

FY 2025

CONGRESSIONAL BUDGET JUSTIFICATION

OFFICE OF INSPECTOR GENERAL

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OFFICE OF INSPECTOR GENERAL

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INSPECTOR GENERAL REFORM ACT

The Inspector General Reform Act (5 U.S.C. Chapter 4, Section 406) indicates:

(g)(3) The President shall include in each budget of the United States Government submitted to Congress—

- (A) a separate statement of the budget estimate prepared in accordance with paragraph (1) [Inspector General budget request to the head of the establishment to which the Inspector General reports];*
- (B) the amount requested by the President for each Inspector General;*
- (C) the amount requested by the President for training of Inspectors General;*
- (D) the amount requested by the President for support for the Council of the Inspectors General on Integrity and Efficiency; and*
- (E) any comments of the affected Inspector General with respect to the proposal if the Inspector General concludes that the budget submitted by the President would substantially inhibit the Inspector General from performing the duties of the office.*

For FY 2025, the Inspector General provides the following information in accordance with the Inspector General Reform Act:

- (A) The Inspector General's aggregate funding request to the head of the establishment was \$120,000,000, which is needed to continue oversight of pandemic-related Unemployment Insurance (UI) fraud since the OIG has expended all the pandemic-related supplement funding provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan Act (ARPA).
- (B) The President's aggregate funding request is \$106,610,000.
- (C) The funding request for training is \$960,000, which is minimally sufficient to meet the needs of the agency.
- (D) Recurring funding necessary to support the Council of Inspectors General on Integrity and Efficiency is \$383,796.

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APPROPRIATION LANGUAGE

For salaries and expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, \$100,396,000 together with not to exceed \$5,841,000 which may be expended from the Employment Security Administration account in the Unemployment Trust Fund: Provided, that such amounts shall remain available through September 30, 2026: Provided further, that not more than \$2,000,000 of the total amount provided under this heading may be available until expended.

Note.--A full-year 2024 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.

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ANALYSIS OF APPROPRIATION LANGUAGE

The Department requests two-year availability to increase flexibility for program execution. The annual uncertainty in the appropriations timing results in delayed hiring and rushed execution of contracts. The multi-year availability would reduce the impact of short-term continuing resolutions at no cost to the annual appropriations bill. This change would also enhance staff oversight of the programs they are administering.

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AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2023 Enacted		FY 2024 Estimate		FY 2025 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	297	\$91,187	249	\$91,187	269	\$100,396
<i>Subtotal</i>	<i>297</i>	<i>\$91,187</i>	<i>249</i>	<i>\$91,187</i>	<i>269</i>	<i>\$100,396</i>
Offsetting Collections From:						
Reimbursements	0	\$500	0	\$500	0	\$500
Unemployment Trust Fund	35	\$5,841	35	\$5,841	35	\$5,841
Black Lung Disability Trust Fund	1	\$333	1	\$368	1	\$373
Sequestration Reduction Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 as Amended	0	\$0	0	\$0	0	\$0
<i>Subtotal</i>	<i>36</i>	<i>\$6,674</i>	<i>36</i>	<i>\$6,709</i>	<i>36</i>	<i>\$6,714</i>
Supplemental Appropriations	30	\$20,542	30	\$8,880	0	\$0
Coronavirus Aid, Relief, and Economic Security Act (CARES Act)	30	\$8,802	30	\$8,880	0	\$0
American Rescue Plan Act of 2021 (ARPA)	0	\$11,740	0	\$0	0	\$0
B. Gross Budget Authority	349	\$118,403	311	\$106,698	305	\$107,110
Reimbursements	0	-\$500	0	-\$500	0	-\$500
Coronavirus Aid, Relief, and Economic Security Act (CARES Act)	-26	-\$8,802	-30	-\$8,880	0	\$0
American Rescue Plan Act of 2021 (ARPA)	0	-\$11,740	0	\$0	0	\$0
<i>Subtotal</i>	<i>323</i>	<i>\$97,361</i>	<i>285</i>	<i>\$97,375</i>	<i>305</i>	<i>\$106,610</i>
C. Budget Authority Before Committee	323	\$97,361	285	\$97,375	305	\$106,610
Reimbursements	0	\$500	0	\$500	0	\$500
<i>Subtotal</i>	<i>319</i>	<i>\$97,861</i>	<i>285</i>	<i>\$97,875</i>	<i>305</i>	<i>\$107,110</i>
D. Total Budgetary Resources	323	\$97,861	285	\$97,875	305	\$107,110
Lapsed FTE & Unobligated Balance Expiring	-4	-\$2	0	\$0	0	\$0
Reimbursements	0	\$0	0	\$0	0	\$0
E. Total, Estimated Obligations	319	\$97,859	285	\$97,875	305	\$107,110

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SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2024 Estimate	FY 2025 Request	Net Change
Budget Authority			
General Funds	\$91,187	\$100,396	+\$9,209
Trust Funds	\$6,209	\$6,214	+\$5
Total	\$97,396	\$106,610	+\$9,214
 Full Time Equivalents			
General Funds	249	269	20
Trust Funds	36	36	0
Total	285	305	20

Explanation of Change	FY 2025 Change							
	FY 2024 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Costs of pay adjustments	285	\$52,078	0	\$5	0	\$3,988	0	\$3,993
Personnel benefits	0	\$21,772	0	\$0	0	\$0	0	\$0
Federal Employees' Compensation Act (FECA)	0	\$0	0	\$0	0	\$21	0	\$21
Travel and transportation of persons	0	\$942	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$0	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$6,156	0	\$0	0	\$0	0	\$0
Rental payments to others	0	\$496	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$132	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$20	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$1,314	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$2,983	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$8,841	0	\$0	0	\$200	0	\$200
Other Federal sources (DHS Charges)	0	\$495	0	\$0	0	\$0	0	\$0
Other goods and services from Federal sources	0	\$1,565	0	\$0	0	\$0	0	\$0
Operation and maintenance of facilities	0	\$163	0	\$0	0	\$0	0	\$0
Operation and maintenance of equipment	0	\$0	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$254	0	\$0	0	\$0	0	\$0
Equipment	0	\$185	0	\$0	0	\$0	0	\$0
Grants, subsidies, and contributions	0	\$0	0	\$0	0	\$0	0	\$0

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Explanation of Change	FY 2025 Change							
	FY 2024 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Insurance claims and indemnities	0	\$0	0	\$0	0	\$0	0	\$0
Built-Ins Subtotal	285	+\$97,396	0	+\$5	0	+\$4,209	0	+\$4,214
B. Programs:								
FY 2025 - OIG Operations	285	\$91,187	0	\$0	20	\$5,000	20	\$5,000
Programs Subtotal			0	\$0	20	+\$5,000	20	+\$5,000
Total Increase	285	+\$97,396	0	+\$5	20	+\$9,209	20	+\$9,214
Decreases:								
A. Built-Ins:								
To Provide For:								
Built-Ins Subtotal	0	\$0	0	\$0	0	\$0	0	\$0
B. Programs:								
Total Decrease	0	\$0	0	\$0	0	\$0	0	\$0
Total Change	285	+\$97,396	0	+\$5	20	+\$9,209	20	+\$9,214

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SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2023 Enacted		FY 2024 Estimate		FY 2025 Request		Diff. FY25 Request/ FY24 Estimate	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
OIG Program Activity	319	97,361	285	97,396	305	106,610	20	9,214
General Funds	283	91,187	249	91,187	269	100,396	20	9,209
Unemployment Trust Funds	35	5,841	35	5,841	35	5,841	0	0
Black Lung Disability Trust Funds	0	333	1	368	1	373	0	5
Total	319	97,361	285	97,396	305	106,610	20	9,214
General Funds	283	91,187	249	91,187	269	100,396	20	9,209
Unemployment Trust Funds	35	5,841	35	5,841	35	5,841	0	0
Black Lung Disability Trust Funds	1	333	1	368	1	373	0	5

NOTE: FY 2023 reflects actual FTE.

