to identify high-risk areas within the UI program. However, the OIG's ability to proactively detect UI fraud continues to be impacted by DOL's interpretation that the OIG's ongoing, timely, and complete access to UI claimant data and wage records is limited to the pandemic period and related grants.

Prior to and during most of the pandemic period, DOL maintained that, under its regulations, SWAs were only required to disclose UI data to the OIG for specific fraud investigations. DOL asserted it lacked the authority to require SWAs to provide UI data to the OIG for audits and investigations, despite the Inspector General Act of 1978, as amended, authorizing the Inspector General's access for such purposes. As a result, the OIG took the unprecedented step of using Inspector General subpoenas to obtain this critical data.

DOL continues to interpret regulations at 20 Code of Federal Regulations (C.F.R.) Part 603 as prohibiting ETA from requiring SWAs to provide UI data to the OIG for all audit purposes and for investigative purposes other than those involving specific instances of suspected fraud. This interpretation and subsequent guidance to SWAs contradict the Inspector General Act of 1978, as amended, which authorizes mandatory Inspector General access to information available to DOL, including grant recipient information related to DOL programs, such as SWAs' UI data.[79] In our June 2021 alert memorandum,[80] we recommended ETA amend its regulations to reinforce that SWAs' UI information must be provided to the OIG for all engagements authorized under the Inspector General Act of 1978, as amended.

To date, ETA has only implemented temporary solutions that are not sufficient to resolve the OIG's recommendation or concerns. ETA has required sharing of state UI data as a condition of fraud prevention grants to provide such access through 2025 and recently issued guidance supporting additional grants that would provide access for potentially the next 2 to 5 years. According to ETA, 52 of 53 SWAs received grants. ETA stated it was able to require SWAs to provide UI data to the OIG due to temporary authority created by the CARES Act and subsequent pandemic-related legislation. Because DOL issued its guidance pursuant to pandemic-related legislation, DOL's guidance directs states that they must provide OIG access only for the pandemic period and until the expiration of the grants, which is contrary to the Inspector General Act of 1978, as amended.

ETA announced its intent to amend its regulations to facilitate the OIG's ongoing access by February 2025, and, in July 2023, requested public comment on potential revisions that would require states to disclose unemployment compensation data to the OIG for oversight, including audits. Until DOL implements a permanent solution ensuring the OIG's complete and timely access to UI program data and information, the Department's interpretation of its regulations may renew impediments to the OIG's access experienced prior to and during the pandemic.

While the OIG and ETA agree that changing regulations requires notice and comment rulemaking, an immediate and legally sound interim solution is available to ETA. In the alert memorandum issued September 21, 2022,[81] the OIG highlighted DOL's authority to amend its interpretation of its regulations without changing the regulations themselves. Specifically, ETA can issue guidance to inform SWAs that they must timely provide UI data without any constraints to the OIG for audits and investigations consistent with the Inspector General Act of 1978, as amended. The historic levels of improper payments that the OIG has identified, including potential fraud, support the conclusion that the OIG's continued access to state UI data is imperative.

In support of the OIG's oversight activities, the OIG needs access to UI claimant data and wage records from SWAs to verify claimants' eligibility for UI benefits, including both initial eligibility (and amounts) and continuing eligibility. Timely access to UI data will allow the OIG to use our data analytics program to identify and investigate complex identity theft and multistate fraud schemes as we have successfully done during the pandemic. The OIG could also use those records to assess program outcomes for UI reemployment programs, as well as other training programs, such as YouthBuild and Job Corps, where employment and wage increases are important factors in determining a program's success.

In addition to the Inspector General Act of 1978, as amended, Congress should consider legislative action that would specifically authorize DOL and the OIG to have ongoing, timely, and complete access to UI claimant data and wage records for our oversight responsibilities. Ongoing, timely, and complete access to SWA UI claimant data and wage records systems would further enable the OIG to quickly identify large scale fraud and expand its current efforts to share emerging fraud trends with ETA and states to strengthen the UI program and deter fraud.

