Statement of Michael E. Horowitz
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before the

U.S. House of Representatives
Committee on Ways & Means

concerning

"Fraud in Federal Unemployment Insurance Programs"

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Mr. Chairman, Ranking Member Neal, and Members of the Committee:

Thank you for inviting me to testify today about the oversight work of the Pandemic Response Accountability Committee (PRAC), which Congress created in March 2020 as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The PRAC provides independent oversight of the approximately $5 trillion in pandemic relief spending and helps coordinate and facilitate oversight by the Inspectors General (IGs) whose agencies administer federal pandemic relief programs. It has been my honor to serve as Chair of the PRAC since April 2020. Working together with our local, state, and federal oversight partners, we are ensuring transparency in pandemic spending, helping to reduce fraud in pandemic programs, and holding accountable those who have stolen from and defrauded these programs.

About the PRAC

The PRAC is housed within the Council of the Inspectors General on Integrity and Efficiency (CIGIE) and is comprised of 20 federal Inspectors General that work collaboratively to oversee the more than $5 trillion in federal pandemic relief emergency spending. Our primary mission is to work with Offices of Inspector General (OIGs) to ensure that taxpayer money is being used effectively and efficiently to address the pandemic-related public health and economic needs funded through the various COVID-19 relief bills.

To facilitate our mission, we

- promote transparency by publicly reporting accessible and comprehensive pandemic relief spending data;
- collaborate across the oversight community to identify cross-cutting issues and program risks;
- detect and prevent fraud, waste, abuse, and mismanagement of relief spending through leading-edge data insights and analytic tools; and
- hold wrongdoers accountable by marshaling the investigative and analytic resources of the oversight community.

My testimony today highlights the PRAC’s achievements since March 2020 in fulfilling these objectives, particularly with respect to the pandemic unemployment insurance programs created by the CARES Act.

Background

As a result of the COVID-19 pandemic, workers across the country experienced unprecedented levels of unemployment. According to the Bureau of Labor Statistics, in April 2020 the unemployment rate reached 15 percent—the highest observed since data collection began in 1948. Between March 14, 2020, and April 18, 2020, weekly unemployment claims increased dramatically from 225,500 to 5.3 million.

Generally, each state manages and funds its own unemployment benefits program according to federal guidelines and with technical assistance from the Department of Labor (DOL). However, the federal government can fund extensions and expansions of benefits during emergencies. Consequently, the CARES Act created three new unemployment insurance (UI) programs that collectively extended, expanded, and increased UI benefits to help respond to widespread pandemic-induced unemployment.

- The Federal Pandemic Unemployment Compensation (FPUC) program added a weekly supplement of $600 to the amount individuals received in state unemployment benefits. This supplement lapsed briefly but was later reauthorized in December 2020 at a reduced weekly supplement of $300.
- The Pandemic Unemployment Assistance (PUA) program expanded eligibility to workers who do not receive traditional unemployment benefits such as self-employed workers, gig workers, freelancers, and independent contractors. Subsequent legislation extended these benefits to up to 79 weeks.
- The Pandemic Emergency Unemployment Compensation (PEUC) program extended the length of time that individuals can receive unemployment benefits. Generally, benefits are available for up to 26 weeks, but the PEUC program enabled individuals to claim benefits up to 79 weeks.

All three programs expired on September 6, 2021, and paid in total approximately $669 billion in benefits.[1]

[1] According to DOL data, approximately $878 billion in benefits were paid across all UI programs from April 2020 through September 2022. In addition to new pandemic UI programs, approximately $209 billion in regular UI benefits were paid.

Longstanding UI Program Challenges Exacerbated by Surge in Claims and Reliance on Self-Certification

Simply put, the existing UI systems were unprepared to handle the massive surge in claims experienced during the pandemic. Traditional UI programs have long been considered high-risk, with improper payment rates exceeding 10 percent in 14 of the 17 years preceding the pandemic. Among the long-standing program challenges are outdated IT systems for processing claims and the lack of emergency staffing.

