

FY 2026

CONGRESSIONAL BUDGET JUSTIFICATION

OFFICE OF INSPECTOR GENERAL

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OFFICE OF INSPECTOR GENERAL

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INSPECTOR GENERAL REFORM ACT

5 U.S.C. Chapter 4, Section 406

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

(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);*
- (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 2026, the Office of Inspector General is providing the following information in accordance with the Inspector General 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 \$91,401,000.
- (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 \$365,604.

OFFICE OF INSPECTOR GENERAL

APPROPRIATION LANGUAGE

For salaries and expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, \$85,187,000 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 not more than \$2,000,000 of the total amount provided under this heading may be available until expended.

Note.—This account is operating under the Full-Year Continuing Appropriations and Extensions Act, 2025 (Division A of Public Law 119–4).

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AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2024 Enacted		FY 2025 Enacted		FY 2026 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	272	\$91,187	301	\$91,187	290	\$85,187
<i>Subtotal</i>	<i>272</i>	<i>\$91,187</i>	<i>301</i>	<i>\$91,187</i>	<i>290</i>	<i>\$85,187</i>
Offsetting Collections From:						
Reimbursements	0	\$500	0	\$500	0	\$500
Unemployment Trust Fund	35	\$5,841	0	\$5,841	0	\$5,841
Black Lung Disability Trust Fund	1	\$368	0	\$373	0	\$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>\$6,709</i>	<i>0</i>	<i>\$6,714</i>	<i>0</i>	<i>\$6,714</i>
Supplemental Appropriations	30	\$8,878	0	\$0	0	\$0
Coronavirus Aid, Relief, and Economic Security Act (CARES Act)	30	\$8,878	0	\$0	0	\$0
American Rescue Plan Act of 2021 (ARPA)	0	\$0	0	\$0	0	\$0
B. Gross Budget Authority	338	\$106,774	301	\$97,901	290	\$91,901
Reimbursements	0	-\$500	0	-\$500	0	-\$500
Coronavirus Aid, Relief, and Economic Security Act (CARES Act)	-30	-\$8,878	0	\$0	0	\$0
American Rescue Plan Act of 2021 (ARPA)	0	\$0	0	\$0	0	\$0
<i>Subtotal</i>	<i>308</i>	<i>\$97,396</i>	<i>301</i>	<i>\$97,401</i>	<i>290</i>	<i>\$91,401</i>
C. Budget Authority Before Committee	308	\$97,396	301	\$97,401	290	\$91,401
Reimbursements	0	\$500	0	\$500	0	\$500
<i>Subtotal</i>	<i>308</i>	<i>\$97,896</i>	<i>301</i>	<i>\$97,901</i>	<i>290</i>	<i>\$91,901</i>
D. Total Budgetary Resources	308	\$97,896	301	\$97,901	290	\$91,901
Lapsed FTE & Unobligated Balance Expiring	-14	-\$59	0	\$0	0	\$0
Reimbursements	0	-\$500	0	\$0	0	\$0
E. Total, Estimated Obligations	294	\$97,337	301	\$97,901	290	\$91,901

OFFICE OF INSPECTOR GENERAL

SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Request	Net Change
Budget Authority			
General Funds	\$91,187	\$85,187	-\$6,000
Trust Funds	\$6,214	\$6,214	\$0
Total	\$97,401	\$91,401	-\$6,000
Full Time Equivalents			
General Funds	301	290	-11
Total	301	290	-11

Explanation of Change	FY 2025 Base		FY 2026 Change					
	FTE	Amount	Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Costs of pay adjustments	301	\$47,810	0	\$0	0	\$0	0	\$0
Personnel benefits	0	\$19,831	0	\$0	0	\$0	0	\$0
Federal Employees' Compensation Act (FECA)	0	\$0	0	\$0	0	\$0	0	\$0
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	\$3,635	0	\$0	0	\$1,228	0	\$1,228
Working Capital Fund	0	\$0	0	\$0	0	\$0	0	\$0
Other Federal sources (DHS Charges)	0	\$495	0	\$0	0	\$0	0	\$0
Other goods and services from Federal sources	0	\$7,779	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
Insurance claims and indemnities	0	\$0	0	\$0	0	\$0	0	\$0
Built-Ins Subtotal	301	+\$89,212	0	\$0	0	+\$1,228	0	+\$1,228

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Explanation of Change	FY 2026 Change							
	FY 2025 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
B. Programs:								
Total Increase	301	+\$89,212	0	\$0	0	+\$1,228	0	+\$1,228
Decreases:								
A. Built-Ins:								
To Provide For:								
Working Capital Fund	0	\$8,189	0	\$0	0	-\$1,228	0	-\$1,228
Built-Ins Subtotal	0	+\$8,189	0	\$0	0	-\$1,228	0	-\$1,228
B. Programs:								
OIG OPERATIONS - DECREASE	301	\$91,187	0	\$0	-11	-\$6,000	-11	-\$6,000
Programs Subtotal			0	\$0	-11	-\$6,000	-11	-\$6,000
Total Decrease	0	+\$8,189	0	\$0	-11	-\$7,228	-11	-\$7,228
Total Change	301	+\$97,401	0	\$0	-11	-\$6,000	-11	-\$6,000

