

FY 2024

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 Act of 1978 [Public Law 95-452; 5 U.S.C. App., as amended through P.L. 114-317] requires certain specifications concerning Office of Inspector General (OIG) budget submissions each fiscal year. Each Inspector General (IG) is required to transmit a budget request to the head of the establishment to which the IG reports specifying: the aggregate amount of funds requested for the operations of the OIG, the portion of this amount requested for OIG training, including a certification from the IG that the amount requested satisfies all OIG training requirements for that fiscal year, the portion of this amount necessary to support the Council of the Inspectors General on Integrity and Efficiency, and any comments from the IG with respect to the proposal.

For FY 2024, this information is as follows:

- OIG's aggregate funding request to the Secretary of Labor was \$120,000,000.
- OIG's funding request for training needs is \$960,000 which is minimally sufficient to meet the needs of the agency.
- Recurring funding necessary to support the Council of Inspectors General on Integrity and Efficiency is \$401,861.

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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, [\$91,187,000] \$105,439,000, 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, 2025: Provided further, That not more than \$2,000,000 of the total amount provided under this heading may be available until expended. (Department of Labor Appropriations Act, 2023.)*

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EXPLANATION OF LANGUAGE CHANGE

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 2022 Revised Enacted		FY 2023 Revised Enacted		FY 2024 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	255	\$85,187	296	\$91,187	315	\$105,439
<i>Subtotal</i>	255	\$85,187	296	\$91,187	315	\$105,439
Offsetting Collections From:						
Reimbursements	0	\$500	0	\$500	0	\$500
Unemployment Trust Fund	35	\$5,660	35	\$5,841	35	\$5,841
Black Lung Disability Trust Fund	1	\$323	1	\$333	1	\$368
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>	36	\$6,483	36	\$6,674	36	\$6,709
Supplemental Appropriations	81	\$36,471	26	\$20,542	0	\$8,810
Coronavirus Aid, Relief, and Economic Security Act (CARES Act)	56	\$23,971	26	\$8,802	0	\$8,810
American Rescue Plan Act of 2021 (ARPA)	25	\$12,500	0	\$11,740	0	\$0
B. Gross Budget Authority	372	\$128,141	358	\$118,403	351	\$120,958
Reimbursements	0	-\$500	0	-\$500	0	-\$500
Coronavirus Aid, Relief, and Economic Security Act (CARES Act)	-56	-\$23,971	-26	-\$8,802	0	-\$8,810
American Rescue Plan Act of 2021 (ARPA)	-25	-\$12,500	0	-\$11,740	0	\$0
<i>Subtotal</i>	291	\$91,170	332	\$97,361	351	\$111,648
C. Budget Authority Before Committee	291	\$91,170	332	\$97,361	351	\$111,648
Reimbursements	0	\$500	0	\$500	0	\$500
<i>Subtotal</i>	291	\$91,670	332	\$97,861	351	\$112,148
D. Total Budgetary Resources	291	\$91,670	332	\$97,861	351	\$112,148
Lapsed FTE & Unobligated Balance Expiring	-2	-\$283	0	\$0	0	\$0
Reimbursements	0	\$0	0	\$0	0	\$0
E. Total, Estimated Obligations	289	\$91,387	332	\$97,861	351	\$112,148

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SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2023 Revised Enacted	FY 2024 Request	Net Change
Budget Authority			
General Funds	\$91,187	\$105,439	+\$14,252
Trust Funds	\$6,174	\$6,209	+\$35
Total	\$97,361	\$111,648	+\$14,287
Full Time Equivalents			
General Funds	296	315	19
Trust Funds	36	36	0
Total	332	351	19

Explanation of Change	FY 2024 Change							
	FY 2023 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	332	\$50,329	0	\$35	0	\$2,949	0	\$2,984
Personnel benefits	0	\$21,778	0	\$0	0	\$0	0	\$0
Federal Employees' Compensation Act (FECA)	0	\$0	0	\$0	0	\$5	0	\$5
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	\$10,549	0	\$0	0	\$461	0	\$461
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 2024 Change							
	FY 2023 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	332	+\$97,361	0	+\$35	0	+\$3,415	0	+\$3,450
B. Programs:								
OIG Operations	332	\$97,361	0	\$0	19	\$10,837	19	\$10,837
Programs Subtotal			0	\$0	19	+\$10,837	19	+\$10,837
Total Increase	332	+\$97,361	0	+\$35	19	+\$14,252	19	+\$14,287
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	332	+\$97,361	0	+\$35	19	+\$14,252	19	+\$14,287

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SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2022 Revised Enacted		FY 2023 Revised Enacted		FY 2024 Request		Diff. FY24 Request / FY23 Revised Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
OIG Program Activity	291	91,170	332	97,361	351	111,648	19	14,287
General Funds	291	85,187	296	91,187	315	105,439	19	14,252
Unemployment Trust Funds	0	5,660	35	5,841	35	5,841	0	0
Black Lung Disability Trust Funds	0	323	1	333	1	368	0	35
Total	291	91,170	332	97,361	351	111,648	19	14,287
General Funds	291	85,187	296	91,187	315	105,439	19	14,252
Unemployment Trust Funds	0	5,660	35	5,841	35	5,841	0	0
Black Lung Disability Trust Funds	0	323	1	333	1	368	0	35

NOTE: FY 2022 reflects actual FTE.