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BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2023 Enacted	FY 2024 Estimate	FY 2025 Request	Diff. FY25 Request / FY24 Estimate
	Full-Time Equivalent				
	Full-time Permanent	319	285	305	20
	Total	319	285	305	20
	Average ES Salary	\$189,500	\$197,100	\$204,700	\$7,600
	Average GM/GS Grade	13	13	13	0
	Average GM/GS Salary	\$133,875	\$139,230	\$144,585	\$5,355
11.1	Full-time permanent	50,736	50,777	59,770	8,993
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	1,301	1,301	1,301	0
11.9	Total personnel compensation	52,037	52,078	61,071	8,993
12.1	Civilian personnel benefits	21,778	21,772	21,793	21
21.0	Travel and transportation of persons	942	942	942	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	6,156	6,156	6,156	0
23.2	Rental payments to others	496	496	496	0
23.3	Communications, utilities, and miscellaneous charges	132	132	132	0
24.0	Printing and reproduction	20	20	20	0
25.1	Advisory and assistance services	1,314	1,314	1,314	0
25.2	Other services from non-Federal sources	2,983	2,983	2,983	0
25.3	Other goods and services from Federal sources 1/	10,901	10,901	11,101	200
25.4	Operation and maintenance of facilities	163	163	163	0
25.7	Operation and maintenance of equipment	0	0	0	0
26.0	Supplies and materials	254	254	254	0
31.0	Equipment	185	185	185	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	Total	97,361	97,396	106,610	9,214
	1/Other goods and services from Federal sources				
	Working Capital Fund	8,841	8,841	9,041	200
	DHS Services	495	495	495	0
	HHS Services	80	80	80	0
	Services by Other Government Departments	1,485	1,485	1,485	0

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AUTHORIZING STATUTES

Public Law/Act	Legislation	Statute No. U.S. Code	Expiration Date
Pub. L. 95-452, as amended	Inspector General Act of 1978	5 U.S.C. Appendix	Indefinite
Pub. L. 100-504, title I, §101, Oct. 18, 1988, 102 Stat. 2515, as amended	Inspector General Act Amendments of 1988	5 U.S.C. App. 3	Indefinite
Pub. L. 110-409, §1, Oct. 14, 2008, 122 Stat. 4302, as amended	Inspector General Reform Act of 2008	U.S.C. App. 3	Indefinite
Pub. L. 114-317, as amended	Inspector General Empowerment Act of 2016	5 U.S.C. App. 3	Indefinite
Pub. L. 115-192, §1, June 25, 2018, 132 Stat. 1502, as amended	Whistleblower Protection Coordination Act	5 U.S.C. App. 3	Indefinite
Pub. L. 117-263, § 5201, December 23, 2022, 13 Stat. 2395	Securing Inspector General Independence Act of 2022	5 U.S.C. App. 3	Indefinite

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APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2015					
Base Appropriation	\$83,993			\$81,590	379
2016					
Base Appropriation	\$87,985	\$84,660	\$79,311	\$86,300	373
2017					
Base Appropriation	\$94,541			\$87,721	357
2018					
Base Appropriation...1/	\$86,136	\$89,147		\$89,147	347
2019					
Base Appropriation...2/	\$87,721			\$89,147	345
2020					
Base Appropriation...3/	\$90,121	\$90,847		\$90,847	334
2021					
Base Appropriation...3/	\$90,847			\$90,847	324
2022					
Base Appropriation...3/	\$95,398	\$95,740		\$90,847	291
2023					
Base Appropriation...4/	\$107,865			\$97,028	323
2024					
Base Appropriation...5/	\$111,280				285
2025					
Base Appropriation	\$0				

Unemployment Insurance (UI) trust fund is included in the amount for each year indicated.
 Black Lung Disability (BL) trust fund is not included in the amount for each year indicated.

1/ A full-year 2018 appropriation for this account was not enacted at the time the budget was prepared.

2/ This bill was passed by the Senate. It was passed out of the House Subcommittee but was not reported out of the House Committee or by the full House.

3/ This bill was passed by the House. It was not taken up by the Senate Appropriations Subcommittee or full Appropriations Committee.

4/ This bill was reported out of the House Committee and was not passed by the Full House. It was not taken up by the Senate Appropriations Subcommittee or full Appropriations Committee.

5/ The full-year FY 2024 appropriation was not enacted at the time the budget was prepared.

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OVERVIEW

The Office of Inspector General (OIG) at the U.S. Department of Labor (DOL or Department) serves the American workforce, DOL, and Congress by providing independent and objective oversight through audits and investigations of DOL programs and operations and by combatting the influence of labor racketeering in the workplace.

The OIG conducts audits to review the effectiveness, efficiency, economy, and integrity of all DOL programs and operations, including those performed by its contractors and grantees. The OIG conducts this work to determine whether: DOL efficiently and economically uses its resources, DOL programs achieve their intended results, and DOL programs and operations comply with applicable laws and regulations.

In addition to conducting audits, the OIG conducts criminal, civil, and administrative investigations relating to violations of Federal laws, rules or regulations, including those performed by DOL contractors and grantees. The OIG also investigates allegations of misconduct on the part of DOL employees. To combat the influence of labor racketeering and organized crime in the nation's labor unions the OIG conducts labor racketeering investigations in three areas: employee benefit plans, labor-management relations, and internal union affairs. The OIG also works with law enforcement partners on human trafficking matters.

OIG COVID-19 Pandemic Oversight Work

On March 27, 2020, shortly after the onset of the COVID-19 pandemic, DOL and other federal agencies were tasked with rapidly implementing programs in a manner that met the intent of the CARES Act. An exceptional level of transparency, implementation plans, and oversight controls was critical to ensure the effective and efficient use of the estimated \$2.3 trillion in CARES Act funding, thereby increasing the Inspectors General work to detect and deter fraud, waste, and abuse. Under the CARES Act, DOL OIG received an appropriation of \$26 million to carry out oversight activities of DOL's response to the COVID-19 pandemic, including \$25 million to oversee the unprecedented expansion of Unemployment Insurance (UI) programs. The OIG immediately began its pandemic response oversight work with the issuance of advisory reports based on past programmatic issues to help the Department avoid historical pitfalls and fraud alerts to inform the public who may be exploited by fraudsters. On April 27, 2021, ARPA provided the OIG an additional \$12.5 million to conduct further pandemic response oversight activities.

In April 2020, shortly after the CARES Act enactment, we published our [Pandemic Response Oversight Plan](#)¹ detailing how the OIG would conduct its pandemic oversight, with a significant focus on the UI program. We designed our four-phased plan to provide recommendations.

¹<https://www.oig.dol.gov/public/oaprojects/Updated%20Pandemic%20Response%20Oversight%20Plan%202022%20for%20Publication.pdf>

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As of September 2023, the OIG's pandemic investigations have resulted in more than 1500 indictments; 950 convictions; and \$1 billion in monetary accomplishments. Our pandemic UI fraud convictions have resulted in the imposition of over 19,000 months of incarceration. In addition, the OIG has referred over 45,000 fraud matters that do not meet federal prosecution guidelines back to the states for further action. In addition, in alert memoranda issued in [February 2021](#),³ in [June 2021](#),⁴ in [September 2022](#),⁵ and in [September 2023](#),⁶ our auditors, investigators, and data scientists collaboratively identified \$46.9 billion of potentially fraudulent UI benefits paid in six high-risk areas: to individuals with Social Security numbers: (1) filed in multiple states, (2) of deceased persons, (3) of federal prisoners, (4) with suspicious email accounts, (5) under 14 years of age, and (6) 100 years of age or older.

While the OIG has been highly successful in its investigation of pandemic related fraud activities, there remains significant work still to be completed to address fraud in the UI system. From April 1, 2020, to January 31, 2024, the OIG opened 207,484 investigative matters involving the UI program. As of January 31, 2024, the OIG had 163,130 open investigative matters. Of those, 157,417 involve the UI program. That means 96 percent of the OIG's open investigative inventory involves the UI program. To date, the OIG has been able to address 50,067 (25 percent) of these UI matters. To be able to continue to address the open UI matters OIG requires additional resources.

As noted above, UI investigations currently account for 96 percent of the OIG investigative case inventory, compared to 11 percent prior to the pandemic. The OIG focuses the vast majority of its limited investigative efforts on the most egregious UI offenders. Due to the magnitude of fraud, our limited resources, and the fact that the statute of limitations associated with fraud committed against the pandemic UI programs will begin to toll in March 2025, our efforts to thoroughly evaluate complaints and initiate additional investigations on potentially actionable, high-impact investigations are being hampered.

In addition to our pandemic response oversight work on UI, the OIG completed work on the first two phases of our Pandemic Response Oversight Plan, including oversight of the worker safety and health areas. Our initial report on the Occupational Safety and Health Administration's (OSHA) efforts to protect the safety of the nation's workforce included assessing the impact the pandemic had on operations including the number and types of inspections and the agency's alternative approaches to safeguard its own workers, such as remote inspections conducted by telephone or email. This [OSHA audit](#)⁷ found that increased complaints, reduced inspections, and the degree of remote inspections conducted subjected the nation's workforce to increased safety risks. As a result of our audit, OSHA is improving its inspection strategy by prioritizing high-risk employers for COVID-19-related onsite inspections.