According to the National Association of State Workforce Agencies (SWAs), more than half of states relied on outdated unemployment computer systems during the pandemic. In March 2021, the DOL OIG found that some states had IT systems that did not allow them to detect and recover improper payments because the systems did not have the capacity to cross-match data for the large volumes of pandemic UI claims.

DOL OIG also found that states faced emergency staffing challenges similar to those during the 2008-2009 Great Recession, when it took some states over a year to spend available funds to hire staff to help process claims. State officials reported to DOL OIG they could not find qualified staff during the pandemic and if they did, it was difficult to hire workers remotely.

The CARES Act also increased the risk of improper payments by allowing claimants for PUA benefits to self-certify their eligibility. Self-certification is a risk the PRAC and our oversight partners identified in this and other pandemic relief programs that opens the door to significant fraud. It is also contrary to what occurs in traditional UI programs, where employers verify eligibility by attesting to a claimant's employment status and identity. For workers covered by the PUA program, no third party or employer can verify employment status.

The PRAC and its IG partners raised concerns early in 2020 about unemployment insurance program integrity. In June 2020, the PRAC convened stakeholders in a virtual listening forum to hear from state workforce and unemployment agency leaders firsthand about the massive increase in UI claims, resulting strain on their systems, and need for greater federal-state cooperation on data sharing. As early as April 2020, DOL OIG reported that self-certification rendered the PUA program highly susceptible to fraud. This, combined with ongoing UI program weaknesses and the challenge of processing historic volumes of claims, enabled criminals to defraud the programs. In December 2020, Congress enacted the Coronavirus Response and Relief Supplemental Appropriations Act of 2021, which amended the CARES Act to require documentation to prove UI eligibility. However, the nine-month gap during which documentation was not required likely led to significant fraud, particularly in the PUA program. For example, in September 2022 DOL OIG tested a sample of cases in four states (California, Kentucky, Georgia, and Michigan) and estimated that 1 in 5 dollars initially paid in PUA benefits likely went to fraudsters.

Consistent with our efforts to support member IGs, the PRAC provided assistance to DOL OIG as it grappled with increased workload investigating fraud in pandemic UI programs. Prior to the pandemic, DOL OIG opened approximately 100 UI investigative matters annually. Over the past two years, DOL OIG is opening between 100 to 300 new UI fraud matters each week. To assist with the influx of hotline complaints, the PRAC provided a staff detailee to DOL OIG's hotline office. We also provided Labor OIG with an attorney on detail to facilitate data sharing efforts necessary for the OIG to conduct oversight of UI programs and address potential fraud. Given the historic nature of the fraud and resulting investigative workload, we are continuing to explore ways the PRAC can support DOL OIG through data sharing and advanced analytics.

Data Access and Data Sharing Remains an Ongoing Challenge

As previously mentioned, UI programs are administered by individual SWAs[2] under federal guidelines and with administrative support from DOL. Historically, DOL did not believe it had the authority to give DOL OIG access to UI data that DOL had received from the states because the programs are administered by states. To obtain access after the pandemic hit, DOL OIG used the unprecedented action of issuing subpoenas to 54 states and U.S. territories, a process that took several months to complete. In August 2021—nearly 18 months after the program began—DOL granted DOL OIG access to pandemic-related unemployment insurance program data. However, that access expired when the programs ended a month later. DOL OIG regained access to data as a condition of DOL fraud prevention grants issued to SWAs in connection with the American Rescue Plan Act, but that access will expire at the end of 2023. Further, three states did not participate in these grants. Pursuant to specific CARES Act authorities granting access to information from "any agency" or "authorized designee," the PRAC first was granted access to pandemic UI data by DOL in December 2022. This further underscores the need for better data sharing within the federal government and with its state and local partners.

[2] Fifty-four SWAs administer UI programs across the 50 states, the District of Columbia, Puerto Rico, Guam, and the U.S. Virgin Islands.