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SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY (Dollars in Thousands)								
	FY 2024 ¹ Enacted		FY 2025 Enacted		FY 2026 Request		Diff. FY 2026 Request / FY 2025 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
OIG Program Activity	294	97,396	301	97,401	290	91,401	-11	-6,000
General Funds	258	91,187	301	91,187	290	85,187	-11	-6,000
Unemployment Trust Funds	35	5,841	0	5,841	0	5,841	0	0
Black Lung Disability Trust Funds	1	368	0	373	0	373	0	0
Total	294	97,396	301	97,401	290	91,401	-11	-6,000
General Funds	258	91,187	301	91,187	290	85,187	-11	-6,000
Unemployment Trust Funds	35	5,841	0	5,841	0	5,841	0	0
Black Lung Disability Trust Funds	1	368	0	373	0	373	0	0

¹ NOTE: FY 2024 reflects actual FTE. Authorized FTE for FY 2024 was 308. The FY 2024 Enacted level reflects pre-sequestration for OIG's portion of Black Lung Disability Trust Funds.

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BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2024 Enacted	FY 2025 Enacted	FY 2026 Request	Diff. FY 2026 Request / FY 2025 Enacted
	Full-Time Equivalent				
	Full-time Permanent	294	301	290	-11
	Total	294	301	290	-11
	Average ES Salary	\$197,100	\$204,700	\$208,790	\$4,090
	Average GM/GS Grade	13	13	13	0
	Average GM/GS Salary	\$139,230	\$144,585	\$147,475	\$2,890
11.1	Full-time permanent	50,777	46,509	42,189	-4,320
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	52,078	47,810	43,490	-4,320
12.1	Civilian personnel benefits	21,772	19,831	18,151	-1,680
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	3,573	3,635	4,863	1,228
25.3	Other goods and services from Federal sources 1/	10,311	16,463	15,235	-1,228
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	97,396	97,401	91,401	-6,000
	1/Other goods and services from Federal sources				
	Working Capital Fund	8,251	8,189	6,961	-1,228
	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. 104-208, Sept. 30, 1996, 110 Stat. 3009–241, as amended	The Federal Financial Management Improvement Act of 1996	33 U.S.C.	Indefinite
Pub. L. 106-531, § 3516(d), Nov. 22, 2000, as amended	Reports Consolidation Act of 2000	31 U.S.C.	Indefinite
Pub. L. No. 107-296, Nov. 25, 2002, Stat. 2221, as amended	The Homeland Security Act of 2002	6 U.S.C. 371	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. 111–203, § 5419, July 21, 2010, as amended	The Dodd-Frank Wall Street Reform and Consumer Protection Act, 2010	12 U.S.C.	Indefinite
Pub. L. 113-283, Dec. 18, 2014, 128 Stat. 3082, as amended	The Federal Information Security Modernization Act of 2014	42 USC 3555	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
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			\$97,361	333
2024					
Base Appropriation	\$111,280			\$97,396	308
2025					
Base Appropriation	\$106,237			\$97,401	301
2026					
Base Appropriation	\$91,028				290

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.

OFFICE OF INSPECTOR GENERAL

OVERVIEW

Introduction

The Office of Inspector General (OIG) at the U.S. Department of Labor (DOL or Department) is a federal law enforcement agency that 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. OIG audits help to deter fraud by recommending improvements to strengthen internal controls and programmatic operations.

In addition to conducting audits, the OIG conducts criminal, civil, and administrative investigations relating to violations of Federal laws, rules or regulations, including alleged violations 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 labor trafficking matters.

The OIG offers a significant return on investment for U.S. taxpayers, particularly in times of resource constraint. Over the past 10 fiscal years, on average, every dollar invested in the OIG resulted in a return on investment of nearly \$85 to the federal government and American taxpayers. Over this period, the OIG identified more than \$78 billion in monetary results including questioned costs and funds recommended to be put to better use.

Highlighted Results COVID-19 Pandemic Oversight Work, April 2020 – May 2025

Investigative Activities

The OIG is the primary federal law enforcement agency responsible for investigating fraud involving UI benefit programs. As the OIG has stated in numerous [reports](#), 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. The volume of UI investigative matters currently under review is unprecedented in the OIG's history. Since the pandemic started, the OIG has opened more than 210,000 investigative matters relating to UI benefits, the vast majority involve benefits paid under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and subsequent pandemic response legislation. In the average year prior to the pandemic, the OIG opened approximately 100 UI investigative matters. Throughout FY 2024, the OIG continued to receive approximately 20 to 100 new UI fraud complaints each week.

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The OIG 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](#) – this number has since doubled. Between April 2020 and May 2025, the OIG’s UI fraud investigations have resulted in over 2,000 individuals charged with crimes related to UI fraud. Our UI investigative work has resulted in more than: 1,500 convictions; 39,000 months of incarceration; and \$1.1 billion in investigative monetary results.

