

**FY 2027**

**CONGRESSIONAL BUDGET JUSTIFICATION**

**OFFICE OF INSPECTOR GENERAL**

This page is intentionally left blank.

# OFFICE OF INSPECTOR GENERAL

## TABLE OF CONTENTS

Inspector General Reform Act (Pub. L. 110-409) .....	1
Appropriation Language .....	2
Amounts Available for Obligation.....	3
Summary of Changes .....	4
Summary Budget Authority and FTE by Activity .....	6
Budget Authority by Object Class .....	7
Authorizing Statutes.....	8
Appropriation History .....	9
Overview.....	10
Budget Activities .....	17
OIG Program Activity.....	17

This page is intentionally left blank.

# OFFICE OF INSPECTOR GENERAL

## INSPECTOR GENERAL REFORM ACT

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

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

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

For FY 2027, the Inspector General provides the following information in accordance with the Inspector General Reform Act:

- (A) The Inspector General's aggregate funding request to the head of the establishment was \$97,401,000, which was the level of funding the OIG had been directed to request based on expected Office of Management and Budget Guidance for FY 2027 to reflect a baseline of the President's FY 2026 funding request.
- (B) The President's aggregate funding request is \$87,698,000.
- (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 \$350,792.

# 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, \$81,484,000, 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 amount provided under this heading may be available until expended.*

# OFFICE OF INSPECTOR GENERAL

## AMOUNTS AVAILABLE FOR OBLIGATION

(Dollars in Thousands)

	FY 2025 Enacted		FY 2026 Enacted		FY 2027 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
<b>Budget Authority Before Committee</b>	294	\$97,401	290	\$97,401	260	\$87,698
<b>Total Budgetary Resources</b>	294	\$97,401	290	\$97,401	260	\$87,698

# OFFICE OF INSPECTOR GENERAL

## SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2026 Enacted	FY 2027 Request	Net Change
<b>Budget Authority</b>			
General Funds	\$91,187	\$81,484	-\$9,703
Unemployment Trust Funds	\$5,841	\$5,841	\$0
Black Lung Disability Trust Funds	\$373	\$373	\$0
Total	\$97,401	\$87,698	-\$9,703
<b>Full Time Equivalents</b>			
General Funds	290	260	-30
Total	290	260	-30

### Explanation of Change

	FY 2026 Enacted		Trust Funds		Federal Funds		FY 2027 Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Increases:</b>								
<b>A. Built-Ins:</b>								
Total personnel compensation	290	\$47,810	0	\$0	0	\$0	0	\$0
Personnel benefits	0	\$19,831	0	\$0	0	\$40	0	\$40
Travel and transportation of persons	0	\$942	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 misc.	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	\$0	0	\$0
Other goods and svcs. from Fed. sources	0	\$8,274	0	\$0	0	\$0	0	\$0

## OFFICE OF INSPECTOR GENERAL

Operation and maintenance of facilities	0	\$163	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
Working Capital Fund	0	\$8,189	0	\$0	0	\$0	0	\$0
<b>Built-Ins Subtotal</b>	<b>+290</b>	<b>+\$97,401</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>+\$40</b>	<b>0</b>	<b>+\$40</b>
<b>B. Programs:</b>								
<b>Programs Subtotal</b>			<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>
<b>Total Increase</b>	<b>+290</b>	<b>+\$97,401</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>+\$40</b>	<b>0</b>	<b>+\$40</b>
<b>Decreases:</b>								
<b>A. Built-Ins:</b>								
Working Capital Fund	0	\$0	0	\$0	0	-\$613	0	-\$613
<b>Built-Ins Subtotal</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>-\$613</b>	<b>0</b>	<b>-\$613</b>
<b>B. Programs:</b>								
Operating Expenses			0	\$0	-30	-\$9,130	-30	-\$9,130
<b>Programs Subtotal</b>			<b>0</b>	<b>\$0</b>	<b>-30</b>	<b>-\$9,130</b>	<b>-30</b>	<b>-\$9,130</b>
<b>Total Decrease</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>-30</b>	<b>-\$9,743</b>	<b>-30</b>	<b>-\$9,743</b>
<b>Total Change</b>	<b>+290</b>	<b>+\$97,401</b>	<b>0</b>	<b>\$0</b>	<b>-30</b>	<b>-\$9,703</b>	<b>-30</b>	<b>-\$9,703</b>

