

JOINT REPORT



U.S. Department of Labor, Office of Inspector General
U.S. Small Business Administration, Office of Inspector General

COVID-19: Data Sharing Project Finds Billions Paid to Same Likely Fraudsters Under Both the Unemployment Insurance and Economic Injury Disaster Loan Programs

Joint Report to:
U.S. Department of Labor, Employment and Training Administration
U.S. Small Business Administration, Office of Capital Access

December 5, 2024

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SBA OIG Report No. 25-06



**U.S. Department of Labor
Office of Inspector General**

Mission Statement

To serve the American people, DOL, and Congress by providing independent and objective oversight of Departmental programs through audits and investigations and by combatting the influence of labor racketeering in the workplace.



**U.S. Small Business Administration
Office of Inspector General**

Mission Statement

To provide independent, objective, and timely oversight to improve the integrity, accountability, and performance of SBA and its programs for the benefit of the American people.

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**Offices of Inspector General
U.S. Department of Labor
U.S. Small Business Administration**



Joint Report

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Billions Paid to Same Likely Fraudsters
under Both the Unemployment Insurance
and Economic Injury Disaster Loan
Programs**

OVERVIEW . . .

WHY WE CONDUCTED THE JOINT PROJECT

The unemployment insurance (UI) and Economic Injury Disaster Loan (EIDL) programs provide eligible people and businesses with needed relief in the face of crises. However, both programs are at risk of ineligible individuals attempting to obtain benefits. In 2020, soon after Congress expanded both programs in response to the adverse economic effects caused by the Coronavirus Disease 2019 (COVID-19) pandemic, both DOL OIG and SBA OIG respectively began reporting on heightened risks of fraud and found similar fraud indicators.

Given the similarities in potential fraud indicators in both programs, DOL and SBA OIGs conducted a joint project to answer the following question:

Could data sharing between the Employment and Training Administration (ETA) and SBA mitigate the risk of fraudulent UI benefit payments and SBA disaster program disbursements?

To answer this question, the two OIGs entered into a data use agreement to share

respective pandemic-related data to perform data matching analyses.

WHAT WE FOUND

We found data sharing and matching between ETA and SBA could mitigate the risk of fraudulent UI benefit payments and SBA disbursements. Both OIGs found data matching worked as a tool to identify potential fraud. DOL OIG identified more than \$1.3 billion in potentially fraudulent UI and EIDL payments made to the same likely fraudsters. Matching to a larger dataset, SBA OIG identified over \$2.25 billion in potentially fraudulent EIDLs disbursed, including nearly \$1.4 billion in EIDL disbursements not previously identified by SBA OIG or SBA.

People may be both employed and operating a small business, so they may be eligible to receive assistance from both programs. However, during the pandemic, no data sharing mechanism on potential fraud for UI and COVID EIDLs existed between ETA and SBA. If data sharing and matching had existed, the agencies could have conducted a higher level of review by matching applicants across both programs to mitigate fraudulent payments. The implications of fraud impacting more than one agency extends beyond significant monetary losses, potentially impacting expeditious, efficient deployment of assistance and decreasing public trust.

WHAT WE RECOMMENDED

We made five recommendations: four to facilitate improved fraud controls via collaboration and one (for SBA) to reevaluate eligibility. Specifically, we recommended DOL and SBA collaborate to evaluate their authorities on data sharing and to develop further fraud prevention resources. ETA stated agreement with one of two recommendations. DOL OIG will monitor ETA's corrective action plans to resolve the recommendations. SBA agreed with the three recommendations, and SBA OIG assesses its planned actions will resolve those recommendations.

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DOL and SBA Inspectors General Joint Report

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The Office of Inspector General (OIG) for the U.S. Department of Labor (DOL) and the OIG for the U.S. Small Business Administration (SBA) are issuing this joint report to bring to your attention billions of dollars paid because of potential fraud by the same likely fraudsters under both DOL's unemployment insurance (UI) program and SBA's COVID-19 Economic Injury and Disaster Loan (EIDL)¹ programs. The two OIGs identified this issue through a data use agreement and subsequent data sharing and matching project, highlighting an opportunity for the Employment and Training Administration (ETA) and SBA to collaborate on data matching² to mitigate fraud under both programs.

BACKGROUND

In March 2020, in response to the adverse economic effects caused by the COVID-19 pandemic, Congress expanded eligibility for both the UI and EIDL programs as part of the Coronavirus Aid, Relief, and Economic Security Act.

Administered jointly by the federal and state governments, the UI program is overseen by ETA and is the first economic line of defense against the collective impact of unemployment. It acts as a safety net for individuals who lose their jobs through no

¹ The COVID-19 EIDL program includes COVID-19 EIDLs, Emergency EIDL Grants (also referred to as "advances" by SBA), Targeted EIDL Advances, and Supplemental Targeted Advances. In this joint report, we refer to these different disbursement types as COVID-19 EIDLs.

² Data matching is the comparison of different datasets to identify similarities in the records each dataset contains. Matches can be made using one or more data elements, such as name, address, email, bank account number, et cetera, for verifying or establishing the eligibility of applicants.

fault of their own. The UI program requires states to make benefit payments in a timely manner, providing needed assistance to unemployed workers while ensuring claimants meet eligibility requirements. The expansion of UI eligibility in response to the pandemic included the creation of new programs; however, these programs were highly susceptible to fraud.

Of more than \$888 billion in total federal and state pandemic-related UI benefits,³ DOL OIG has identified more than \$46.9 billion in potentially fraudulent UI benefits paid in six specific high-risk areas.⁴ Two of the six high-risk areas identified as having the largest amount of potentially fraudulent payments were for claims with Social Security numbers (SSN): (1) filed in multiple states and (2) using suspicious emails. Further, in 2023, the Government Accountability Office (GAO) estimated the pandemic-related fraud rate for the UI program at 11 to 15 percent for the period April 2020 to May 2023 and estimated up to \$135 billion was lost to fraud.⁵

The EIDL program, overseen by SBA's Office of Capital Access (OCA), provides loans of up to \$2 million to help small businesses, agricultural enterprises, and nonprofit organizations that suffered substantial economic injury due to a declared disaster to pay for expenses that could have been met had the disaster not occurred. The loans are intended to help meet working capital needs such as fixed debt payments and operating expenses such as payroll.⁶ The Coronavirus Aid, Relief, and Economic Security Act and subsequent legislation expanded EIDL eligibility and added two additional programs, creating the COVID-19 EIDL program. Of the over \$400 billion in disbursed COVID-19 EIDL funds, SBA OIG estimated \$136 billion in COVID-19 EIDLs were disbursed to potential fraudsters.⁷

Starting in 2020, both OIGs respectively reported⁸ on the high risk of fraud in pandemic programs, including from identity theft and self-certification.⁹ In February 2021, DOL OIG began reporting on specific indicators of potential fraud identified through data analytics, including suspicious email accounts and claims filed across multiple states, that were linked to billions of dollars in UI benefit payments. Similarly, in

³ DOL OIG, Semiannual Report to Congress, Vol. 90 (November 2023)

⁴ To date, DOL OIG has issued four alert memoranda on the topic of potential UI fraud identified in high-risk areas, identifying a cumulative total of \$46.9 billion in potential fraud. Those reports are available at the following hyperlinks: [February 2021](#), [June 2021](#), [September 2022](#), and [September 2023](#).

