



September 25, 2023

MEMORANDUM FOR: BRENT PARTON
Principal Deputy Assistant Secretary
for Employment and Training

A handwritten signature in cursive script that reads "Carolyn R. Hantz".

FROM: CAROLYN R. HANTZ
Assistant Inspector General
for Audit

SUBJECT: **Alert Memorandum:** ETA Needs to
Incorporate Data Analytics Capability to
Improve Oversight of the Unemployment
Insurance Program
Report Number: 19-23-012-03-315

The purpose of this memorandum is to alert the Employment and Training Administration (ETA) to a concern the Office of Inspector General (OIG) has determined needs immediate attention. The OIG has identified nearly \$1.3 billion in potentially fraudulent unemployment insurance (UI) payments made during the pandemic in two high-risk age categories, to individuals with Social Security numbers: (1) of children under the age of 14 and (2) of elderly persons 100 years of age or older. The OIG previously identified more than \$45.6 billion in potentially fraudulent UI pandemic benefits paid in four other high-risk areas.¹ This memorandum builds on our previous work, identifying additional risk within state UI claims data for agency action.

We are concerned ETA currently does not have direct access to state UI claims data. Additionally, we are concerned ETA does not have the capability to analyze said data, which would allow it to better identify fraud and other improper payments, as well as other trends or emerging issues, such as timeliness or equity.

¹ 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>

To provide relief to American citizens experiencing pandemic-related employment issues and challenges, the Coronavirus Aid, Relief, and Economic Security Act and subsequent legislation authorized seven new temporary UI programs.² These temporary pandemic-related UI programs, coupled with the state UI programs, paid \$888 billion in benefits during the heightened period of the COVID-19 pandemic—March 2020 through September 2021. This rapid expansion and substantial increase in benefits significantly increased the risk for fraud, waste, and abuse in UI programs.

For more than 20 years, the OIG has reported on the U.S. Department of Labor’s (DOL) challenge to reduce improper payments in the UI program, which has experienced some of the highest improper payment rates across the federal government. In addition to the OIG’s prior work, the Government Accountability Office (GAO), in its 2021 report on the federal response to the pandemic, expressed concern about overpayments and potential fraud in the UI system.³ GAO subsequently added the UI system to its “High Risk List” and recommended that DOL develop a plan for transforming this system.⁴ In 2023, GAO estimated the pandemic related fraud rate for the UI programs was about 11 to 15 percent for the period April 2020 to May 2023, and estimated up to \$135 billion was lost to fraud.⁵ GAO also noted that the full extent of UI fraud during the pandemic will likely never be known with certainty.

The improper payment rate estimate for the UI program, as reported to the Office of Management and Budget, has been above 10 percent for 16 of the last 19 years (see Figure 1).⁶ In 2021 and 2022, ETA estimated an improper payment rate of 18.71 percent and 21.52 percent, respectively. Further, ETA estimated a

² These new programs included the Pandemic Unemployment Assistance program, which extended UI benefits to individuals not traditionally eligible; the Federal Pandemic Unemployment Compensation program, which provided supplemental payments to individuals receiving traditional and other eligible UI benefits; and the Pandemic Emergency Unemployment Compensation program, which provided up to an additional 13 weeks of unemployment compensation to individuals who exhausted their regular UI benefits.

³ GAO, COVID-19: Sustained Federal Action is Crucial as Pandemic Enters Its Second Year, Report No. GAO-21-387 (March 31, 2021), available at: <https://www.gao.gov/products/gao-21-387>

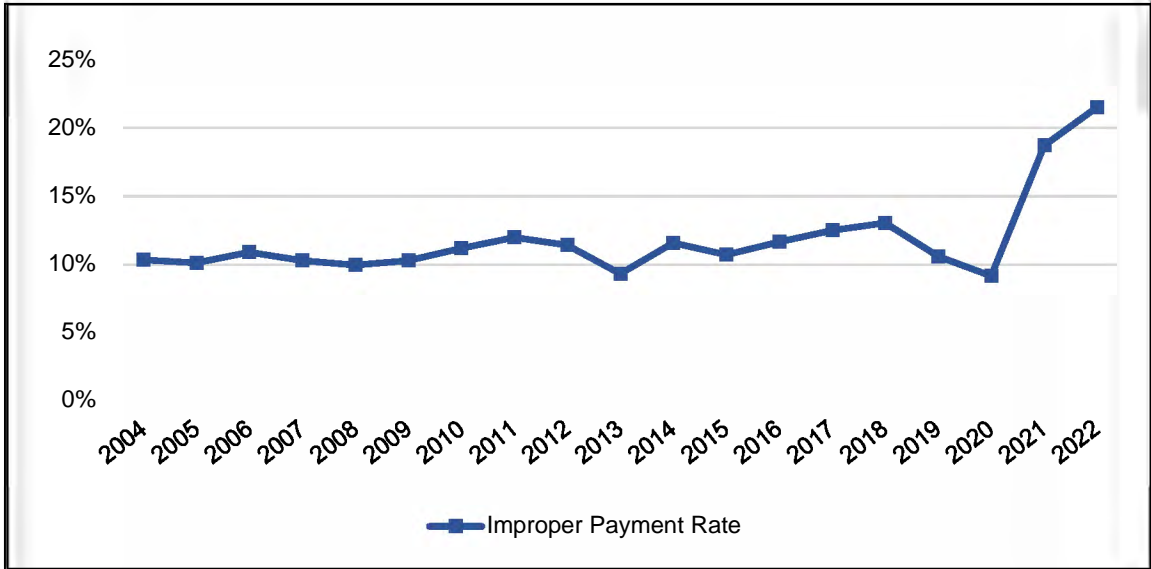
⁴ GAO, Unemployment Insurance: Transformation Needed to Address Program Design, Infrastructure, and Integrity Risks, Report No. GAO-22-105162 (June 7, 2022), available at: <https://www.gao.gov/products/gao-22-105162>

⁵ 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>

⁶ The improper payment reporting year is the 12-month period ending June 30 of the reporting year.

fraud rate of 8.57 for 2021—a 170 percent increase over the prior year’s fraud rate of 3.17 percent.⁷

Figure 1: UI Improper Payment Rates, 2004 – 2022⁸



Source: OIG analysis of improper payment data published by ETA

During our previous audit⁹ of DOL’s response to the UI program’s expansion under the Coronavirus Aid, Relief, and Economic Security Act, we performed comprehensive data analyses on state UI claims data for March 2020 through October 2020. Our analyses identified more than \$5.4 billion of potentially fraudulent UI pandemic benefits paid in four specific high-risk areas. The four originally identified high-risk areas were benefits paid to individuals with Social Security numbers: (1) filed in multiple states, (2) of deceased persons, (3) of federal prisoners, and (4) used to file UI claims with suspicious email accounts.¹⁰

⁷ ETA estimated the fraud rate as part of its Benefit Accuracy Measurement program for the period July 1, 2020, through June 30, 2021. The Benefit Accuracy Measurement program is designed to determine the accuracy of paid and denied claims in three major UI programs: state UI, Unemployment Compensation for Federal Employees, and Unemployment Compensation for Ex-Servicemembers.