DOL OIG has stated that a permanent approach to accessing unemployment insurance data may require action by Congress. Direct access to state unemployment benefit data would improve DOL OIG's ability to conduct independent oversight of the program and prevent and detect future fraud. For example, DOL OIG stated that its data scientists were able to identify billions of dollars in potential UI fraud once they had access to program data.

In addition to data access, improving data sharing among states is important in detecting potential fraud. A common scheme in UI is individuals filing claims to receive benefits in multiple states. DOL OIG was able to identify multi-state fraud claims because it collected UI data from all 50 states, the District of Columbia, and three U.S. territories. To help states root out this fraud, the National Association of SWAs Integrity Data Hub allows states to cross-match UI data with other states to identify a number of red flags like suspicious bank accounts and emails, but also claims filed in multiple states. In December 2020, 32 of 54 SWAs used or partially used the Integrity Data Hub.

Key Insights and Emerging Issues

The PRAC's collaborative efforts across all levels of government—federal, state, and local—have uniquely positioned us to provide key insights into the challenges of administering emergency UI programs. In December 2021, we issued a capping report that shared four common challenges that 16 different states experienced.

1. UI workloads surged for states.

   SWAs experienced a surge in UI claims—sometimes doubling and tripling the number of claims almost overnight—that limited or delayed the response capabilities of states. This increase in claims was ultimately the catalyst for many of the other challenges that SWAs faced during the pandemic. Several State Auditors reported on the increase in UI claims and how these claims ultimately impacted the quality of service the SWAs could provide.

   - Kansas' SWA experienced a more than 1,000 percent increase in the state's regular unemployment claims between February 2020 and April 2020. Further, during April 2020 alone, there were roughly 12.5 million telephone calls to the Kansas SWA customer service call center.
   - The Washington State Auditor highlighted that one week in March 2020 generated over 180,000 claims. For context, the Auditor reported that only four times in the entirety of 2019 did weekly claims reach more than 10,000.

- California's State Auditor reported that its SWA experienced a dramatic increase in unemployment claims—comparing it to the number of claims received following the Great Recession of 2008 and 2009, with over 2.5 million more unemployment claims during the first half of 2020 alone.
- The Oklahoma State Auditor found that its SWA paid out $2.2 billion in unemployment benefits in Fiscal Year 2020, ten times more than in Fiscal Year 2019.

The significant increase in UI claims impacted many SWAs' ability to provide adequate customer service and created serious delays for individuals to receive benefits. For example, the Ohio State Auditor found that while prior to March 2020 the state met the DOL's benchmark (87 percent) from processing claimant's first UI payment within two weeks, in May 2020 roughly half the state's first payments took between 22 and 70 days. By October 2020, the processing of approximately 40 percent of first payments had taken more than 70 days. Further, the influx in claims forced the Ohio SWA to hire a large number of temporary staff who lacked specialized training, which made it difficult for the Ohio SWA to effectively use them to quickly deal with the backlog of claims that required staff intervention during 2020.

2. The surge in claims exploited existing internal control weaknesses.

Internal controls within SWAs' unemployment programs were often reduced to handle the influx or were simply not effective enough to properly detect the high levels of fraud occurring. Several State Auditors identified that internal controls in their SWA failed to detect fraudulent activity. These failed controls ultimately limited the states' ability to ensure that UI funds went to those who needed it instead of bad actors who fraudulently applied for benefits. Specifically, State Auditors found that the PUA eligibility requirements decreased internal controls and that state-specific control weaknesses for identity and eligibility verification negatively impacted the SWA's ability to detect fraud. The reduction in controls to receive PUA benefits was a direct cause of the widespread fraud seen across states.

- A report from the Arizona Auditor General found that the Arizona SWA paid $1.6 billion in federal UI benefits to individuals who used stolen identities in Fiscal Year 2020.
- The Colorado State Auditor identified $243,000 of federal unemployment funds distributed to claimants involved identity theft. For example, the data showed one invalid social security number used 151 times.

State Auditors also found that their SWAs were not adequately equipped to address the eligibility verifications issues related to unemployment claims during the pandemic.