# OFFICE OF INSPECTOR GENERAL

## SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY

(Dollars in Thousands)

	FY 2025 Enacted		FY 2026 Enacted		FY 2027 Request		Diff. FY 2027 Request / FY 2026 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Program Activities</b>	<b>294</b>	<b>\$97,401</b>	<b>290</b>	<b>\$97,401</b>	<b>260</b>	<b>\$88,271</b>	<b>-30</b>	<b>-\$9,130</b>
General Funds	294	\$91,187	290	\$91,187	260	\$82,057	-30	-\$9,130
Unemployment Trust Funds	0	\$5,841	0	\$5,841	0	\$5,841	0	\$0
Black Lung Disability Trust Funds	0	\$373	0	\$373	0	\$373	0	\$0
<b>Total</b>	<b>294</b>	<b>\$97,401</b>	<b>290</b>	<b>\$97,401</b>	<b>260</b>	<b>\$88,271</b>	<b>-30</b>	<b>-\$9,130</b>
<b>General Funds</b>	<b>294</b>	<b>\$91,187</b>	<b>290</b>	<b>\$91,187</b>	<b>260</b>	<b>\$82,057</b>	<b>-30</b>	<b>-\$9,130</b>
<b>Unemployment Trust Funds</b>	<b>0</b>	<b>\$5,841</b>	<b>0</b>	<b>\$5,841</b>	<b>0</b>	<b>\$5,841</b>	<b>0</b>	<b>\$0</b>
<b>Black Lung Disability Trust Funds</b>	<b>0</b>	<b>\$373</b>	<b>0</b>	<b>\$373</b>	<b>0</b>	<b>\$373</b>	<b>0</b>	<b>\$0</b>

NOTE: FY 2025 reflects actual FTE.

# OFFICE OF INSPECTOR GENERAL

## BUDGET AUTHORITY BY OBJECT CLASS

(Dollars in Thousands)

	<b>FY 2025 Enacted</b>	<b>FY 2026 Enacted</b>	<b>FY 2027 Request</b>	<b>Diff. FY 2027 Request / FY 2026 Enacted</b>
11.1 Full-time permanent	46,509	46,509	41,031	-5,478
11.5 Other personnel compensation	1,301	1,301	1,301	0
12.1 Personnel Benefits	19,831	19,831	16,219	-3,612
21.0 Travel and transportation of persons	942	942	942	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 misc.	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	3,635	3,635	3,635	0
25.3 Other goods and svcs. from Fed. sources	8,274	8,274	8,274	0
25.3 WCF (Non-Add)	8,189	8,189	7,576	-613
25.4 Operation and maintenance of facilities	163	163	163	0
26.0 Supplies and materials	254	254	254	0
31.0 Equipment	185	185	185	0
<b>Total</b>	<b>97,401</b>	<b>97,401</b>	<b>87,698</b>	<b>-9,703</b>

# OFFICE OF INSPECTOR GENERAL

## AUTHORIZING STATUTES

<b>Public Law/Act</b>	<b>Legislation</b>	<b>Statute No. U.S. Code</b>	<b>Expiration Date</b>
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

# OFFICE OF INSPECTOR GENERAL

## APPROPRIATION HISTORY

(Dollars in Thousands)

	Budget Estimates to Congress	Appropriations	FTE
2017			
Base Appropriation	\$94,871	\$88,028	341
2018			
Base Appropriation	\$86,466	\$89,455	341
2019			
Base Appropriation	\$88,051	\$89,457	333
2020			
Base Appropriation	\$90,451	\$91,158	309
2021			
Base Appropriation	\$91,180	\$91,183	285
2022			
Base Appropriation	\$95,740	\$91,189	290
2023			
Base Appropriation	\$108,218	\$97,361	332
2024			
Base Appropriation	\$111,648	\$97,396	293
2025			
Base Appropriation	\$106,610	\$97,401	294
2026			
Base Appropriation	\$91,401	\$97,401	260
2027			
Base Appropriation	\$87,698	\$0	260

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

# OFFICE OF INSPECTOR GENERAL

## OVERVIEW

### **Introduction**

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.

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, April 2020 – September 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 2025, the OIG continued to receive an average of 32 new UI fraud complaints each week.