³ <https://www.oig.dol.gov/public/reports/oa/2021/19-21-002-03-315.pdf>

⁴ <https://www.oig.dol.gov/public/reports/oa/2021/19-21-005-03-315.pdf>

⁵ <https://www.oig.dol.gov/public/reports/oa/2022/19-22-005-03-315.pdf>

⁶ <https://www.oig.dol.gov/public/reports/oa/2023/19-23-012-03-315.pdf>

⁷ <https://www.oig.dol.gov/public/reports/oa/2021/19-21-003-10-105.pdf>

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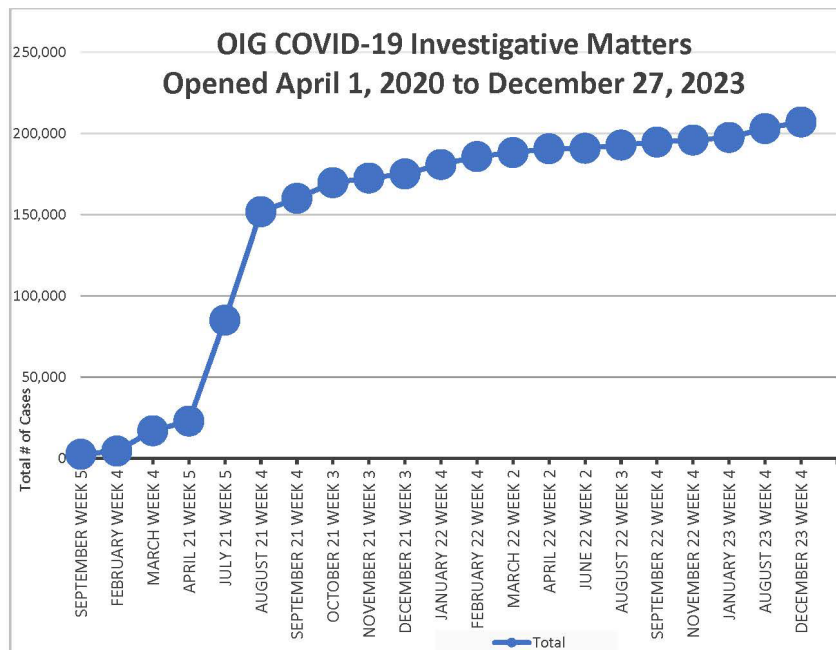
The OIG’s Phase 3 audit work is focusing on significant issues identified during Phase 2, impacts on normal operations at both the national and state levels, and agency activities not previously covered during the first two phases. The OIG also expanded its Phase 3 work in response to emerging issues—such as the OIG’s lack of direct access to UI and wage data, rising worker injury rates at online retailers’ warehouses, and states’ use of ARPA equity grants. To date, our Phase 3 work has included the identification of approximately \$46.9 billion in potential UI fraud as well as nearly \$5 billion in UI emergency funds left unexpended within state accounts more than 22 months after the benefit eligibility period expired. Our work has also identified that states may have inadvertently applied a racial or gender bias when providing UI benefits to claimants, and did not provide adequate protections for claimants’ personal data.

Additionally, our Phase 3 work identified that OSHA’s actions had not effectively addressed the high injury and illness rates occurring in warehouses.

The OIG plans to conduct Phase 4 audit work in FY 2025, which will include reporting on lessons learned for UI, worker safety and health, and employment training and recovery from the overall toll on workers since COVID-19 first appeared in the United States. This phase will also include after-the-fact assessments of pandemic program results, including for other DOL programs. As we focus on the future in Phase 4, our oversight will include these lessons learned to assist DOL in improving its programs and operations for future emergencies.

OIG Activities

As the OIG conducts its pandemic response oversight work, the volume of investigative matters is unprecedented as illustrated by the following chart:



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Although the OIG has focused most of its audit and investigative resources on UI benefit programs over the last 4 years, the OIG has extensive responsibilities covering other high-risk DOL programs that continue to warrant significant oversight, including:

- other worker benefit programs, such as the workers' compensation programs administered by OWCP, including the Federal Employees' Compensation Act;
- worker safety and health, including occupational and miner safety and health and workplace rights;
- employment and training programs, including grants and the Job Corps program;
- all temporary and permanent foreign labor certification programs administered by the Department;
- statistics, legal and international programs, and contracting;
- information technology and data analytics; and
- financial management and single audits.

Areas of significant concern include managing medical benefits such as opioids, maintaining the integrity of Foreign Labor Certification programs, protecting the security of employee benefit plan assets, ensuring the solvency of the Black Lung Disability Trust Fund, and improving the Job Corps' procurement process. It is crucial that the OIG help DOL ensure programmatic strength by reviewing the effectiveness, efficiency, economy, and integrity of DOL programs and operations.

Over the past 10 fiscal years, on average, every dollar invested in the OIG resulted in a return on investment of around \$85 to the federal government and American taxpayers. Over this period, the OIG identified more than \$77 billion in funds recommended to be put to better use, questioned costs, and other monetary accomplishments such as recoveries; restitutions; fines/penalties; forfeitures; and civil monetary actions. The OIG offers an important investment for U.S. taxpayers, particularly in times of resource constraint.

The OIG believes it requires \$120,000,000 to be able to continue our oversight of UI pandemic and non-pandemic programs and ensure sufficient oversight of other key DOL programs in FY 2025. The OIG will use its FY 2025 funding to refocus its important audit oversight and criminal law enforcement activities for audits, investigations, and tools beyond those outlined in the [OIG Pandemic Response Oversight Response Plan](#),⁸ which was supported through CARES Act and ARPA funding.

The Budget again calls on Congress to crack down on criminal syndicates stealing billions of COVID-19 relief dollars from the American people, and includes additional funding for the DOL OIG as part of the Pandemic Fraud Prevention and Enforcement proposal.⁹

⁸ https://www.oig.dol.gov/OIG_Pandemic_Response_Portal.htm

⁹ Pandemic Fraud Prevention and Enforcement. Available at: <https://www.whitehouse.gov/briefing-room/statements-releases/2023/03/02/factsheet-president-bidens-sweeping-pandemic-anti-fraud-proposal-going-after-systemic-fraud-taking-on-identity-theft-helping-victims/>

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Multi-Year Supplemental Appropriations

OIG received two supplemental appropriations to support oversight of DOL's COVID-19 pandemic initiatives:

- The CARES Act provided a total of \$26 million. It included \$25 million to carry out oversight activities of the UI program and \$1 million for oversight activities of DOL's efforts to prevent, prepare for, and respond to the COVID-19 pandemic. These funds were to remain available without fiscal year limitation. The funds were used to hire additional staff to address pandemic oversight. However, the OIG expects that these funds will be fully depleted in FY 2024. As a result, the OIG is currently beginning to reduce its onboard strength through natural attrition and using a Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Payment (VSIP) to help ensure that the agency can avoid furloughs and reductions in force (RIFs).
- ARPA provided \$12.5 million to remain available until September 30, 2023, for oversight activities of DOL's efforts to prevent, prepare for, and respond to the COVID-19 pandemic. The OIG used these funds to hire staff and independent contractors to assist with providing oversight of hundreds of billions in DOL programs. In January 2023, the OIG implemented a hiring freeze due to budget constraints. The ARPA funds were completely expended in FY 2023. The lack of these funds has resulted in fewer auditors available to provide oversight and in fewer audits and recommendations for improvement of pandemic-related programs and operations.

Legislative Proposals

Extending Statute of Limitations

Currently, the statute of limitations for many pandemic UI cases will start to toll in early 2025 as the statutes most often used to prosecute UI fraud have 5-year limitations. The OIG is concerned that, unless the statute of limitations for fraud associated with pandemic-related UI programs is extended, many organized criminal groups that defrauded the UI program may escape justice. Even with the OIG's tireless efforts, the current statute of limitations associated with UI fraud means federal law enforcement and prosecutors may fall short in fully investigating and prosecuting the most egregious cases of UI fraud, especially given the volume and complexity of UI fraud matters we are tasked to investigate.