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BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2022 Revised Enacted	FY 2023 Revised Enacted	FY 2024 Request	Diff. FY24 Request / FY23 Revised Enacted
	Full-Time Equivalent				
	Full-time Permanent	291	332	351	19
	Total	291	332	351	19
	Average ES Salary	\$185,725	\$189,500	\$197,100	\$7,600
	Average GM/GS Grade	13	13	13	0
	Average GM/GS Salary	\$131,250	\$133,875	\$139,230	\$5,355
11.1	Full-time permanent	42,602	49,028	57,105	8,077
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	929	1,301	1,301	0
11.9	Total personnel compensation	43,531	50,329	58,406	8,077
12.1	Civilian personnel benefits	18,679	21,778	23,734	1,956
21.0	Travel and transportation of persons	1,184	942	942	0
22.0	Transportation of things	1	0	0	0
23.1	Rental payments to GSA	5,506	6,156	6,156	0
23.2	Rental payments to others	133	496	496	0
23.3	Communications, utilities, and miscellaneous charges	0	132	132	0
24.0	Printing and reproduction	8	20	20	0
25.1	Advisory and assistance services	8,444	1,314	1,314	0
25.2	Other services from non-Federal sources	634	2,983	6,776	3,793
25.3	Other goods and services from Federal sources 1/	9,923	12,609	13,070	461
25.4	Operation and maintenance of facilities	2	163	163	0
25.7	Operation and maintenance of equipment	140	0	0	0
26.0	Supplies and materials	360	254	254	0
31.0	Equipment	2,525	185	185	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	100	0	0	0
	Total	91,170	97,361	111,648	14,287
	1/Other goods and services from Federal sources				
	Working Capital Fund	7,920	10,549	11,010	461
	DHS Services	633	495	495	0
	HHS Services	320	80	80	0
	Services by Other Government Departments	1,050	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
2014					
Base Appropriation	\$86,041			\$80,311	387
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/	\$95,740	\$95,740		\$90,847	291
2023					
Base Appropriation...4/	\$108,218			\$97,028	332
2024					
Base Appropriation	\$111,648				351

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.

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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 Coronavirus Aid, Relief, and Economic Security (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, the 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, the American Rescue Plan Act (ARPA) provided the OIG an additional \$12.5 million to conduct further pandemic response oversight activities.

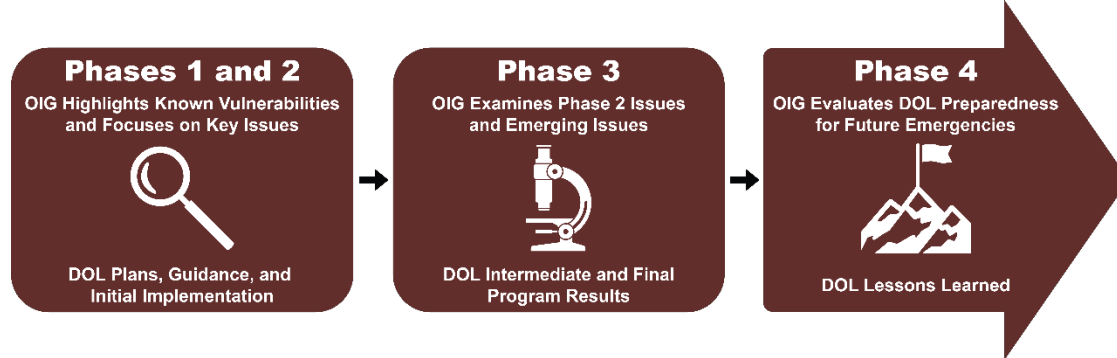
In April 2020, shortly after CARES Act enactment, we published our [Pandemic Response Oversight Plan](#)¹ detailing how the OIG would conduct its pandemic oversight, with a significant focus on the UI program. We designed our four-phased plan to provide recommendations to

¹ Pandemic Response Oversight Plan (updated March 21, 2022), available at: <https://www.oig.dol.gov/public/oaprojects/Updated%20Pandemic%20Response%20Oversight%20Plan%202022%20for%20Publication.pdf>

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DOL to address current and emerging vulnerabilities with the pandemic response and to prevent similar vulnerabilities from hampering preparedness for future emergencies (see Figure 1).