⁵ GAO, Unemployment Insurance: Estimated Amount of Fraud during Pandemic Likely Between \$100 Billion and \$135 Billion, Report No. GAO-23-106696 (September 2023), <https://www.gao.gov/assets/gao-23-106696.pdf>

⁶ SBA stopped accepting COVID-19 EIDL applications in January 2022 and is no longer accepting requests for loan increases or reconsiderations.

⁷ SBA OIG, [Report No. 23-09](#) (June 2023)

⁸ Full citations for related DOL OIG and SBA OIG reports can be found in Appendix B.

⁹ DOL OIG, [Report No. 19-20-001-03-315](#) (April 2020) and SBA OIG, [Report No. 20-16](#) (July 2020)

July 2020,¹⁰ SBA OIG began reporting on potential fraud indicators and, in June 2023, issued the Fraud Landscape white paper highlighting the various fraud schemes identified through data analytics.¹¹

OBJECTIVE AND METHODOLOGY

Given the similarities in potential fraud indicators in both programs, DOL and SBA OIGs conducted a joint project to answer the following question:

Could data sharing between ETA and SBA mitigate the risk of fraudulent UI benefit payments and SBA disaster program disbursements?

To answer this question, the two OIGs shared pandemic-related data then separately analyzed and matched two datasets from the respective pandemic programs:

1. a DOL OIG dataset containing information on UI benefits paid for claims with SSNs filed in multiple states and used to file UI claims with suspicious email accounts; and
2. an SBA OIG dataset containing information on COVID-19 EIDLs with SBA hold codes, which are designations SBA can place in the EIDL system to identify fraudulent loans or suspected fraudulent loans.

Additionally, SBA OIG prepared a third dataset containing all COVID-19 EIDLs (rather than only those with hold codes) disbursed after the dates DOL OIG had issued its first three alert memoranda (February 2021, June 2021, and September 2022). Further, the two OIGs conducted interviews with ETA's National Office and SBA's OCA to gain insights into the data exchange efforts with other federal agencies when implementing their respective pandemic programs. See Appendix A for more details.

RESULTS

We found data sharing and matching between ETA and SBA could mitigate the risk of fraudulent UI benefit payments and SBA disbursements. Both OIGs found data matching worked as a tool to identify potential fraud. DOL OIG data matched the two shared datasets and found more than \$1.3 billion in potentially fraudulent UI and EIDL payments were made to the same likely fraudsters. Then, SBA OIG matched the DOL OIG dataset with the third dataset it had created and found a total of over \$2.25 billion in

¹⁰ To date, SBA OIG has issued six reports on potential COVID-19 EIDL fraud. Those reports are available at the following hyperlinks: [Report No. 20-16](#), July 28, 2020; [Report No. 21-02](#), October 28, 2020; [Report No. 21-15](#), May 6, 2021; [Report No. 22-06](#), November 30, 2021; [Report No. 22-17](#), September 12, 2022; and [Report No. 22-22](#), September 29, 2022.

¹¹ SBA OIG, [Report No. 23-09](#) (June 2023)

potentially fraudulent EIDL disbursements. Of that \$2.25 billion, SBA OIG found nearly \$1.4 billion that neither it nor SBA had previously identified as potential fraud (newly identified potential fraud).

As both OIGs have individually reported, the unprecedented infusion of federal funds into the UI and disaster assistance programs incentivized individuals and organized criminal groups with a high-value target to exploit. In addition, program weaknesses and the sheer volume of applications during the COVID-19 pandemic allowed criminals to defraud the programs. Because people may be both employed and separately operating a small business—and therefore potentially eligible for relief under both the UI and EIDL programs—receiving benefits under one of these two programs does not necessarily mean that involvement in the other program is potentially fraudulent.

The data sharing and matching performed by DOL OIG and SBA OIG demonstrates a best practice for a collaborative method to mitigate fraud. During the COVID-19 pandemic, no data sharing mechanism existed between ETA and SBA. If a data sharing mechanism had been in place, the agencies could have conducted a higher level of review by matching applicants across both programs to mitigate fraudulent payments through additional verification controls. The implications of the same likely fraudsters impacting more than one agency extends beyond significant monetary losses. Unmitigated fraudulent activity may affect expeditious, efficient deployment of assistance to eligible recipients and also decrease public trust in the government's ability to safeguard taxpayer funds while effectively administering assistance.

Data Matching Finds Same Likely Fraudsters Paid Under Both the UI and EIDL Programs

As of September 2023, DOL OIG's auditors, investigators, and data scientists had collaboratively identified \$46.9 billion in potential UI fraud paid in six specific high-risk areas. For this joint project, DOL OIG performed data matching between the two datasets. DOL OIG found:

- 3,850 EIDLs associated with suspicious emails were used to receive over \$163 million in UI benefit payments and over \$224 million in EIDL disbursements, totaling over \$387 million; and
- 11,901 multistate claimants obtained over \$409 million in UI benefit payments and over \$523 million in EIDL disbursements, totaling over \$933 million.

In total, DOL OIG found that the same claims that received over \$573 million in potentially fraudulent UI benefit payments also received over \$747 million in potentially fraudulent EIDL disbursements, resulting in significant potential fraud amounting to more than \$1.3 billion (see Table 1).

