



Chase COVID Unemployment Fraud Act of 2022

Problem

Unemployment fraud during the pandemic has been the greatest theft of taxpayer dollars in American history. Criminal organizations, including international cybercrime rings and opportunistic foreign actors, exploited a national crisis to steal billions from taxpayers. Unemployment fraud has left taxpayers on the hook for \$163 billion (and counting). Just over \$4 billion has been recovered.

Solution

Gain restitution for taxpayers by jumpstarting efforts to claw back federal funds and pursue recovery of fraudulent payments. The *Chase COVID Unemployment Fraud Act* would:

1. Incentivize states to recover fraudulent unemployment payments.

- Allow states to retain 25 percent of federal funds recovered from federal COVID unemployment programs. State workforce agencies currently have little incentive to go after fraud. States must pay up-front costs of hiring investigators and prosecution but can't retain any of the dollars recovered.
- Allow states to use their portion of recovered funds for:
 - Modernizing systems to improve cybersecurity, and identity verification and validation of applicants for unemployment;
 - Administrative costs incurred to identify and pursue recovery of fraudulent overpayments, including hiring fraud investigators and prosecutors; and
 - Strengthening program integrity.
- Allow states to retain 5 percent of any state unemployment overpayments recovered for use in improving administration and program integrity.

2. Prevent fraud through data matching, identity validation, and income verification.

- Requires states to match unemployment claims with the Data Integrity HUB, a fraud alert center that can identify people claiming benefits in multiple states and other emergent fraud schemes.
- Requires states to use the National Directory of New Hires and the Department of Labor state Information exchange system to verify employment and prior earnings.
- Prevents payments of unemployment benefits to incarcerated individuals.

3. Prohibit the Biden Administration from allowing states to waive suspicious overpayments.

- Requires the Department of Labor (DOL) to amend guidance that lets states off the hook for due diligence and fact finding for large volumes of suspicious unemployment claims potentially involving billions of fraudulently obtained taxpayer dollars.

4. Require DOL to report on fraudulent overpayments and amounts recovered.

- Requires DOL to report to Congress the aggregate amount of pandemic unemployment overpayments nationally, including the subset of overpayments made due to fraud.