Pandemic-related UI fraud referrals that we receive often include complex schemes involving criminal enterprises and bad actors who use sophisticated techniques to maintain their anonymity. For instance, in a recent pandemic-related UI fraud investigation into the theft of over \$4 million in UI benefits from a SWA, conspirators orchestrated a [scheme to file UI claims using stolen identities, which were often associated with elderly citizens](#).¹⁰ The conspirators' scheme included opening bank accounts using the stolen identities, purchasing money orders

¹⁰ <https://www.justice.gov/usao-ndal/pr/georgia-resident-pleads-guilty-covid-19-unemployment-fraud-targeting-several-states>

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made out to themselves and to an online vehicle auction company, and laundering the UI funds by using the money orders to purchase salvaged automobiles in the United States and ship them to Nigeria. They also facilitated the transfer of conspiracy proceeds to overseas bank accounts in Nigeria. This complex fraud investigation spanned both domestic and foreign jurisdictions. The defendants have been convicted of conspiracy to commit wire fraud. Criminal investigations such as the above require significant resources and time.

In August 2022, an [extension of the statute of limitations was implemented for crimes involving the U.S. Small Business Administration’s Paycheck Protection Program and Economic Injury Disaster Loan program](#).¹¹ The statute of limitations should also be extended when pandemic-related UI programs are defrauded. The expansion of the statute of limitations would provide investigators and prosecutors time to effectively and efficiently pursue and hold accountable those who defrauded the UI program and victimized the American people during the pandemic. This change to the statute of limitations associated with pandemic-related UI programs will assist the OIG in being able to recover additionally fraudulently obtained funds under the UI programs. This change is critical because we will expend all remaining pandemic oversight funds in FY 2024 and will need to reduce our level of effort on investigating UI program fraud. The additional time provided by an extension of the statute of limitations, will help ensure that the OIG can continue to address the most egregious UI fraud crimes.

The OIG has made meaningful progress over the past three years investigating UI fraud stemming from the pandemic related UI programs; but due to the unprecedented scale of the issue significant work remains. Due to the exhaustion of our pandemic funding, the OIG was forced to end a contract that provided approximately 20 FTE to review the deluge of UI fraud complaints we received during the pandemic. That triage team helped determine which matters would meet federal prosecutorial guidelines and which did not. Matters that met federal guidelines were referred to OIG field agents or investigative partners for further investigation. Matters that did not meet federal guidelines were referred by the OIG to the relevant state workforce agency for further investigation and local criminal, civil, or administrative action. Prior to ending the triage contract, the OIG had referred 45,000 UI fraud matters back to the state workforce agencies. While the OIG has been able to adjudicate over 50,000 pandemic UI matters, and those efforts resulted in over 1,500 individuals charged, 950 convictions, and \$1 billion in monetary results much work remains to be done and without an extension of the statute of limitations and additional resources, approximately 150,000 investigative matters will likely go uninvestigated possibly resulting in billions in taxpayer funds being “stolen”.

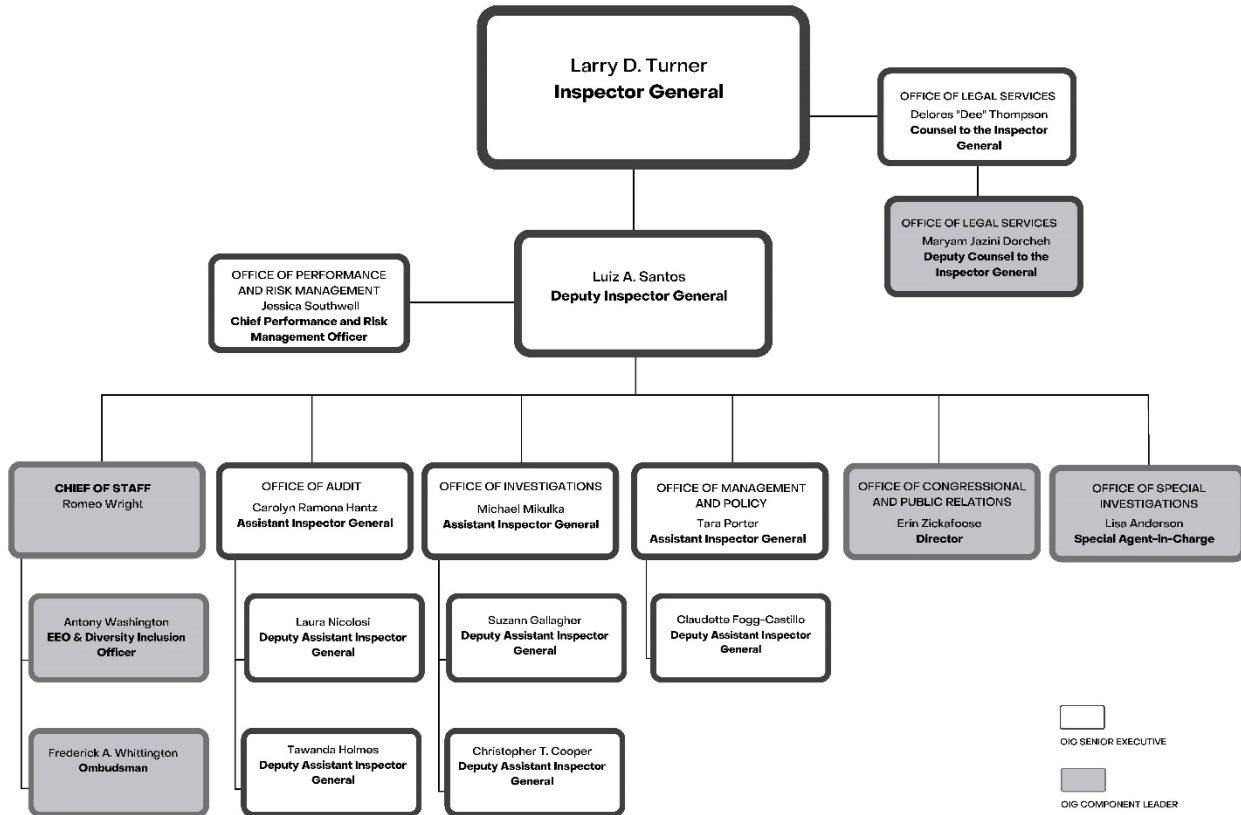
Access to UI Claimant Data and Wage Records

The OIG supports DOL’s request for legislative authority to access and store UI claimant data and wage records. The legislation will clearly articulate the ability of the OIG to use the data for investigative, audit, and other oversight purposes. The lack of this authority resulted in the OIG, at the start of the pandemic, being forced to issue subpoenas to each of the state workforce agencies to obtain the data for investigative and oversight purposes, which significantly slowed down the OIG’s ability to detect fraudulent activity at the start of the pandemic.

¹¹ <https://www.whitehouse.gov/briefing-room/legislation/2022/08/05/bills-signed-h-r-7334-and-h-r-7352/>

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ORGANIZATION CHART



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BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2023 Enacted	FY 2024 Estimate	FY 2025 Request	Diff. FY25 Request / FY24 Estimate
Activity Appropriation	97,361	97,396	106,610	9,214
FTE	319	285	305	20

NOTE: FY 2023 reflects actual FTE. Authorized FTE for FY 2023 was 323.

Introduction

Over the past ten fiscal years, on average, every dollar invested in the U.S. Department of Labor (DOL), Office of Inspector General (OIG) resulted in a return on investment of around \$85 dollars to the Federal government and American taxpayers. Over this period, the OIG identified more than \$77 billion including funds recommended to be put to better use, questioned costs, , and other monetary accomplishments such as recoveries; restitutions; fines/penalties; forfeitures; and civil monetary actions. The OIG offers an important investment for U.S. taxpayers, particularly in times of resource constraint.

The FY 2025 funding will allow the OIG to provide oversight and criminal law enforcement activities. However, with the depletion of funds from both the CARES Act and ARPA and lower than expected direct appropriations, the OIG will need to reduce its program integrity oversight and criminal investigative efforts. Consequently, the significant, positive return on investment that the OIG generates for the American taxpayer will be diminished. In carrying out its statutory responsibility to conduct and supervise audits and investigations relating to the programs and operations of DOL, the Inspector General provides program direction through the Office of Audit, the Office of Investigations – Labor Racketeering and Fraud, and the Executive Direction and Management function.

- **Office of Audit:** The Office of Audit is responsible for conducting and supervising audits relating to the Department’s programs and operations and for making recommendations to promote economy and efficiency in the administration of DOL programs and operations. This includes determining whether the programs and operations comply with applicable laws and regulations; resources are used efficiently and economically; and the programs achieve their intended results. Finally, it assists the Inspector General in keeping the Secretary and Congress fully informed about current problems and deficiencies relating to the administration of the Department’s programs and operations, as well as the necessity for, and progress of, corrective action.

