

Congress of the United States
Washington, DC 20515

March 22, 2023

The Honorable Gene L. Dodaro
Comptroller General of the United States
U.S. Government Accountability Office (GAO)
441 G Street, NW
Washington, D.C. 20548

Dear Mr. Dodaro:

The amount of state and federal spending on unemployment insurance (UI) programs in response to the COVID-19 pandemic was unprecedented. Recently, the Office of the Inspector General at the Department of Labor (DOL-OIG) reported that federal and state UI spending during the pandemic totaled \$878 billion. Unfortunately, that substantial amount of spending attracted domestic and foreign fraudsters seeking to take advantage of American taxpayers through various criminal schemes. This resulted in a considerable amount of fraud in pandemic UI programs as shown by DOL-OIG and GAO estimates. However, due to the large degree of uncertainty, we may never know the exact dollar figure that was stolen from the American taxpayer.

At a February 8, 2023, UI fraud hearing before the House Ways and Means Committee, DOL Inspector General Larry Turner reported UI improper payments totaled an estimated \$191 billion. This estimate included a substantial amount (\$76 billion, or about 40 percent) attributed to fraud. At that hearing, you testified that GAO itself found evidence of substantial fraud in UI programs during the pandemic and estimated that fraudulent payments totaled over \$60 billion. You noted that this estimate was likely understated but also that it has inherent limitations. These included the lack of information about the extent of fraud in the Pandemic Unemployment Assistance (PUA) program. PUA was prone to particularly high risk of fraud given its initial reliance on self-attestation. Importantly, you described how DOL and its partner states in the UI program were not adequately prepared to handle fraud risks when the pandemic began. In this regard, you stressed the need for DOL to implement GAO's recommendations to strengthen its fraud-risk management capacity.


In the wake of the February 8 hearing, we remain deeply concerned about the extent of fraud in the UI program and the degree to which fraud risks that emerged during the pandemic could carry over into the regular UI program and exacerbate the problem. We are further concerned about DOL's capacity to respond to future emergencies that could involve substantial expenditure of UI funds and thus renewed fraud risks. At the February 8 hearing, you stated that GAO has work under way to, among other things, develop a more comprehensive estimate of UI fraud.

Accordingly, we request that GAO continue this work and focus it on the following to inform the work of our Committee's in long-term oversight of the UI program:

- Develop a comprehensive estimate of UI fraud during the pandemic which includes a lower and upper range and accounts for the higher-risk nature of the PUA program;
- Determine how effective DOL financial and technical assistance provided during the pandemic was in improving state capacity for identifying and recovering fraudulent COVID-19 related UI overpayments;
- Identify the extent to which states have recovered UI benefits that were paid due to fraud or were otherwise improperly paid; as well as the extent to which states properly and improperly waived the recovery of such funds, as allowed by DOL, including the rationales for doing so; and
- Determine the extent to which DOL has implemented relevant GAO recommendations—especially those from the October 2021 and December 2022 reports on the CARES Act—to improve its fraud-risk management capacity, and the agency's implementation timelines.

We would appreciate your prompt attention to this request. Should you or your staff have questions, please contact Cheryl Vincent of the House Ways and Means Committee staff at (202) 440-1347. We expect that GAO will keep our Committees regularly apprised on the progress of its work.

Sincerely,



Jason Smith
Chairman
Committee on Ways and Means



Mike Crapo
Ranking Member
Senate Finance Committee