## OFFICE OF INSPECTOR GENERAL

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 December 2025, the OIG’s UI fraud investigations have resulted in over 2,300 individuals charged with crimes related to UI fraud. Our UI investigative work has resulted in more than: 1,800 convictions; 55,000 months of incarceration; and \$2.2 billion in investigative monetary results.

UI matters still account for 97 percent of the OIG’s overall investigative inventory, compared to 11 percent prior to the pandemic. Most of these open matters are the more than 15,000 UI fraud complaints that the OIG is unable to review due to limited resources. In the field, UI matters still make up 57 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 has largely focused on three key areas of oversight: (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. Since 2020, the OIG’s audit work has resulted in nearly \$100 million in questioned costs and \$75.2 billion in funds put to better use.

Approximately 37 percent of audit activities between FY 2020 and FY 2025 were pandemic focused. The OIG has focused its audit resources during this period largely on UI work, which amounted to 69 percent of the total audit oversight portfolio during the period. In August and September 2025, we issued the following four notable UI-focused reports: [UI claims filed in multiple states](#), [UI claims filed using deceased persons SSNs](#), [UI claims filed using suspicious email accounts](#), and [pandemic UI overpayment recovery waivers](#). In each audit, we found that many states still had not completed required reporting on UI overpayments, including fraud. The lack of accurate state performance information hinders Congress’ and ETA’s ability to assess state activities, identify program weaknesses, and improve future temporary programs. Accurate and complete reporting is critical not only for oversight of past programs,

## OFFICE OF INSPECTOR GENERAL

but also to ensure accountability in future emergency benefit programs.

For the Waivers audit, we also reported [ETA's guidance and oversight did not ensure states waived recovery](#) of only eligible overpayments for the three key pandemic-related UI programs from March 2020 through June 2023. Specifically, we estimated the recovery of more than \$240 million—including \$65 million in fraud—was improperly waived by Michigan and Massachusetts, two of the states that reported the highest dollar amount of overpayment recoveries waived.

Worker safety and health amounted to 13 percent of the OIG's body of work during this period. In the OIG's November 2020 audit on [MSHA's needed improvements to protect coal miners from silica](#), it reported MSHA's silica exposure limit was out of date, putting miners at risk of developing life-threatening health problems. On April 18, 2024, MSHA issued a final rule intended to lower miner exposure to silica dust. However, implementation of this rule has been delayed due to a temporary court order, which potentially leaves miners susceptible to higher levels of exposure. The OIG is also monitoring MSHA's progress to close a related audit recommendation. In its November 2020 report, the OIG recommended MSHA enhance its sampling program to increase the frequency of inspector samples where needed, such as through implementation of a risk-based approach. While MSHA agreed to study this recommendation and determine the necessity of increasing the frequency of inspector sampling by November 2021, it has yet to provide the results of that study or any corrective actions.

During this time, the OIG also found both OSHA and MSHA have challenges performing inspections. The [underreporting of injuries and reporting noncompliance by employers limits OSHA's ability to focus inspection and compliance efforts where they are most needed](#). Additionally, GAO's written testimony [released on May 25, 2022](#), found OSHA had limited procedures for encouraging compliance with the injury and illness reporting requirement and for penalizing employers for noncompliance. [MSHA has not completed 100% of mandatory inspections](#) mostly due to the elimination of inspection requirements when a mine was initially inaccessible by an inspector. This led to MSHA not inspecting 176 mines for at least 2—and, in some cases, 4—consecutive years. In November 2024, the OIG also [notified leadership that MSHA has failed](#) to sufficiently identify its own jurisdiction and has never conducted mandatory mine inspections in at least three U.S. territories where mining activity has occurred.

Finally, employment and training programs, including grants, amounted to 7 percent of the OIG's audit portfolio over the past five years. The OIG has consistently found issues associated with grant oversight, performance results, and ensuring grant funds are used effectively to achieve outcomes. Effective management of grants awarded is critical to ensure training investments are used efficiently to help U.S. workers succeed in the labor market.

The OIG's remaining pandemic-related audit work amounts to 17 percent of our workload, and focuses on significant issues previously identified, impacts on current and future operations at both the national and state levels, and agency activities not previously covered. Future work will

## OFFICE OF INSPECTOR GENERAL

address the readiness of DOL programs to withstand the next emergency – to include a review of states’ UI modernization efforts and the implementation of lessons learned across DOL programs and operations.

