




July 23, 2025

MEMORANDUM FOR: LAURA B. NICOLosi  
Assistant Inspector General for Audit

FROM: LORI FRAZIER BEARDEN   
Acting Assistant Secretary for Employment and Training

SUBJECT: Response to Draft Report – *COVID-19: ETA Needs to Improve Its Oversight of States' Efforts to Identify UI Fraud Using Deceased Persons' Social Security Numbers*, Report No. 19-25-XXX-03-315

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The U.S. Department of Labor's (Department) Employment and Training Administration (ETA) appreciates the opportunity to respond to the above-referenced draft report.

This draft report examined the extent to which ETA and State Workforce Agencies (SWA) addressed potentially fraudulent Coronavirus Aid, Relief, and Economic Security Act claims filed using the Social Security Numbers (SSN) of deceased persons. The draft report does not make any new recommendations.

ETA acknowledges that continued work is needed to reduce fraud, waste, and abuse in the unemployment insurance (UI) program. To this end, ETA has invested in the UI Integrity Center's Integrity Data Hub (IDH) and dedicated resources to make significant progress, incorporating additional data sources and working with the UI Integrity Center and states to re-evaluate risk scoring investigation prioritization. Most recently, the Department provided funding to support IDH access and use of the U.S. Department of the Treasury's Do Not Pay data sources, enhancing the IDH's operations and strengthening UI program integrity controls (*see* Training and Employment Notices [TEN] No. 28-23<sup>1</sup> and 26-24<sup>2</sup>).

ETA would like to clarify a few areas in the draft report:

- The draft report acknowledges on page 6 that ETA provided the Office of Inspector General (OIG) files containing potentially fraudulent claims using deceased persons' SSNs to SWAs. ETA agreed to share the OIG-analyzed claims data with the states as potential fraud tips for the SWAs to conduct additional appropriate investigations and actions regarding these claims. As noted by the OIG, ETA did not require states to report the results of their

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<sup>1</sup> TEN No. 28-23, *Announcement of a New Data Sharing Partnership Between the U.S. Department of the Treasury's (Treasury) Bureau of the Fiscal Service (Fiscal Service) and the National Association of State Workforce Agencies' (NASWA) Unemployment Insurance (UI) Integrity Center to provide State UI Agencies Access to Do Not Pay Working System (DNP) Data Sources and Services through the UI Integrity Data Hub (IDH)*, issued May 2, 2024, <https://www.dol.gov/agencies/eta/advisories/ten-28-23>.

<sup>2</sup> TEN No. 26-24, *Announcing the Addition of New Do Not Pay (DNP) Data Sources and Services Accessible to State Unemployment Insurance (UI) Agencies through the UI Integrity Data Hub (IDH) and Upcoming Webinar*, issued May 20, 2025, <https://www.dol.gov/agencies/eta/advisories/ten-26-24>.

investigations and actions regarding each individual claim contained in the OIG files. However, the draft report inaccurately conveys that because ETA didn't require states to report the outcome of every investigation, ETA does not, in general, assess performance regarding UI eligibility determinations. ETA has established UI performance measures in place to assess the timeliness and quality of adjudications made by SWAs. ETA also conducts extensive monitoring of states' administration and operation of UI programs as part of its regular oversight responsibilities. In addition to monitoring, ETA analyzes aggregate data from states on the timeliness and quality of UI eligibility determinations and oversees quality reviews of adjudication determinations.

The draft report also asserts on page 10 that ETA's decision to not monitor the results of SWAs' investigations and actions of the referred potentially fraudulent claims was inconsistent with its collaborative position expressed to the OIG. However, ETA did not discuss, nor commit to the OIG that it would follow up with each state regarding its investigations/actions on every potentially fraudulent claim in the OIG files. This was not the intent when ETA agreed to share the OIG-analyzed claims data with states. When the OIG's contractor initially engaged with ETA on this audit in September 2022, it provided that "The scope of the audit will focus in-depth on actions taken by ETA and 10 selected SWAs to address potentially fraudulent CARES Act UI claims." This was further reiterated in a questionnaire sent to states in December 2022, asking what actions the SWA had taken to address such claims. ETA had expected that this audit would have explored whether the states had previously identified these claims as potentially fraudulent and had addressed them, or if such flags from the OIG resulted in identification of new actual overpayments.

- On page 7, the draft report notes that ETA transmitted information to "53 SWAs and Guam" and then refers to these collectively as "54 UI agencies." ETA notes that Guam does not operate a UI program and is not considered a "UI agency." Its inclusion in the list of files transmitted from the OIG is likely in relation to their participation in the now-expired pandemic-related unemployment compensation programs.
- On page 12, the draft report paraphrases and attributes comments to the Department's Office of the Chief Financial Officer (OCFO) on challenges to mitigating risks. ETA discussed these comments with OCFO. OCFO agrees that "varying state laws that define fraud" is a recognized structural challenge. However, the statement "SWAs' inconsistent use of the IDH" is unclear – the statement would be more accurate if it conveyed, "the 53 different state governments' statutory authority to use, or not use, the many services offered through the Integrity Center and IDH presents numerous challenges." Additionally, OCFO does not recognize the statement in the draft report that OCFO identified "irregular reporting of UI claims data for cross-matching" as a challenge. Whether due to misunderstanding or over paraphrasing, absent clarification, OCFO has informed ETA that it cannot confirm that this was stated.

Combating fraud is a high priority for this Administration. As noted on page 16 in the draft report, ETA has completed an initial study to identify additional opportunities for improving the IDH. ETA has limited statutory authority to require states' use of certain fraud prevention tools, such as the IDH, and will continue efforts to explore additional opportunities, including, but not limited to, seeking Congressional action.

ETA requests the OIG's ongoing support to help move things in a positive direction and welcomes further discussion with the OIG regarding specific strategies and actions to strengthen the UI system and to further bolster fraud prevention in the program. ETA will also take action to address the recommendations included in the first report in this series, *COVID-19: ETA Needs to Improve Its Oversight of States' Efforts to Identify Multistate UI Fraud*.