- **Office of Investigations – Labor Racketeering and Fraud:** The mission of the Office of Investigations – Labor Racketeering and Fraud (OI) is to assist the Department in preventing and detecting fraud and abuse in DOL programs and operations. To accomplish this mission, the OIG conducts criminal investigations relating to programs, operations, and employees of the Department. In addition, the OIG conducts criminal investigations to combat the influence of labor racketeering and organized crime in the nation’s labor unions and employee benefit plans.

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Through criminal investigations and collaboration with other Federal law enforcement agencies, the OIG works diligently to ensure the prosecution of individuals involved in the infiltration, exploitation, and/or control of a union, employee benefit plan, employer entity, or workforce for personal benefit by illegal, violent, or fraudulent means.

OIG Hotline Operations is a component of OI. The OIG hotline receives complaints through various means, including telephone calls, website submissions, and through the mail. OIG Hotline Operations reviews and processes complaints, which may or may not result in an investigation, audit, or inspection performed by the OIG, or administrative action by the appropriate component of the Department.

- **Executive Direction and Management.** This function provides the overall strategic direction, planning, performance, risk management, internal controls, and inspections and evaluations necessary to independently carry out the OIG's nationwide mission, supplying centralized management of OIG headquarters and regional staff while ensuring the efficient use of resources. The major components of the Executive Direction and Management function include:
 - Office of Management and Policy: Provides overall planning, direction and management of administrative activities within the OIG. This includes: independently providing the full range of human resource and procurement services; information technology support and services; developing OIG policy; and budget planning and execution.
 - Office of Legal Services: Provides counsel and advice to the Inspector General, OIG senior leadership, and OIG's mission and operational programs, and represents the OIG in litigation and related matters. The Office of Legal Services also manages OIG's Information Disclosure and Records Management Program.
 - Office of Special Investigations: Conducts employee integrity investigations involving OIG employees and high-level DOL employees.
 - Office of Congressional and Public Relations: Provides independent Congressional, media and public relations services to the OIG. The office is also responsible for legislative review and external reporting.
 - Office of Performance and Risk Management: Leads strategic planning, organizational performance and risk management activities across the OIG, working closely with senior leadership to improve how OIG manages performance and risks to the OIG mission. Conducts evaluations and operations research of key mission areas to identify challenges and opportunities.
 - Office of Diversity, Equity, and Inclusion: Provides strategic direction and guidance on a wide range of OIG's equal employment opportunity and diversity, equity, and inclusion programs and activities.

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Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2020	\$90,847	334
2021	\$90,847	324
2022	\$90,847	291
2023	\$97,028	323
2024	\$0	285

NOTE: A full-year 2024 appropriation for this account was not enacted at the time the budget was prepared.

FY 2025

In Fiscal Year (FY) 2025, the OIG requests \$106,222,000 (not including Black Lung Disability Trust Funds) and 305 FTE. In FY 2025, the OIG will continue its efforts to provide oversight activities of DOL's response to the pandemic under both the CARES Act and ARPA. However, the OIG will not be able to provide the same level of effort as in previous years due to the depletion of ARPA funds in FY 2023 and CARES Act funding in FY 2024.

The OIG requests resources to carry out necessary audit and investigative oversight activities of the expansion of DOL programs and operations in response to the coronavirus pandemic. At least \$10 million of the resources provided will be used by the OIG to investigate fraud against the UI program, in addition to the ongoing work the OIG is conducting related to oversight of the UI program. Although the OIG's main areas of focus will be the UI and FECA programs, with an increased supporting effort from data analytics, the OIG will also use these funds to focus on other key areas of risk, including worker safety and health, and worker development programs. In addition, we will continue oversight over the following areas: combatting threats to the integrity of foreign labor certification programs; addressing the opioid crisis by fighting fraud against the FECA program; and overseeing the efficiency and integrity of other important DOL programs and operations.

Combatting Improper Payments and Fraud in the Unemployment Insurance Benefit Program

As the federal agency with primary oversight of DOL, the OIG remains committed to examining the challenges created by the COVID-19 pandemic and assisting DOL and Congress in improving the efficiency and integrity of the Unemployment Insurance (UI) benefit program. Strengthening the UI programs to prevent improper payments, including fraud, and to detect and recover improper payments that have been made, is key to ensuring unemployed workers expeditiously receive much needed benefits, while safeguarding tax dollars directed toward that goal.

For many years, the UI benefit program has been among the 10 Federal programs with the highest improper payment amounts. For more than 20 years, the OIG has reported on the limitations of DOL and State Workforce Agencies' (SWA) ability to measure, report, and reduce improper payments in the UI benefit program, which has experienced some of the highest

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improper payment rates across the federal government. The reported improper payment rate estimate for the regular UI program has been above 10 percent for 16 of the last 19 years. In the last 2 years, DOL's Employment and Training Administration (ETA) has estimated an improper payment rate of 18.71 percent and 21.52 percent, respectively.

DOL historically has not estimated an improper payment rate for UI benefits provided in response to events, such as the COVID-19 pandemic. In August 2020, we recommended that ETA estimate the improper payment rate for pandemic UI programs. In December 2021, consistent with our recommendation, ETA reported an improper payment rate of 18.71 percent for 2021, which ETA applied to two of the three key pandemic UI programs, Pandemic Emergency Unemployment Compensation (PEUC) and Federal Pandemic Unemployment Compensation (FPUC). Additionally, in December 2022, ETA reported an improper payment rate of 21.52 percent, which it also applied to PEUC and FPUC.

The OIG previously reported that, applying the 18.71 percent to an estimated \$872.5 billion in federal pandemic UI funding, at least \$163 billion in pandemic UI benefits could have been paid improperly, with a significant portion attributable to fraud. We are now able to report updated information, with two primary changes: (1) ETA released its annual improper payment rate estimate for FY 2022 and (2) ETA has recently provided a total for pandemic UI spending. While that expenditure information is likely to be updated, we are now able to report on actual expenditures rather than on estimated funding.

With those updates, more than \$888 billion in total federal and state UI benefits were paid for benefit weeks during the UI pandemic period. Applying the estimated 21.52 percent improper payment rate to the approximate \$888 billion in pandemic UI expenditures, at least \$191 billion in pandemic UI payments could have been improper payments, with a significant portion attributable to fraud.

Based on our audit and investigative work, the improper payment rate for pandemic UI programs was likely higher than 21.52 percent. For example, neither of these two rates include estimates for the Pandemic Unemployment Assistance (PUA) program. ETA stated it would report the estimated improper payment rate for the PUA program in 2022. However, the Office of Management and Budget granted the Department an extension to report on PUA in FY 2023. In August 2023, ETA published a report that included a PUA improper payment rate of 35.9 percent. The OIG will assess that rate's compliance with the Payment Integrity Information Act of 2019 for FY 2023. That audit report will be available in late FY 2024.

In FY 2019, the OIG opened 111 investigative matters related to UI benefit fraud. Since April 1, 2020, the OIG has opened over 207,000 investigative matters concerning UI fraud. During FY 2023, the OIG opened 10,400 investigative matters involving the UI program. Most of those matters were referred to the OIG by the Department of Justice's National Center for Disaster Fraud (NCDF). In January 2024 alone, the NCDF referred 530 new UI fraud matters to the OIG. OIG investigations continue to combat complex, large-scale, multi-state fictitious and fraudulent employer schemes to defraud the multi-billion dollar UI benefit program.

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Our UI investigations conducted during the pandemic have resulted in significant investigative accomplishments including:

- In June 2022, a Georgia resident pled guilty to conspiracy to commit wire fraud for his role in a scheme to defraud the Illinois Department of Employment Security of more than \$4 million in state and federal UI benefits.
- In July 2022, a Nigerian state official was sentenced to 5 years in prison for stealing U.S. disaster aid, including approximately \$500,000 in pandemic-related unemployment benefits. The official stole the personal identifying information of more than 20,000 Americans to submit more than \$2 million in claims for federally funded disaster relief benefits and fraudulent tax returns.
- In May 2023, a New Jersey man was sentenced to 6.75 years in federal prison for stealing UI benefits and Economic Injury Disaster Loans.
- In August 2023, a former federal employee was sentenced to 18 years in prison for her leading role in conspiracy to defraud at least five states of \$4.5 million in pandemic-related UI benefits.
- In September 2023, a California inmate pled guilty to conspiracy and identity theft charges for leading a \$25 million fraud against the California Employment Development Department.