UI matters still account for 96 percent of the OIG’s overall investigative inventory, compared to 11 percent prior to the pandemic. Most of these open matters are the 158,000 UI fraud complaints that the OIG is unable to review due to limited resources. In the field, UI matters still make up 66 percent of the OIG’s active investigative inventory. The OIG continues to focus 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 cases 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 through at least September 2026, when the statute of limitations for most violations charged in UI fraud type prosecutions will expire, unless the statute is extended. In fact, due to the current statute of limitations, the OIG is no longer be able to pursue some of the earliest pandemic UI fraud cases.

Although the OIG has focused most 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.

Audit Activities

For audit activities, the OIG identified three main areas of focus: (1) worker benefit programs, including UI and workers’ compensation; (2) worker safety and health, including occupational and miner safety and health, and workplace rights; and (3) employment and training programs, including grants.

It is noteworthy that our [initial pandemic-related 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 email. This [OSHA audit](#) found that increased complaints, reduced inspections, and the degree of remote inspections conducted subjected the nation’s workforce to increased safety risks.

The OIG’s ongoing pandemic-related audit work focuses on significant issues previously identified, impacts on normal operations at both the national and state levels, and agency activities not previously covered. The OIG had planned to expand its work to address the readiness of DOL programs to withstand the next emergency – to include a review of states’ UI

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modernization efforts and the implementation of lessons learned across DOL programs and operations.

Future Work

Although the OIG has focused most of its audit and investigative resources on UI benefit programs over the past 5 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;
- 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 worker safety – in particular, addressing the rise in child labor violations, managing medical benefits, maintaining the integrity of Foreign Labor Certification programs, protecting the security of employee benefit plan assets, and ensuring the solvency of the Black Lung Disability Trust Fund. It is a crucial time for the OIG to review the effectiveness, efficiency, economy, and integrity of DOL programs and operations to help DOL ensure programmatic strength.

Impact on Investigative Work

The OIG has approximately 158,000 open UI fraud complaints. Due to limited resources, the OIG terminated our triage team contract at the end of FY 2023. That team was used to triage pandemic UI fraud complaints to determine if they generally met federal prosecution thresholds and thus should be further investigated by the OIG. Those matters that did not appear to meet federal prosecution thresholds were referred to state workforce agencies for further criminal, civil, or administrative action at the state level.

The OIG has approximately 1,375 investigative matters assigned to field offices. The OIG has 89 field agents to investigate those 1,375 investigative matters, an average of 15 matters per agent. The ideal caseload per agent is between 5 and 10 open investigative matters, which ensures that each matter can proceed efficiently through the investigative and prosecutorial processes. Since the start of the pandemic, the OIG has opened more than 210,000 investigative matters relating to UI benefits fraud – 158,000 of these matters are still open.

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Impact on Audit Oversight Work

The OIG identified three main areas of focus to help strengthen DOL pandemic related programs: (1) worker benefit programs, including UI and workers' compensation; (2) worker safety and health, including occupational and miner safety and health, and workplace rights; and (3) employment and training programs, including grants.

Impact of OIG Work to Date

The OIG's pandemic response oversight work has resulted in 59 published audit reports with 173 recommendations to reduce programmatic vulnerabilities and more than \$75 billion in monetary impact. In addition, our UI fraud investigative work since April 1, 2020, has resulted in over 2,000 indictments, 1,500 convictions, and over \$1.1 billion in monetary accomplishments. As part of these efforts, OIG data scientists identified approximately \$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) of children under the age of 14, and (6) of elderly persons 100 years of age or older. The OIG will not be able to sustain this level of effort without additional resources.

OIG Return on Investment

Over the past 5 fiscal years, on average, every dollar invested in the OIG resulted in a return on investment of around \$164 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 will use its FY 2026 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, which was supported through CARES Act and ARPA funding. Without this funding, the OIG will need to further reduce and limit program integrity oversight and criminal investigative efforts.

OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2024 Enacted	FY 2025 Enacted	FY 2026 Request	Diff. FY 2026 Request / FY 2025 Enacted
Activity Appropriation	97,396	97,401	91,401	-6,000
FTE	294	301	290	-11

NOTE: FY 2024 reflects actual FTE. Authorized FTE for FY 2024 was 308.

Introduction

Over the past 5 fiscal years, every dollar invested in the U.S. Department of Labor (DOL), Office of Inspector General (OIG) resulted in a return on investment of nearly \$164 to the federal government and American taxpayers. Over this period, the OIG identified more than \$77 billion in questioned costs, recommendations that funds be put to better use, and investigative recoveries and savings. This demonstrates that the OIG offers a solid investment for U.S. taxpayers, particularly in times of resource constraint.

The FY 2026 funding level originally requested by the OIG would allow the Agency to provide audit oversight as well as conduct criminal law enforcement activities. Without additional funding, the OIG will have to reduce and limit 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 functions.