Figure 1: The OIG’s Four-Phased Design for Pandemic Response Oversight



Phases 1 and 2, which are complete, focused on DOL’s plans, guidance, and initial implementation of administration and oversight activities. Phase 3 audit work, assessing program results and emerging issues, is ongoing. Our Phase 4 work plans include summarizing our pandemic response oversight work and reporting on lessons learned related to UI, worker safety and health, and employment and training. We have published two plan updates, most recently on March 21, 2022, with another planned for FY 2023.

Highlighted Results, April 2020 – January 2023

The OIG is the primary federal law enforcement agency responsible for investigating fraud involving Unemployment Insurance (UI) benefit programs. As reported by the OIG in numerous [reports](#)², fraudulent activity poses a significant threat to the integrity of UI programs, with thieves and organized criminal groups continuing to exploit federal and state program weaknesses previously identified by the OIG’s Office of Audit. Indeed, the volume of UI investigative matters currently under review is unprecedented in OIG history. Since the pandemic started, the OIG has opened more than 198,000 investigative matters concerning UI fraud. In the average year prior to the pandemic, the OIG opened approximately 100 UI investigative matters. That is an increase of more than 1,000 times in the volume of UI work that we are facing. Throughout FY 2023 the OIG continued to receive 100 to 300 new UI fraud complaints each week.

Since April 2020, the OIG’s pandemic response oversight work has resulted in 30 published audit reports with 61 recommendations to reduce programmatic vulnerabilities. The OIG

² DOL-OIG Pandemic Portal. Available at: https://www.oig.dol.gov/OIG_Pandemic_Response_Portal.htm

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announced in September 2022 that its investigations had resulted in more than 1,000 individuals being charged with crimes involving UI fraud since [March 2020](#)³ – this number has risen. As of January 2023, the OIG’s pandemic investigations have resulted in upwards of 700 search warrants executed and over 1,200 individuals charged with crimes related to UI fraud. Our pandemic UI investigative work has resulted in more than: 500 convictions; 11,000 months of incarceration; and \$905 million in investigative monetary results. The OIG has also referred over 23,000 fraud matters that do not meet federal prosecution guidelines back to the states for further action.

In alert memoranda issued in [February 2021](#)⁴, in [June 2021](#)⁵, and in [September 2022](#)⁶, our investigators, auditors, and data scientists collaboratively identified \$45.6 billion of potentially fraudulent UI benefits paid in four high-risk areas: to individuals with Social Security numbers: (1) filed in multiple states, (2) of deceased persons, (3) of federal prisoners, and (4) with suspicious email accounts.

UI investigations now 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 and our limited resources, our efforts to thoroughly evaluate complaints and initiate additional investigations on potentially actionable, high-impact investigations have been hampered.

In addition, based on past oversight experience of federal UI disaster aid, the OIG expects to be actively investigating UI fraud relating to the COVID-19 pandemic for several years. Given the statute of limitations for most violations charged in UI fraud type prosecutions, and the extension of pandemic related UI benefits under ARPA, the OIG will likely be conducting these investigations through at least September 2026. Finally, although the OIG has focused the majority of its investigative resources on UI benefit programs since the onset of the COVID-19 pandemic, the OIG has a vast investigative jurisdiction covering other high-risk DOL programs that continue to warrant significant investigative oversight. The OIG will use a combination of its direct appropriation and remaining pandemic-related supplemental funding to focus on the unprecedented UI fraud associated with the COVID-19 pandemic and provide attention to the other DOL programs that are susceptible to fraud, waste, abuse, and mismanagement.

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 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

³ <https://www.oig.dol.gov/public/Press%20Releases/DOL-OIG%20Pandemic%20Work%20Results%20in%20More%20Than%201000%20Individuals%20Charged%20with%20UI%20Fraud.pdf>