OIG ONGOING AND PLANNED WORK

The OIG's efforts to strengthen and protect the UI program continue. In addition to working with our law enforcement partners to combat fraud in the program, we will be issuing additional audit reports covering critical areas of concern and opportunities for improvement in the UI program. Planned and in-progress[82] Phase 3 audit work includes:

- effectiveness of the Short-Time Compensation program;*
- effectiveness of the Mixed Earner Unemployment Compensation program;*
- adequacy of state staffing resources;*
- ETA and state efforts to detect and recover overpayments;*
- PRAC Case Study Project on federal pandemic response funds in select geographic areas;*
- ETA and states' efforts to address:
    - multistate claimants;*
    - claimants using deceased persons' Social Security numbers;*
    - claimants using prisoners' Social Security numbers;* and
    - claimants with suspicious email accounts;*
- impact of waivers on UI overpayments, fraud investigations, and recoveries;
- joint review with U.S. Small Business Administration OIG;*
- mandatory audit of DOL's FY 2023 compliance with PIIA;[83]
- DOL and states oversight of UI claimants return to work;
- ARPA Equity Grants; and
- Office of UI Modernization's efforts to improve SWAs' UI IT systems.

For more information about the OIG's work, please visit our Pandemic Response Portal[84]

[1] In this document, the OIG uses "state" or "SWA" to refer to the administrative body that administers the UI program within the state, district, or territory. For the 50 states, as well as the U.S. Virgin Islands, Puerto Rico, and the District of Columbia, that administrative body is a SWA. There are, therefore, 53 SWAs. The Coronavirus Aid, Relief, and Economic Security Act also provided certain UI benefits to American Samoa, the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia, Guam, the Marshall Islands, and the Republic of Palau, provided the territory signs an agreement with the Department.

[2] Advisory Report, CARES ACT: Initial Areas of Concern Regarding Implementation of Unemployment Insurance Provisions, Report No. 19-20-001-03-315 (April 21, 2020), available at: https://www.oig.dol.gov/public/reports/oa/2020/19-20-001-03-315.pdf

[3] COVID-19: States Struggled to Implement CARES Act Unemployment Insurance Programs, Report No. 19-21-004-03-315 (May 28, 2021), available at: https://www.oig.dol.gov/public/reports/oa/2021/19-21-004-03-315.pdf

[4] COVID-19: Audit of State Workforce Agencies' Information Technology Systems Capability in Processing Unemployment Insurance Claims, Report No. 19-23-008-03-315 (September 19, 2023), available at: https://www.oig.dol.gov/public/reports/oa/2023/19-23-008-03-315.pdf

[5] Recovery Act: DOL Could Have Better Monitored the Use of Re-employment Services Funds to Adhere to Standards for Transparency and Accountability, Report No. 18-11-005-03-315 (March 31, 2011), available at: https://www.oig.dol.gov/public/reports/oa/2011/18-11-005-03-315.pdf

[6] Recovery Act: More Than $1.3 Billion in Unemployment Insurance Modernization Incentive Payments Are Unlikely to Be Claimed by States, Report No. 18-10-012-03-315 (September 30, 2010), available at: https://www.oig.dol.gov/public/reports/oa/2010/18-10-012-03-315.pdf

[7] COVID-19: States Struggled to Implement CARES Act Unemployment Insurance Programs, Report No. 19-21-004-03-315 (May 28, 2021), available at: https://www.oig.dol.gov/public/reports/oa/2021/19-21-004-03-315.pdf

[8] Also, the 12 states we selected for in-depth analysis were generally unable to demonstrate they met the payment promptness standard ETA established for regular UI payments, which is to pay 87 percent of claimants within 14 to 21 days.

[9] COVID-19: ETA and States Did Not Protect Pandemic-Related UI Funds from Improper Payments Including Fraud or from Payment Delays, Report No. 19-22-006-03-315 (September 30, 2022), available at: https://www.oig.dol.gov/public/reports/oa/2022/19-22-006-03-315.pdf

[10] Based on OIG analysis of data on ETA's public reporting on States' UI Benefit Timeliness and Quality, available at: https://oui.doleta.gov/unemploy/btq.asp

[11] Founded in 1901, the National Institute of Standards and Technology is a physical sciences laboratory and non regulatory agency under the U.S. Department of Commerce.