- The Louisiana Legislative Auditor found that the Louisiana SWA faced difficulties in verifying an individual's eligibility for unemployment benefits. As a result of inadequate claimant eligibility verification, the SWA paid $45.7 million to claimants who were not eligible to receive benefits.
- The Colorado State Auditor reported that the Colorado SWA stopped performing wage cross-matching due to a delay in the implementation of its new unemployment system. The Colorado SWA indicated that it was not able to implement its new system on time due to the need to stand up new federal pandemic programs. The State Auditor noted this impacted the SWA's ability to ensure that claimants were both eligible and receiving the appropriate amount of benefits.
- The Michigan Auditor General found that the eligibility criteria their SWA established for PUA was not authorized in the CARES Act nor by DOL guidance which led to improper eligibility determinations. Further, the SWA continued to make improper eligibility determinations 9 months after DOL had notified the state of deficiencies within its PUA application. In total, data from Michigan's SWA revealed that they had provided $3.9 billion in overpayments to ineligible claimants. Michigan's Auditor General emphasized that the SWA will likely be unable to recover the overpayments because the SWA was at fault, not the claimants.

3. Uncommon and varying fraud schemes began to occur as the amount of federal funding for UI programs increased.

   While many State Auditors found weaknesses in their SWA's internal controls to detect and prevent fraud in their unemployment programs, a number of State Auditors reported on other fraud schemes that bad actors used to prey on UI programs that may not have been as prevalent prior to the pandemic. These reports highlight the breadth of the fraud schemes occurring across states and demonstrate the need for a continued focus on detecting and preventing unique and complex fraud. These fraud schemes included insider threats; incarcerated individuals fraudulently accessing benefits; and complex, multi-state fraud schemes.

- Since our December 2021 report, we've seen an increase in the number of states reporting fraud cases involving SWA employees, including Washington, Louisiana, and West Virginia.
- We also found that multiple states paid benefits to ineligible individuals, including prisoners, with California estimating it sent $800 million in benefits to 45,000 prisoners. The Louisiana Legislative Auditor found that the Louisiana SWA's data match between unemployment benefit information and incarceration data was not functioning properly, resulting in the distribution of $6.2 million in state and federal UI payments to almost 1,200 incarcerated individuals between January 2020 and November 2020.
- DOL OIG identified one case where a single Social Security Number was used to apply for unemployment benefits in 40 different states, resulting in the disbursement of a total of $222,532 from 29 of those states.

4. SWAs experienced IT system challenges.

   Multiple states experienced issues verifying eligibility because of outdated IT systems. Legacy systems and the mass influx of claims contributed both to the risk of improper payments and delayed needed benefits. The need for IT modernization has been longstanding across many states. State Auditors, including those in Florida, Oklahoma, Illinois, and Kansas, found that issues with technology systems impacted the ability of their SWAs to properly provide pandemic UI benefits to residents. However, these were not the only states susceptible to pandemic-related challenges with their computer systems. As previously mentioned, according to the National Association of State Workforce Agencies, over half of states were relying on outdated unemployment computer systems as of February 2021.

In February 2022, we issued Best Practices and Lessons Learned from the Administration of Pandemic Related Unemployment Benefits Programs, a study we commissioned from MITRE, a federally funded not-for-profit research center. The report highlights best practices for minimizing fraud risk and lessons learned from surveying SWAs that administered pandemic unemployment insurance programs. SWAs reported that upfront identity verification tools were critical to stopping fraudsters in their tracks. SWAs explained that there are many ways for fraudsters to either generate convincing personally identifiable information (PII) or steal actual PII, which can then be used to file for UI. Identity verification tools require proof of identity before an individual can move forward with any type of registration or claim process, thereby ensuring that the individual presenting the PII is indeed who they say they are. While identity verification tools are not foolproof, SWAs that implemented them reported a reduction in UI fraud associated with identity theft.

Over time some SWAs updated the fraud indicators and filters used in their fraud prevention data analytics and cross-matching. Fraud indicators look for commonalities among data points across multiple claims and multiple data environments. Timely and accessible data to query and cross-match against was critical for SWAs to enhance the fraud indicators incorporated into their analytics and using those analytics to detect and prevent fraud.

