


U.S. Department of Labor

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



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

FROM: ANA HAGEAGE 
Chief of Staff

SUBJECT: Response to the Office of Inspector General Alert Memorandum:
*The Employment and Training Administration Does Not Require
the National Association of State Workforce Agencies to Report
Suspected Unemployment Insurance Fraud Data to the Office of
Inspector General or DOL's Employment and Training
Administration*

The U.S. Department of Labor's (Department) Employment and Training Administration (ETA) greatly appreciates the opportunity to respond to the Office of Inspector General's (OIG) Alert Memorandum, referenced above, and its recommendation. The detection and prevention of fraud in the unemployment insurance (UI) programs are of the utmost importance and priority for this Administration. ETA wants to continue to build upon a constructive and productive relationship with the OIG. The Department understands that the topic of OIG access to UI program data is an unresolved issue from the prior Administration. This Administration is very committed to solutions to help fight fraud.

This Administration inherited an enormous amount of fraud in these programs, including a new wave of criminal syndicates using stolen personally identifiable information to access UI benefits, and since the beginning has shown a serious commitment to fighting fraud, supporting robust oversight of relief programs, and finding solutions as quickly as possible. That is why the Administration worked with Congress to allocate \$2 billion in the American Rescue Plan Act (ARPA) to prevent and detect fraud, promote equity, and ensure timely payments to legitimate claimants. We are committed to this goal, and are providing new solutions aimed at reversing problems from the past Administration.

The UI Integrity Center is funded by the Department and is operated by the National Association of State Workforce Agencies (NASWA) through a cooperative agreement between ETA and NASWA. The topic of OIG access to UI program data has been an ongoing subject of discussion, particularly with respect to the data that the UI Integrity Center receives from and shares with states through data sharing agreements between NASWA and the states. As ETA has recently discussed with the OIG, this Administration will be working with the OIG, NASWA and the State Workforce Agencies to support the sharing of data with the OIG as permitted by law.

ETA especially appreciates the OIG's willingness to continue the dialogue to come to a mutually agreeable path forward on this issue. Specifically, ETA is committed to modifying the cooperative agreement between ETA and NASWA to incorporate a new term and condition that requires NASWA to share state Unemployment Compensation data that has been flagged by the UI Integrity Center's Integrity Data Hub (IDH) with the OIG for fraud and audit purposes.

While the Department of Labor Manual Series (DLMS) does not require the Department, NASWA, or the states to provide the OIG with all information flagged by the IDH, as an "IDH flag" without investigation is insufficient to suggest fraudulent activity, the Department, recognizing the scope of this crisis, has agreed to work with NASWA to facilitate providing this data to the OIG.

Again, ETA thanks the OIG for the opportunity to provide feedback. ETA reiterates our continuing interest and willingness to collaborate with the OIG to combat imposter fraud and improper payments and to strengthen and improve the UI program.

Response to the OIG Recommendation

Below is the OIG recommendation contained in the draft Alert Memorandum, followed by ETA's response and proposed action steps to address it.

Recommendation: Take immediate action to require NASWA to refer information to ETA and the OIG on suspected fraud, waste, abuse, mismanagement, or misconduct, per DLMS 8-106(D)(3). Such actions could include modification of ETA's grant award or issuance of unemployment insurance program policy guidance to ensure ETA complies with the notice requirement and its grantee complies with the reporting requirements of the DLMS.

ETA Response: While the DLMS does not require the Department, NASWA, or the states to provide the OIG with all information flagged by the IDH, as an "IDH flag" without investigation is insufficient to suggest fraudulent activity, the Department recognizes the OIG seeks additional data given the scope of the current crisis. Accordingly, the Department has agreed to work with NASWA in an effort to provide the OIG with information beyond that which is required by the DLMS.

Specifically, ETA is committed to modifying the cooperative agreement between ETA and NASWA to incorporate a new term and condition that requires NASWA to share state Unemployment Compensation data that has been flagged by the UI Integrity Center's IDH with the OIG for fraud and audit purposes. Prior to sharing this data, NASWA and the states will need to execute an updated IDH data sharing agreement. While states themselves must ultimately consent to updating their data sharing agreements, ETA commits to assisting NASWA with messaging the positive reasons for updating the state data sharing agreements and will support NASWA in negotiating the updated data sharing agreement with each state.