- **Office of Audit:** The Office of Audit is responsible for conducting and supervising audits relating to DOL’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 following 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 the Congress fully informed about current problems and deficiencies relating to the administration of DOL’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 DOL in preventing, detecting, and investigating fraud and abuse in DOL programs and operations. To accomplish this mission, the OIG conducts criminal investigations relating to programs, operations, and employees of DOL. In addition, the OIG conducts criminal investigations to combat the influence of labor racketeering and organized crime in the nation’s labor

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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. OI also conducts employee integrity investigations involving OIG employees and high-level DOL employees.

OIG Hotline Operations is a component of OI. The OIG hotline receives complaints through website submissions and 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 DOL.

- **Executive Direction and Management.** This function provides the overall strategic direction, legal advice and representation, planning, performance, management, internal controls, and inspections 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 providing direct IT support for all OIG employees; database management support to facilitate data analytics on the vast amounts of DOL program data; and application support to support the efficient operations of the OIG. It also includes independently providing the full range of human resource, procurement, and facility management services; developing OIG policy; and budget planning and execution.
 - Office of Legal Services: Advises the Inspector General, OIG senior leadership, and OIG's mission and operational programs, and represents the OIG in litigation and related matters. The Information Disclosure Program within the Office of Legal Services manages OIG's FOIA and Privacy Act functions; and the Records Management Program ensures the OIG records program is compliant with National Archives and Records Administration requirements.
 - 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.
 - Office of Equal Employment Opportunity: Provides strategic direction and guidance on a wide range of OIG's equal employment opportunity 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>
2021	\$90,847	324
2022	\$90,847	291
2023	\$97,361	333
2024	\$97,396	308
2025	\$97,401	301

FY 2026

In Fiscal Year (FY) 2026, the OIG requests \$91,401,000 (including Black Lung Disability Trust Funds) and 290 FTE. In FY 2026, the OIG will continue its efforts to provide oversight of DOL. 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 depletion of CARES Act funding in FY 2024.

Although the OIG will continue to focus on pandemic and non-pandemic UI programs, with an increased use of data analytics, the OIG will also use its funds to focus on other key areas of risk, including worker safety and health and worker development programs. In addition, we will continue oversight of the following areas: combatting threats to the integrity of foreign labor certification programs; addressing the opioid crisis by fighting fraud against the FECA program; combatting child labor; and overseeing the efficiency and integrity of other important DOL programs and operations.

With respect to our performance targets, the reduction in some of our targets for FY 2025 and FY 2026 reflect the fact that the OIG fully expended all pandemic-related supplemental funding in FY 2024 and can no longer support the higher staffing levels from prior years. The lower staffing levels will have a direct impact on the work that the OIG is able to complete in FY 2025 and FY 2026. In addition, inflationary costs associated with day-to-day operations will also result in a reduction in the number of staff on board to perform work, which will further impact the OIG's ability to produce higher numbers of audits and investigations. Finally, the beginning of the expiration of the statute of limitations for UI fraud in March 2025 and the complete expiration by September 2026, will reduce the number of investigations that can be brought to fruition since many of the OIG's open investigative matters will have to be closed without final action.

Justification:

Combatting Improper Payments and Fraud in the UI 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 UI 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 over 20 years, the Office of Inspector General (OIG) has reported on weaknesses in the Department's ability to measure, report, and reduce improper payments in the UI program. The UI program has experienced some of the highest improper payment rates across the federal government, with an estimated rate above 10 percent for 17 of the last 20 years. The long-standing challenge with UI improper payments can be further exacerbated in times of crisis, including natural disasters and economic downturns.

The Department has reported historically high rates of improper payments, including fraud, in the UI program during recent years. Specifically, the Department reported an estimated improper payment rate of 18.71 percent for FY 2021 and 21.52 percent for FY 2022. Based on our audit and investigative work, the actual improper payment rate for these periods was likely higher. Although the improper payment rate for FY 2023 was reduced to 14.83 percent, this rate still exceeded pre-pandemic levels and failed to meet federal requirements. The OIG is currently performing its audit of the Department's compliance with the Payment Integrity Information Act for 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 210,000 investigative matters concerning 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 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 August 2023, a defendant was sentenced to 92 months of federal incarceration for his role in a scheme involving the possession of 15 or more access devices and possession of a firearm by a convicted felon, plus an additional 24 months of consecutive incarceration for aggravated identity theft. The investigation revealed that the defendant possessed the identities of approximately 72 identity theft victims, and the defendant used those identities to apply for UI benefits in 25 different states.
- Also in August 2023, a former federal employee, was sentenced to 192 months of federal incarceration for her role in a mail/wire fraud conspiracy plus an additional 24 months of incarceration for aggravated identity theft. This defendant was convicted for her role in a conspiracy to defraud at least five state workforce agencies of more than \$3.5 million in pandemic-related UI benefits. To obtain these UI benefits, this defendant and others filed false and misleading applications in the names of identity theft victims, witting co-conspirators, and inmates of state and federal prisons.
- Between December 2023 and July 2024, five Maryland residents were sentenced to terms of imprisonment ranging from 36 to 63 months. The defendants were also individually ordered to forfeit \$1,218,390 in proceeds and were ordered to pay \$2,094,319 to the SWAs of Maryland, California, Arizona and New Jersey. These sentencings stemmed from the defendants' roles in a pandemic-related UI fraud scheme and aggravated identity theft

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conspiracy that defrauded multiple SWAs through the submission of fraudulent UI claims in identity theft victims' names.