### **Future Work**

To support the Department’s UI program transformation efforts, the OIG continues to provide independent oversight to identify opportunities for greater government efficiency and cost savings. For example, in June 2025—in response to an OIG recommendation from our September 2023 audit on the [need for ETA to develop a plan to reconcile and return funds unused by states for a temporary UI program](#)—the Department returned more than \$4.4 billion in unspent pandemic-related UI funds to American taxpayers via the U.S. Department of the Treasury’s General Fund.

Despite the many improvements made by the Department over the last few years, the OIG remains concerned that the UI program is not sufficiently prepared for the next national emergency. As such, the OIG continues to focus resources on this area of oversight.

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.

## OFFICE OF INSPECTOR GENERAL

### *Impact on Investigative Work*

The OIG has approximately 158,000 open UI fraud complaints. Due to limited resources, the OIG terminated its 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 1,186 investigative matters assigned to field offices. The OIG has 79 field agents to investigate those 1,186 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 – approximately 159,000 of these matters are still open.

### *Impact on Audit Oversight Work*

The OIG is committed to continuing its great oversight and strengthening DOL programs and operations through its work. The OIG's audit resources have diminished in recent years, with the OIG audit staff at its lowest FTE level in recent history, 77. The OIG determines its audit priorities through the use of a comprehensive risk assessment, which factors in programmatic and operations risks, as well as concerns of key OIG stakeholders.

### *Impact of OIG Work to Date*

Since 2020, the OIG's oversight work has resulted in 182 published audit reports with 549 recommendations to reduce programmatic vulnerabilities and more than \$76 billion in monetary impact. In addition, the OIG's UI fraud investigative work since FY 2020 – FY 2025 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.

## **OFFICE OF INSPECTOR GENERAL**

The OIG will use its FY 2027 funding to risk assess and prioritize key areas of audit oversight and criminal law enforcement activities, performing audits and investigations that rise to the highest level of importance and meet stakeholder needs. The OIG will also enhance audit and investigative tools, such as data analytics capabilities, to evolve the efficiency and effectiveness of its work.



# OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

## BUDGET AUTHORITY BEFORE THE COMMITTEE

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
<b>Activity Appropriation</b>	<b>97,401</b>	<b>97,401</b>	<b>87,698</b>	<b>-9,703</b>
FTE	294	290	260	-30

NOTE: FY 2025 reflects actual FTE.

### **Introduction**

Over the past 5 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 nearly \$164 dollars to the Federal government and American taxpayers. Over this period, the OIG identified more than \$77 billion including funds recommended to be put to better use, questioned costs, and other monetary accomplishments such as recoveries; restitutions; fines/penalties; forfeitures; and civil monetary actions. The OIG offers an important investment for U.S. taxpayers, particularly in times of resource constraint.

The FY 2027 funding level requested by the OIG would allow the Agency to provide reduced 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 may be diminished.

In carrying out its statutory responsibility to conduct and supervise audits and investigations relating to the programs and operations of DOL, the Inspector General provides program direction through the Office of Audit, the Office of Investigations – Labor Racketeering and Fraud, and the Executive Direction and Management function.

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

## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

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 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 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 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,

## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

working closely with senior leadership to improve how OIG manages performance and risks to the OIG mission. Conducts evaluations and operations research of key mission areas to identify challenges and opportunities.

- Office of Equal Employment Opportunity: Provides strategic direction and guidance on a wide range of OIG's equal employment opportunity programs and activities.

### **Five-Year Budget Activity History**

<b><u>Fiscal Year</u></b>	<b><u>Funding</u></b> (Dollars in Thousands)	<b><u>FTE</u></b>
2022	\$91,189	290
2023	\$97,361	332
2024	\$97,396	293
2025	\$97,401	294
2026	\$97,401	260

### **FY 2027**

In Fiscal Year (FY) 2027, the OIG requests \$87,325,000 (not including Black Lung Disability Trust Funds) and 260 FTE. In FY 2027, the OIG will continue to conduct oversight and investigative activity involving DOL programs and operations, with some focus remaining on pandemic fraud and operational lessons learned. However, the OIG will not be able to provide the same level of effort as in previous years due to reduced funding levels and the expiring statute of limitations.