⁸ The 2020 improper payment rate of 9.7 percent was calculated based on 9 months of data, from July 2019 through March 2020, and was reflective of only 8 percent of total program year expenses due to the exclusion of Coronavirus Aid, Relief, and Economic Security Act UI expenditures and the fourth quarter of the program year. The collection of improper payment data from April 2020 to June 2020 was suspended due to the pandemic.

⁹ 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>

¹⁰ 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>

Our subsequent analyses of those high-risk areas, using UI claims data through April 2022, brought the cumulative total of potential fraud to more than \$45.6 billion.¹¹ We provided ETA with our underlying methodology as well as specific claimant information, and ETA shared the information with states for appropriate action. We are currently performing four separate audits to examine the extent to which ETA and states have taken action on a sample of potentially fraudulent claims in each of the four high-risk areas.

Since our earlier analyses, we have identified almost \$1.3 billion in potentially fraudulent UI pandemic benefits paid from March 2020 through April 2022 in two additional high-risk areas. The two additional high-risk areas involve benefits paid to individuals with Social Security numbers: (1) of children under the age of 14 and (2) of elderly persons 100 years of age or older (see Table 1).¹²

Table 1: UI Pandemic Benefits Paid to High-Risk Age Groups, March 2020 through April 2022

High-Risk Area	Total Potential Fraud Identified
Under Age 14	\$1,225,663,851
Age 100 or Older	\$66,541,872
Total	\$1,292,205,723

Source: OIG data analysis of state UI claims data

Although these could be legitimate claims, they merit additional oversight and scrutiny as workers typically do not fall into these age categories. For example, the Fair Labor Standards Act of 1938 sets a minimum age of 14 for employment in non-agricultural occupations covered by the act, which effectively limits employment for children under 14 to work that is exempt from the act, such as delivering newspapers and acting.

In addition to the potential fraud risk inherent with children under 14 receiving UI benefits, there is a risk and concern that these children could be victims of child labor exploitation. Since 2018, DOL has seen a 69 percent increase in children being employed illegally by companies. In Fiscal Year (FY) 2022, DOL found 835 companies it investigated had employed more than 3,800 children in violation of labor laws. The OIG is planning to do audit work in this area—which falls under the purview of DOL’s Wage and Hour Division—in the future.

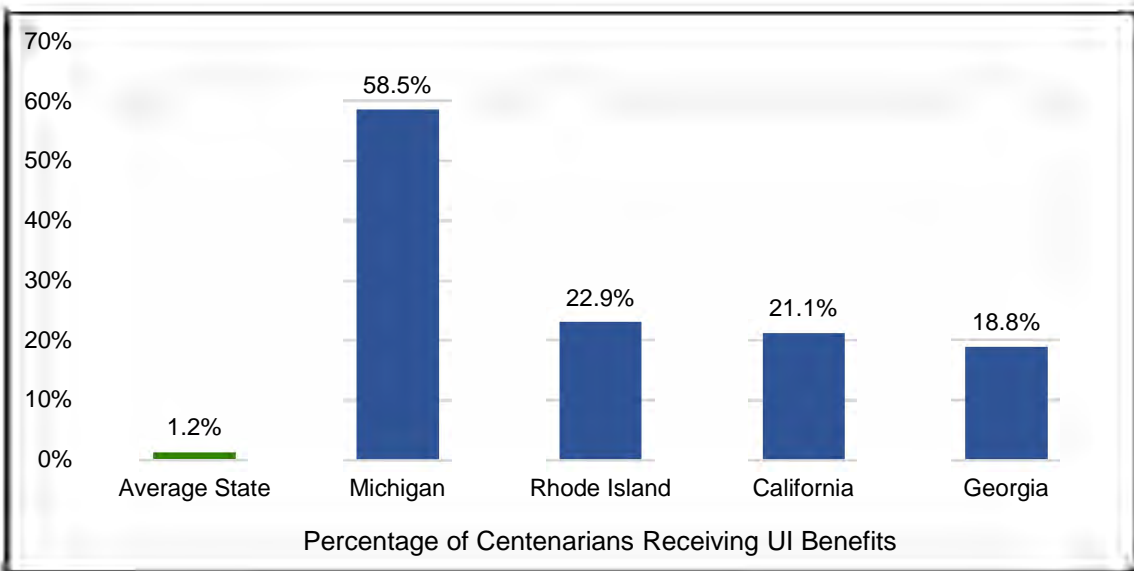
¹¹ Alert Memorandum: Potentially Fraudulent Unemployment Insurance Payments in High-Risk Areas Increased to \$45.6 Billion, Report No. 19-22-005-03-315 (September 21, 2022), available at: <https://www.oig.dol.gov/public/reports/oa/2022/19-22-005-03-315.pdf>

¹² To prevent double counting, these results do not include any claims identified in our analyses of the four high-risk areas covered by our previous alert memoranda.

Further, while there are no legal restrictions placed on elderly workers, it is rare for individuals over the age of 100 to be in the workforce. The U.S. Bureau of Labor Statistics reported the labor force participation rate for people age 75 and older was 8.9 percent in 2020.¹³

Our analysis identified four states that paid UI claims to 18 percent or more of individuals aged 100 years or older from March 2020 to April 2022.¹⁴ If these claims were legitimate, this would indicate a remarkably large percentage of centenarians were still working and eligible for UI benefits in these four states—a trend that was not observed in other states. For example, the State of Michigan paid claims to over 58 percent of its centenarian population during this period, while other states with significantly larger centenarian populations paid claims to less than 1 percent. Excluding the four outlier states with percentages exceeding 18 percent, an average of only 1.2 percent of centenarians in the remaining 46 states received UI pandemic benefits during this period (see Figure 2).

Figure 2: Percentage of Persons 100 Years of Age or Older with UI Pandemic Benefits Paid from March 2020 through April 2022



Source: OIG data analysis of state UI claims data and 2020 U.S. Census data

¹³ Bureau of Labor Statistics, U.S. Department of Labor, The Economics Daily, “Number of people 75 and older in the labor force is expected to grow 96.5 percent by 2030” (November 4, 2021), last accessed August 15, 2023, available at: <https://www.bls.gov/opub/ed/2021/number-of-people-75-and-older-in-the-labor-force-is-expected-to-grow-96-5-percent-by-2030.htm>

¹⁴ For this comparison, we used state population data sourced from the 2020 U.S. Census. U.S. Census Bureau, “Exploring Age Groups in the 2020 Census” (May 25, 2023), available at: <https://www.census.gov/library/visualizations/interactive/exploring-age-groups-in-the-2020-census.html>

Due to the results of our analysis in these two high-risk areas, we remain concerned about the amount of benefits paid in the aforementioned age groups. Further, our latest analysis brings the cumulative total amount of potentially fraudulent payments to more than \$46.9 billion¹⁵ in the six high-risk areas (see Figure 3),¹⁶ showing how effective and beneficial data analytics can be for providing effective program oversight and combatting fraud.