We added state-level expertise to the PRAC team to further enhance our collaboration with the state and local oversight community. In September 2022, we launched the federal IG community's first-ever state auditor-in-residence program and detailed two professionals from the Tennessee Comptroller's office to the PRAC to better inform federal pandemic oversight with local insights. Additionally, we brought on Elaine Howle as Special Advisor for State, Local, Tribal, and Territorial Oversight. A nationally recognized expert and the former California State Auditor, Ms. Howle brings nearly 40 years of professional auditing and leadership experience to the PRAC. Further, during her tenure as California State Auditor, her office performed significant pandemic oversight work that uncovered more than $10 billion in potential fraud in the new UI programs.

In addition to these coordination efforts with our oversight partners, we have met weekly with leadership in the Office of Management and Budget (OMB) and the American Rescue Plan (ARP) implementation team. These meetings have enabled the PRAC and IGs to, among other things, timely share issues that have arisen with Executive Branch leadership and ensure that any impediments to our oversight work are addressed promptly. We also have, separately, participated in more than two dozen meetings focused on agency-specific pandemic relief programs, including UI, where the agency provides an overview of the program to be implemented, payment integrity risks, and reporting and performance mechanisms. Participants in the briefings, which are hosted by the ARP implementation team and OMB leadership, include the implementing agency, that agency's OIG, and the PRAC. This model allows for the presentation and consideration of antifraud controls before a program is implemented and before money goes out the door.

In December 2021, OMB Memorandum M-22-04 highlighted the importance of this approach: "Agencies have been encouraged to proactively engage with their IGs in the design of new or expanded ARP programs. The White House ARP Implementation Coordinator, working with OMB, developed a new process bringing together the agency, their IG, the PRAC, OMB, and the ARP Implementation team to collectively review and assess program design, financial controls, and reporting measures prior to the release of funds from programs that were newly created, received substantial funding increases, or required significant changes to program design." In April 2022, OMB memorandum M-22-12 directed agencies to oversee infrastructure spending with the same collaborative approach we have used for pandemic spending.

This process of engagement by senior Executive Branch and agency officials with IGs and the PRAC has become a model for how to manage large-scale emergency spending initiatives and balance the need for robust independent oversight with timely program implementation.

Using Advanced Data Analytics to Better Target Investigations and Hold Wrongdoers Accountable

The only way to effectively oversee $5 trillion in relief spending is with data. At the PRAC, we have been using advanced data science to further our oversight mission in a manner never undertaken by the Inspector General community. Using funding provided by Congress in the American Rescue Plan, the PRAC created the Pandemic Analytics Center of Excellence (PACE) to deliver world-class analytic, audit, and investigative support to the oversight community. The PACE applies the best practices from the operation of the Recovery Operations Center (ROC), which was created by the Recovery Accountability and Transparency (RAT) Board to support OIGs in oversight of the American Recovery and Reinvestment Act of 2009 but which ceased to exist in 2015 when the RAT Board sunset. With the ROC, we learned that OIGs stand a better chance of identifying fraud and improper payments by combining data sets and using tools like link analysis, text mining, and anomaly detection.

We have built a data analytics center that, to date, has more than 36 datasets, providing access to more than 992 million records from public, non-public, and commercial data sources, each of which has specific rules governing their use. Some of these datasets can be shared across the OIG community. For example, we are sharing SBA nonpublic loan level datasets with 42 OIGs and law enforcement agencies as part of our effort to combat PPP and EIDL fraud. Further, thanks to the hiring authority provided to the PRAC in the CARES Act, we have been able to attract top data science talent from across the country. Not only has this aided the PRAC, but our highly successful Data Science Fellows program has detailed data scientists to OIGs to facilitate and support their pandemic-related data analytics efforts.