Table 1: DOL OIG Data Matching Results

UI Fraud Indicator	How Many EIDLs Matched UI Fraud Indicator?	Potential Fraud, UI Benefit Payments	Potential Fraud, EIDL Disbursements	Potential Fraud, Totals
Suspicious emails	3,850	\$163,652,583	\$224,330,400	\$387,982,983
Multistate claimants	11,901	\$409,933,026	\$523,168,586	\$933,101,612
Totals	15,751	\$573,585,609	\$747,498,986	\$1,321,084,595

Source: EIDL dataset received on July 14, 2023, and matched to UI dataset on August 9, 2023

SBA OIG took a slightly different approach to its data matching. It created a third dataset containing the COVID-19 EIDLs disbursed after DOL OIG had issued its February 2021, June 2021, and September 2022 alert memoranda. It then matched that third dataset with the DOL OIG dataset to identify if data sharing would have mitigated potential fraud from occurring. SBA OIG found:

- 1,124 EIDLs that SBA had already flagged with hold codes, totaling nearly \$178 million;¹²
- 6,164 EIDLs that were identified as part of SBA OIG's Fraud Landscape white paper, totaling nearly \$690 million; and
- 10,971 in newly identified potentially fraudulent EIDLs, totaling nearly \$1.4 billion.

In total, SBA OIG found that the information from the same individuals who received over \$2.25 billion in COVID-19 EIDL disbursements matched DOL OIG-identified potential fraudsters (see Table 2).

Table 2: SBA OIG Data Matching Results

Identified Fraud	EIDLs with Potentially Fraudulent Disbursements	Potentially Fraudulent EIDL Disbursements
Suspected/confirmed fraud hold codes	1,124	\$177,932,998
Captured within the Fraud Landscape white paper	6,164	\$689,899,605
Newly identified potential fraud	10,971	\$1,382,855,478
Totals	18,259	\$2,250,688,081

Source: SBA OIG analysis of UI data received on July 14, 2023, and EIDL data as of August 9, 2023

¹² The \$178 million identified here is a subset of the \$747 million identified by DOL OIG's comparative analysis.

Best Practices for Data Sharing within the Federal Government

While agencies are not mandated to share data or conduct data matching, examples exist of how these tools can help mitigate fraud. In a 2023 fraud alert, the Pandemic Response Accountability Committee (PRAC), utilizing SBA and Social Security Administration program data, identified \$5.4 billion in disbursed potentially fraudulent pandemic relief funds linked to questionable SSNs.¹³ Also, in 2023, a GAO report called on federal agencies to improve fraud risk management efforts.¹⁴ The report identified the use of data analytics as one of five key areas for improvement to manage fraud risk, namely data matching as a tool to enable agencies to identify, prevent, and respond to fraud.

Both reports demonstrate data matching as a tool to identify fraud, waste, abuse, and mismanagement. This is in large part due to data sharing improving identity verification by: (1) providing more complete applicant data, (2) enhancing existing controls by addressing potentially incomplete or missing information, and (3) helping in the development of new controls to identify risks that might have otherwise gone unnoticed without the additional shared data. Importantly, best practices for data sharing require sharing program-critical data elements such as bank account numbers, phone numbers, physical addresses, email addresses, and Internet Protocol addresses.

The authority¹⁵ under which DOL OIG and SBA OIG conducted this effort is different than what would be required for ETA and SBA to share data. The Privacy Act of 1974, as amended by the Computer Matching and Privacy Protection Act of 1988, provides that agencies may enter into data sharing agreements to perform data matching to establish or verify eligibility for a federal benefit program. However, the agencies need to comply with the Privacy Act's requirements¹⁶ to enter into a written data sharing agreement prior to engaging in any data matching. Critical to this process is determining what data may be shared per the routine uses of data authorized by the current System of Records Notice (SORN). If need be, the agencies may modify their current SORNs to allow for the exchange of program-critical data elements needed to match applicants across both programs to identify potential fraudsters for a higher level of review to mitigate fraudulent payments.

¹³ PRAC, Fraud Alert: PRAC Identifies \$5.4 Billion in Potentially Fraudulent Pandemic Loans Obtained Using over 69,000 Questionable Social Security Numbers, Report No. PRAC-2023-02 (January 2023), <https://www.oversight.gov/reports/other/fraud-alert-prac-identifies-54-billion-potentially-fraudulent-pandemic-loans-obtained>

¹⁴ GAO, Report to Congressional Committees: Fraud Risk, Management, Key Areas for Federal Agencies and Congressional Action, Report No. GAO-23-106567 (April 2023), <https://www.gao.gov/assets/gao-23-106567.pdf>

¹⁵ Authority of Inspector General, 5 U.S.C. § 406(j)(2)

¹⁶ Privacy Act of 1974, 5 U.S.C. § 552a(a)(8); (o)

In addition, both DOL and SBA have experience with sharing and matching data. For example, DOL partners with the U.S. Department of Health and Human Services so that state workforce agencies (SWA)¹⁷ can compare information on individuals receiving UI benefits with data from the National Directory of New Hires. Similarly, an information exchange agreement between DOL and the Social Security Administration enables SWAs to compare data on individuals receiving Social Security benefits with those applying for or receiving UI benefits. SBA's experience with sharing and matching data includes its collaboration with the U.S. Department of the Treasury, comparing applicants for small business loans with the Do Not Pay list.¹⁸ SBA also collaborates with the Federal Emergency Management Agency (FEMA) to ensure individuals who receive disaster program loans do not receive duplicate benefits under FEMA's Individuals and Households Program,¹⁹ in turn allowing FEMA to perform the same check.

Sharing program-critical data can provide valuable information for various agency purposes, including achieving specific program goals, identifying patterns of unusual activity, and making correlations and informed decisions. Additionally, data sharing can help government agencies prioritize efforts, identify improvements, promote best practices, and aid public trust in government operations.

CONCLUSION

This collaborative effort—made possible by a data use agreement—allowed DOL OIG to identify \$1.3 billion paid to the same potential fraudsters under both the UI and EIDL programs. Additionally, matching to a larger dataset, SBA OIG identified over \$2.25 billion in potentially fraudulent EIDLs disbursed, including nearly \$1.4 billion in newly identified, potentially fraudulent COVID-19 EIDL disbursements that may not have been otherwise identified. These findings highlight a significant opportunity for ETA and SBA to use data analytics to collaboratively develop additional controls for detecting and mitigating fraud. Through the sharing and matching of key data, ETA and SBA could detect potentially fraudulent activities before disbursing federal funds to ineligible individuals, thus more effectively safeguarding taxpayer dollars and ensuring program integrity.

RECOMMENDATIONS

To facilitate improved fraud controls, we recommend the following for each agency.

¹⁷ SWA refers to the body that administers the UI program within a state, district, or territory.

¹⁸ The Do Not Pay list is a service that agencies can use at no cost to check many data sources at one time to verify a recipient's eligibility for payment.

¹⁹ FEMA's Individuals and Households Program provides financial and direct services to eligible individuals and households affected by a disaster who have uninsured or under-insured necessary expenses and serious needs.