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 2026 and FY 2027 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. Lower staffing levels will continue to have a direct impact on the work that the OIG is able to complete in FY 2026 and FY 2027. 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 expiring statute of limitations for UI fraud will reduce the number of investigations that can be brought to fruition in the future, since many of the OIG's open investigative matters will have to be closed without final action.

## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

### **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) program. Strengthening the UI programs to prevent improper payments, including fraud, and to detect and recover improper payments that have been made, is key to ensuring unemployed workers expeditiously receive much needed benefits, while safeguarding tax dollars directed toward that goal.

For many years, the UI 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 program. The reported improper payment rate estimate for the regular UI program has been above 10 percent for 18 of the last 21 years. For example, DOL 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 rates for these periods were likely higher. The FY 2023 and 2024 estimated improper payment rates were reported as 14.83 and 14.41 percent, respectively. These rates still exceeded pre-pandemic levels and failed to meet federal requirements.

In FY 2019, the OIG opened 98 investigative matters related to UI benefit fraud. Since April 1, 2020, the OIG has opened over 207,000 investigative matters concerning UI fraud. During FY 2023, the OIG opened 10,400 investigative matters involving the UI program. Most of those matters were referred to the OIG by the Department of Justice's National Center for Disaster Fraud (NCDF). In October 2023 alone, the NCDF referred 1,240 new UI fraud matters to the OIG. OIG investigations continue to combat complex, large-scale, multi-state fictitious and fraudulent employer schemes to defraud the multi-billion dollar UI benefit program.

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

- In November 2025, an Arkansas man was sentenced to 102 months in prison and ordered to pay approximately \$2.7 million in restitution for his role in a conspiracy to defraud the California Employment Development Department (CA EDD) and a financial institution of funds earmarked for COVID-19 pandemic relief. The investigation revealed that the subjects, including a contract employee at the financial institution, accessed bank systems without authorization to remove fraud blocks and added credit to debit cards, which they later withdrew.
- In November 2025, three Florida residents were sentenced to between 46 and 78 months in prison for their roles in a pandemic-related unemployment insurance (UI) fraud scheme that defrauded the California Employment Development Department (CA EDD) of more than \$4.8 million in COVID-19 UI benefits through the submission of fraudulent claims. They were also ordered to pay between \$1.3 and \$4.8 million in restitution.

## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

- In October 2025, a Nigerian man was sentenced to 70 months in prison and ordered to pay more than \$1.6 million in restitution related to a scheme to fraudulently obtain at least \$10 million in unemployment insurance (UI) benefits. The investigation revealed that the subjects purchased personal identifiable information (PII) in criminal internet forums and used the PII to apply for UI benefits for which they were not entitled.
- In October 2025, a Michigan man was sentenced to 52 months in prison and ordered to pay restitution of more than \$1.6 million for his involvement in a large-scale, multi-state unemployment insurance (UI) fraud scheme. The investigation revealed that the subject used stolen personal identifiable information (PII) to file hundreds of fraudulent UI claims with multiple state workforce agencies (SWA), including Michigan, Maryland, and Arizona.
- In August 2025, a California couple was sentenced to 65 and 87 months in prison and jointly ordered to pay more than \$1.15 million in restitution for their involvement in an unemployment insurance (UI) fraud scheme. The investigation revealed that the couple filed dozens of fraudulent UI claims using the personal identifiable information (PII) of other individuals and then directing the debit cards containing the UI benefits to addresses under their control.
- In August 2025, a California woman was sentenced to 50 months in prison and ordered to pay more than \$2.59 million in restitution for her involvement in a scheme to defraud the unemployment insurance (UI) benefit program during the COVID-19 pandemic. The investigation revealed that the subject filed fraudulent claims using the personal identifiable information (PII) of various individuals, including incarcerated individuals who were ineligible for UI benefits.
- In July 2025, a former Amtrak employee was sentenced to 25 months in prison and ordered to pay more than \$1 million in restitution for her role in a conspiracy to steal nearly \$1 million in pandemic-related unemployment insurance (UI) benefits and for fraudulently obtaining sickness benefits while she worked at Amtrak. The investigation revealed the subject fraudulently applied for unemployment insurance (UI) benefits using the personal identifiable information of former clients of her tax-preparation business without their authorization. The subject also submitted false claims for sickness benefit payments totaling more than \$63,000.
- 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.

In FY 2027, 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

## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

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. 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.

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.

The 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 OIG's decreased funding levels.