Figure 3: Six High-Risk Areas for Potential UI Fraud Identified by the OIG



Source: OIG data analysis of state UI claims data

In “A Framework for Managing Fraud Risks for Federal Programs,” GAO recommends using data analytic tools and techniques to prevent and detect fraud. It states:

Data analytics activities can include a variety of techniques to prevent and detect fraud. For example, data mining and data-matching techniques can enable programs to identify potential fraud or improper payments that have already been awarded, thus assisting programs in recovering these dollars, while predictive analytics can identify potential fraud before making payments.¹⁷

¹⁵ Total amounts for these analyses do not include duplicates that were identified in one or more areas.

¹⁶ Of the more than \$46.9 billion total identified, the OIG had previously reported in prior OIG reports that \$45.6 billion in potential fraudulent payments had been identified within four high-risk areas. This report identifies almost \$1.3 billion in additional funds put to better use within two additional high-risk areas that were not claimed in our prior reports. See Attachment II for detailed information, including our calculation.

¹⁷ Appendix III in the GAO’s “A Framework for Managing Fraud Risks in Federal Programs,” Report No. GAO-15-593SP (July 2015), available at: <https://www.gao.gov/assets/gao-15-593sp.pdf>

In addition, the Office of Management and Budget recommends that federal agencies work closely with their data analysts to establish robust analytics capabilities that allow an agency to identify potential improper payments, including fraud, before they occur. Data analytics can include analysis for trends, patterns, anomalies, and exceptions within data sets. The Office of Management and Budget also provides an overview of common data analytic techniques that federal agencies should consider to reduce the risks of improper payments.¹⁸

According to ETA, it has developed a preliminary draft of a UI Fraud Risk Profile to align DOL's ongoing fraud risk management activities with GAO's Fraud Risk Framework. ETA also issued guidance in April 2023 to communicate the antifraud strategy for the UI program to the states. This guidance provides states with information on both required and strongly recommended strategies, tools, and services for UI fraud risk mitigation and improper payment reduction.¹⁹

ETA's FY 2023 Agency Management Plan states that improving overall program integrity in the UI program is one of the agency's top priorities. Strategy 3.2, "Strengthen Program Integrity by Preventing and Detecting Fraud, and Reducing Improper Payments," indicates that ETA will continue to "promote UI program integrity actively and aggressively by identifying and reducing fraud, waste, and abuse in the program." One of the activities for this strategy is to "invest in technology and data analytics," and specifically:

Invest in tools and strategies to help states verify [the] identity of UI claimants, promote states' use of these tools/strategies, and perform data analytics to prevent and detect fraud, and reduce investigations backlog. These tools and strategies will be balanced to ensure equitable access and delivery of UI services.

Another activity identified in ETA's FY 2023 Agency Management Plan is to work with the UI Integrity Center "to promote the consistent use of the Integrity Data Hub (IDH) by states to cross-match with all available datasets and promote the UI Integrity Center's Integrity Knowledge Exchange as a resource for program integrity information, tools (including a data analytics tool), and promising practices to states."

¹⁸ Payment Integrity Alert: The Use of Automation and Data Analytics From the Office of Management and Budget (OMB) Office of Federal Financial Management and the Pandemic Response Accountability Committee (PRAC); posted by the CFO Council on July 21, 2021, available at: <https://www.pandemicoversight.gov/media/file/joint-payment-integrity-alert-use-automation-and-data-analytics-omb-and-prac>

¹⁹ Unemployment Insurance Program Letter No. 22-21, Change 2, available at: <https://www.dol.gov/agencies/eta/advisories/uipl-22-21-change-2>

The UI Integrity Center is a joint federal-state initiative funded by DOL and operated by the National Association of State Workforce Agencies.²⁰ It serves as a resource to assist states in their efforts to improve integrity in the UI program, focusing particularly on the prevention, detection, and recovery of improper payments including fraud. One of the services provided by the UI Integrity Center, the IDH, is a multistate data system used for advanced data cross-matching and analysis on submitted claims to help detect and prevent UI fraud and improper payments.

While tools and resources like the IDH can improve program integrity and increase detection and prevention of improper payments, including fraudulent payments, there are significant limitations. First, while ETA encourages states to use the tools available from the UI Integrity Center, ETA maintains that it lacks the authority to require states to participate. To this end, the OIG previously recommended in our first high-risk alert memo,²¹ issued in February 2021, that ETA work with Congress to establish legislation requiring state workforce agencies to cross-match high-risk areas, including the four originally identified areas. Consistent with our recommendation, in the FY 2024 President's Budget, ETA included a legislative proposal that would give DOL authority to require states to perform cross-matches using the IDH. Additionally, states that participate in the IDH have been inconsistent in their use of the tool and in the level of claims data shared. For example, as of June 2023, although all 53 state workforce agencies had IDH participation agreements in place, ETA reported only 50 of the 53 state workforce agencies were participating in the IDH multistate cross-matches.

We also found the IDH is limited in its effectiveness in identifying potential improper payments and fraud. We recently reported that the IDH was not able to identify the same amount of potentially improper multistate claims when compared to the OIG's analysis.²² The IDH used a threshold that was higher than what the OIG would use to flag improper multistate claims. However, even when we used the IDH's threshold, we found the IDH only identified 39.7 percent of potential improper multistate claims using data from September 2020, when compared to our analysis. This occurred because the states who participated did not share complete data with the IDH on a consistent basis.

²⁰ The National Association of State Workforce Agencies is the national organization representing all of the state workforce agencies and whose mission is to enhance the state workforce agencies' abilities to accomplish their goals, statutory roles, and responsibilities.

²¹ 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>

²² 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>

Finally, even without these limitations, the tools and resources do not relieve ETA from its program oversight responsibilities. ETA has recognized the critical importance of data analytics in detecting and preventing improper payments, including fraud, and improving program integrity. To this end, ETA has invested in providing states with tools through the UI Integrity Center and encouraged states to use data analytics to strengthen program integrity. However, ETA does not have direct access to UI claims data, nor has it developed its own data analytics capability at the federal level as part of its oversight of the UI program.

