

Watchdog Warns of ‘Significant’ Fraud with Unemployment Money

- Claimants can get \$775 payment without documentation
- Inspector General urges states to require proof of income loss



The U.S. Department of Labor headquarters stands in Washington, D.C.
— Photographer: Al Drago/Bloomberg

A watchdog warned the Department of Labor Friday that lax requirements for claiming expanded unemployment benefits make those programs “highly vulnerable” to fraud.

Those making claims have to self-certify that they have lost income because of a coronavirus-related reason, which could include contracting the disease or having their workplace shutdown to slow the spread. With such a certification they are immediately eligible for a weekly \$600 benefit that Congress approved in March,

the Labor Department Inspector General's office said in a memorandum released Friday.

People are also able to claim benefits that vary by state.

"Consequently, an individual could continue to receive an average of \$775 per week based solely on an initial undocumented self-certification statement that one of the COVID-19 related reasons were met," according to the memorandum, which was written by Elliot Lewis, the assistant inspector general for audit.

The Inspector General's office said states should require claimants to document their reduced earnings to establish that they meet the criteria for the \$600 weekly federal benefit, also known as Pandemic Unemployment Assistance.

"We believe that reliance solely on claimant self-certifications without evidence of eligibility and wages renders the PUA program highly vulnerable to improper payments and fraud," the memo said.

Earlier: Americans on Jobless Benefits Post First Drop of Pandemic

Democrats have criticized Labor Secretary Eugene Scalia for moving too slowly to distribute the benefits and for making it more difficult for gig workers to claim the assistance. The memo is part of a continuing audit of the program and did not cite any instances of fraud.

Expanded unemployment benefits were one of several economic rescue measures that Congress negotiated to curb the fallout from shutting down much of the economy for several weeks. The benefits are scheduled to be available through the end of July. Democrats are pushing to extend the program, while Republicans have said they should wait to see how the economy is performing later in the summer.

More than 40 million people have filed for unemployment since the middle of March when many cities and states began closing large portions of their economies. The May jobs report, slated to be released next week, is expected to show an unemployment rate of about 20% and many economists say it will take years for the U.S. economy to recover from the pandemic.

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