[12] National Institute of Standards and Technology, "National Institute of Standards and Technology Study Evaluates Effects of Race, Age, Sex on Face Recognition Software" (December 19, 2019), available at: https://www.nist.gov/news-events/news/2019/12/nist-study-evaluates-effects-race-age-sex-face-recognition-software

[13] An algorithm, according to Cambridge Dictionary, is a set of mathematical instructions or rules that, especially if given to a computer, will help to calculate an answer to a problem.

[14] Alert Memorandum: ETA and States Need to Ensure the Use of Identity Verification Service Contractors Results in Equitable Access to UI Benefits and Secure Biometric Data, Report No. 19-23-005-03-315 (March 31, 2023), available at: https://www.oig.dol.gov/public/reports/oa/2023/19-23-005-03-315.pdf

[15] The new PUA program extended unemployment benefits to the self-employed, independent contractors, those with limited work history, and other individuals not traditionally eligible for unemployment benefits who were unable to work as a direct result of COVID-19.

[16] To fully comply with the Payment Integrity Information Act of 2019, agencies must report an improper payment rate of less than 10 percent for each program and activity for which an estimate was published.

[17] UI improper payments data for FY 2004 through FY 2022 as reported to the Office of Management and Budget.

[18] The Middle Class Tax Relief and Job Creation Act of 2012 requires that individuals receiving UI benefits must be able to work, available to work, and actively seeking work as a condition of eligibility for regular compensation for any week. Accordingly, states generally require that unemployed workers demonstrate they were actively seeking work. Work search overpayments occur when states pay UI claimants who do not comply with a state's required work search activities

[19] ETA has included fraud as an element of the leading causes rather than as a separate cause. From July 2016 to March 2020, the other three causes resulted in over $9 billion in improper payments. Of this total, more than $3 billion was attributable to fraud. Since the pandemic started, fraud has significantly increased.

[20] COVID-19: More Can Be Done to Mitigate Risk to Unemployment Compensation under the CARES Act, Report No. 19-20-008-03-315 (August 7, 2020), available at: https://www.oig.dol.gov/public/reports/oa/2020/19-20-008-03-315.pdf

[21] In FY 2021, the Department found the PUA, PEUC, and FPUC programs to be susceptible to significant improper payments. The Payment Integrity Information Act of 2019 and its implementing guidance in Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement, requires the Department to produce an improper payment and unknown payment rate in the FY following the FY in which the risk assessment determination was made. ETA's reported improper payment rate estimate of 21.52 percent does not include the PUA program.

[22] "The Greatest Theft of American Tax Dollars: Unchecked Unemployment Fraud," Hearing, Statement for the Record of Larry D. Turner, Inspector General, U.S. Department of Labor; House Committee on Ways and Means (February 8, 2023), available at: https://www.oig.dol.gov/public/testimony/02082023.pdf

[23] With the exception of PUA, for which claims could be backdated to January 27, 2020, we define the UI pandemic period as March 27, 2020, through September 6, 2021. We also note that, according to ETA, it cannot provide final total costs of the programs because states are still processing claims that were for weeks of unemployment prior to expiration of the programs.

[24] This breakdown includes an overpayment rate of 17 percent, an underpayment rate of 1.5 percent, and a 17.4 percent rate for benefits whose classification—whether valid, overpaid, or underpaid—could not be determined. This information was reported in ETA's report, "Pandemic Unemployment Assistance Improper Payment Rate Report" (August 21, 2023), last accessed October 13, 2023, available at: https://oui.doleta.gov/unemploy/improp_pay.asp

[25] ETA estimated the fraud rate as part of their Benefit Accuracy Measurement system reporting for the program years July 1, 2020, through June 30, 2021, and July 1, 2021, through June 30, 2022. The Benefit Accuracy Measurement system is designed to determine the accuracy of paid and denied claims in three major UI programs: regular State UI, Unemployment Compensation for Federal Employees, and Unemployment Compensation for Ex Servicemembers.

[26] GAO, Unemployment Insurance: Estimated Amount of Fraud during Pandemic Likely between $100 Billion and $135 Billion, GAO-23-106696 (September 2023), available at: https://www.gao.gov/assets/gao-23-106696.pdf

[27] At the time of the publication of this semiannual report, the OIG has not audited the reported PUA improper payment rate. The OIG will assess that rate's compliance with the Payment Integrity Information Act of 2019 for Fiscal Year 2023. That audit report will be available in Summer 2024.