For ETA, DOL OIG recommends the Assistant Secretary for Employment and Training to:

1. Evaluate its authority to share data and develop fraud prevention resources and controls with other federal entities, including SBA, that include data sharing mechanisms to detect and mitigate fraud.
2. Collaborate with SBA to conduct a joint study to assess and identify the UI claim data elements that should be shared for data matching with disaster program data elements for the purpose of detecting potentially fraudulent activities under both the UI and SBA disaster assistance programs.

For SBA, SBA OIG recommends the Administrator direct the Associate Administrator for OCA to:

1. Evaluate its authority to share data and develop fraud prevention resources and controls with other federal entities, including DOL, that include data sharing mechanisms to detect and mitigate fraud.
2. Collaborate with DOL to conduct a joint study to assess and identify disaster program data elements that should be shared for data matching with UI claim data elements for the purpose of detecting potentially fraudulent activities under both the UI and SBA disaster assistance programs.
3. Reevaluate eligibility for the 10,971 potentially fraudulent EIDLs and recover funds from ineligible recipients.

ANALYSIS OF AGENCY RESPONSES

The full agency responses are contained in Appendices C and D, respectively.

DOL OIG Analysis of Agency Response

In its September 26, 2024, response to a draft of this report, ETA responded directly to our two recommendations to facilitate improved fraud controls via collaboration. ETA stated it agreed with Recommendation 1 and disagreed with Recommendation 2.

The agency also included information on five areas of its program and operations, such as its access to the states' UI claims data and the challenges posed by limited resources. Regarding those five areas, we addressed agency comments on two areas within our response to the recommendations and separately synopsis agency comments in two other areas and provided our corresponding responses. In relation to the fifth and last area of additional agency comment, we appreciate that ETA is aligning its risk management efforts with the GAO's Fraud Risk Framework.

We reviewed ETA's response in full and did not make any changes to our report. Our synopsis of agency comments and our corresponding analyses follow.

Recommendation 1

Evaluate its authority to share data and develop fraud prevention resources and controls with other federal entities, including SBA, that include data sharing mechanisms to detect and mitigate fraud.

Status: Unresolved

ETA stated it agreed with the recommendation and has already taken such action through the development of a fraud risk profile. Based on this action, ETA stated it: (1) identified and implemented data sharing mechanisms with other federal entities, most recently including the Social Security Administration and the U.S. Department of the Treasury, to mitigate the highest residual risks within the UI program; (2) discussed the recommendation with SBA; and (3) determined additional action is not warranted at this time, given other priorities for the UI program and the level of complexity and effort required to share data. ETA asserted SBA would have to enter into data sharing agreements with the individual SWAs, an assertion we address under Recommendation 2. ETA also noted it continues to streamline access to important payment integrity data sources through NASWA's Integrity Data Hub and that all 53 SWAs have entered into data sharing agreements with the data hub.

We commend ETA for the actions it has taken to detect and mitigate fraud within the UI program, including evaluating risk. However, during our collaborative efforts with SBA OIG, a data use agreement and subsequent data sharing and analysis facilitated our identification of \$1.3 billion in pandemic-related UI and EIDL payments made to the same likely fraudsters. We therefore strongly encourage ETA to leverage its authority to establish data sharing mechanisms in collaboration with SBA. By implementing these mechanisms with SBA, ETA could not only strengthen its fraud controls but also achieve proactive and tangible benefits, such as preventing significant losses of program funds to fraud.

DOL OIG does not agree the actions ETA described meet the full intent of the recommendation. As such, this recommendation remains unresolved and we will reassess the status upon receipt of ETA's corrective action plan.

Recommendation 2

Collaborate with SBA to conduct a joint study to assess and identify the UI claim data elements that should be shared for data matching with disaster program data elements for the purpose of detecting potentially fraudulent activities under both the UI and SBA disaster assistance programs.

Status: Unresolved

ETA disagreed with the recommendation, stating it has limited resources and must prioritize its areas of focus. The agency also stated: (1) the report did not demonstrate how investing in the study would improve fraud prevention and detection efforts in a cost-effective manner beyond its existing practices and resources and (2) ongoing data sharing would require data sharing agreements between SBA and 53 SWAs. ETA asked that, instead of the recommendation for a proposed study, the OIG help it navigate a government-wide resolution that provides for interagency collaboration. It specified that such help would be both appreciated and more cost effective. ETA also proposed an alternative approach: it committed to meeting with SBA to further explore the possibility of using SBA data to improve UI program integrity.

DOL OIG does not agree the actions described meet the intent of our recommendation. We commend ETA's willingness to engage with SBA to explore collaboration. We also understand conducting a study might be uneconomical for ETA. We are also open to alternative, less costly suggestions. The report demonstrates investment in collaboration between ETA and SBA could specifically identify key data elements to help detect potentially fraudulent activities within both programs. When subject matter experts discuss data and other information, patterns tend to become clear and emerging trends can be identified. For example, as noted in our report, DOL OIG and SBA OIG uncovered \$1.3 billion in newly identified potential fraud through a similar process. Identifying key data elements would assist the agencies in preparing to combat fraud during future national disasters. Both agencies possess in-depth knowledge of their respective programs and can work together to identify overlapping areas that may be vulnerable to fraud.

Also, regarding ETA's statement on data sharing agreements between SBA and the SWAs, we remind ETA of the need for corrective action on a recommendation issued in our September 2023 alert memorandum.²⁰ We recommended the Principal Deputy Assistant Secretary of Employment and Training obtain direct access to UI claims data from all SWAs. ETA access to UI claims data through such a centralized system could be the foundation to facilitate data sharing efforts with SBA. Ultimately, whether this collaboration is formalized through a data sharing agreement of ETA and SBA's own design or facilitated via the U.S. Department of the Treasury's Do Not Pay system, the OIG looks forward to ETA and SBA exploring alternatives to improve collaboration.

DOL OIG does not agree the actions ETA described meet the full intent of the recommendation. As such, this recommendation remains unresolved and we will reassess the status upon receipt of ETA's corrective action plan.

²⁰ DOL OIG, [Report No. 19-23-012-03-315](#) (September 25, 2023) – Recommendation 1

Other Management Comments

UI Data Owned by SWAs and Disclosure Governed Under State Laws

ETA noted UI data is owned by SWAs and its disclosure is governed under state laws. The agency stated it generally does not have access to individual-level SWA UI data. ETA also expressed concerns regarding the lack of a SORN that could be modified to facilitate the exchange of individual-level SWA UI claims data for data matching purposes. ETA stated each of the 53 SWAs would need to establish individual state-level data sharing agreements with SBA to enable data matching.