- In February 2024, a California resident was sentenced to 210 months in prison and ordered to pay more than \$2.2 million in restitution for using stolen identities to fraudulently obtain more than \$1.5 million in pandemic-related UI benefits and for stealing titles to dozens of cars by presenting forged documents to the California Department of Motor Vehicles (DMV).
- In March 2024, a Washington resident was sentenced to 5 years in prison and ordered to pay more than \$2 million in restitution for orchestrating a wide-ranging fraud scheme which involved the theft of more than \$3.3 million from federally funded pandemic assistance programs, to include the CARES Act for unemployment benefits. The defendant spent her fraudulent proceeds on luxury cars, lavish trips, cosmetic surgery, jewelry, and designer goods. Overall, the fraud ring sought to steal more than \$6.8 million in pandemic benefits from nearly every major pandemic assistance program.
- In May 2024, a Maryland resident was sentenced to 168 months in prison for using stolen personal identifiable information to file fraudulent pandemic-related UI claims and for leading a group involved in the manufacturing of counterfeit oxycodone pills mixed with fentanyl.
- In June 2024, a former contractor who provided professional support services to the Maryland Department of Labor (MD DOL), pled guilty to conspiracy to commit wire fraud and aggravated identity theft for his role in a conspiracy to defraud the MD DOL that resulted in more than \$2 million in actual losses to the UI program. Through his employment, the defendant had access to a laptop used for specialized access to MD DOL online data for the purpose of reviewing UI applications and administering UI benefits. The defendant engaged in a conspiracy by which he provided the MD DOL-issued laptop to his co-conspirators for their use in exchange for money. The co-conspirators subsequently used the database access to change information on existing UI claims, including contact email addresses, online account passwords, and payment methods. They also submitted false and fraudulent information in support of UI claims by using the personal identifiable information of identity theft victims.
- In July 2024, an Arkansas resident was sentenced to 41 months imprisonment and ordered to pay \$874,848 in restitution. This stemmed from a scheme between the defendant and other conspirators, including a bank employee who accessed bank systems without authorization to reissue California Employment Development Department UI debit cards, remove fraud blocks, and add provisional credits to UI debit card accounts.
- In October 2024, a Georgia woman was sentenced to 12 years in prison for her role in a \$30 million COVID-19 unemployment insurance fraud scheme and firearms charges. The woman and her co-conspirators caused more than 5,000 fraudulent unemployment insurance (UI) claims to be filed with the GaDOL, resulting in at least \$30 million in stolen benefits.
- In March 2025, the ringleader of a \$6.2 million unemployment insurance fraud scheme was sentenced to nearly 8 years in prison. The ringleader and his co-conspirators filed more than 700 unemployment insurance claims across five states, primarily Michigan and California. Once the claims were processed, funds were loaded onto pre-paid debit cards and mailed to addresses controlled by the defendants. Upon receiving these debit cards, the defendants visited ATMs to withdraw cash.

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In FY 2026, the OIG will continue to support investigations and audit oversight efforts to combat UI fraud schemes. 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 has depleted the supplemental funding provided under ARPA and the CARES Act, 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. This ongoing oversight acts as a deterrent to fraud - allowing the OIG to promptly identify areas of weakness - and enables DOL management to correct problems in a timely manner.

Through its data analytics program, the OIG has established recurring/consistent 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.

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

OIG aims to enhance its data analytics program, by improving infrastructure for better security, processing, analysis, storage, and accessibility of the data. In FY 2026, the OIG will continue to expand its data analytics in oversight and investigative activities; however, these efforts will be negatively impacted by the depletion of the ARPA and CARES Act supplemental funding, 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 audit 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, of children under the age of 14, and of elderly persons 100 years of age or older. The OIG issued four separate alert memorandums in [February 2021](#), [June 2021](#), [September 2022](#), and [September 2023](#), notifying DOL of the amount of potential fraud in these six high risk areas and recommending DOL take corrective actions.

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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 [OIG 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 utilized data analytics to assess: the use and cost of pharmaceuticals in the [FECA program](#); 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.

With the increased use of data in audits, the Office of Audit aims to expand its use of various analytic techniques and knowledge to proactively identify auditable areas and combat fraud, waste, abuse, and mismanagement. Additionally, the OIG analytics team is leveraging data analytics and literature reviews to detect and prevent grant fraud, ensuring that grant funds are not misappropriated. Sufficient funding is crucial to supporting a mature data analytics program.

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.