28 COVID-19: States Struggled to Implement CARES Act Unemployment Insurance Programs, Report No. 19-21-004-03-315 (May 28, 2021), available at: https://www.oig.dol.gov/public/reports/oa/2021/19-21-004-03-315.pdf

29 The PUA program covered workers not typically covered by UI who could self-certify that they were able to and available for work but unemployed due to COVID-19 related reasons.

30 "Subcommittee on Government Operations Briefing with the Inspector General for the Department of Labor," Member Briefing, Opening Statement of Scott S. Dahl, Inspector General, U.S. Department of Labor; House Committee on Oversight and Reform; Subcommittee on Government Operations (June 1, 2020), available at: https://www.oig.dol.gov/public/testimony/20200601.pdf

31 Unemployment Insurance During COVID-19: The CARES Act and the Role of Unemployment Insurance During the Pandemic," Hearing, Statement for the Record of Scott S. Dahl, Inspector General, U.S. Department of Labor; Senate Committee on Finance (June 9, 2020), available at: https://www.oig.dol.gov/public/testimony/20200609.pdf

32 "Pandemic Response and Accountability: Reducing Fraud and Expanding Access to COVID-19 Relief through Effective Oversight," Hearing, Statement for the Record of Larry D. Turner, Inspector General, U.S. Department of Labor; Senate Committee on Homeland Security and Governmental Affairs (March 17, 2022), available at: https://www.oig.dol.gov/public/testimony/20220317.pdf

33 "The Greatest Theft of American Tax Dollars: Unchecked Unemployment Fraud," Hearing, Statement for the Record of Larry D. Turner, Inspector General, U.S. Department of Labor; House Committee on Ways and Means (February 8, 2023), available at: https://www.oig.dol.gov/public/testimony/02082023.pdf

34 "Waste, Fraud, and Abuse Go Viral: Inspectors General on Curing the Disease," Hearing, Statement for the Record of Larry D. Turner, Inspector General, U.S. Department of Labor; House Committee on Oversight and Accountability, Subcommittee on Government Operations and the Federal Workforce (March 9, 2023), available at: https://www.oig.dol.gov/public/testimony/03092023.pdf

35 COVID-19: ETA and States Did Not Protect Pandemic-Related UI Funds from Improper Payments including Fraud or from Payment Delays, Report No. 19-22-006-03-315 (September 30, 2022), available at: https://www.oig.dol.gov/public/reports/oa/2022/19-22-006-03-315.pdf

36 (1) Alert Memorandum: The Employment and Training Administration (ETA) Needs to Ensure State Workforce Agencies (SWA) Implement Effective Unemployment Insurance Program Fraud Controls for High Risk Areas, Report No. 19-21-002-03-315 (February 22, 2021), available at: https://www.oig.dol.gov/public/reports/oa/2021/19-21-002-03-315.pdf;
(2) Alert Memorandum: The Employment and Training Administration Needs to Issue Guidance to Ensure State Workforce Agencies Provide Requested Unemployment Insurance Data to the Office of Inspector General, Report No. 19-21-005-03-315 (June 16, 2021), available at: https://www.oig.dol.gov/public/reports/oa/2021/19-21-005-03-315.pdf;
(3) Alert Memorandum: Potentially Fraudulent Unemployment Insurance Payments in High-Risk Areas Increased to $45.6 Billion, Report No. 19-22-005-03-315 (September 21, 2022), available at: https://www.oig.dol.gov/public/reports/oa/2022/19-22-005-03-315.pdf;
(4) Alert Memorandum: ETA Needs to Incorporate Data Analytics Capability to Improve Oversight of the Unemployment Insurance Program, Report No. 19-23-012-03-315 (September 25, 2023), available at: https://www.oig.dol.gov/public/reports/oa/2023/19-23-012-03-315.pdf

37 Previously, we have reported on four high-risk areas; we added two areas: individuals with Social Security numbers belonging to persons under 14 and over 100 years of age.