The sophisticated work of the PRAC's data scientists and our data analytics platform have been instrumental in advancing our efforts to identify improper payments and fraudulent activity in pandemic programs. In addition to our January 30, 2023 Fraud Alert highlighting the use of over 69,000 questionable SSNs to obtain $5.4 billion in pandemic loans and grants, our data scientists are, among other things, developing robotic processes for automating some of the tasks associated with monitoring pandemic relief spending. They identify flags and anomalies, sending those to our investigators for a closer look. They also develop risk models to help Inspectors General identify high-risk recipients of pandemic funds. We recently received UI data from the 54 SWAs and plan to undertake data matching analysis to search for potential fraud across programs.

Advanced analytics tools like these are helping our partners search multiple data sources to root out issues like identity theft, multi-dipping, and fraud across pandemic relief programs. This kind of work has advanced numerous investigations, and to date our data analytics team has used the PACE to complete 341 investigative requests for the federal oversight community.

We are also using our CARES Act authority to create new models of coordination among the federal Inspectors General. In January 2021, the PRAC and our OIG partners launched the PRAC Fraud Task Force to enable us to better coordinate investigations, to exchange information about fraud schemes that we have identified, and to share resources to enable agents to support investigations across the Inspector General community. For example, through the PRAC's Fraud Task Force more than 50 experienced investigators from 15 OIGs have been working together to investigate small business loan fraud cases. We created a hotline that has received thousands of complaints from the public that have been routed to the appropriate agencies for follow-up action where applicable. We rely on information from whistleblowers and citizen watchdogs to help us prevent and detect wrongdoing, recover funds for the taxpayers, and hold wrongdoers accountable.

Additionally, the PRAC Fraud Task Force has uncovered fraud schemes that have provided valuable leads for the entire Inspector General community, including scams used to buy luxury cars, real estate, and cryptocurrency. Fraud in the Paycheck Protection Program, the unemployment insurance program, and the Economic Injury Disaster Loan program continue to trend among our most prevalent investigations in addition to investigations involving testing supplies, treatments, and vaccines. To date, the work of the PRAC Fraud Task Force and our OIG partners have resulted in hundreds of criminal convictions and lengthy jail sentences for wrongdoers. In one example, a federal jury in November 2022 convicted a fraudster for his role in a $10 million pandemic fraud scheme in the first PRAC Fraud Task Force case to go to trial.

We also participate, along with 30 partner agencies, in the whole-of-government effort coordinated by the Department of Justice's COVID-19 Fraud Enforcement Task Force. As of December 2022, the efforts of the task force resulted in criminal charges against more than 1,800 defendants with losses estimated at $1.3 billion, the seizure of more than $1.2 billion in relief funds, and civil investigations into more than 1,800 individuals and entities for alleged misconduct of pandemic relief loans totaling more than $6 billion. The PRAC is also a member of DOJ's International Organized Crime Intelligence and Operations Center (IOC-2) and Organized Crime and Drug Enforcement Task Force Fusion Center (OFC), which enables the PRAC to engage in case deconfliction and share and receive investigative intelligence. The PRAC has detailed an investigative analyst to IOC-2 to work on the National Unemployment Insurance Fraud Task Force (NUIFTF) since summer 2021. Because they are often large, complex, and transnational, many cases are being worked by COVID Strike Force Teams in Baltimore, MD, Los Angeles, CA, and Miami, FL.

Pandemic fraud is a problem that affects programs across agencies, so it requires a coordinated all-of-government effort to address it. We continue to work with federal prosecutors to ensure that those who steal from these important programs are held fully accountable.

We also have undertaken several initiatives to share information and connect stakeholders with an equity in pandemic fraud. Working collaboratively with DOJ, the National Credit Union Administration, and our law enforcement partners, the PRAC has collected information about pandemic funds being held by credit unions due to suspected fraud. This data collection effort identified nearly $8.75 million that may be subject to recovery. The money comes from a variety of sources, including the Paycheck Protection Program, Economic Injury Disaster Loan program, and PUA.

