

Unemployment Insurance Program: Efforts to Prevent and Detect the Use of Stolen Identities

Update to 2022 Evaluation Report

January 2023

Problems Identified

- **Incomplete Reporting.** The reports that the Department of Employment and Economic Development's (DEED's) Unemployment Insurance (UI) Division submits to the U.S. Department of Labor (DOL) do not capture the full extent of possible fraud that the UI program experiences, particularly from imposters and hijackers. And, state law does not explicitly require DEED to report information about fraud in the UI program to the Legislature.
- **Few Referrals.** The UI Division focuses more on preventing imposters and hijackers than on investigating those individuals. It has made few referrals to DOL or law enforcement in recent years.
- **Delayed Payments.** The UI Division's new imposter screening processes resulted in delayed payments and likely created other burdens for some genuine applicants who were entitled to benefits.
- **Insufficient Evaluation.** The UI Division has not established metrics or methods for evaluating its data analysis processes or its new imposter screening processes, nor has it collected the data to perform such evaluations.

Actions Needed

- **Mandate Reporting.** The Legislature could consider requiring DEED to report, on a regular basis, about fraud in the UI program.
- **Review Referral Process.** The UI Division should evaluate its processes for referring fraud cases to the Bureau of Criminal Apprehension for investigation.
- **Request More Federal Assistance.** The UI Division should submit a formal request to DOL for additional coordination and resources in investigating and combatting fraud from imposters and hijackers.
- **Develop Processes.** The UI Division should develop processes to proactively investigate accounts that may be incorrectly identified as suspicious to remove burdens for genuine applicants entitled to benefits. The division should also regularly evaluate the efficacy of its data analysis processes and imposter screening processes to prevent and detect fraud, and use such evaluations to refine its processes. As the initial challenges created by the COVID-19 pandemic subside, the division should reevaluate some of the changes it implemented during the pandemic to prevent and detect fraud, as those changes competed with its responsibility to issue prompt payments to eligible applicants.