In its FY 2023 and FY 2024 Congressional Budget Requests for State Unemployment Insurance and Employment Service Operations, ETA included a legislative proposal to allow it to collect and store states' UI claimant data. This proposal would provide DOL "direct access to all claim and wage data used by state agencies in administering the state's unemployment compensation program solely for the purposes of Federal unemployment compensation administration and to conduct research, evaluation, and performance assessments of unemployment compensation programs and federally funded employment-related programs."²³ Therefore, ETA is aware of its need for access to state UI claims data to provide proper oversight of the UI program.

ETA officials indicated the noted language in its Congressional Budget Requests was included as a component of future UI reform, but it would require statutory authority allowing access to the data, a new records management system, and individual data sharing agreements with states. Because this would take a significant increase in funding and years to plan and achieve, ETA indicated it is focusing its energies and resources on improving integrity controls in the federal-state partnership that reflect the current UI program, such as investing in enhancements to, promoting increased states participation in, and conducting evaluations of the IDH.

Although ETA has stated it needs additional authority to obtain access to state UI claims data, current federal regulations provide such authority for purposes described in this memorandum. Specifically, 20 C.F.R. § 603.6 (a) states that "the Department of Labor interprets Section 303(a)(1), [Social Security Act of 1935], as requiring disclosure of all information necessary for the proper administration of the [UI] program." Additionally, 29 C.F.R. § 96.41 authorizes DOL to obtain UI data from the states to evaluate and improve program integrity. This regulation states that DOL "shall have access to any books, documents...and records (manual and automated) of the entity receiving funds

²³ FY 2023 Congressional Budget Justification for State Unemployment Insurance and Employment Service Operations, available at: <https://www.dol.gov/sites/dolgov/files/general/budget/2023/CBJ-2023-V1-07.pdf>; FY 2024 Congressional Budget Justification for State Unemployment Insurance and Employment Service Operations, available at: <https://www.dol.gov/sites/dolgov/files/general/budget/2024/CBJ-2024-V1-07.pdf>

from DOL...for the purpose of making surveys, audits, examinations, excerpts, and transcripts.”

Conclusion

Ready access to UI claims data from all states and territories would enable ETA to ensure proper administration and provide sufficient oversight of the UI program.

Further, in addition to the tools and resources it provides to the states for fraud detection, such as the IDH, establishing a data analytics capability with a dedicated team of data scientists at the federal level would allow ETA to monitor and analyze UI claims data on an on-going basis. ETA would then be able to identify high-risk areas across multiple states and quickly flag potentially fraudulent claims that can be referred to the OIG and states for further action, which could help prevent future losses to fraudsters. Likewise, incorporating a data analytics capability into its program oversight function would improve ETA’s ability to detect trends and emerging issues that could negatively impact the timeliness or equity of UI payments—before the issues grow into critical problems.

Ultimately, a data access and analytics capability would allow ETA management to make better informed decisions about the UI program and help mitigate the risk of improper payments including fraud, while also preparing ETA for future emergency UI programs where hundreds of billions in federal dollars could be at risk.

Recommendations

We recommend the Principal Deputy Assistant Secretary for Employment and Training:

1. Obtain direct access to unemployment insurance claims data from all state workforce agencies.
2. Create an integrity program that incorporates a data analytics capability and regularly monitors state unemployment insurance claims data to detect and prevent improper payments, including fraudulent payments, and to identify trends and emerging issues that could negatively impact the unemployment insurance program.
3. Establish effective controls, in collaboration with state workforce agencies, to mitigate fraud and other improper payments to ineligible claimants in high-risk age categories.

Summary of ETA's Response

On September 6, 2023, ETA provided us its formal response to the draft alert memorandum and recommendations (see Attachment III). ETA agreed with Recommendation 3 and stated it had already implemented controls to mitigate fraud and improper payments to ineligible claimants in high-risk age categories. However, ETA disagreed with Recommendations 1 and 2, stating that they are not achievable at this time without significant new and ongoing appropriations.

For Recommendation 1, ETA stated that it lacks resources to develop a data warehouse that would be required to implement this recommendation. For Recommendation 2, ETA stated that developing a data analytics capability at the federal level would duplicate DOL's ongoing investment in the UI Integrity Center, including the IDH. To address these two recommendations, ETA suggested an alternative approach of working with the UI Integrity Center to improve IDH data analytics capabilities to better identify fraud trends. This would include meeting regularly with the UI Integrity Center to receive information about identified fraud trends and to discuss efforts to mitigate fraud and reduce improper payments.

ETA raised two additional concerns with our alert memorandum, related to our analyses of payments to elderly individuals 100 years of age or older and ETA's legal authority to access state UI claims data.

First, ETA indicated that one of the four outlier states we identified in our analysis had manipulated the date of birth field in the process of creating "pseudo records" for previously identified fraudulent claims. This was done in accordance with ETA guidance to ensure victims of fraud were not unfairly prevented from accessing benefits. According to ETA, 90 percent of the claims we identified for this state were "pseudo records" and not actual payments to individuals 100 years of age or older. ETA also stated that "it advised the OIG of this information and...is disappointed that the OIG did not include this context in the draft alert memorandum...."

Second, ETA raised a concern that the alert memorandum exaggerates DOL's legal authority to obtain data from states. Specifically, ETA stated it can only require the states to disclose claims information that is necessary for the proper administration of the program, and it cannot require states to provide DOL access to all claims data.

OIG Response to ETA Management Comments

For Recommendation 1, the OIG recognizes the resource concerns expressed by ETA and acknowledges there may be other ways that ETA can initially obtain direct access to state UI claims data. For example, with a more complete and consistent data set, the data maintained by the UI Integrity Center could be a

potential source for this data until such a time that ETA can allocate funding to establish its own data warehouse.

For Recommendation 2, the OIG disagrees that developing a data analytics capability at the federal level would be a duplicative effort. As we noted in our memorandum, data analytics is an essential tool for program oversight—which is ETA’s responsibility—that would allow ETA to improve its detection and prevention of improper payments, including fraud, perpetrated across multiple states, while also preparing ETA for future emergency UI programs where federal money could be at risk.

In relation to ETA’s suggested alternative approach, while the suggested actions would likely benefit the UI program, this approach appears to continue shifting program oversight responsibilities to the states and the UI Integrity Center. We noted in our memorandum that states are not required to participate in the IDH, and those that do participate do so to varying degrees—which has limited the IDH’s effectiveness. However, even if these limitations were resolved, it would not relieve ETA from its program oversight responsibilities. As such, ETA’s suggested alternative approach would not alone meet the intent of the OIG’s recommendations.

In relation to the additional concern on our analysis of claims paid to claimants 100 years of age or older, the OIG acknowledged in our memorandum that these claims could be legitimate but they required additional oversight and scrutiny. ETA did not notify us that the claims data contained “pseudo records” with altered dates of birth until it provided that information in its response to our draft memorandum.