⁴ <https://www.oig.dol.gov/public/reports/oa/2021/19-21-002-03-315.pdf>

⁵ <https://www.oig.dol.gov/public/reports/oa/2021/19-21-005-03-315.pdf>

⁶ <https://www.oig.dol.gov/public/reports/oa/2022/19-22-005-03-315.pdf>

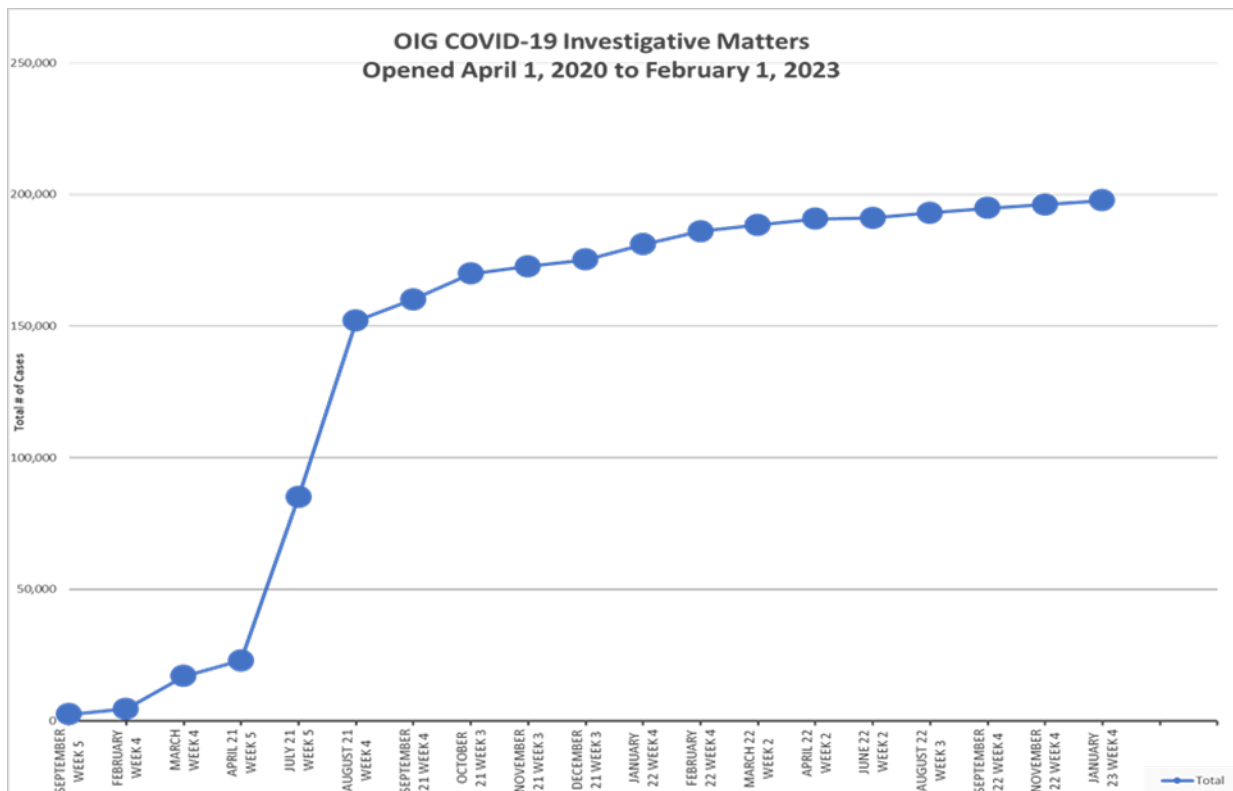
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email. This [OSHA audit](#)⁷ found that increased complaints, reduced inspections, and the degree of remote inspections conducted subjected the nation’s workforce to increased safety risks. As a result of our audit, OSHA is improving its inspection strategy by prioritizing high-risk employers for COVID-19-related onsite inspections.

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.

OIG Activities

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



Although the OIG has focused the majority of its audit and investigative resources on UI benefit programs over the last 3 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 workers’ compensation;
- worker safety and health, including occupational and miner safety and health and workplace rights;

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

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- employment and training programs, including grants and the Job Corps program;
- 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 a crucial time for the OIG to help DOL ensure programmatic strength to review 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 75 dollars to the federal government and American taxpayers. Over this period, the OIG identified more than \$69 billion including questioned costs and funds recommended to be put to better use. The OIG offers an important investment for U.S. taxpayers, particularly in times of resource constraint.

To be able to continue our oversight of the UI programs and ensure sufficient oversight of other key DOL programs in FY 2024, the OIG requests \$111,628,000 and 351 FTE.

The FY 2024 funding that the OIG requests will allow the agency to continue its important audit oversight and criminal law enforcement activities for additional audits, investigations, and tools beyond those outlined in the [OIG Pandemic Oversight Response Plan](#)⁸, which is supported through CARES Act and ARPA funding. This includes additional legal capacity, additional capacity for whistleblower cases, and providing necessary information technology infrastructure and tools to support the receipt and analysis of UI data from across the nation.

The OIG will continue to review the effectiveness and efficiency of DOL programs intended to serve those impacted by the pandemic, and to prevent fraud, waste, and abuse. Specifically, the OIG must have sufficient funds to be able to address how DOL, states, grantees, and contractors are administering and overseeing the expenditure of funds and ensuring the safety of American workers and program participants. This includes reviewing how DOL is providing guidance to states and grantees, establishing performance measures for activities, and developing required reporting. However, it also includes assessing what DOL accomplished with the additional funding. Finally, the OIG must be able to conduct any necessary data analytics and criminal investigations to immediately address fraud, abuse, misconduct, and other types of wrongdoing involving DOL's COVID-19 pandemic response.