38 More information on the National UI Fraud Task Force is available at: https://www.justice.gov/coronavirus/national-unemployment-insurance-fraud-task-force

39 DOJ Office of Public Affairs, "Attorney General Announces Task Force to Combat COVID-19 Fraud," press release (May 17, 2021), available at: https://www.justice.gov/opa/pr/attorney-general-announces-task-force-combat-covid-19-fraud

40 For example, the OIG has issued or assisted in issuing the following alerts: UI fraud consumer protection guide, UI fraud investigations guide, UI fraud alert for state/local law enforcement, UI text message phishing alert, UI fraud and phishing alert, UI fraud and identity theft alert, and UI detection and mitigation alert for financial institutions. These are available at: https://www.oig.dol.gov/OIG_Pandemic_Response_Portal.htm

41 The OIG joined the DOJ and other federal law enforcement partners as participants on the DOJ's new COVID-19 Strike Force Teams initiative, announced on September 14, 2022. These Strike Force Teams will operate out of U.S. Attorney's Offices in the Southern District of Florida, the District of Maryland, and a joint effort between the Central and Eastern Districts of California. They will use dedicated special agents from the OIG to focus on significant fraud schemes with an international nexus. DOJ, "Department Announces COVID-19 Fraud Strike Force Teams," press release (September 14, 2022), available at: https://www.justice.gov/opa/pr/attorney-general-announces-task-force-combat-covid-19-fraud

42 "Labor Watchdog's Pandemic Work Results in More Than 1,000 Individuals Charged with UI Fraud and $45.6 Billion Identified in Potentially Fraudulent Pandemic UI Benefits," press release (September 22, 2022), available at: https://www.oig.dol.gov/public/Press%20Releases/DOL-OIG%20Pandemic%20Work%20Results%20in%20More%20Than%201000%20Individuals%20Charged%20with%20UI%20Fraud.pdf

43 For more details about OIG investigations, please visit: https://www.oig.dol.gov/OIG_Pandemic_Response_Portal.htm

[44] Pursuant to 18 U.S.C. § 1029, the term "access device" means any card, plate, code, account number, electronic serial number, mobile identification number, personal identification number, or other telecommunications service, equipment, or instrument identifier, or other means of account access that can be used, alone or in conjunction with another access device, to obtain money, goods, services, or any other thing of value, or that can be used to initiate a transfer of funds (other than a transfer originated solely by paper instrument).

[45] More information about DOJ's Money Mule Initiative is available at: https://www.justice.gov/civil/consumer-protection-branch/money-mule-initiative.

[46] Secret Service and OIG, "Detection and Mitigation of Unemployment Insurance Fraud Guidance for Financial Institutions," July 6, 2020, available at: https://www.neach.org/Portals/0/USSS-DOL%20OIG%20UI%20Advisory%207_6_2020.pdf

[47] Commonly known as "EUROPOL"

[48] Commonly known as "INTERPOL"

[49] Five Eyes is an intelligence alliance. The Five Eyes countries include Australia, Canada, New Zealand, the United Kingdom and the United States. The International Public Sector Fraud Forum consists of representatives from organizations from the Five Eyes countries, whose collective aim is to share best and leading practices in fraud management and control across public borders. International Public Sector Fraud Forum guidance is available at: https://www.gov.uk/government/publications/international-public-sector-fraud-forum-guidance

[50] Pandemic Response Oversight Plan, Revised June 30, 2023, (updated March 21, 2022), available at: https://www.oig.dol.gov/public/oaprojects/Updated%20Pandemic%20Response%20Oversight%20Plan%202022%20for%20Publication.pdf

[51] Examples include: Recovery Act: DOL Could Have Better Monitored the Use of Re-employment Services Funds to Adhere to Standards for Transparency and Accountability, Report No. 18-11-005 03 315 (March 31, 2011), available at: https://www.oig.dol.gov/public/reports/oa/2011/18-11-005-03-315.pdf Recovery Act: States Challenged in Detecting and Reducing Unemployment Insurance Improper Payments, Report No. 18-16-005-03-315 (August 2, 2016), available at: https://www.oig.dol.gov/public/reports/oa/2016/18-16-005-03-315.pdf and Audit of Florida Disaster Unemployment Assistance Grant Number 1359 - DR (March 26, 2004), Report No. 04-04-004-03-315 (March 26, 2004), available at: https://www.oig.dol.gov/public/reports/oa/2004/04-04-004-03-315.pdf