Additionally, ETA did not provide us with evidence to support its statement that 90 percent of the claims the OIG identified for this state were “pseudo records.” If accurate, this state paid UI claims to 5.9 percent of its centenarians, which was almost 5 times higher than the average of the 46 non-outlier states. The OIG stands by our assertion that all claims paid in high-risk age categories require additional oversight and scrutiny.

We further note that the UI program has experienced historic levels of improper payments. The OIG has issued multiple alert memoranda identifying tens of billions of dollars in potentially fraudulent UI payments identified through our use of data analytics. In addition, GAO recently reported that up to \$135 billion could have been lost to UI fraud during the pandemic.

In relation to DOL’s legal authority to obtain data from states, the OIG did not recommend ETA acquire unnecessary data but rather, we recommended ETA obtain direct access to UI claims data from all states to improve the accuracy and reliability of results when performing data analytics and oversight of the UI

program. ETA should access data that is necessary for, and relevant to, program administration and oversight.

We consider Recommendations 1 and 2 as open and unresolved. For Recommendation 1, ETA should obtain access to the data, ideally developing its own data warehouse; however, until ETA receives sufficient funding, it may be able to obtain access via the UI Integrity Center. For Recommendation 2, ETA should not rely totally on the UI Integrity Center for data analytics capability.

UI Improper Payments Rates, 2004 – 2022

This table provides accessible data showing the reported improper payment rate estimates for the UI program over the last 19 years, from 2004 to 2022. The improper payment rate exceeded 10 percent in all years except 2008 (9.96 percent), 2013 (9.32 percent), and 2020 (9.17 percent).²⁴

**Table 2: Accessible Data Table for
Figure 1 - UI Improper Payment Rates, 2004 – 2022**

Year	Improper Payment Rate
2004	10.34%
2005	10.13%
2006	10.90%
2007	10.30%
2008	9.96%
2009	10.30%
2010	11.20%
2011	12.00%
2012	11.42%
2013	9.32%
2014	11.58%
2015	10.73%
2016	11.65%
2017	12.50%
2018	13.05%
2019	10.61%
2020	9.17%
2021	18.71%
2022	21.52%

Source: OIG analysis of improper payment data published by ETA

²⁴ The actual improper payment rate for 2020 is likely higher than 10 percent, based on OIG pandemic audit and investigative work. On August 6, 2021, we reported that the improper payment rate of 9.17 percent for 2020 was calculated based on 9 months of data, from July 2019 through March 2020, and was reflective of only 8 percent of total program year expenses (\$22.6 billion out of \$281.8 billion) due to the exclusion of Coronavirus Aid, Relief, and Economic Security Act UI expenditures and the fourth quarter of the program year. The collection of improper payment data from April 2020 to June 2020 was suspended due to the pandemic. For more information, see “The U.S. Department of Labor Complied with The Payment Integrity Information Act for FY 2020, but Reported Unemployment Insurance Information Did Not Represent Total Program Year Expenses,” Report No. 22-21-007-13-001 (August 6, 2021), available at: <https://www.oig.dol.gov/public/reports/oa/2021/22-21-007-13-001.pdf>.

Potential Funds for Better Use²⁵

Table 3: Total Net Funds for Better Use

Description	Amount
Total Funds for Better Use	\$46,931,696,330
Funds for Better Use Claimed in Prior OIG Alert Memoranda	(\$45,639,490,607)
Net Funds for Better Use	\$1,292,205,723

Source: OIG data analysis of state UI claims data

The table shows the total net funds for better use for the six high-risk areas identified in this and previous alert memoranda. In this alert memorandum, we identified \$46.9 billion in total cumulative potential fraud for the period March 2020 to April 2022. To prevent double counting, we subtracted the \$45.6 billion in potentially fraudulent payments identified in a previous 2022 alert memorandum.²⁶ As a result, we are claiming nearly \$1.3 billion as total net funds for better use in this alert memorandum.

²⁵ As defined by the Inspector General Act of 1978, as amended, “funds for better use” means funds that could be used more efficiently or achieve greater program effectiveness if management took certain actions. These actions include reduction in future outlays and deobligation of funds from programs or operations.


²⁶ 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>

U.S. Department of Labor

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

September 6, 2023

MEMORANDUM FOR: CAROLYN R. HANTZ
Assistant Inspector General for Audit

FROM: BRENT PARTON 
Principal Deputy Assistant Secretary

SUBJECT: Response to Draft Alert Memorandum: *ETA Needs to Incorporate Data Analytics Capability to Improve Oversight of the Unemployment Insurance Program*,
Report Number: 19-23-xxx-03-315

The Department of Labor's (Department) Employment and Training Administration (ETA) appreciates the opportunity to respond to the above-referenced draft alert memorandum from the Department's Office of Inspector General (OIG).

Areas of Concerns with the OIG's Draft Alert Memorandum

As described below, ETA is fully committed to combatting fraud and improper payments and welcomes the OIG's collaboration on this multi-faceted problem. However, throughout the development of the draft alert memorandum, ETA repeatedly expressed concerns regarding the OIG's proposed approach and provided extensive technical comments to promote development of recommendations that are both actionable and meaningful. ETA is disappointed that much of this input is not reflected in the draft alert memorandum. As a result, ETA notes the following concerns regarding the content of the draft alert memorandum:

- Many of the claims identified in this draft alert memorandum were not payments to individuals over 100 years of age, but rather "pseudo records" of previously identified fraudulent claims, where the date of birth was changed significantly to help the state identify these records and protect innocent victims from having future claims denied.*

In the draft alert memorandum, the OIG states: "Our analysis identified four states that paid [Unemployment Insurance] claims to 18 percent or more of individuals aged 100 years or older from March 2020 to April 2022" and highlighted one state in particular that paid claims to over 58 percent of its centenarian population. Given the seriousness of the concerns identified in the draft alert memorandum, ETA's Regional Office reached out to the highlighted state to get clarification on the OIG's statement. The state in question informed ETA that they had not paid 58 percent or more of individuals aged 100 years or older. Rather, this was the result of how the state ensured victims of fraud were not unfairly prevented from accessing benefits.

When a fraudulent claim is identified, states have a responsibility to ensure that a rightful recipient is not held liable for amounts stolen by fraudulent actors and is not inhibited from accessing benefits in the future. In alignment with the Department's guidance,¹ states often transfer the fraudulent claims information to a "pseudo record" to prevent automated systems from flagging future legitimate claims by the claimant. According to the state, approximately 90 percent of the records that the OIG reviewed were "pseudo records." To make these known fraudulent "pseudo records" easier to identify, the state intentionally used significantly older dates of birth. These "pseudo records" were created to protect the rights of victims on claims that had already been determined to be fraudulent—they were not claims paid to individuals who are over 100 years old.