The FY 2024 requested funding will allow the OIG to conduct oversight of DOL activities. Without this funding, the OIG will need to reduce and limit program integrity oversight and criminal investigative efforts.

Consistent with President Biden's 2023 State of the Union address, which called on Congress to crack down on criminal syndicates stealing billions of COVID-19 relief dollars from the

⁸ DOL-OIG Pandemic Portal. Available at: https://www.oig.dol.gov/OIG_Pandemic_Response_Portal.htm

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American people, the Budget includes additional funding for this account/program/office as part of the Pandemic Fraud Prevention and Enforcement proposal.⁹

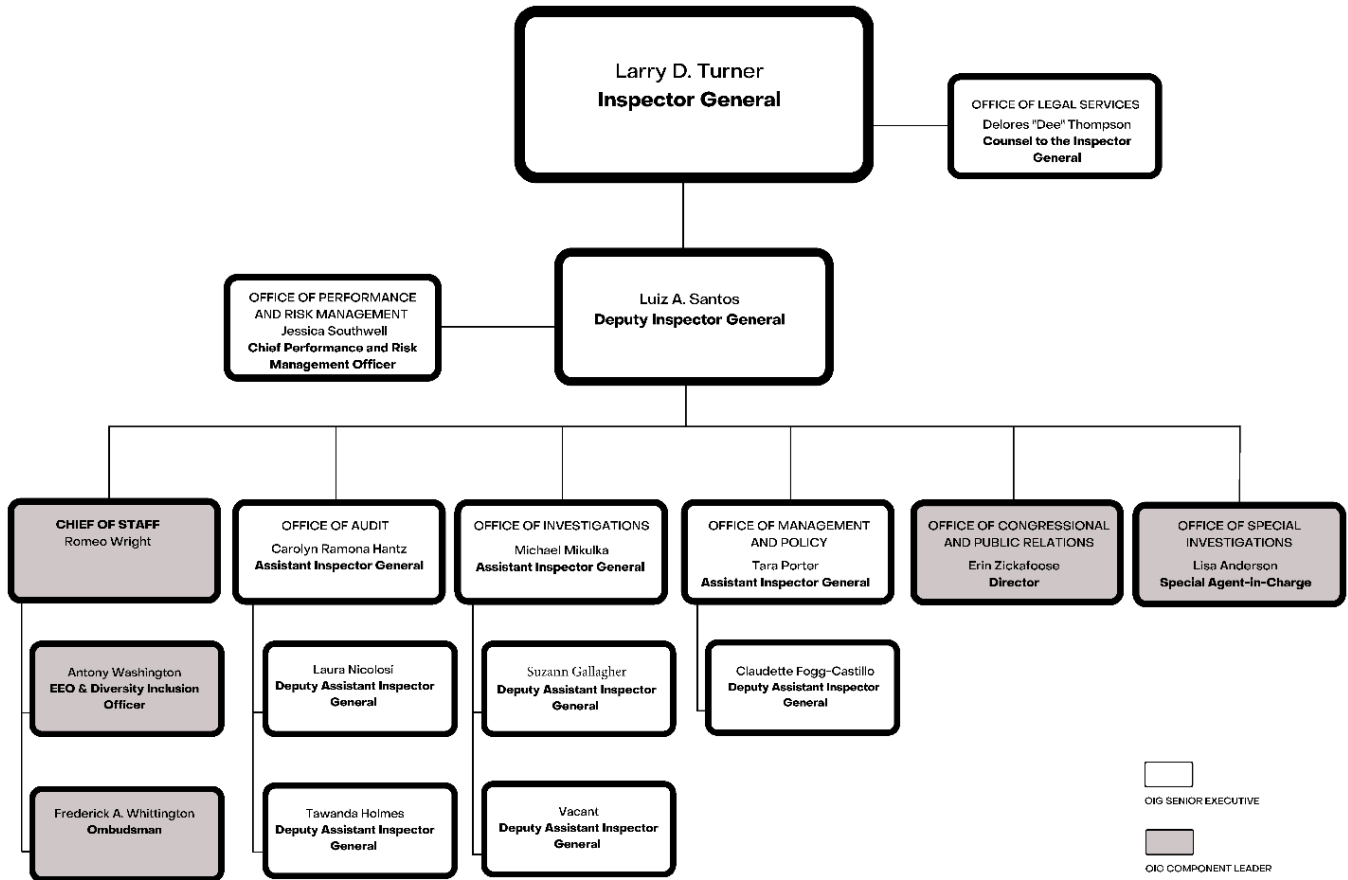
Multi-Year Supplemental Appropriations

Since the beginning of the pandemic, OIG received two (2) 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 are to remain available without fiscal year limitation. These funds were used to hire additional staff to address pandemic oversight. However, the OIG expects that these funds will be fully depleted by FY 2024. As a result, the OIG is currently beginning to reduce its onboard strength through natural attrition.
- 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. However, these funds will be completely expended in FY 2023. The lack of these funds will result in fewer auditors available to provide oversight and this will result in fewer audits and recommendations for improvement of pandemic-related programs and operations.