Legislative Priorities

Several legislative actions will assist the PRAC in fighting fraud. We are committed to using all of the tools Congress has made available to us to hold wrongdoers accountable—including criminal, civil, and administrative actions. The 117th Congress enhanced the PRAC, IG community, and law enforcement partners' efforts to fight fraud in small business loan programs with its passage of H.R. 7352 and H.R. 7334. These bipartisan bills, signed into law in August 2022, established a 10-year statute of limitations for all forms of Paycheck Protection Program loan fraud and all COVID Economic Injury Disaster Loan fraud. The extension of the statute of limitations for fraud in these two programs was necessary given the scope of the fraud identified to date to allow our investigators the time necessary to fully pursue those who defrauded these aid programs. We also support similar extensions of the statute of limitations for fraud in other pandemic programs, including unemployment insurance. Currently, the statute of limitations for many pandemic-related UI fraud investigations will expire in 2025 as the statutes most often used to prosecute UI fraud have a 5-year limitation. Extending the statute of limitations for fraud associated with pandemic-related UI programs will help ensure investigators and prosecutors have time to effectively pursue and hold accountable those groups and individuals that targeted and defrauded the program, and that they do not escape justice.

Additionally, we encourage Congress to assist us in being able to administratively recover fraudulently diverted tax dollars by amending the Program Fraud Civil Remedies Act, 31 U.S.C. 3801 et seq.; Pub. L. 114-74, to raise the jurisdictional limit for administrative recoveries of "smaller" false or fraudulent claims from $150,000 to $1,000,000. To date, the PRAC is aware of at least over one million pandemic awards, totaling about $362 billion, that ranged from $150,000 to $1,000000. While the scope of the fraud for these "smaller" awards has not yet been fully determined, increasing the jurisdictional amount would ensure that we could pursue them. Bipartisan legislation to make that jurisdictional change was introduced in the last Congress but was not adopted. I am hopeful that Congress will take up this legislation again.

Finally, it is critical that Congress consider legislation to continue the Pandemic Analytics Center of Excellence (PACE) beyond the PRAC's scheduled sunset date of September 30, 2025. In order to properly oversee federal spending, the IG community must have an effective data analytics platform.

When the pandemic hit in March 2020, no data analytics platform was available to the PRAC to assist us in our oversight work and to support IGs in the critical first year of the pandemic when federal programs were disbursing billions of dollars in pandemic relief funds. In 2021, Congress appropriated funds that allowed the PRAC to build the PACE from the ground up, leveraging leading practices and lessons learned from the ROC, and you have seen the important results that this data analytics platform is providing. The PRAC is spending about $16 million annually to operate and sustain the PACE, and the return for the public on this investment could not be clearer. Just this week's Fraud Alert alone identified potentially $5.4 billion in fraud, which is 360 times the annual cost of operating the PACE.

A sustained data analytics capability would benefit all IGs and would provide partners:

- Access to federal spending data sets for OIGs who have their own data analytics capabilities;
- A self-service analytics research platform for OIG auditors and investigators;

- Audit research and investigative tips and leads, particularly focused on fraud risks that cut across agency and program boundaries;
- Law enforcement intelligence capabilities, including open, deep, and dark web data analysis;
- CIGIE-wide investigative deconfliction and coordination; and
- Projects to deliver analytic solutions for OIGs (e.g., risk models, robotic process automation, code, artificial intelligence, and antifraud technical assistance).

The sustainment of the PACE and its capabilities will ensure that the federal oversight community is equipped with the necessary resources and data to better detect and prevent fraud across federal programs. In light of the PRAC's scheduled statutory sunset in September 2025, we urge Congress to pass legislation retaining this critical antifraud analytics center to bolster oversight of federal expenditures and to help us protect taxpayer funds and fight identity fraud. Failure to do so will result in the oversight community once again losing invaluable analytic capabilities and resources.

Thank you for your continued support for the PRAC, the IG community, and independent government oversight. We look forward to continuing to work to ensure that federal pandemic programs are operating effectively and efficiently, and to prevent and detect waste, fraud, and abuse.

That concludes my prepared remarks, and I would be pleased to answer any questions that the Committee may have.