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Letter to USDOL Secretary Walsh re: Request for Federal UI Fraud Taskforce

March 24, 2021

The Honorable Marty Walsh
US Secretary of Labor
U.S. Department of Labor
200 Constitution Avenue NW
Washington, D.C. 20210

Dear Secretary Walsh:

Congratulations on your nomination and confirmation as U.S. Secretary of Labor. Governors and state workforce officials appreciate the critical role of the U.S. Department of Labor (DOL) in ensuring the nation's unemployed are provided resources to survive and get back to work. We look forward to working with the Biden-Harris Administration to strengthen the state-federal partnership.

We write today to seek your assistance on the issue of unemployment fraud.

State employment systems are under attack by sophisticated international and domestic organized fraud schemes, including bot attacks. These attacks challenge states' ability to combat fraud and pay unemployment benefits to families that need timely delivery of payments. As recently [reported](#) by *USA TODAY*, the large-scale imposter fraud attacks began in May 2020 (when Washington state's UI program was defrauded out of \$600 million) and have since expanded to nearly every state in the nation. Washington has recovered \$369M of that amount.

When DOL deployed new unemployment programs early in the pandemic, there was no accompanying inter-jurisdictional anti-fraud guidance or technical assistance. Some states have moved to establish unemployment fraud prevention task forces, including [Georgia](#) and [Michigan](#). In November 2020, the USDOL Office of Inspector General (DOL OIG) conservatively [estimated](#) that "at least \$36 billion of the reported \$360 billion in UI program funds could be paid improperly, with a significant portion attributable to fraud."

While the DOL OIG has played an invaluable role in fighting UI fraud, its efforts focus primarily on large-scale prosecutions with some state assistance to detect and analyze fraud schemes before they spread from one state to another. However, this assistance is not enough. Fraud committed at this level and frequency requires a robust, coordinated federal response.

Accordingly, we urge you to assemble a DOL Organized Unemployment Insurance Fraud Prevention Task Force with broad expertise in uncovering sophisticated fraud attacks to (1) coordinate and support UI fraud detection, (2) identify fraud prevention tools and make them available to states at no cost or a substantially reduced cost,

and (3) take the lead on prosecution at the federal level, as opposed to state agencies working through various state and local authorities on their own. Additional targeted funding should be made available for state detection and federal prosecution of unemployment fraud schemes.

Thank you for your attention to this urgent matter. We look forward to a partnership on executive and legislative COVID-19 response initiatives to build a better and stronger economy that serves all the nation's workers and employers, including those hardest-hit by the COVID-19 pandemic.

Sincerely,

National Governors Association

National Association of State Workforce Agencies

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