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

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OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2022 Revised Enacted	FY 2023 Revised Enacted	FY 2024 Request	Diff. FY24 Request / FY23 Revised Enacted
Activity Appropriation	91,170	97,361	111,648	14,287
FTE	291	332	351	19

NOTE: FY 2022 reflects actual FTE. Authorized FTE for FY 2022 was 291.

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 \$75 dollars to the Federal government and American taxpayers. Over this period, the OIG identified more than \$69 billion including questioned costs and funds recommended to be put to better use. The OIG offers an important investment for U.S. taxpayers, particularly in times of resource constraint.

The FY 2024 funding that OIG requests will allow the Agency to provide oversight and criminal law enforcement activities. However, with the depletion of funds from both the CARES Act and ARPA, 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 over: 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 are in compliance 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. In order to accomplish this mission, the OIG conducts criminal investigations relating to programs, operations, and employees of the Department. In addition, the OIG conducts criminal

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investigations to combat the influence of labor racketeering and organized crime in the nation's labor unions and employee benefit plans.

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 Program and the 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.

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- 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.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2019	\$89,147	345
2020	\$90,847	334
2021	\$90,847	324
2022	\$90,847	291
2023	\$97,028	332

FY 2024

In Fiscal Year (FY) 2024, the OIG requests \$111,280,000 (not including Black Lung Disability Trust Funds) and 351 FTE. In particular, in FY 2024, 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 the expected depletion of remaining CARES Act funding in the first or second quarter of FY 2024.

The OIG requests additional 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 these additional resources 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.

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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 improper payment rates across the federal government. The reported improper payment rate estimate for the regular UI program has been above 10 percent for 15 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. To date, the Department has not yet reported the PUA improper payment rate.

In FY 2019, the OIG opened 111 investigative matters related to UI benefit fraud. Since April 1, 2020, the OIG has opened over 198,000 investigative matters concerning UI fraud. During that same period, the OIG received more than 162,000 complaints from the National Center for Disaster Fraud pertaining to UI fraud. OIG investigations continue to identify significant amounts of fraud in the UI benefit program, as identity thieves and organized criminal groups have found ways to exploit program weaknesses. In addition, OIG investigations continue to

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combat complex, large-scale, multi-state fictitious and fraudulent employer schemes to defraud the multi-billion dollar UI benefit program.

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

- In October 2021, a Michigan state contractor was sentenced to 58 months in prison for her role in a multi-million dollar UI fraud scheme aimed at defrauding the State of Michigan and the U.S. government of funds earmarked for unemployment assistance during the COVID-19 pandemic. Additionally, she was ordered to pay restitution of almost \$3.8 million.
- In May 2022, two Bronx residents were sentenced for their roles in a fraudulent UI benefit scheme and jointly ordered to pay restitution of more than \$1.4 million. Both were sentenced pursuant to guilty pleas for conspiring to commit wire fraud and conspiracy to commit theft of government funds. The charges stemmed from stealing the identities of approximately 255 individuals and using those identities to file fraudulent pandemic-related UI claims in the State of New York.
- 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 FY 2024, the OIG will continue to support investigations and audit oversight efforts to combat UI fraud schemes. Also, the OIG Pandemic Oversight Response Plan depicts that in FY 2024, OIG will begin 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 will have depleted the supplemental funding provided under ARPA by the end of FY 2023 and is expected to deplete the supplemental funding provided under the CARES Act early in FY 2024, 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.

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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 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.

Since 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 \$45.6 billion in potential UI fraud involving the social security numbers of: deceased beneficiaries, incarcerated claimants, claims filed in multiple states, and claims associated with suspicious e-mail accounts.

As we work to expand the capabilities of the data analytics program, we have begun looking to other infrastructure changes, which will advance security, processing, analysis, storage, and accessibility of the data. In FY 2024, the OIG will work to expand its use of data analytics in its oversight and investigative activities; however, these efforts will be negatively impacted by the depletion of the ARPA supplemental funding in FY 2023 and the depletion of the CARES Act supplemental funding in early FY 2024, which can no longer be used to support the OIG's data analytics program.