### **Use of Data Analytics for Audits**

The OIG has integrated data analytics into several audits and reviews of DOL programs, such as for audits related to the pandemic unemployment compensation benefit programs. In cross-function audits and investigative reviews, the OIG identified through the use of data analytics about \$46.9 billion of potentially fraudulent UI benefits paid to individuals with social security numbers: filed in multiple states, of deceased persons and federal inmates, used to file for UI claims with suspicious email accounts, belonging to individuals under 14 years of age, and belonging to individuals 100 years of age or older. The OIG issued four separate alert memorandums in [February 2021](#), [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. Further, in an audit report issued in [September 2025](#), the OIG confirmed the validity of concerns about states unintentionally waiving the recovery of fraudulent UI overpayments through the use of data analytics along with case file reviews.

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](#)

## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

[determinations](#) on the impact of the Civil Monetary Penalty Program. As a result, the OIG created an MSHA dashboard using data from the MSHA Standardized Information System including Mines, Inspections, Violations and Mine Accidents to monitor mine-safety performance and support agency objectives. The OIG was also able to validate an Office of Special Counsel's complaint that [MSHA had not conducted any inspections](#) of mines in the Pacific Territories despite the law requiring it.

Data analytics was also used extensively to assist auditors in [completing](#) a review of home health care costs in the Energy Employees Occupational Illness Compensation Act (Energy Workers) program. Additionally, the OIG utilized data analytics to assess: the use and cost of pharmaceuticals in the [FECA program](#); Job Corps' Significant Injury Reporting System data to analyze assaults at all Centers; OSHA's 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. As a final example, data analytics was used to develop an OSHA dashboard using data from the OSHA Information System which includes Inspection Complaints, Referrals, and Violations to track workplace safety and support agency goals.

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. Specifically, the OIG has obtained direct data access to various DOL agency database systems. The data is used not only in identifying audit gaps, potential fraud, waste, abuse and mismanagement, but it is also used in providing timely responses to audit needs and Congressional inquiries. Additionally, the OIG analytics team is leveraging data analytics and literature reviews to detect and prevent grant fraud, such as leveraging ETA's grant data system, 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.

## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

### Use of Data Analytics for Investigations

Data analytics is crucial to OIG's investigations. Since FY 2020, the OIG has completed over 4,750 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.
- 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.
- Coordinating the return of more than \$520 million in fraudulent unemployment insurance funds to Maryland's Department of Labor from a financial institution that had frozen them.
- 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.

In FY 2027, the OIG also requires funding to enhance the level of data it can directly access and leverage to establish or augment existing analytics that identifies areas of programmatic weakness and integrity pitfalls, including the misuse of program funds. Such analysis will help the OIG identify where programmatic funds should be put to better use, and possibly where funds should be returned to the U.S. Treasury.

From the start of the pandemic, approximately \$900 billion was allocated to pandemic-related Federal UI spending. The use of data analytics is critical to identifying and investigating the most severe UI fraud offenders. Data analytics identified claimants who are fraudulently receiving payments in multiple states, claimants who provided social security numbers of deceased

## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

individuals, claimants in custody of the Federal prison system, claimants who applied for benefits in multiple states, and claimants who appear to be too young or old to be valid.

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

### **Protecting the Health and Safety of Workers, Including Miners**

The Occupational Safety and Health Act of 1970 and Federal Mine Safety and Health Act of 1977 are federal laws administered by, respectively, the Occupational Safety and Health Administration (OSHA) and Mine Safety and Health Administration (MSHA) to keep employees safe and healthy at work.

In FY 2027, the OIG plans to continue its work examining the effectiveness of the General Duty Clause in OSHA's enforcement efforts, including workplace violence. Workplace violence is a major concern for employers and employees nationwide. Although fatalities due to workplace violence decreased from 849 in 2022 to 740 in 2023, it remains a top five leading cause of death for our nation's workers, accounting for about 14 percent of all work-related deaths. Because OSHA does not have a workplace violence standard, it relies on the Occupational Safety and Health Act's General Duty Clause for enforcement.

The OIG also plans to continue follow-up work regarding OSHA's enforcement activities, which we previously found did not sufficiently protect workers from COVID 19 health hazards, and the effectiveness of OSHA's inspections program in protecting warehouse workers, who have experienced consistently high workplace injury and illness rates.