The OIG will make further advancements in enhancing its data warehouse through the receipt of recurring sets of DOL 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 DOL's highest risk programs as well as grant administration and management processes. Further, 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 crucial to OIG's investigations. Since FY 2020, the OIG has completed over 4,250 analysis requests, aiding in numerous successful prosecutions and convictions. Analytics help triage new UI complaints, identifying cases for further investigation or referral to SWAs. From October 2019 to May 2025, OIG's efforts resulted in over 2,900 indictments, 2,500 convictions, and more than \$1.8 billion in monetary accomplishments. Key contributions include:

- Investigating 9,531 fraudulent California UI claims linked to inmates, totaling over \$29.5 million.
- Identifying suspicious email activity, uncovering nearly \$2 million in UI payments to ineligible claimants.

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- Collaborating with Oklahoma Employment Security Commission to prevent over \$2.8 million in unemployment benefits from reaching international criminals.
- Uncovering a \$500 million fraud scheme targeting Maryland's UI system.
- Resolving \$41 million in unnecessary urine drug testing through data analytics.
- Indicting two Nigerian nationals involved in a \$25 million fraud scheme.
- Developing fraud indicators for the National COVID Unemployment Insurance Fraud Task Force, recovering \$68 million in UI fraud funds.
- Assisting in the indictment and arrest of 13 gang members in Milwaukee through collaboration with FBI's Safe Streets Task Forces.

The OIG will allocate part of its FY 2026 funding to enhance data access and leverage analytics to identify program weaknesses and integrity issues, including the misuse of program funds. This type of analysis will help identify where programmatic funds can be better utilized or returned to the U.S. Treasury.

Since the start of the pandemic, over \$900 billion was allocated to federal pandemic-related UI spending. Data analytics, coupled with investigating and programmatic expertise within the OIG, has been crucial in identifying and investigating severe UI fraud offenders. This novel approach 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 were younger than 14 and older than 100.

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's data analytics program compared the inmates' social security numbers against state-reported UI claim data. 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 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 now being used to identify claimants in state and local prison systems. Our pandemic UI oversight work showed that the BOP Fort Dix facility located in New Jersey ranked second in total benefit amounts paid, with over \$820,000 from 262 claims using inmates' social security numbers. This model has initiated OIG investigations nationwide and enhanced our efforts to combat UI fraud at both federal and local levels. Since the OIG's work in this area, SWAs can now match UI claim data against BOP data using the U.S. Treasury's Do Not Pay system.

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The OIG will continue using advanced analytics to identify previously unknown cases of fraud within the UI program. Additionally, the OIG will collaborate with ETA to provide guidance to SWAs, helping to 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 2026, 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 workers. At the start of the pandemic, OSHA 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 have ensured the level of protection that workers need at various job sites increased.

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.

In [March 2023](#), the OIG reported that OSHA did not consistently ensure complaints and referrals were adequately addressed nor did it regularly enforce hazard abatement timelines. Specifically, we found OSHA did not consistently involve the complainant and/or witnesses in the investigation or inspection processes. Further, OSHA has no policy requiring Compliance Safety and Health Officers, those responsible for performing inspections and investigations, to interview or otherwise involve the complainant after the complaint is filed. Additionally, OSHA did not consistently follow procedures in its Field Operations Manual involving documentation of decision points, indicating a possible inadequacy in its inspection processes. Finally, OSHA did not regularly ensure safety and health violations from complaints and referrals were corrected in a timely manner.

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

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and injury reporting requirement and for penalizing non-compliance. The OIG plans to follow-up on workplace safety during FY 2026.

Further, in FY 2026, the OIG will continue its oversight of the Mine Safety and Health Administration's (MSHA) preparedness in responding to emergencies requiring mine rescue operations, as these efforts can mean the difference between life and death for trapped miners. The OIG will also perform follow-up work to evaluate the sufficiency of MSHA's mine inspections performed, particularly in the U.S. territories of Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands. The OIG continues to be concerned regarding the high incidence of powered haulage and machinery accidents in mines, which according to MSHA's data, are the leading causes of miner fatalities. Together, they accounted for almost 60 percent of mine fatalities since 2018. On January 19, 2024, MSHA published its final rule for the Safety Program for Surface Mobile Equipment requiring mine operators to develop, implement, and update written safety programs aimed at reducing accidents, injuries, and fatalities related to surface mobile equipment. However, the OIG remains concerned with the high number of powered haulage and machinery fatalities until the data shows a consistent decline in these incidents and continues to monitor MSHA's progress in this area.

The OIG is also planning work regarding MSHA's administration of annual grant programs, for which FY 2023 funding levels exceeded \$11 million. Our concern centers on the risk that insufficient internal controls may compromise and/or deteriorate program oversight or performance. Therefore, the OIG plans to perform future work assessing whether MSHA properly designed and executed the grant programs and included sufficient internal controls within its grantee reporting system(s) to help ensure programmatic success.