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 \$45.6 billion of potentially fraudulent UI benefits paid to individuals with social security numbers: filed in multiple states, of deceased persons and federal inmates, and used to file for UI claims with suspicious email accounts. The OIG issued three separate alert memorandums in [February 2021](#)¹, [June 2021](#)², and [September 2022](#)³ notifying DOL of the amount of potential fraud in these four 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 is currently using 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

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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.

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 funding is necessary to support a mature data analytics program.

Also, in February 2022, the Office of Audit established the Risk Assessment and Analytic Work Group (RAA) to develop recommended methods that will 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 2024, OIG will make further advancements in enhancing its data warehouse through the receipt of recurring sets of Departmental data and applying data mining and predictive modeling to identify under-performing 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, in FY 2024, OIG will work 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. In FY 2020 and FY 2021, the OIG completed more than 1,500 separate analysis requests. This aided in the successful investigation, criminal prosecution, and conviction of numerous individuals and entities who committed fraud against the DOL programs. Further, data analytics has allowed OIG to quickly triage new UI complaints to identify matters for further investigation as well as those that, while not meeting guidelines for federal prosecution, should be referred back to SWAs for further action. To date, the OIG has referred more than 23,000 fraud matters back to SWAs for action. From October 2019 through September 2022, OIG investigative work has resulted in 2,313 indictments, 994 convictions, and more than \$850 million 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.

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- 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.
- 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.

In FY 2024, the OIG also requires additional 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, over \$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, and claimants who applied for benefits in multiple states.

More specifically, the OIG obtained Bureau of Prisons (BOP) data from the U.S. Department of Justice that included identifiers for current federal inmates. The OIG data analytics program conducted an analysis to compare the inmates' social security numbers against UI claim data reported by states. This analysis determined that the social security numbers of 13,446 potentially ineligible federal prisoners were used to file for UI claims that paid out more than \$303 million in UI benefits. The results of the OIG's analysis were referred back to the SWAs so that they could make definitive determinations about benefit eligibility and recoup fraudulently obtained benefits. Matters that met federal prosecution guidelines were referred to OIG field offices or partner federal law enforcement agencies for further investigation and potential prosecution. The OIG will continue to use its data analytics program to highlight these previously undetected fraud schemes and provide oversight of ETA as they increase efforts to ensure SWAs implement effective controls to mitigate fraud in these high risk areas.

The Federal BOP analytical model is being used to also identify claimants in the State and Local prison systems. While in New Jersey, BOP's Fort Dix facility 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

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investigations nationwide and has strengthened our law enforcement investigative efforts to combat UI fraud federally and locally.

In FY 2024, the OIG will continue using machine learning and predictive analytics to identify previously unknown cases of fraud within the UI system. Further, the OIG will work with ETA to provide guidance to SWA's to help prevent future fraudulent claims.

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 2024, 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 and complaint-based inspections. However, due to resource limitations, the program only reaches a fraction of the regulated entities. Consequently, OSHA must target the most egregious or persistent violators to protect the most vulnerable worker populations. Since the start of the pandemic, OSHA has received an influx of complaints. At the same time, OSHA had to reduce the number of its inspections, particularly on-site inspections, as a way to reduce person-to-person contact. It received 15 percent more complaints in 2020, but performed 50 percent fewer (13,164 less) inspections compared to a similar period in 2019. Therefore, the risk that OSHA may not ensure the level of protection that workers need at various job sites has increased.

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.

Further, in October 2022, the OIG found OSHA's enforcement activities – during the period February 1, 2020 through January 31, 2021 – did not sufficiently protect workers from COVID-19 health hazards because OSHA: (1) did not issue citations to enforce the standard for recording and reporting occupational injuries and illnesses in 15 percent of sampled fatality inspections, (2) lacks complete information on COVID-19 infection rates at worksites, and (3) closed inspections without ensuring it received and reviewed all items requested from employers to demonstrate alleged COVID-19 health hazards had been mitigated.

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 recent 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 plans to follow-up on workplace safety during FY 2024.

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Further, in FY 2024, 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 during and/or following the COVID-19 pandemic. 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 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. As of February 15, 2023, this proposed rule had not yet been finalized. The OIG plans to follow up on the status of this rulemaking effort in FY 2024. 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 2024. 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 2024, OIG will conduct oversight of DOL's efforts to ensure that its investment in workforce development programs during 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 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](#)⁴ 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 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 \$143 million in grants to address the opioid crisis. 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,

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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 plans to follow-up on the performance accountability of workforce development programs during FY 2024.

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. DOL has indicated starting a process to initiate Secretary certified H-1B investigations. Similarly, the PERM program has employers not complying with the qualifying criteria. Therefore, the PERM and H-1B programs remain highly susceptible to fraud.