The underreporting of injuries and reporting noncompliance by employers limits OSHA's ability to focus inspection and compliance efforts where they are most needed. A recent OIG audit found that between 2016 and 2020, on average, 59 percent of establishments in all industries failed to report their mandatory annual injury and illness data to OSHA. Additionally, OSHA could not identify if an establishment met the criteria for mandatory reporting. Therefore, OSHA could neither proactively remind specific establishments that they must report, nor effectively cite employers for non-compliance. Likewise, a GAO audit report published in May 2022 found OSHA had limited procedures for encouraging compliance with illness and injury reporting requirements and for penalizing non-compliance. Employer under- and non-reporting continues to be a challenge for OSHA that the OIG is monitoring because it results in an incomplete view of workplace injury and illness.

## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

Further, in FY 2027, the OIG is planning to continue its work regarding MSHA's oversight of annual grant programs, for which FY 2025 funding levels exceeded \$11 million. Our concern centers on the risk that insufficient internal controls may compromise and/or deteriorate program administration or performance. Therefore, the OIG is assessing whether MSHA properly designed and executed its grant programs and included sufficient internal controls within its grantee reporting system(s) to help ensure programmatic success.

The OIG will also continue follow-up work related to MSHA's preparedness in responding to emergencies requiring mine rescue operations, as these efforts can mean the difference between life and death for trapped miners, and MSHA's mandatory inspections program, 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 more than half of all mine fatalities since 2018. To reduce the number of accidents, injuries, and fatalities at mines, MSHA has implemented several powered haulage initiatives, including the publication of a final rule in January 2024 requiring that mine operators develop, implement, and update a written safety program for surface mobile equipment. The OIG will continue to monitor MSHA's progress in this area until the data shows a consistent decline in these incidents.

The OIG is also considering doing work to look at whether MSHA is properly executing its Patterns of Violations process. MSHA issues a Patterns of Violations notice to mines that demonstrate a pattern of significant and substantial violations. If MSHA is not appropriately executing this process, it could increase the risk of injury or illness to miners. MSHA has only issued two Patterns of Violations notices since 2015.

Finally, the OIG is focused on MSHA's efforts to better protect miners from exposure to respirable crystalline silica—a carcinogen and contributing cause of black lung disease. In November 2020, we reported MSHA's silica exposure limit was out of date, putting miners at risk of developing life-threatening health problems and recommended MSHA enhance its sampling program to increase the frequency of inspector samples where needed, such as through implementation of a risk-based approach. While MSHA issued a final rule intended to lower miner exposure to silica dust in April 2024, it has not yet enhanced its sampling program in line with our recommendation. Additionally, implementation of MSHA's final rule has been delayed due to a temporary court order, which potentially leaves miners susceptible to higher levels of exposure. The OIG is monitoring MSHA's progress to close this recommendation and may perform additional follow-up work related to MSHA's final rule in FY 2027.

### **Improving the Performance Accountability of Workforce Development Programs**

In FY 2027, OIG will conduct oversight of DOL's efforts to ensure that its investment in workforce development programs was successful in advancing participants' skills and placing them in suitable employment. The Department's workforce development programs assist job seekers and employers in finding and filling available jobs and assist workers in developing the

## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

right skills to fill new job openings. Audit work will assess steps taken by ETA to ensure workers who need job search assistance or training have access 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 grant investments achieve intended outcomes and help American workers remain competitive. OIG audits continue to identify weaknesses in grant oversight, performance outcomes, and the effective use of grant funds. Our September 2023 report [on New Jersey](#) found ETA did not ensure grant recipients and subrecipients used funds appropriately, including not using more than \$100 million to serve the intended population, not enrolling eligible individuals, not complying with federal requirements for payment of \$168,460 for services, and not having systems to account for \$6.9 million in grant funding. Further, our September 2025 report [on New York](#) identified similar issues. Grant recipients and their subrecipients did not accurately report the level of enrollment and service to eligible participants, award contracts in compliance with federal regulations, maintain proper documentation to support claimed costs, and avoid conflicts of interest in executing the terms of the grant. As a result, we identified a total of \$25.4 million in questioned costs associated with contractual services as well as payroll and non-payroll costs.