In FY 2025, the OIG will continue to support investigations and audit oversight efforts to combat UI fraud schemes. Also, the OIG will conduct Phase 4 of its oversight work plan – which includes summarizing our pandemic response oversight work and reporting on lessons learned related to UI, worker safety and health, and employment and training. In addition, audit work assessing DOL’s actions in response to new COVID-19 related legislation will be conducted in both Phase 3 and Phase 4. Our investigative activities will continue to focus on criminal investigations and coordinating with auditors to identify systemic program weaknesses or fraud vulnerabilities, and to report on overall programmatic outcomes during the pandemic. However, because the OIG depleted the supplemental funding provided under ARPA in FY 2023 and the supplemental funding provided under the CARES Act in FY 2024 and because the statute of limitations associated with UI program fraud will begin to toll in March 2025, the OIG’s level of effort in these areas will be reduced.

Leveraging Data & Predictive Analytics to Strengthen Programmatic Oversight

The power and use of data and predictive analytics enables OIG auditors and investigators to continuously monitor DOL programs and operations to prevent, detect, and investigate fraud. Continuous monitoring serves as a deterrent to fraud, allows the OIG to promptly discover areas of weakness, and enables DOL management to timely correct problems.

Through its data analytics program, the OIG has established direct access to more data than ever before. The availability of this data enables the OIG to proactively analyze the data to identify

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areas in need of greater oversight, and reduce the burden on the Department for specific data requests that otherwise would be made throughout the audit and investigation processes.

In 2020, the OIG developed a modular and platform-independent data warehouse, OIG Warehouse & Learning System (OWLS). The OWLS is the central repository for our collected data from our Department program offices. OWLS also houses our in-house developed Warehouse Analytics Service Portal (WASP). The WASP is a user interface that allows our auditors and investigators to search for data in a standard manner while also allowing our programmers and data scientists the ability to create new tools and processes.

The OIG leveraged our data analytics capabilities to combat large-scale fraud in the UI benefit program during the pandemic. Our data scientists in our Offices of Investigations and Audit worked collaboratively to identify approximately \$46.9 billion in potential UI fraud as well as additional monetary findings. Due to the depletion of the ARPA and CARES Act funding, the OIG is not able to expand our data analytics program, but we will use the resources provided in FY 2025 to refine the capabilities of the program by looking to changes that will improve efficiency.

Use of Data Analytics for Audits

The OIG has integrated data analytics into several audits and reviews of DOL programs, most recently the pandemic unemployment compensation benefit programs. In cross-function audits and investigative reviews, the OIG identified through the use of data analytics about \$46.9 billion of potentially fraudulent UI benefits paid to individuals with social security numbers: filed in multiple states, of deceased persons and federal inmates, used to file for UI claims with suspicious email accounts, belonging to individuals under 14 years of age, and belonging to individuals 100 years of age or older. The OIG issued four separate alert memorandums in [February 2021](#),¹² [June 2021](#),¹³ [September 2022](#),¹⁴ and [September 2023](#),¹⁵ notifying DOL of the amount of potential fraud in these six high risk areas and recommending DOL take corrective actions.

Likewise, using data analytics, the OIG was able to analyze 18 years of the Mine Safety and Health Administration's (MSHA) public datasets, producing critical support for our determinations on the impact of the Civil Monetary Penalty Program. Data analytics was also used extensively to assist auditors to complete a review of home health care costs in the Energy Employees Occupational Illness Compensation Act (Energy Workers) program. Finally, the OIG used data analytics to assess the use and cost of pharmaceuticals in the FECA program, as well as to review OSHA efforts to address rising injury rates at warehouse facilities of online retailers due to the increase in e-commerce during the COVID-19 pandemic, and the adequacy of OSHA's plans and use of funding provided under ARPA to carry out COVID-19 related worker protection activities.

¹² <https://www.oig.dol.gov/public/reports/oa/2021/19-21-002-03-315.pdf>

¹³ <https://www.oig.dol.gov/public/reports/oa/2021/19-21-005-03-315.pdf>

¹⁴ <https://www.oig.dol.gov/public/reports/oa/2022/19-22-005-03-315.pdf>

¹⁵ <https://www.oig.dol.gov/public/reports/oa/2023/19-23-012-03-315.pdf>

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With the increased use of data in audits, the Office of Audit's wants to incorporate different skill sets into its data analytics office, to include a statistician and an operations research analyst to not only mature our data analytic capabilities, but also to expand the use of other analytic techniques and knowledge in order to proactively identify auditable areas and to combat fraud, waste, abuse, and mismanagement. Moreover, through the use of data analytics and literature reviews, the OIG analytic team have begun work to detect and prevent grant fraud. This work is critical in ensuring that grant funds are not misappropriated. Additional resources are necessary to support a mature data analytics program.

Also, the Office of Audit continues to benefit from the Risk Assessment and Analytic Work Group (RAA) that develops recommended methods to improve the Office of Audit's risk assessment process for optimal audit performance by incorporating data analytic functions and capabilities. RAA represents a diverse set of skills and knowledge including auditors, data scientists, a statistician, and a risk analyst. The group is working to inform an approach based on prior audit work with a predictive data analytic risk model using emerging and available technologies.

In FY 2025, OIG will continue to enhance its data warehouse through the receipt of recurring sets of Departmental data and applying data mining and predictive modeling to identify underperforming grantees and establish risk profiles of DOL programs and funding recipients. These activities will provide for greater oversight of the Department's highest risk programs as well as grant administration and management processes. Further, the OIG will continue to expand its use of data analytics in audits of programs across the Department to increase the scope of the work and decrease resource burden. Audited programs will include unemployment insurance and worker safety and health.

Use of Data Analytics for Investigations

Data analytics is also an integral part of OIG investigative work. Since FY 2020, the OIG completed more than 2,800 separate analysis requests. These analyses aid in the successful investigation, criminal prosecution, and conviction of numerous individuals and entities who committed fraud against the DOL programs. Analytics has identified complaints warranting further investigation and ones that, while unsuitable for federal prosecution, should be sent back to State Workforce Agencies (SWAs) for additional handling. The OIG has already referred over 45,000 fraud cases to SWAs for action. Since April 2020, OIG UI and non-UI investigative has resulted in 1,887 indictments, 1,212 convictions, and more than \$1.3 billion in monetary accomplishments. Data analytics has contributed significantly to these accomplishments, including:

- Identifying and investigating 9,531 California state UI claims that matched the social security numbers of inmates at Federal Bureau of Prisons facilities nationwide. These claims totaled more than \$29.5 million in benefits paid.
- Through our outreach, we identified 13 email addresses with suspicious activity as identified by a banking company, that were used to disburse UI benefit payment accounts, uncovering nearly \$2 million in UI payments to ineligible claimants.

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- A joint investigation with the Oklahoma Employment Security Commission stopped more than \$2.8 million in unemployment benefits from reaching the hands of international criminals.
- A massive and sophisticated criminal enterprise targeting Maryland's UI system for more than \$500 million in fraudulent claims was uncovered by the OIG, Maryland state officials and the U.S. Attorney's Office.
- Following an investigation, two individuals agreed to pay \$41 million to resolve allegations of unnecessary urine drug testing, data analytics was used to query FECA data and identify billing codes used for fraud and assist with final allocation of settlement.
- BOP's Fort Dix facility (New Jersey) was the facility identified as having the second highest total benefit amounts paid totaling more than \$820,000 from 262 claims that used inmates' social security numbers. This analytical model has launched OIG investigations nationwide and has strengthened our law enforcement investigative efforts to combat UI fraud federally and locally.

In FY 2025, the OIG also requires funding to enhance the level of data it can directly access and leverage to establish or augment existing analytics that identifies areas of programmatic weakness and integrity pitfalls, including the misuse of program funds. Such analysis will help the OIG identify where programmatic funds should be put to better use, and possibly where funds should be returned to the U.S. Treasury.

From the start of the pandemic, approximately \$900 billion was allocated to pandemic-related Federal UI spending. The use of data analytics is critical to identifying and investigating the most severe UI fraud offenders. Data analytics identified claimants who are fraudulently receiving payments in multiple states, claimants who provided social security numbers of deceased individuals, claimants in custody of the Federal prison system, claimants who applied for benefits in multiple states, and claimants who appear to be too young or old to be valid.

More specifically, the OIG acquired Bureau of Prison (BOP) data with federal inmate identifiers from the U.S. Department of Justice. Using data analytics, the OIG cross-referenced the inmates' social security numbers with state-reported UI claims. We found 13,466 potentially ineligible federal prisoners filed UI claims, resulting in over \$303 million in payouts. The OIG shared these findings with ETA and the SWAs for benefit eligibility review and potential fraud identification and recovery. Cases meeting federal prosecution criteria were referred to OIG field offices or federal law enforcement partners. The OIG will continue using data analytics to uncover hidden fraud schemes and oversee ETA's efforts to enhance controls against fraud in high-risk areas.