In FY 2024, the OIG will continue investigating foreign worker visa fraud schemes and labor trafficking offenses in order 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 more 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 2019, the OIG has received over 220 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 2024, 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

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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 of concern for the OIG. The FY 2024 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 almost \$63 million, a 72 percent decrease. However, 41 percent of pharmaceutical cases received at least one opioid prescription in FY 2020. 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.

Currently, the OIG has an ongoing audit to assess the use and cost of pharmaceuticals in the FECA program. Further, 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 recently received 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 October 2021, a former Arkansas executive plead guilty to conspiracy to commit mail fraud, wire fraud, health care fraud, fraud to obtain federal employees' compensation, and illegal remunerations (paying kickbacks), in connection with a scheme to defraud the U.S. government and private insurance companies by overbilling for unnecessary medications provided to workers' compensation patients.
- 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.
- In March 2022, a Philadelphia psychiatrist [agreed⁵](#) to pay \$3 million to resolve allegations of false workers' compensation claims.

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 requires additional FY 2024 funding in order to keep up with the referrals, ensuring that allegations against this important program are properly and timely investigated.

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The FY 2024 funding will also provide the resources OIG needs to 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 2024 funding will allow OIG to continue these important audit 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 will finalize 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. 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 2014. Further, the 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 2023

At the revised enacted funding level for FY 2023, the OIG will be funded at \$97,361,000. In FY 2023, OIG will prioritize the following:

- 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 2022

In FY 2022, OIG was funded at \$91,170,000. With these resources, the OIG completed 25 audits and 299 investigations. OIG audits have resulted in: 67 recommendations for corrective actions and \$29.6 billion in funds put to better use. During FY 2022, our investigations have resulted in: the execution of more than 600 search warrants; 624 indictments; 403 convictions; and over \$145 million in investigative monetary results. Of note, our data scientists in our Office of Investigations and Office of Audit worked collaboratively to identify a cumulative total of approximately \$45.6 billion in potential UI fraud in four high-risk areas: multi-state claims, deceased individuals, incarcerated individuals, and claims associated with suspicious email accounts.

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ENDNOTES

¹ <https://www.oig.dol.gov/public/reports/oa/2021/19-21-002-03-315.pdf>

² <https://www.oig.dol.gov/public/reports/oa/2021/19-21-005-03-315.pdf>

³ <https://www.oig.dol.gov/public/reports/oa/2022/19-22-005-03-315.pdf>

⁴ <https://www.oig.dol.gov/public/reports/oa/2018/04-18-001-03-370.pdf>

⁵ https://www.oig.dol.gov/public/Press%20Releases/Philly_Pyschiatrist_to_Pay_3M_Resolve_Allegations_False_Workers_Comp_USAO%20ED-PA_03282022.pdf

OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

WORKLOAD AND PERFORMANCE SUMMARY				
	FY 2022 Revised Enacted		FY 2023 Revised Enacted	FY 2024 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	25	34	34
OIG Investigations	310	299	310	310

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 2022 Revised Enacted	FY 2023 Revised Enacted	FY 2024 Request	Diff. FY24 Request / FY23 Revised Enacted
11.1	Full-time permanent	42,602	49,028	57,105	8,077
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	929	1,301	1,301	0
11.9	Total personnel compensation	43,531	50,329	58,406	8,077
12.1	Civilian personnel benefits	18,679	21,778	23,734	1,956
21.0	Travel and transportation of persons	1,184	942	942	0
22.0	Transportation of things	1	0	0	0
23.1	Rental payments to GSA	5,506	6,156	6,156	0
23.2	Rental payments to others	133	496	496	0
23.3	Communications, utilities, and miscellaneous charges	0	132	132	0
24.0	Printing and reproduction	8	20	20	0
25.1	Advisory and assistance services	8,444	1,314	1,314	0
25.2	Other services from non-Federal sources	634	2,983	6,776	3,793
25.3	Other goods and services from Federal sources 1/	9,923	12,609	13,070	461
25.4	Operation and maintenance of facilities	2	163	163	0
25.7	Operation and maintenance of equipment	140	0	0	0
26.0	Supplies and materials	360	254	254	0
31.0	Equipment	2,525	185	185	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	100	0	0	0
	Total	91,170	97,361	111,648	14,287
	1/Other goods and services from Federal sources				
	Working Capital Fund	7,920	10,549	11,010	461
	DHS Services	633	495	495	0
	HHS Services	320	80	80	0
	Services by Other Government Departments	1,050	1,485	1,485	0

OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

CHANGES IN FY 2024

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$2,984
Personnel benefits	0
Federal Employees' Compensation Act (FECA)	5
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	461
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 **\$3,450**

Net Program **\$10,837**

Direct FTE **19**

	Estimate	FTE
Base	\$100,811	332
Program Increase	\$10,837	19
Program Decrease	\$0	0