[52] Advisory Report; CARES Act: Initial Areas of Concern Regarding Implementation of Unemployment Insurance Provisions, Report No. 19-20-001-03-315 (April 21, 2020), available at: https://www.oig.dol.gov/public/reports/oa/2020/19-20-001-03-315.pdf

[53] Alert Memorandum: The Pandemic Unemployment Assistance Program Needs Proactive Measures to Detect and Prevent Improper Payments and Fraud, Report No. 19-20-002-03-315 (May 26, 2020), available at: https://www.oig.dol.gov/public/reports/oa/2020/19-20-002-03-315.pdf

[54] COVID-19: More Can Be Done to Mitigate Risk to Unemployment Compensation under the CARES Act, Report No. 19-20-008-03-315 (August 7, 2020), available at: https://www.oig.dol.gov/public/reports/oa/2020/19-20-008-03-315.pdf

[55] COVID-19: States Struggled to Implement CARES Act Unemployment Insurance Programs, Report No. 19-21-004-03-315 (May 28, 2021), available at: https://www.oig.dol.gov/public/reports/oa/2021/19-21-004-03-315.pdf

[56] FY 2021 Independent Auditor's Report on the DOL Financial Statements, Report No. 22-22-003-13-001 (November 19, 2021), available at: https://www.oig.dol.gov/public/reports/oa/2022/22-22-003-13-001.pdf

[57] The U.S. Department of Labor Did Not Meet the Requirements for Compliance with the Payment Integrity Information Act for FY 2021, Report No. 22-22-007-13-001 (July 1, 2022), available at: https://www.oig.dol.gov/public/reports/oa/2022/22-22-007-13-001.pdf

[58] Alert Memorandum: Employment and Training Administration Needs to Ensure State Workforce Agencies Report Activities Related to CARES Act Unemployment Insurance Programs, Report No. 19-22-004-03-315 (August 2, 2022), available at: https://www.oig.dol.gov/public/reports/oa/2022/19-22-004-03-315.pdf

[59] COVID-19: ETA and States Did Not Protect Pandemic-Related UI Funds from Improper Payments including Fraud or from Payment Delays, Report No. 19-22-006-03-315 (September 30, 2022), available at: https://www.oig.dol.gov/public/reports/oa/2022/19-22-006-03-315.pdf

[60] FY 2022 Independent Auditor's Report on the DOL Financial Statements, Report No. 22-23-002-13-001 (December 13, 2022), available at: https://www.oig.dol.gov/public/reports/oa/2023/22-23-002-13-001.pdf

[61] Alert Memorandum: ETA and States Need to Ensure the Use of Identity Verification Service Contractors Results in Equitable Access to UI Benefits and Secure Biometric Data, Report No. 19-23-005-03-315 (March 31, 2023), available at:https://www.oig.dol.gov/public/reports/oa/2023/19-23-005-03-315.pdf

[62] A synthetic identity is a false identity created from a combination of real and fake information.

[63] The U.S. Department of Labor Did Not Meet the Requirements for Compliance with the Payment Integrity Information Act for FY 2022, Report No. 22-23-006-13-001 (June 9, 2023), available at: https://www.oig.dol.gov/public/reports/oa/2023/22-23-006-13-001.pdf

[64] ETA Did Not Provide Adequate Oversight of Emergency Administrative Grants, Report No. 19-23-006-03-315 (July 27, 2023), available at: https://www.oig.dol.gov/public/reports/oa/2023/19-23-006-03-315.pdf

[65] Tracking the Department of Labor's Unemployment Insurance Response to Local Communities During the Pandemic, Report No. 19-23-007-03-315 (July 10, 2023), available at: https://www.oig.dol.gov/public/reports/oa/2023/19-23-007-03-315.pdf

[66] COVID-19 - ETA Can Improve its Oversight to Ensure Integrity over CARES Act UI Programs, Report No. 19-23-011-03-315 (September 22, 2023), available at: https://www.oig.dol.gov/public/reports/oa/2023/19-23-011-03-315.pdf