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. Quartz can cause deadly and incurable chronic diseases such as silicosis and black lung disease. On April 18, 2024, MSHA issued its final rule on respirable crystalline silica, lowering the permissible exposure limit for respirable crystalline silica to 50 micrograms per cubic meter of air ($\mu\text{g}/\text{m}^3$) for a full shift, calculated as an 8-hour time-weighted average for all miners. However, there is still a risk of miners being susceptible to higher levels of exposure during the 12 to 24-month compliance transition period. The OIG is also focused on MSHA's efforts to improve the frequency of testing for silica exposure levels and is monitoring MSHA's progress to close a related audit recommendation. This may result in additional follow-up work in FY 2026.

Improving the Performance Accountability of Workforce Development Programs

In FY 2026, the OIG will conduct oversight of DOL's efforts to ensure that its investment in workforce development programs is successful in advancing participants' skills and placing them in suitable employment. In a March 2022 [advisory report](#), the OIG highlighted three areas of concern for which its body of work has identified weaknesses in DOL's management of its workforce development grants: awarding grants, 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

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monitoring, it must also proactively monitor key areas and continue to assess for these weaknesses to ensure they do not reoccur.

The OIG is currently performing a series of audits focusing on how effectively ETA ensured workforce development grant funds were used as intended in selected states during the COVID-19 pandemic, during which many job training programs were impacted by shutdowns. In September 2023, the OIG [reported](#) that DOL grant subrecipients in the State of New Jersey did not have a system in place to account for \$6.9 million in grant funding. The OIG also found grant recipients did not effectively use over \$100 million to serve the intended population. The OIG plans to continue its work over ETA grant management into FY 2026.

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. Similarly, under DOL's Permanent Labor Certification Program (PERM) some employers are not complying with the qualifying criteria. Therefore, the PERM and H-1B programs remain highly susceptible to fraud.

In FY 2026, 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.

In addition, resource permitting, the OIG will expand its focus on immigration-related investigations, particularly cases involving labor trafficking and fraud within DOL's foreign labor certification programs. To support these efforts, DOL-OIG plans to assign criminal investigators and investigative analysts to support:

- U.S. Immigration and Customs Enforcement's (ICE) Intelligence Command Center;
- ICE's Countering Transnational Organized Crime Financial Fraud Division; and
- Homeland Security Investigations (HSI) task forces across the country.

These collaborative efforts further underscore DOL-OIG's central role in supporting national law enforcement, immigration enforcement, and public safety priorities.

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Fighting Fraud Involving Opioids and Other Pharmaceuticals in the FECA Program

In addition to the OIG's investigative work combatting 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 400 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 one recent OIG investigation, two Texas pharmacy owners were sentenced in May 2025, for their roles in a \$158 million scheme to defraud OWCP through the submission of fraudulent claims for prescription compound creams. The owners were sentenced to 210 and 180 months in prison. Both were ordered to pay restitution of more than \$115 million jointly and severally. Additionally, the court ordered the owners to forfeit \$405 million in assets tied to their fraud and money laundering schemes.

The owners and others conspired to pay doctors millions in bribes and kickbacks to prescribe medically unnecessary, expensive compound creams to injured federal workers, prescriptions then filled by their pharmacies. Trial evidence showed these compounds were being mixed in the back rooms of the pharmacies at a cost to the defendants of around \$15 per prescription and then billed to OWCP for as much as \$16,000 per prescription.

In FY 2026, the OIG will continue working with OWCP and other OIGs that face similar problems with opioids and prescription fraud 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 its compensation programs, which remains an area of concern for the OIG. The FY 2026 funding that OIG requests will allow the OIG to continue important criminal law enforcement and audit oversight activities.

Audit Oversight

Since OIG audits of OWCP pharmaceutical spending began in FY 2016, the OIG has consistently identified serious internal controls weaknesses related to OWCP's management of pharmaceuticals. In a [March 2023](#) report, the OIG, working with a contractor, found OWCP did not pay the best available prices for prescription drugs and identified up to \$321 million in excess spending from FY 2015 through FY 2020. In addition, we found OWCP allowed FECA claimants to receive thousands of inappropriate prescriptions and potentially lethal drugs, including 1,330 prescriptions for fast-acting fentanyl after issuing a policy that restricted its use.

In March 2021, consistent with our prior audit recommendations, OWCP implemented a Pharmacy Benefit Manager responsible for FECA pharmaceutical transactions, including pricing for prescription drugs. Further, beginning in 2023, OWCP expanded its Pharmacy Benefit Manager coverage to the Energy and Black Lung Benefits programs.