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Protecting the Health and Safety of Workers, Including Miners

The Occupational Safety and Health Administration (OSHA) is responsible for the safety and health of 130 million workers employed at more than 8 million establishments, and OSHA must ensure employers are providing the level of protection required under relevant laws and policies. In FY 2025, OIG will continue its oversight of OSHA's efforts to target its compliance activities to areas where it can have the greatest impact.

OSHA carries out its compliance responsibilities through a combination of self-initiated inspections and those resulting from complaints and referrals. In FY 2023, OSHA conducted 34,273 inspections, including 17,480 unprogrammed inspections. Unprogrammed inspections result from employee complaints, injuries/fatalities, and referrals. OSHA must target the most egregious or persistent violators to protect the most vulnerable worker populations. While OSHA has continued rebuilding its post-pandemic inspector resources – it increased its number of inspectors from 750 in 2021, to 931 as of March 31, 2023 - it continues to be challenged with reaching the number of worksites for which it is responsible, thus workers remain at risk for injuries and illnesses.

The OIG's September 2021 report found OSHA's diminished enforcement efforts left more workers at risk for exposure to silica. For example, OSHA's inspection data for the two fiscal years after the final rule became enforceable shows OSHA performed approximately 600 fewer silica inspections per year, a decrease of more than 50 percent.

Additionally, the underreporting of workplace injuries is a well-documented concern. In September 2018, we reported that OSHA did not know the total number of work-related fatalities and severe injuries and had limited assurance employers abated hazards properly. Estimates showed that employers do not report 50 percent or more of severe injuries. Likewise, a GAO audit report published on May 22, 2022, found OSHA had limited procedures for encouraging compliance with the illness and injury reporting requirement and for penalizing non-compliance.

The OIG's September 2023 report found OSHA's actions had not effectively addressed the high injury and illness rates occurring in warehouses. The OIG reported that OSHA did not target nor inspect enough warehouses through its Site-Specific Targeting programs, which were specifically designed to reach establishments with high injury and illness rates. The number of establishments targeted versus establishments inspected indicated the programs resulted in very few inspections of the targeted establishments, meaning workers remain vulnerable to high rates of injury and illness. OSHA's limited visibility into the numbers and types of injuries and illnesses occurring in the warehouses, as well as its minimal injury data collection from employers, leave workers at risk to hazards that can result in serious injury and illness. The OIG plans to perform additional follow-up work on workplace safety during FY 2025.

Further, in FY 2025, OIG will continue its oversight of the Mine Safety and Health Administration's (MSHA) ability to complete mine inspections while safeguarding the health of miners and the agency's staff. Mine operators' underreporting of occupational injuries and illnesses hinders MSHA's ability to focus its resources on addressing concerns at the most dangerous mines, emphasizing the need for continued OIG oversight. The OIG is also concerned

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with the high incidence of powered haulage accidents in mines, which MSHA reported as accounting for 43 percent of all mine fatalities in 2021 and 17 percent in 2022. In September 2021, MSHA published a proposed rule that would require mine operators to develop a written safety plan to improve safe usage of powered haulage equipment. The final rule was published in the Federal Register in December 2023, with an effective date of January 19, 2024. The OIG plans to follow up on the impact of this final rule in FY 2025.

Finally, lung disease in Appalachian coal mining states related to quartz content in respirable dust remains a worker health concern that OIG will continue to monitor in FY 2025. Quartz can cause deadly and incurable chronic diseases such as silicosis and black lung disease.

Improving the Performance Accountability of Workforce Development Programs

In FY 2025, OIG will conduct oversight of DOL's efforts to ensure that its investment in workforce development programs during and after the pandemic was successful in advancing participants' skills and placing them in suitable employment. The pandemic highlighted the importance of the Department's workforce development programs assisting job seekers and employers in finding and filling available jobs and assisting workers in developing the right skills to fill new job openings. Although estimates vary widely, economists generally reported that somewhere between 20 and 40 million jobs were lost in 2020 as a result of the COVID-19 pandemic and subsequent business closures. Audit work will assess steps taken by ETA to implement lessons learned and ensure workers who need job search assistance or training have access, in person or remotely, to resources to assist them with job placement. DOL's ability to obtain accurate and reliable data to measure, assess, and make decisions regarding the performance of grantees, contractors, and states in meeting the programs' goals is critical.

DOL needs to ensure its investments in credential attainment align with local employers' needs and are having the desired impact on participants' ability to obtain or advance in a job. In a [2018 audit](#)¹⁶ that followed up on the employment status of a sample of Job Corps students 5 years after they left the program, the OIG found Job Corps faced challenges in demonstrating the extent to which its training programs helped those participants obtain meaningful jobs appropriate to their training. In FY 2024, the OIG is performing an audit to determine whether Job Corps took appropriate measures to ensure the safety of, mitigate program disruptions by, and meet the program's intent for its minor students.

In March 2018, ETA announced the National Health Emergency Grant program to help communities address the economic and workforce-related impacts of the opioid crisis. Research suggests that opioid dependency has been a leading cause of workforce exits for workers ages 25 to 54. To date, ETA has approved up to \$162 million in grants to address the workforce impacts of opioid addiction and other substance abuse disorders. It is vital that the Department monitor the performance of the discretionary grants it has awarded for the delivery of services to employers and workers affected by the opioid crisis.

Further, as expressed in a March 2022 advisory report, the OIG continues to be concerned about three areas in particular where our body of work has identified weaknesses: awarding grants,

¹⁶ <https://www.oig.dol.gov/public/reports/oa/2018/04-18-001-03-370.pdf>

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reviewing grant recipients' use of funds, and measuring grant recipient performance. While ETA has taken action to address many prior years' findings and recommendations related to eligibility, effectiveness, and compliance and monitoring, it must also proactively monitor key areas and continue to assess for these weaknesses to ensure they do not reoccur. The OIG continues to perform work in this area in FY 2024 and plans to follow-up on the progress of performance accountability of workforce development programs during FY 2025.

Combatting Threats to the Integrity of Foreign Labor Certification Programs

The intent of DOL Foreign Labor Certification (FLC) programs is to permit U.S. businesses to hire foreign workers when necessary to meet their workforce needs while protecting the jobs and wages of U.S. workers. OIG audits and criminal investigations since the inception of the program have shown these visa programs to be susceptible to significant fraud and abuse, particularly by dishonest immigration attorneys, labor brokers, employers, and organized criminal enterprises. OIG investigations have revealed schemes in which fraudulent applications were filed with DOL on behalf of individuals and fictitious companies. The OIG's investigations have also uncovered numerous instances of unscrupulous employers misusing FLC programs to engage in human trafficking, with victims often exploited for economic gain. These investigations protect jobs for U.S. workers and protect compliant companies from unfair advantages gained by those who misuse or circumvent the programs.

DOL continues to have limited authority over the H-1B program as it can only deny incomplete and obviously inaccurate applications and conduct complaint-based investigations. As such, the H-1B program remains highly susceptible to fraud.

In FY 2025, the OIG will continue investigating foreign worker visa fraud schemes and labor trafficking offenses to protect American workers from harm caused by these types of criminal activities. The OIG will also continue a number of oversight activities relating to DOL FLC programs. These activities include ongoing or planned work relating to debarment use in all FLC programs, H-1B program enforcement, and H-2A program application integrity.

Fighting Fraud Involving Opioids and Other Pharmaceuticals in the FECA Program

In addition to the OIG's investigative work combatting recent increases in the costs and abuse of compounded drug medications in the FECA program, the OIG has initiated investigations relating to criminal activity involving opioids. The Office of Workers' Compensation Programs (OWCP) has focused significant resources towards its Program Integrity Unit as well as in managing opioid use. Since FY 2019, the OIG has received over 350 criminal fraud referrals made by the OWCP Program Integrity Unit to the OIG for further investigation. The OIG expects a further increase in the amount of criminal fraud referrals made to the OIG by OWCP in the area of opioid fraud and abuse.

In FY 2025, the OIG will continue working with OWCP and other OIGs that face similar problems with opioids in an effort to identify best practices and programmatic changes that reduce susceptibility to fraud. In addition, the OIG will continue its review of OWCP's management of pharmaceutical costs in all of its compensation programs, which remains an area

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of concern for the OIG. The FY 2025 funding that OIG requests will allow the Agency to continue important criminal law enforcement and audit oversight activities.