DOL OIG is aware that SWAs own UI data. However, the OIG has previously expressed in more than one report to ETA that its authority under the Social Security Act and 20 C.F.R. Part 603 allows ETA to access and collect SWA UI data. Additionally, the OIG identified a SORN that ETA published on the DOL website, which is currently under development and is designed specifically to allow for the ease of data matching. This draft SORN includes a section titled, “Authority for Maintenance of the System,” which references federal laws that allow ETA to collect individual state-level UI data.²¹ These laws grant ETA the authority to access UI data. Furthermore, one of the procedures outlined in the SORN allows for the disclosure of UI claims data to another federal agency or entity when DOL determines the information is necessary to address a suspected or confirmed breach or to prevent, minimize, or remedy the risk of harm to individuals, the agency’s operations, a recipient agency’s operations, the federal government, or national security resulting from a suspected or confirmed breach. DOL OIG sees potential fraud as potential harm, given the risk of impact to individuals’ livelihoods that fraud poses.

Expiration of Pandemic Programs

ETA noted the OIG’s analysis was based on an expired pandemic program, using data from an SBA program that ended in January 2022. ETA also reiterated its commitment to improving eligibility determination and reducing improper payments through data sharing initiatives. However, it stated it will not allocate limited resources to pursuing a data sharing partnership based on analysis from an expired program.

While DOL OIG and SBA OIG used pandemic UI data for this report, ongoing issues within the UI program persist. DOL OIG work has demonstrated criminals continue to focus on the program since the pandemic, adapting their tactics to exploit systemic weaknesses. UI and disaster loan programs have been enacted to combat other disasters throughout the country, and the OIG expects this will continue to be necessary. Although the COVID-19 pandemic-related programs have expired, ongoing cooperation with SBA would be instrumental in preventing fraudulent payments in future crises of a similar scale or the next pandemic.

²¹ Specifically, this includes Title III of the Social Security Act (42 U.S.C. 501-503) and 20 C.F.R. Part 603.

SBA OIG Analysis of Agency Response

The following section summarizes the status of our recommendations and the actions necessary to close them.

Recommendation 1

Evaluate its authority to share data and develop fraud prevention resources and controls with other federal entities, including DOL, that include data sharing mechanisms to detect and mitigate fraud.

Status: Resolved

Management agreed with the recommendation, stating that they will approach this not with DOL directly but as a collaborative, “whole of government” approach. SBA will collaborate with appropriate centralized federal entities to evaluate authorities to share data and will conduct a joint study with centralized entities to assess and identify program data elements that should be shared for the purpose of detecting potentially fraudulent activities. SBA discussed this approach with DOL and determined that it would be more beneficial to address this recommendation on a broader scale.

SBA plans to implement this recommendation by September 25, 2026.

The recommendation will be closed upon completion of the joint study resulting in a determination of what data elements should be shared.

Recommendation 2

Collaborate with DOL to conduct a joint study to assess and identify disaster program data elements that should be shared for data matching with UI claim data elements for the purpose of detecting potentially fraudulent activities under both the UI and SBA disaster assistance programs.

Status: Resolved

Management agreed with the recommendation, stating that they will approach this not with DOL directly but as a collaborative, “whole of government” approach with appropriate centralized federal entities to evaluate authorities to share data and develop centralized fraud prevention resources and controls that include data sharing mechanisms to detect and mitigate fraud occurring in federal programs across the entire federal space. SBA discussed this approach with DOL and determined that it would be more beneficial to address this recommendation on a broader scale.

SBA plans to implement this recommendation by September 24, 2027.

The recommendation will be closed upon implementation of data sharing mechanisms to detect and mitigate fraud.

Recommendation 3

Reevaluate eligibility for the 10,971 potentially fraudulent EIDLs and recover funds from ineligible recipients.

Status: Resolved

Management agreed with the recommendation, stating that, once OIG provides SBA the additional DOL criteria regarding the identified population, SBA will perform a high-level review of a sample of the identified loans.

SBA plans to implement this recommendation by September 26, 2025.

The recommendation will be closed upon completion of eligibility reviews for an agreed upon size of sample loans for potential fraud and possible recovery of funds.

Both OIGs appreciate the cooperation and courtesies ETA and OCA extended to us during this audit. Staff from both OIGs who contributed to this report are listed in Appendix E.



Larry D. Turner
Inspector General
U.S. Department of Labor



Hannibal "Mike" Ware
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U.S. Small Business Administration

Data Sharing Project Finds Billions Paid to Same Likely Fraudsters

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Appendix A: Scope and Methodology

The OIGs for DOL and for SBA engaged in a joint project to determine if data sharing between ETA and SBA could mitigate the risk of fraudulent UI benefit payments and SBA disaster assistance program disbursements.

We reviewed federal laws, regulations, policies, procedures, and internal memorandums pertaining to DOL's UI program and SBA's COVID-19 EIDL program. We also met with officials from ETA and OCA to discuss consideration be given to data sharing and the extent to which they work with other agencies.

DOL OIG conducted a comparative analysis to determine whether key data elements linked to potentially fraudulent UI benefit payments matched the corresponding data elements related to potentially fraudulent EIDL disbursements. Specifically, DOL OIG compared its dataset (the dataset of UI claims field with SSNs associated with multistate claims and with suspicious email accounts) with the corresponding dataset associated with COVID-19 EIDL disbursements that SBA OIG had identified and flagged with hold codes.

SBA OIG created a third dataset of all COVID-19 EIDLs disbursed after DOL OIG had issued its first three alert memoranda. SBA OIG then performed a comparative analysis between that third dataset and DOL OIG's dataset. SBA OIG matched recipients based on common identifier fields such as suspicious email accounts, SSNs, addresses, and phone numbers. SBA OIG analyzed whether data sharing would have benefited SBA. SBA OIG also compared the dates of the alert memoranda issued by DOL OIG to the disbursement dates of COVID-19 EIDLs to identify potential fraud.

This report was prepared in alignment with OIG quality control standards and the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*, which requires that we plan and perform the review to obtain sufficient and appropriate evidence to provide a reasonable basis for our conclusions and observations based on our objective. We believe the evidence obtained provides a reasonable basis for our conclusions and observations based on our objectives.