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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's criminal fraud referrals has contributed significantly to the OIG's investigative work in the FECA program including:

- In February 2023, a Louisiana doctor was sentenced to four years in prison and ordered to pay more than \$800,000 to victims in workers' compensation fraud conspiracy.
- In July 2023, a pharmacy owner was convicted of payment of illegal kickbacks and money laundering.
- In October 2023, at the conclusion of a two-week trial, a federal jury convicted a Texas medical marketer of one count of conspiracy to defraud the United States, one count of receiving unlawful kickbacks, and one count of money laundering, for their participation in a \$55 million fraud conspiracy involving federal health care programs, to include the FECA program.
- In October 2023, a former owner of Oklahoma compounding pharmacies was sentenced to 18 months in prison and ordered to pay more than \$6.4 million in restitution, with more than \$700,000 payable to the OWCP for his role in paying physicians kickbacks to refer their patients' compounding prescriptions to his pharmacies.
- In December 2023, a co-owner of a health services company pled guilty to one count of conspiracy to solicit and receive kickbacks from pharmacies in exchange for referring prescriptions made under federal health care programs, resulting in a loss of approximately \$2.5 million to OWCP.
- Between May and July 2024, seven co-conspirators were sentenced to anywhere from 18 to 52 months in prison, with one individual receiving time served. The seven men were also ordered to pay restitution, jointly and severally, of more than \$59 million for their roles in a wide-ranging healthcare fraud scheme to defraud OWCP, TRICARE, Medicare, and Civilian Health and Medical Program of the Department of Veterans' Affairs.
- In February 2025, two Texas pharmacy owners were sentenced for their roles in a \$158 million scheme to defraud OWCP through the submission of fraudulent claims for prescription compound creams. The owners were sentenced to 210 and 180 months in prison. Both were ordered to pay restitution of more than \$115 million jointly and severally. Additionally, the court ordered the owners to forfeit \$405 million in assets tied to their fraud and money laundering schemes.

The FY 2026 funding will allow the OIG to keep up with the referrals, ensuring that allegations against this important program are properly and timely investigated.

The FY 2026 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 2026 funding will allow OIG to continue these important oversight activities.

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Combatting Child Labor

Based on national concerns associated with rising child labor law violations, the OIG initiated a review to identify how the Department's Wage and Hour Division (WHD) addressed challenges in enforcing child labor laws. The Fair Labor Standards Act of 1938 is the federal law that sets minimum wage, overtime, recordkeeping, and youth employment standards. The Act includes child labor provisions (i.e., laws) to protect the safety, health, and wellbeing, as well as educational opportunities, of working young people. These provisions are enforced by the Department's Wage and Hour Division (WHD). Violations of child labor laws and proposals to roll back protections are increasing nationwide. In FY 2024, WHD found 4,030 children employed in violation of the law, a 31 percent increase since 2019. In addition, WHD assessed more than \$15.1 million in related penalties, which was an 89 percent increase from the previous year. Further complicating the issue, multiple States have enacted legislation to weaken child labor protections. In FY 2026, the OIG will conduct follow-up audit work that will leverage the information from this review and analyze child labor violations in greater detail.

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 completed its wireless security audit over DOL's wireless internet and in FY 2026, OIG will finalize its review of 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 perform its annual audit of DOL consolidated financial statements, Longshore and Harbor Workers' Compensation and District of Columbia Workmen's Compensation Act Special Fund. Additionally, OIG will conduct information security audits in accordance with the Federal Information Security Modernization Act of 2014 and the Geospatial Data Act of 2018. 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 2025

Discretionary amounts shown for FY 2025 reflect the FY 2025 full-year Continuing Resolution amounts (P.L. 119-4).

DOL agencies will utilize funding provided through the full-year continuing resolution to realign agency operations with Administration priorities including, but not limited to, executing Executive Order 14158 titled *Establishing and Implementing the President's "Department of Government Efficiency"* (January 20, 2025); Executive Order 14210 titled *Implementing the President's "Department of Government Efficiency" Workforce Optimization Initiative* (February 11, 2025); Executive Order 14219 titled *Ensuring Lawful Governance and Implementing the President's "Department of Government Efficiency" Deregulatory Initiative* (February 19, 2025); Executive Order 14151 titled *Ending Radical And Wasteful Government DEI Programs And Preferencing* (January 20, 2025); and Executive Order 14278 titled *Preparing Americans for High-Paying Skilled Trade Jobs of the Future* (April 23, 2025). To the

OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

extent any of these Executive Orders are subject to an injunction, DOL will conduct any realignment activities consistent with such injunction(s).

OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2024 Enacted	FY 2025 Enacted	FY 2026 Request	Diff. FY 2026 Request / FY 2025 Enacted
11.1	Full-time permanent	50,777	46,509	42,189	-4,320
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	52,078	47,810	43,490	-4,320
12.1	Civilian personnel benefits	21,772	19,831	18,151	-1,680
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	3,573	3,635	4,863	1,228
25.3	Other goods and services from Federal sources 1/	10,311	16,463	15,235	-1,228
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	97,396	97,401	91,401	-6,000
	1/Other goods and services from Federal sources				
	Working Capital Fund	8,251	8,189	6,961	-1,228
	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 2026

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
Personnel benefits	0
Federal Employees' Compensation Act (FECA)	0
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	1,228
Working Capital Fund	-1,228
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 **\$0**

Net Program **-\$6,000**

Direct FTE **-11**

	Estimate	FTE
Base	\$97,401	301
Program Increase	\$0	0
Program Decrease	-\$6,000	-11