[67] COVID-19: Unemployment Relief For Governmental Entities and Nonprofit Organizations Should Have Been Better Managed, Report No. 19-23-010-03-315 (September 21, 2023), available at: https://www.oig.dol.gov/public/reports/oa/2023/19-23-010-03-315.pdf

[68] COVID-19: Pandemic Unemployment Assistance for Non-Traditional Claimants Weakened by Billions in Overpayments, including Fraud, Report No. 19-23-014-03-315 (September 27, 2023), available at: https://www.oig.dol.gov/public/reports/oa/2023/19-23-014-03-315.pdf

[69] COVID-19: ETA Needs a Plan to Reconcile and Return to the U.S. Treasury Nearly $5 Billion Unused by States for a Temporary Unemployment Insurance Program, Report No. 19-23-015-03-315 (September 28, 2023), available at: https://www.oig.dol.gov/public/reports/oa/2023/19-23-015-03-315.pdf

[70] COVID-19: Audit of State Workforce Agencies' Information Technology Systems Capability in Processing Unemployment Insurance Claims, Report No. 19-23-008-03-315 (September 19, 2023), available at: https://www.oig.dol.gov/public/reports/oa/2023/19-23-008-03-315.pdf

[71] Quality Control Review Single Audit of South Carolina Department of Employment and Workforce for the Year Ended June 30, 2021, Report No. 24-23-003-50-598 (September 26, 2023), available at: https://www.oig.dol.gov/public/reports/oa/2023/24-23-003-50-598.pdf

[72] The Benefit Accuracy Measurement system, commonly known as BAM, is a quality control statistical survey used to identify errors and support corrective action in the state UI system. The data are an estimate of the total improper payments in the UI program, in each state and the nation as a whole, based on a statistically valid examination of a sample of paid and denied claims.

[73] U.S. Department of Labor, FY 2024 Congressional Budget Justification, Employment and Training Administration, State Unemployment Insurance and Employment Service Operations, available at: https://www.dol.gov/sites/dolgov/files/general/budget/2024/CBJ-2024-V1-07.pdf

[74] The American Rescue Plan Act of 2021 initially allotted $2 billion to UI initiatives; however, $1 billion was rescinded by the Fiscal Responsibility Act of 2023.

[75] For most crimes of fraud committed against the UI program, an indictment must be returned by a grand jury or information must be instituted within 5 years of the offense being committed.

[76] Pandemic Response Oversight Plan, Revised June 30, 2023, available at: https://www.oig.dol.gov/public/oaprojects/2023%20Revised%20Pandemic%20Response%20Oversight%20Plan.pdf

[77] For more details about OIG investigations, visit our Pandemic Response Portal at: https://www.oig.dol.gov/OIG_Pandemic_Response_Portal.htm

[78] Department of Justice, U.S. Attorney's Office, Northern District of Alabama, "Georgia Resident Pleads Guilty to COVID-19 Unemployment Fraud Targeting Several States," press release (June 8, 2022), available at:https://www.justice.gov/usao-ndal/pr/georgia-resident-pleads-guilty-covid-19-unemployment-fraud-targeting-several-states

[79] Further, only a federal statute, not DOL's regulations, can supersede the Inspector General's access authority, and only if it expressly states that it limits the Inspector General's authority.

[80] Alert Memorandum: The Employment and Training Administration Needs to Issue Guidance to Ensure State Workforce Agencies Provide Requested Unemployment Insurance Data to the Office of the Inspector General, Report No. 19-21-005-03-315 (June 16, 2021), available at: https://www.oig.dol.gov/public/reports/oa/2021/19-21-005-03-315.pdf

[81] Alert Memorandum: Potentially Fraudulent Unemployment Insurance Payments in High-Risk Areas Increased to $45.6 Billion, Report No. 19-22-005-03-315 (September 21, 2022), available at: https://www.oig.dol.gov/public/reports/oa/2022/19-22-005-03-315.pdf

[82] Audits in progress are marked with an asterisk (*).

[83] A large portion of this annual audit focuses on UI.

[84] Our Pandemic Response Portal is available at: https://www.oig.dol.gov/OIG_Pandemic_Response_Portal.htm