Appendix B: Prior Relevant Coverage

Since March 2020, both DOL OIG and SBA OIG have issued several reports of significant relevance to this report. Those reports include the following:

DOL OIG

Semiannual Report to Congress (issued each spring and fall), Vols. 83-90 (2020-2023), <https://www.oig.dol.gov/semiannual.htm>

U.S. Department of Labor Top Management Challenges (issued each fall), 2020-2023, <https://www.oig.dol.gov/topchallenges.htm>

Alert Memorandum: ETA Needs to Incorporate Data Analytics Capability to Improve Oversight of the Unemployment Insurance Program, Report No. 19-23-012-03-315 (September 25, 2023), <https://www.oig.dol.gov/public/reports/oa/2023/19-23-012-03-315.pdf>

Alert Memorandum: Potentially Fraudulent Unemployment Insurance Payments in High-Risk Areas Increased to \$45.6 Billion, Report No. 19-22-005-03-315 (September 21, 2022), <https://www.oig.dol.gov/public/reports/oa/2022/19-22-005-03-315.pdf>

Alert Memorandum: The Employment and Training Administration Needs to Issue Guidance to Ensure State Workforce Agencies Provide Requested Unemployment Insurance Data to the Office of Inspector General, Report No. 19-21-005-03-315 (June 16, 2021), <https://www.oig.dol.gov/public/reports/oa/2021/19-21-005-03-315.pdf>

Alert Memorandum: The Employment and Training Administration (ETA) Needs to Ensure State Workforce Agencies (SWA) Implement Effective Unemployment Insurance Program Fraud Controls for High-Risk Areas, Report No. 19-21-002-03-315, (February 22, 2021), <https://www.oig.dol.gov/public/reports/oa/2021/19-21-002-03-315.pdf>

Advisory Report: CARES Act: Initial Areas of Concern Regarding Implementation of Unemployment Insurance Provisions, Report No. 19-20-001-03-315, (April 21, 2020), <https://www.oig.dol.gov/public/reports/oa/2020/19-20-001-03-315.pdf>

SBA OIG

COVID-19 Pandemic EIDL and PPP Loan Fraud Landscape,
Report No. 23-09 (June 27, 2023),
<https://www.sba.gov/document/report-23-09-covid-19-pandemic-eidl-ppp-loan-fraud-landscape>

Follow-up Inspection of SBA's Internal Controls to Prevent COVID-19 EIDLs to Ineligible Applicants,
Report No. 22-22 (September 19, 2022),
<https://www.sba.gov/document/report-22-22-follow-inspection-sbas-internal-controls-prevent-covid-19-eidls-ineligible-applicants>

COVID-19 Economic Injury Disaster Loan Applications Submitted from Foreign IP Addresses,
Report No. 22-17 (September 12, 2022),
<https://www.sba.gov/document/report-22-17-covid-19-economic-injury-disaster-loan-applications-submitted-foreign-ip-addresses>

COVID-19 EIDL Program Recipients on the Department of Treasury's Do Not Pay List,
Report No. 22-06 (November 30, 2021),
<https://www.sba.gov/document/report-22-06-covid-19-eidl-program-recipients-department-treasurys-do-not-pay-list>

SBA's Handling of Identity Theft in the COVID-19 Economic Injury Disaster Loan Program,
Report No. 21-15 (May 6, 2021),
<https://www.sba.gov/document/report-21-15-sbas-handling-identity-theft-covid-19-economic-injury-disaster-loan-program>

Inspection of Small Business Administration's Initial Disaster Assistance Response to the Coronavirus Pandemic,
Report No. 21-02 (October 28, 2020),
<https://www.sba.gov/document/report-21-02-inspection-small-business-administrations-initial-disaster-assistance-response-coronavirus-pandemic>

Management Alert: Serious Concerns of Potential Fraud in Economic Injury Disaster Loan Program Pertaining to the Response to COVID-19,
Report No. 20-16 (July 28, 2020),
<https://www.sba.gov/document/report-20-16-serious-concerns-potential-fraud-eidl-program-pertaining-response-covid-19>

Appendix C:

U.S. Department of Labor Response

**U.S. Department of Labor
Response to Draft Report**

The agency's response to our draft report follows.



September 26, 2024

MEMORANDUM FOR:

CAROLYN R. HANTZ
Assistant Inspector General for Audit

FROM:

JOSÉ JAVIER RODRÍGUEZ

A handwritten signature in blue ink, appearing to read "JJR".

SUBJECT:

Response to Draft Joint Report – *COVID-19: Data Sharing Project Finds Billions Paid to Same Likely Fraudsters Under Both the Unemployment Insurance and Economic Injury Disaster Loan Programs*, Report No. 19-24-XXX-03-315

The U.S. Department of Labor's (Department) Employment and Training Administration (ETA) appreciates the opportunity to respond to the above-referenced draft joint report from the Department's Office of Inspector General (OIG) and the U.S. Small Business Administration (SBA) OIG. Below are some points the Department would like to share related to the themes discussed in the draft joint report, followed by the Department's responses to the OIG's recommendations.

ETA is actively demonstrating its commitment to align existing risk management efforts with the Government Accountability Office's (GAO) Fraud Risk Framework. The Department takes its oversight of federally funded programs very seriously. Strengthening Unemployment Insurance (UI) program integrity, by reducing improper payments and mitigating fraud risks, remains a top priority for the Department. In recent years, the Department implemented recommendations made by the GAO to help improve UI fraud risk management, which includes aligning existing risk management efforts with the leading practices in GAO's Fraud Risk Framework¹.

GAO's recommendations spurred the Department to develop a UI Fraud Risk Profile, supplementing and enhancing its robust payment integrity efforts, and further strengthening an organizational culture that views the creation, evaluation, monitoring, and evolution of risk mitigation strategies as an ongoing process. ETA also announced the release of a new UI Fraud Risk Management webpage for state workforce agencies (SWA) to access information on the Department's UI fraud risk management activities and to update states on new fraud risk mitigation strategies and initiatives.² GAO's leading practices are now well embedded in the daily UI program integrity work. The Department also agrees wholeheartedly with GAO that data analytics activities are a critical component of an overall antifraud strategy.

¹ GAO, *A Framework for Managing Fraud Risks in Federal Programs*, GAO-15-593SP, issued July 2015, <https://www.gao.gov/assets/gao-15-593sp.pdf>.

² See Training and Employment Notice (TEN) No. 32-23, *Unemployment Insurance (UI) Fraud Risk Management Resources*, issued June 27, 2024, <https://www.dol.gov/agencies/eta/advisories/ten-32-23>.