ETA advised the OIG of this information and urged the OIG to seek clarification with the state to ensure that the draft alert memorandum did not include erroneous claims or mischaracterizations. ETA is disappointed that the OIG did not include this context in the draft alert memorandum and is concerned that this mischaracterization of the data could result in sensationalism and unwarranted attention damaging the public's trust and faith in existing institutions.

- *The recommendations are not achievable without significant new and ongoing appropriations, which make these recommendations dependent on Congressional action and at high risk of not being accomplished.* To implement the first two recommendations in this draft alert memorandum, as written, would require an appropriation from Congress to support the infrastructure, development, and hiring of necessary staff to oversee the collection, secure storage, and data analysis of a significant amount of new data. ETA is concerned that the agency lacks resources to develop a data warehouse that would be required to achieve this result. In addition, there would be a need for ongoing annual funding to support the maintenance and operations of the data collection and to provide the staffing to oversee and conduct the data analysis envisioned in these recommendations. As recently as June 2023, the Fiscal Responsibility Act was enacted which rescinded \$1 billion in previously appropriated funds to support the Unemployment Insurance (UI) programs. In light of this recent legislation, the recommendations will be very difficult to implement.
- *The draft alert memorandum exaggerates the Department's legal authority to obtain data from states.* The OIG's draft alert memorandum concludes that the Department has authority under 20 C.F.R. 603.6(a) to require states to submit all claims data to ETA. 20 C.F.R. 603.6(a) requires "disclosure of all information necessary for the proper administration of the [Unemployment Compensation] program." ETA can only require the states to disclose all claims information if the information is necessary for the proper administration of the program. The OIG's interpretation is a novel and very broad

¹ See Section 4.b.v.c. of Unemployment Insurance Program Letter (UIPL) No. 11-23, *Announcement of Grant Opportunities and National Identity (ID) Verification Offering under the American Rescue Plan Act (ARPA)*, issued July 13, 2023, <https://www.dol.gov/agencies/eta/advisories/uipl-11-23> and Section 5 of UIPL No. 16-21, *Identity Verification for Unemployment Insurance (UI) Claims*, issued April 13, 2021, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-16-21>.

interpretation of existing regulations. The Department has not interpreted 20 C.F.R. 603.6(a) to require states to provide the Department direct access to *all* claims data.

ETA is Committed to Combatting Fraud and Improper Payments and Collaborating with the OIG

ETA recognizes the OIG's crucial role in helping to combat fraud, waste, and abuse within the UI programs. Additionally, ETA acknowledges the OIG's assessment regarding the significant increase in fraudulent activity challenging state UI programs across the nation since the beginning of the COVID-19 pandemic. ETA agrees that it has a shared responsibility with the states to continue to explore, research, and identify fraud trends, and provide states with innovative tools, resources, strategies, and guidance, as warranted, to help states combat new sophisticated fraud typologies and emerging schemes impacting the UI system.

Supporting States through Monitoring, Data Analysis, and Technical Assistance Efforts. ETA is fully committed to combating fraud and preventing improper payments. ETA's current UI statistical programs, monitoring activities, data analysis, and dedicated integrity activities provide ETA the ability to analyze root causes and trends and develop appropriate mitigation strategies. The Benefit Accuracy Measurement (BAM) program is designed specifically to identify the root cause(s) of improper payments, including fraud. ETA reviews quarterly BAM data and produces state-level root cause information, as well as provides technical assistance to states to reduce improper payments and monitors states for BAM program compliance.

ETA's regional offices conduct ongoing monitoring of states' UI program integrity, which involves reviewing and approving the annual State Quality Service Plans (SQSP) and Integrity Action Plans (IAP), including review of the SQSP Corrective Action Plan quarterly updates and the IAP six-month update. In addition, ETA's regional offices complete quarterly risk assessments regarding the integrity of states' UI programs and conduct virtual and in-person monitoring of state UI processes and procedures. The regional offices work closely with states on UI fraud and integrity matters, providing individual technical assistance and facilitating ongoing discussions amongst states to share challenges and best practices aimed at improving program integrity and combatting UI fraud.

Supporting States through Collaboration with the Department's OIG. Furthermore, ETA regularly coordinates and collaborates with the OIG's Office of Investigations to stay abreast of emerging fraud threats, streamline communication with states, and coordinate fraud prevention and recovery efforts. For the past year, ETA's regional offices have been hosting joint quarterly regional calls with the OIG and states to improve communication between states and the OIG at a more localized regional level. The calls provide a forum for states and the OIG to share updates on investigation and prosecution efforts; allow the states to hear from the OIG regarding fraud trends and data analytic techniques; discuss recommendations and effective strategies for responding to emerging fraud schemes; and provide opportunities for states to share UI fraud and

integrity-related challenges and best practices. The Department has also advised states on multiple occasions of the importance of sharing data with the Department's OIG.² ETA has also taken actions to support the OIG in having access to UI data in the interim until the existing regulations can be revised. In August 2021, using authority provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, ETA issued guidance to states requiring states to provide the OIG access to UI data for investigations and audits for weeks of unemployment through the expiration date of the CARES Act programs. In addition, and separate from the CARES Act, the guidance reiterated an ongoing requirement to disclose such data to the OIG for fraud investigations and rescinded prior guidance to make clear that such disclosures do not require any written agreement between the state and the OIG.

Also, in August 2021, ETA made available to states an opportunity to seek fraud prevention grants and conditioned these grants on states providing the OIG access to state UI data. Fifty states were awarded these grants which currently have a performance period through December 2023. On July 13, 2023, ETA issued new American Rescue Plan Act (ARPA)-funded grant opportunities and conditioned the award of any grants under these opportunities on states providing the OIG access to state UI data through the life of the awarded grants, which will be in effect at least through December 2025.³

Finally, the Department on July 25, 2023, issued a Request for Information (RFI) in the *Federal Register* regarding possible changes to the UI Confidentially regulations set forth at 20 C.F.R. Part 603 and the states providing UI data to the Department's OIG for investigation and audit purposes. See [Federal Register on July 25, 2023 \(88 FR 47829\)](https://www.federalregister.gov/documents/2023/07/25/2023-14789).