Audit Oversight

Since OIG's audit of OWCP pharmaceutical spending began in FY 2016, annual opioid spending in the FECA program has fallen by approximately \$72 million, an 83 percent decrease. However, 38 percent of pharmaceutical cases received at least one opioid prescription in FY 2023. As a result of OIG audit oversight and reports, OWCP instituted controls to address opioid risks, such as limiting new opioid prescription supply periods to 7 days and requiring letters of medical necessity after an initial 28-day supply period. OWCP is also ramping up its data analytics capabilities in response to OIG recommendations. This will allow OWCP to track opioid users and identify those at risk of addiction or in need of treatment.

In FY 2023, OIG and its contractor completed an audit to assess the use and cost of pharmaceuticals in the FECA program. The audit found OWCP did not effectively manage pharmaceutical spending in the FECA program from Fiscal Year 2015 through Fiscal Year 2020. Specifically, OWCP did not pay the best available prices for prescription drugs. The audit identified up to \$321.26 million in excess spending during the audit period. In addition, OWCP did not effectively monitor pharmaceutical policy changes to ensure implementation, resulting in claimants receiving thousands of inappropriate prescriptions and potentially lethal drugs, including 1,330 prescriptions for fast-acting fentanyl after issuing a policy that restricted its use.

The audit also found OWCP failed to timely identify and address emerging issues and did not perform sufficient oversight of prescription drugs that are highly scrutinized and rarely covered in workers' compensation programs. As a result, OWCP spent hundreds of millions of dollars on drugs that may not have been necessary or appropriate for FECA claimants. Finally, the audit found OWCP lacked sufficient clinical expertise and guidelines to ensure appropriate pharmaceutical decisions, which could negatively impact claimants' health, recovery, and return to work. The audit report included 10 recommendations to OWCP to strengthen management of pharmaceuticals in the FECA program.

In FY 2025, the OIG plans to assess the new controls implemented as a part of the OWCP Pharmacy Benefit Manager (PBM) contract to ensure it is achieving its intended results and helping to reduce the risk of opioid dependency and fraud in the program.

Investigations

The OIG is the only Agency within DOL authorized to conduct criminal investigations relating to the FECA program, and we focus our resources on medical provider fraud. OWCP receives additional resources to identify and reduce fraud within the FECA program. OWCP's criminal fraud referrals has contributed significantly to the OIG's investigative work in the FECA program including:

- In January 2022, a Houston clinic owner was sentenced to 24 months incarceration for her role in an illegal kickback and money laundering scheme involving the FECA program.

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- In March 2022, a Philadelphia psychiatrist agreed¹⁷ to pay \$3 million to resolve allegations of false workers' compensation claims.
- In February 2023, a Louisiana doctor was sentenced to four years in prison for his role in a conspiracy to commit wire fraud, healthcare fraud, and violation of federal anti-kickback laws.
- In November 2023, a group of pharmacy owners and a doctor were convicted for their roles in a \$145 million healthcare and money laundering scheme involving the submission of fraudulent claims to OWCP for prescription compound medications.

The OIG anticipates further increases in criminal fraud referrals in the area of opioid fraud and abuse resulting from OWCP's increased resources. The OIG will use FY 2025 funding to review the additional referrals; however, limited resources and competing pandemic-related priorities may impact the OIG's ability to ensure that allegations against this important program are properly and timely investigated.

In FY 2025, the OIG will continue collaborating with OWCP and other OIGs, as appropriate, to monitor data and proactively identify changes in the trends of opioid prescriptions under the FECA program. Further, OIG will seek to identify additional best practices and effect programmatic changes that reduce susceptibility to fraud, waste, and abuse. The requested FY 2025 funding will allow OIG to continue these important oversight activities.

Department of Labor Management Processes

The OIG performs oversight work involving the Department's operations, financial management, and information technology (IT) services.

In FY 2024, OIG finalized its review of the controls over ongoing and planned DOL IT modernization projects to determine if they are adequate to manage project deliverables and control related costs. The OIG found the Department had not developed a formal, documented IT modernization framework. While the Chief Information Officer (CIO) developed several elements that could become part of an IT modernization framework, OIG found those elements were not linked to one another nor documented as part of a larger, formalized process.

OIG also found that at least two of the elements could be improved. First, the agency update documents that the CIO uses to monitor IT modernization projects were incomplete and also agency-curated, instead of being based on the full picture. Second, the inventory of IT systems used to prioritize IT modernization efforts was a spreadsheet that had to be manually updated and did not link to the other elements. These issues led to gaps in the CIO's visibility of the current and future states of DOL's IT modernization. As a result, DOL is vulnerable to spending valuable time and resources on IT projects that are not the highest priorities for ensuring the security and availability of vital DOL systems. We made three recommendations to the CIO to improve IT modernization, including documenting a framework.

¹⁷https://www.oig.dol.gov/public/Press%20Releases/Philly_Psychiatrist_to_Pay_3M_Resolve_Allegations_False_Workers_Comp_USAO%20ED-PA_03282022.pdf

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OIG will also continue its annual audit of DOL consolidated financial statements and will conduct information security audits in accordance with the Federal Information Security Modernization Act of 2023. Further, OIG will determine if DOL complied with the Payment Integrity Information Act of 2019 and assess the risk related to the use of government charge cards.

FY 2024

A full-year 2024 appropriation for the Department was not enacted at the time the Budget was prepared. The OIG will prioritize the following with the funds provided:

- Combatting Improper Payments and Fraud in the Unemployment Insurance Benefit Program
- Leveraging Data and Predictive Analytics to Strengthen Programmatic Oversight
- Protecting the Health and Safety of Workers, Including Miners
- Improving the Performance Accountability of Workforce Development Programs
- Combatting Threats to the Integrity of Foreign Labor Certification Programs
- Fighting Fraud Involving Opioids and Other Pharmaceuticals in the Federal Employees' Compensation Act (FECA) Program
- Department of Labor Management Processes

FY 2023

In FY 2023, OIG was funded at \$97,361,000. With these resources, the OIG completed 30 audits and 343 investigations. OIG audits have resulted in 93 recommendations for corrective actions with \$6.3 billion in funds put to better use and \$598.9 million in questioned costs. During FY 2023, our investigations have resulted in: the execution of more than 200 search warrants; 480 indictments; 506 convictions; and over \$207 million in investigative monetary results.

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WORKLOAD AND PERFORMANCE SUMMARY				
	FY 2023 Enacted		FY 2024 Estimate	FY 2025 Request
	Target	Result	Target	Target
OIG Program Activity				
Strategic Goal ALL - All Strategic Goals				
Strategic Objective ALL.1 - All Strategic Objectives				
Audits				
OIG Audits	29	32	24	20
OIG Investigations	310	343	270	210

Legend: (r) Revised (e) Estimate (base) Baseline -- Not Applicable TBD - To Be Determined [p] - Projection

OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2023 Enacted	FY 2024 Estimate	FY 2025 Request	Diff. FY25 Request / FY24 Estimate
11.1	Full-time permanent	50,736	50,777	59,770	8,993
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	1,301	1,301	1,301	0
11.9	Total personnel compensation	52,037	52,078	61,071	8,993
12.1	Civilian personnel benefits	21,778	21,772	21,793	21
21.0	Travel and transportation of persons	942	942	942	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	6,156	6,156	6,156	0
23.2	Rental payments to others	496	496	496	0
23.3	Communications, utilities, and miscellaneous charges	132	132	132	0
24.0	Printing and reproduction	20	20	20	0
25.1	Advisory and assistance services	1,314	1,314	1,314	0
25.2	Other services from non-Federal sources	2,983	2,983	2,983	0
25.3	Other goods and services from Federal sources 1/	10,901	10,901	11,101	200
25.4	Operation and maintenance of facilities	163	163	163	0
25.7	Operation and maintenance of equipment	0	0	0	0
26.0	Supplies and materials	254	254	254	0
31.0	Equipment	185	185	185	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	Total	97,361	97,396	106,610	9,214
	1/Other goods and services from Federal sources				
	Working Capital Fund	8,841	8,841	9,041	200
	DHS Services	495	495	495	0
	HHS Services	80	80	80	0
	Services by Other Government Departments	1,485	1,485	1,485	0

OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

CHANGES IN FY 2025

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$3,993
Personnel benefits	0
Federal Employees' Compensation Act (FECA)	21
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	0
Rental payments to others	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	0
Working Capital Fund	200
Other Federal sources (DHS Charges)	0
Other goods and services from Federal sources	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

Built-Ins Subtotal **\$4,214**

Net Program **\$5,000**

Direct FTE **20**

	Estimate	FTE
Base	\$101,610	285
Program Increase	\$5,000	20
Program Decrease	\$0	0