UI data is owned by SWAs and its disclosure is governed under state laws. The OIG notes in their draft report that UI is “administered jointly by the federal and state governments.” To clarify, the UI program is a federal-state partnership program based upon federal law and administered by state workforce agencies (SWA) under state law. UI data is owned by SWAs and its access and use are governed by state laws that conform with certain requirements set forth in federal regulation.³ The Department generally does not have access to individual-level SWA UI data and the draft joint report suggests that ETA modify its current System of Record Notices (SORN) to accommodate the envisioned data exchange. However, as ETA indicated in discussions with the OIG, ETA does not have a SORN that could be modified to allow for the exchange of this data, nor does ETA have the authority to perform the suggested data matching. Each of the 53 SWAs that operate UI programs would need to enter into individual, state-level data sharing agreements with the SBA to conduct the type of data sharing suggested in the draft joint report.

ETA is actively demonstrating its commitment to strengthen data sharing with federal agencies. As part of the UI antifraud strategy, the Department is committed to pursuing access to necessary external data sources, including data sharing with other federal agencies and third parties that can provide support to SWAs in identifying potential fraud and improper payments, and helping with accurate determinations of UI eligibility.

These efforts include streamlining SWAs access to additional data sources through the National Association of State Workforce Agencies’ (NASWA) UI Integrity Data Hub (IDH), which is a key payment integrity tool to aid states in detecting and preventing UI fraud. Recently, the Department announced a new data sharing partnership between the U.S. Department of Treasury’s (Treasury) Bureau of the Fiscal Service (Fiscal Service) and NASWA to provide SWAs with access to Do Not Pay data sources and services through the IDH.⁴ Additionally, the Department worked with the Social Security Administration (SSA) to establish a data sharing agreement to provide SWAs with streamlined access to SSA’s Prisoner Update Processing System data through NASWA’s UI Interstate Connection Network.⁵ Furthermore, the Department maintains a data sharing agreement with the U.S. Department of Health and Human Services’ Office of Child Support Services to provide states with access to the National Directory of New Hires data.⁶ All these data sharing partnerships provide SWAs with access to important data sources to help reduce fraud and/or confirm UI program eligibility. Each of these

³ See 20 C.F.R. Part 603.

⁴ See TEN No. 28-23, *Announcement of a New Data Sharing Partnership Between the U.S. Department of 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>.

⁵ See Unemployment Insurance Program Letter (UIPL) No. 01-22, *Announcing the Availability of an Incarceration Data Exchange and Instructions to Access the Data Exchange between the Unemployment Insurance (UI) Interstate Connection Network (ICON) and the Social Security Administration (SSA) Prisoner Update Processing System (PUPS)*, issued October 29, 2021, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-01-22>.

⁶ See TEN No. 05-20, *National Directory of New Hires (NDNH), State Directory of New Hires (SDNH), and Other Improper Payment Prevention and Detection Resources, Tools, and Services Available to States*, issued September 24, 2020, <https://www.dol.gov/agencies/eta/advisories/training-and-employment-notice-no-05-20>.

data sharing partnerships support risk mitigation efforts to address the highest UI risks identified in the Department's UI Fraud Risk Profile.

The draft joint report suggests that data sharing between ETA and SBA could mitigate the risk of fraudulent UI payments and SBA disbursements, based on the data matching conducted by the OIG. Additionally, the draft joint report asserts that if data sharing and matching had existed, the agencies could have conducted a higher-level review by matching applicants across both programs to mitigate fraudulent payments. However, while the Department is committed to seeking data sharing opportunities to address the highest UI program risks, ETA disagrees with the OIGs' assessment regarding this data sharing partnership.

The OIG's analysis was based on an expired pandemic program. The OIG's analytics were based on cross-matching with data from an SBA program the OIGs jointly acknowledge ended in January 2022. The Department reiterates its commitment to identifying and pursuing data sharing initiatives that could support more accurate eligibility determination and reduce improper payments but will not allocate limited resources to pursuing a data sharing partnership based on analysis from an expired program.

ETA has limited resources and must prioritize its areas of focus. ETA has limited resources and relies on several factors, such as the priority level of the residual risk identified in the Department's recently developed UI Fraud Risk Profile, insight from its oversight bodies such as GAO and the OIG, and other evidence to make decisions on how these resources are allocated. This includes analyzing the highest residual risks to the UI program after evaluating the impact of existing antifraud controls.

The draft joint report identifies "\$1.3 billion in potentially fraudulent UI and Economic Injury Disaster Loan (EIDL) payments made to the same likely fraudsters." This assessment is based on individuals with Social Security Numbers from two groups: (1) those who filed in multiple states and (2) those using suspicious emails. However, the draft joint report fails to acknowledge that: (1) workers may be eligible to file in multiple states under certain conditions and (2) suspicious email addresses *may* be a flag, but the OIG does not define what they consider "suspicious" in this audit. Both issues are potential flags of suspicion, but, not conditions certain of fraud. The Supreme Court has found that payment must be made "when due" and may not be held merely on a program official or auditor's suspicions. Additionally, the draft joint report acknowledges that people may be potentially eligible for relief under both the UI and EIDL programs and receiving benefits under one of these two programs does not necessarily mean that involvement in the other program is potentially fraudulent.

ETA has already identified these two groups as fraud risks to the UI program and developed and/or strengthened existing mitigation strategies to address both risks. SWAs currently review claims for suspicious emails and multistate filings through different fraud detection tools, including the IDH. The IDH was specifically designed to cross-match suspicious data elements being used across UI claims, including, but not limited to suspicious email addresses. Additionally, the IDH has a multi-state cross-matching (MSCM) functionality to flag UI claims filed in multiple states. Matching UI data with SBA data would not help SWAs proactively identify UI claims filed across multiple states.

The Department has and continues to strongly encourage states to actively participate in the IDH on a regular basis, and IDH participation has increased significantly since the onset of the pandemic. For example, in March of 2020, only 34 states had an IDH Participation Agreement (PA), 21 states were using the Suspicious Actor Repository (SAR), which provides information on suspicious UI claims data elements, including suspicious email addresses, and three states were using the MSCM, which was quite new at the time, having only been live in the IDH production environment since November 2019 – about five months. ETA continues to support ongoing enhancements to the IDH by funding additional fraud prevention capabilities such as an identity verification (IDV) and risk scoring solution, which became available to states in July 2020, as well as a Bank Account Verification (BAV) service, which became available to states in February 2022. Currently, all 53 states have a signed IDH PA, 51 states are using the SAR, 51 states are using the MSCM, 46 states are using the IDV solution, and 43 states are using the BAV service. Furthermore, in the Department’s Fiscal Year 2025 President’s Budget and the UI Transformation Plan⁷, requiring the use of IDH is identified as a proposed legislative reform.

Without additional funding from Congress, ETA must continue to prioritize its areas of focus. The draft joint report has not demonstrated additional value for ETA to further pursue the exchange of these data elements with SBA.

