



WAYS AND MEANS

REPUBLICANS | KEVIN BRADY, REPUBLICAN LEADER

Combating COVID Unemployment Fraud (CCUF) Act of 2021

Problem: Unchecked fraud in pandemic unemployment programs has left taxpayers on the hook for \$60 billion (and counting). This is not pedestrian fraud. Criminal organizations, including international cybercrime rings and opportunistic foreign actors, are using stolen identities to falsely claim unemployment benefits. Fraud is delaying legitimate payments and turning thousands of Americans into unwitting identity theft victims.

Solution: The *Combating COVID Unemployment Fraud Act* would stop the “pay and chase” model and go after criminal actors to recover dollars. The bill would:

1. Prevent fraud on the front end.

- Requires verification of identity, earnings, and prior employment of applicants prior to authorizing benefits, limits backdating and prohibits retroactive claiming of benefits.
- Allows States to claim reimbursement for administrative expenses to improve identity verification, such as contracting with private sector industry leaders.
- Requires States to match data to flag suspicious claims, including cross-state matching and the Social Security Administration’s prisoner database and Death Master File.

2. Support claw back of fraudulently paid dollars.

- Reserves \$200 million and expands authorized use of funding of the \$2 billion fund provided in the American Rescue Plan Act to develop State Unemployment Fraud Recoupment Plans and support State efforts to claw back fraudulent payments through prosecution of criminal fraud schemes.
- Establishes the joint COVID Unemployment Fraud Taskforce across the Department of Labor (DOL), Attorney General, and Department of Homeland Security and provides \$20 million for administration.
- Incentivizes States to go after fraud by allowing them to retain 5% of recovered funds.
- Requires DOL to collect data and provide a public accounting of the national amount of COVID unemployment benefits lost due to fraud, including a state-by state dashboard to track recovery efforts.

3. Provide relief to victims of unemployment fraud and identity theft.

- Sets aside \$2 million for resource centers to assist victims of identity theft and unemployment fraud.
- Requires the Internal Revenue Service to implement a process to hold harmless taxpayers who believe they are victims of identity theft.