Supporting States by Providing a National Identity (ID) Verification Offering. The Department is providing states with online and in-person opportunities to strengthen ID verification utilizing ARPA funds. Over the next two years, the Department is making government-operated ID verification systems available to states, leveraging online services through the U.S. General Services Administration's Login.gov and in-person services through the U.S. Postal Service. The Department is covering transaction costs for ID verification for participating states during this process.⁴

² A few significant documents to date of such advisement: UIPL No. 04-17, Change 1, *Requirement for States to Refer Allegations of Unemployment Compensation (UC) Fraud, Waste, Abuse, Mismanagement, or Misconduct to the Department of Labor's (Department) Office of Inspector General's (DOL-OIG) and to Disclose Information Related to the Coronavirus Aid, Relief, and Economic Security (CARES) Act to DOL-OIG for Purposes of UC Fraud Investigations and Audits*, issued August 3, 2021, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-04-17-change-1>; Training and Employment Notice (TEN) No. 05-22, Authority of the U.S. Department of Labor's (Department) Office of Inspector General (DOL-OIG) to Receive Confidential Unemployment Compensation (UC) Data, issued September 15, 2022, <https://www.dol.gov/agencies/eta/advisories/training-and-employment-notice-no-05-22>; UIPL No. 11-23, *Announcement of Grant Opportunities and National Identity (ID) Verification Offering under the American Rescue Plan Act (APRA)*, issued July 13, 2023, <https://www.dol.gov/agencies/eta/advisories/uipl-11-23>.

³ See UIPL No. 11-23, *Announcement of Grant Opportunities and National Identity (ID) Verification Offering under the American Rescue Plan Act (APRA)*, issued July 13, 2023, <https://www.dol.gov/agencies/eta/advisories/uipl-11-23>.

⁴ See UIPL No. 11-23, *Announcement of Grant Opportunities and National Identity (ID) Verification Offering under the American Rescue Plan Act (APRA)*, issued July 13, 2023, <https://www.dol.gov/agencies/eta/advisories/uipl-11-23>.

Supporting States through Implementation of a National UI Fraud Risk Framework. The Department takes UI fraud and improper payments very seriously and continues to ensure UI program integrity remains a top agency priority. ETA develops, implements, and oversees implementation of robust and dynamic fraud mitigation strategies to address emerging and evolving fraud risks and is in the process of evaluating all of ETA's integrity initiatives, tools, and actions to ensure the Department's UI fraud risk assessment processes are conducted in alignment with the Government Accountability Office's (GAO) Fraud Risk Framework. As part of the Department's efforts to align ongoing UI fraud risk management activities with the leading practices in GAO's Fraud Risk Framework, ETA and the Department's Office of the Chief Financial Officer (OCFO) developed a UI Fraud Risk Profile and antifraud strategies for the UI program. ETA has already started communicating its UI antifraud efforts to state UI agencies and other relevant stakeholders through guidance and will continue ensuring states are aware of inherent fraud risks to the UI program. In partnership, ETA and OCFO will regularly update the UI Fraud Risk Profile and will work with state UI agencies to develop, document, and evaluate state-specific antifraud strategies to inform updates to an agile national UI antifraud framework.

Supporting States by Providing Targeted Grant Funding to Combat Fraud. In addition to providing significant guidance and technical assistance to states, ETA has leveraged funding provided by the CARES Act and ARPA to invest in state efforts to improve fraud prevention and detection, strengthen ID verification, and recover overpayments. ETA made available to states a total of \$765 million in grant opportunities, of which **\$525 million** was under the CARES Act and **\$240 million** was under ARPA, for these specific purposes.

Recognizing that the condition of state UI technologies contributed to state UI systems being overwhelmed by the surge of claims at the start of the pandemic and being unable to more fully protect against fraud while implementing temporary extensions of unemployment benefits to additional populations, ETA is also providing approximately **\$200 million** in direct grants to help states adopt new strategies to modernize and rearchitect their UI programs.⁵

Furthermore, ETA is providing 36 states with customized consultative assessments through its Tiger Team initiative and making recommendations to improve systems and processes. About two-thirds (approximately 200) of all Tiger Team recommendations to date either directly or indirectly support program integrity.⁶ ETA has made nearly **\$115 million** available to states to support implementation of the resulting recommendations for preventing and detecting fraud, promoting equitable access, reducing backlogs, and ensuring timely payment of benefits.⁷

The systematic challenges exposed by the pandemic evolved over decades and will take years to remedy, but the investments under the CARES Act and ARPA mark one of the most ambitious efforts to date to drive transformation of the UI program.

⁵ See UIPL No. 11-23, *Announcement of Grant Opportunities and National Identity (ID) Verification Offering under the American Rescue Plan Act (ARPA)*, issued July 13, 2023, <https://www.dol.gov/agencies/eta/advisories/uipl-11-23>.

⁶ See TEN No. 24-22, *New Unemployment Insurance (UI) Tiger Team Promising Recommendations Resource Pages Available on WorkforceGPS*, issued April 17, 2023, <https://www.dol.gov/agencies/eta/advisories/ten-24-22>.

⁷ See UIPL No. 11-23, *Announcement of Grant Opportunities and National Identity (ID) Verification Offering under the American Rescue Plan Act (ARPA)*, issued July 13, 2023, <https://www.dol.gov/agencies/eta/advisories/uipl-11-23>.

Supporting States by Making Services Available through the UI Integrity Center. The Department continues to provide funding and support to the UI Integrity Center, established in 2012, to enhance tools and develop new resources for states to use in combatting fraud and reducing improper payments. This effort includes investing in datasets to enhance the UI Integrity Center's Integrity Data Hub (IDH), which began as only a Suspicious Actor Repository (SAR) in December 2017, and has evolved over time to be a key fraud detection resource, providing states with the ability to identify patterns of suspicious characteristics across UI claims that may be indicative of fraud and helping states prioritize investigations to reduce improper payments.

The IDH has grown rapidly in functionality since the onset of the pandemic in March 2020, and two new datasets have been integrated into the IDH, including the Identity Verification (IDV) solution in July 2020 and the Bank Account Verification (BAV) service in February 2022. IDH Results Management enhancements have included improvements in flagging potential fraud and sorting, filtering, and prioritizing IDH results to help states streamline their investigative resources.

The Department consistently encourages greater state usage of and participation in the IDH as a fraud prevention strategy and these efforts are gaining success. In March of 2020, only 34 states had an IDH Participation Agreement, 21 states were using the SAR, and three states were using the Multi-State Cross-Match (MSCM). Currently all 53 states have a signed IDH Participation Agreement, 52 states are using the SAR, 51 states are using the MSCM, 44 states are using the IDV solution, and 38 states are using the BAV service. All IDH services are cost-free to the states.

ETA acknowledges there is more to do to enhance these services and resources and to ensure more states are consistently participating. The Department has proposed, in the President's Fiscal Year 2024 budget, a UI program integrity legislative proposal that includes, among several other items, providing the Department with statutory authority to require states to participate in the IDH and other payment control cross matches/systems.⁸

Responses to the OIG Recommendations

As discussed above, ETA is concerned that the OIG's recommendations, as written, are not the optimal or immediate way to improve the UI system. While ETA has and continues to work with states to implement recommendations made by the oversight community, suggested alternative recommendations that ETA believes will be effective and can be implemented in a more realistic timeframe are provided for consideration. Below are each of the OIG's recommendations contained in the draft alert memorandum, followed by ETA's response to address each of the OIG's recommendations.