Responses to the Recommendations

Please find below each of the recommendations contained in the draft joint report, followed by ETA’s proposed corrective actions to address the recommendations.

Recommendation 1: Evaluate its authority to share data and develop fraud prevention resources and controls with other federal entities, including SBA, that include data sharing mechanisms to detect and mitigate fraud.

ETA Response: ETA agrees with this recommendation and asserts that it has already taken such action through the development of a UI Fraud Risk Profile that aligns with GAO’s Fraud Risk Framework. Through the efforts of strengthening UI fraud risk management activities, building the UI Fraud Risk Profile, and analyzing the results, the Department has designed a risk response to identified risks. As noted by GAO in their Framework for Managing Fraud Risks in Federal Programs, effective managers of fraud risks use the program’s fraud risk profile to help decide how to allocate resources to respond to residual fraud risks, which may include actions to accept, reduce, share, or avoid the risk. Specifically, managers may allocate resources to prevent or detect fraud risks that exceed their risk tolerance, but they may decide not to allocate resources to further reduce unlikely, low-impact risks that fall within their risk tolerance.

To mitigate the highest residual risks to the UI program, the Department has identified and implemented data sharing mechanisms with other federal entities - most recently including SSA and Treasury. The Department continues to streamline access to important payment integrity data sources through the UI IDH since all 53 states have entered into agreements to share

⁷ See Unemployment Insurance Transformation Plan, *Building Resilience: A plan for transforming unemployment insurance*, issued April 2024, https://oui.doleta.gov/unemploy/transformation_plan.asp.

individual claims-level data with the IDH for the purposes of ensuring the accuracy of payments and preventing fraud and improper payments.

The Department has discussed this concept with SBA and determined that additional action is not warranted at this time, given other priorities for the UI program (such as expanding additional data sharing opportunities with Treasury) and the level of complexity and effort with existing authorities to share data, insofar as it would require SBA to enter into data sharing agreements with each individual state.

Recommendation 2: Collaborate with SBA to conduct a joint study to assess and identify the UI claim data elements that should be shared for data matching with disaster program data elements for the purpose of detecting potentially fraudulent activities under both the UI and disaster assistance programs.

ETA Response: ETA disagrees with this recommendation, given that ETA has limited resources and must prioritize its areas of focus. This draft joint report has not demonstrated how investing in an additional study specific to the UI and EIDL programs will improve fraud prevention and detection efforts in the UI program cost-effectively beyond existing practices and resources. Additionally, ongoing data sharing between the UI program and SBA will require SBA to enter into data sharing agreements with each of the 53 SWAs administering UI programs.

Instead of requesting ETA to invest in an additional study of two programs with eligibility criteria that are not mutually exclusive, ETA asks the OIG for help in navigating a government-wide resolution that provides for interagency collaboration. This type of data matching may be helpful to law enforcement when prosecuting cases involving fraud across multiple programs. The OIG's leadership on a broad-based interagency effort would be appreciated and be more cost-effective than a limited scope study based on expired programs.

As an alternative approach, ETA is committed to meeting with SBA to further explore the possibility of using SBA data to support UI program integrity. This activity will include determining if there is an appropriate return on investment for both the UI program and SBA and/or engaging with our partners in Treasury's Fiscal Service to assess the possibility of streamlining SWAs' access to SBA data sources through the Do Not Pay system. ETA, working in collaboration with the Department's Chief Evaluation Office and the Department's Office of the Chief Financial Officer, is responsible for this recommendation.

Appendix D:

U.S. Small Business Administration Response

U.S. Small Business Administration Response to Draft Report

The agency's response to our draft report follows.



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, DC 20416

To: Hannibal “Mike” Ware
Inspector General
U.S. Small Business Administration

From: Jihoon Kim, Director, Office of Financial Program Operations,
Office of Capital Access

JI KIM

Digitally signed by JI KIM
Date: 2024.09.23 16:17:42
+04'00'

Date: September 23, 2024

Subject: Response to OIG Draft Report – COVID-19: Data Sharing Project Finds Billions Paid to Same Likely Fraudsters Under Both the Unemployment Insurance and Economic Injury Disaster Loan Programs (Project 23801)

Thank you for providing the Office of Capital Access (OCA) the opportunity to respond to OIG’s Draft Report entitled, “COVID-19: Data Sharing Project Finds Billions Paid to Same Likely Fraudsters Under Both the Unemployment Insurance and Economic Injury Disaster Loan Programs.” The OIG’s audit objective for this draft report was to determine if “data sharing between ETA and SBA mitigate the risk of fraudulent UI benefit payments and SBA disaster program disbursements.”

We appreciate the role the Office of Inspector General (OIG) plays in working with management in ensuring that our programs are effectively managed, and for the feedback provided in this draft report. We offer the following response to the recommendations:

Recommendation 1: Evaluate its authority to share data and develop fraud prevention resources and controls with other federal entities, including DOL, that include data sharing mechanisms to detect and mitigate fraud.

SBA Response:

SBA agrees with this recommendation, however, will approach this not with DOL directly but as a collaborative, “whole of government” approach. SBA will collaborate with appropriate centralized federal entities to evaluate authorities to share data and will conduct a joint study with centralized entities to assess and identify program data elements that should be shared for

the purpose of detecting potentially fraudulent activities. SBA has discussed this approach with DOL and determined that it would be more beneficial to address this recommendation on a broader scale.

Recommendation 2: Collaborate with DOL to conduct a joint study to assess and identify the UI claim data elements that should be shared for data matching with disaster program data elements for the purpose of detecting potentially fraudulent activities under both the UI and disaster assistance programs.

SBA Response:

SBA agrees with this recommendation, however, will approach this not with DOL directly but as a collaborative, “whole of government” approach with appropriate centralized federal entities to evaluate authorities to share data and develop centralized fraud prevention resources and controls that include data sharing mechanisms to detect and mitigate fraud occurring in federal programs across the entire federal space. SBA has discussed this approach with DOL and determined that it would be more beneficial to address this recommendation on a broader scale.

Recommendation 3: Reevaluate eligibility for the 10,971 potentially fraudulent EIDLs and recover funds from ineligible recipients.

SBA Response:

SBA agrees. Once OIG provides SBA the additional DOL criteria regarding the identified population, SBA will perform a high-level review of a sample of the identified loans.

Appendix E: Acknowledgments

Staff who contributed to this report follow.

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To report fraud, waste, or mismanagement, contact the U.S. Department of Labor's Office of Inspector General:

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Fax: (202) 693-7020

or write to us at:

Office of Inspector General, U.S. Department of Labor,
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Washington DC 20210



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