⁸ See "UI Program Integrity" proposal beginning on page 24 of *Fiscal Year 2024 Congressional Budget Justification for ETA's State Unemployment Insurance and Employment Service Operations*, <https://www.dol.gov/sites/dolgov/files/general/budget/2024/CBJ-2024-V1-07.pdf>.

Recommendation 1: Obtain direct access to unemployment insurance claims data from all State Workforce Agencies.

Response: The Department does not agree with this recommendation at this time.

It would involve a significant amount of new resources for ETA to implement, obtain, and maintain direct access to UI claims data from all state workforce agencies. ETA does not have the capability currently to gather, securely store, and analyze this amount of data. New appropriations would be required that make sustainable investments in the UI program to implement this recommendation.

Further, the Department has not interpreted 20 C.F.R. 603.6(a) to require states to provide the Department direct access to *all* claims data. 20 C.F.R. 603.6(a) requires “disclosure of all information necessary for the proper administration of the [Unemployment Compensation] program.” Adopting the OIG’s recommendation would be a novel and very broad interpretation of existing regulations. This would be a significant change in how this regulation has been interpreted since it was promulgated in 2006. The Department has recently issued a RFI to begin the rulemaking process to amend 20 C.F.R. part 603 and is seeking public comment on disclosures of confidential UC information to the OIG.

ETA believes that many of the impacts desired from the OIG’s recommendations can be achieved through an alternative approach. ETA sets out this alternative approach in response to Recommendation 2 below.

Recommendation 2: Create an integrity program that incorporates a data analytics capability and regularly monitors state unemployment insurance claims data to detect and prevent improper payments, including fraudulent payments, and to identify trends and emerging issues that could negatively impact the UI program.

Response: The Department does not agree with this recommendation. This approach would duplicate much of the Department’s ongoing investment in the UI Integrity Center, including the IDH. The draft alert memorandum examines claims activity from March 2020 through April 2022. As noted above, state participation in the IDH increased significantly over the course of the pandemic. In March of 2020, only 34 states had an IDH Participation Agreement, 21 states were using the SAR, and three states were using the MSCM. Currently all 53 states have a signed IDH Participation Agreement, 52 states are using the SAR, 51 states are using the MSCM, 44 states are using the IDV solution, and 38 states are using the BAV service.

As an alternative approach to achieving the essence of Recommendations 1 and 2, the Department will leverage ongoing investments in the UI Integrity Center’s IDH and work with the UI Integrity Center to improve IDH data analytics capabilities to better identify fraud trends. ETA will meet at regular intervals with the UI Integrity Center to receive information about identified fraud trends and to discuss efforts to mitigate fraud and reduce improper payments. This approach leverages existing infrastructure and investments to achieve comparable integrity-enhancing results, instead of duplicating efforts and requiring states to send data to yet another

entity. Further, this alternative approach to achieving the intent of these recommendations is actionable and will have a meaningful impact.

In addition, the Department is committed to providing additional funding to support enhancements to the IDH and for training to more effectively utilize the IDH. Additional IDH enhancements would consist of expanding data collection and analytics to include employer data and integrating additional external data sources to improve fraud prevention and detection, including data sharing with other Federal agencies. These efforts, along with greater and more consistent use by states, should improve the IDH's detection rate as well.

Finally, the Department is committed to continuing its close collaboration with the OIG, including ensuring the OIG has necessary access to claims data. Details about ETA's ongoing actions supporting the OIG's access to state UI data are discussed on pages 3 and 4 above. Most recently, the Department announced providing the OIG access to claims data as a condition for ARPA-funded grants awarded under UIPL No. 11-23,⁹ which will extend this expectation through at least December 2025.

Recommendation 3: Establish effective controls, in collaboration with State Workforce Agencies, to mitigate fraud and other improper payments to ineligible claimants in high-risk age categories.

Response: The Department agrees with this recommendation and requests closure of this recommendation since there are controls in place to mitigate fraud and improper payments to ineligible claimants in high-risk age categories.

As noted above, ETA and OCFO completed the development of a UI Fraud Risk Profile to align the Department's ongoing fraud risk management activities with the leading practices in GAO's Fraud Risk Framework. Additionally, ETA recently published UIPL No. 11-23,¹⁰ which unveils a comprehensive, strategic approach to deploying the remaining ARPA funds to improve the future integrity of the UI system.

To specifically address claimants in high-risk age categories, ETA worked in partnership with the UI Integrity Center to ensure claimants in high-risk age categories are identified by the IDH and are classified as high priority by the IDH's prioritization rules. Any claims flagged by the IDH as high-risk due to age will also be added to the IDH data file that identifies potential fraud, waste, abuse, mismanagement, or misconduct and shared regularly with the OIG's Office of

⁹ UIPL No. 11-23, *Announcement of Grant Opportunities and National Identity (ID) Verification Offering under the American Rescue Plan Act (APRA)*, issued July 13, 2023, <https://www.dol.gov/agencies/eta/advisories/uipl-11-23>.

¹⁰ UIPL No. 11-23, *Announcement of Grant Opportunities and National Identity (ID) Verification Offering under the American Rescue Plan Act (APRA)*, issued July 13, 2023, <https://www.dol.gov/agencies/eta/advisories/uipl-11-23>.

Investigations. The OIG has also identified processes under which state workforce agencies must share this information directly with the OIG.¹¹

The Department will continue to identify risks to the UI program, develop new and update existing strategies to mitigate fraud as well as other improper payments, and evaluate the effectiveness of our fraud risk management activities.

Further, the Department notes that the risk of potential fraud occurring using information from individuals within the identified age brackets was much higher during the temporary pandemic programs, which expired on September 6, 2021, specifically Pandemic Unemployment Assistance, which primarily relied on self-certification in assessing eligibility. The regular UI program has restrictions that provide benefits only to individuals in covered employment. State workforce agencies contact employers and have access to employer wage records to verify prior employment activities and earnings of claimants -- thus ensuring the person had covered earnings regardless of age.

¹¹ See Attachment I to UIPL No. 04-17, Change 1, *Requirement for States to Refer Allegations of Unemployment Compensation (UC) Fraud, Waste, Abuse, Mismanagement, or Misconduct to the Department of Labor's (Department) Office of Inspector General's (DOL-OIG) and to Disclose Information Related to the Coronavirus Aid, Relief, and Economic Security (CARES) Act to DOL-OIG for Purposes of UC Fraud Investigations and Audits*, issued August 3, 2021, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-04-17-change-1>.