In our work on ETA's administration of [Disaster National Dislocated Worker Grants \(DWG\)](#) published in October 2024, we reported on the DWG awarded under the Additional Supplemental Appropriations for Disaster Relief Act, 2019. We found ETA needs to strengthen its controls over how DWG grant recipients and subrecipients coordinate with the Federal Emergency Management Agency (FEMA), document participant eligibility, receive timely grant funds to prevent future work stoppages, and use grant funds. In total, we identified questioned costs of \$926,513 consisting of \$909,240 for ineligible participants and \$17,273 in costs not allocable to the grant.

In our [August 2025 audit report](#), we identified that ETA did not effectively monitor grants awarded under the American Rescue Plan Act of 2021 to ensure they demonstrated measurable improvements. Specifically, we found ETA awarded \$20.7 million in funding for 16 projects that failed to provide evidence in their grant applications that the unemployment benefit access issues they proposed to address existed in their state. We also found grant recipients did not report complete and accurate information—such as reporting on the outcome metrics required by their grant agreements—and failed to achieve project goals, resulting in \$2.8 million in questioned costs. Additionally, ETA's rollout and design of the grants was inefficient and duplicative of another grant program. Enhanced coordination could have better informed grant projects, mitigated duplication of efforts, and increased project effectiveness.

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, 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

## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

continues to perform work in this area in FY 2026 and plans to follow-up on the progress of performance accountability of workforce development programs during FY 2027.

### **Combatting Threats to the Integrity of Foreign Labor Certification Programs**

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

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

In FY 2027, the OIG will continue investigating foreign worker visa fraud schemes and labor trafficking offenses to protect American workers from harm caused by these types of criminal activities. The OIG will also continue a number of oversight activities relating to DOL FLC programs, including ongoing or planned work related to debarment use in all FLC programs, H-1B program enforcement, and H-2A program application integrity.

### **Fighting Fraud Involving Opioids and Other Pharmaceuticals in the FECA Program**

In addition to the OIG's investigative work combatting recent increases in the costs and abuse of compounded drug medications in the FECA program, the OIG has initiated investigations relating to criminal activity involving opioids. The Office of Workers' Compensation Programs (OWCP) has focused significant resources towards its Program Integrity Unit as well as in managing opioid use. Since the beginning of FY 2019, the OIG has received over 480 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 2027, the OIG will continue working with OWCP and other OIGs that face similar problems with opioids in an effort to identify best practices and programmatic changes that reduce susceptibility to fraud. In addition, the OIG will continue to review OWCP's management of pharmaceutical costs and claims in all of its compensation programs, which remain areas of concern for the OIG. The FY 2027 funding that OIG requests will allow the Agency to continue important audit oversight and criminal law enforcement activities.

## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

### Audit Oversight

Since the OIG's audit of OWCP pharmaceutical spending, annual opioid spending in the FECA program fell by approximately \$72 million, an 84.9 percent decrease from FY 2016 to FY 2017. However, 38 percent of pharmaceutical cases received at least one opioid prescription in FY 2023. As a result of OIG audit oversight and reports, OWCP instituted controls to address opioid risks, such as limiting new opioid prescription supply periods to 7 days and requiring letters of medical necessity for further prescriptions after an initial 28-day supply period. OWCP is also ramping up its data analytics capabilities in response to OIG recommendations. This will allow OWCP to track opioid users and identify those at risk of addiction or in need of treatment.

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

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

In FY 2027, the OIG plans to assess the new controls implemented as a part of the OWCP Pharmacy Benefit Administrator contract to ensure it is achieving its intended results and helping to reduce the risk of opioid dependency and fraud in the program. The OIG is also planning to review OWCP's spending on home and residential health care costs and payments to workers and survivors for work-related injuries or illnesses, which respectively totaled \$1.6 billion and \$3 billion in FY 2024.

### Investigations

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

## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

- In February 2023, a Louisiana doctor was sentenced to four years in prison for his role in a conspiracy to commit wire fraud, healthcare fraud, and violation of federal anti-kickback laws.
- In November 2023, a group of pharmacy owners and a doctor were convicted for their roles in a \$145 million healthcare and money laundering scheme involving the submission of fraudulent claims to OWCP for prescription compound medications.
- 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.
- In April 2025, Walgreens agreed to a \$300 million settlement to resolve allegations that the national pharmacy chain filled millions of invalid prescriptions for opioids and other controlled substances in violation of the Controlled Substances Act and then sought payment from Medicare, OWCP and other federal health care programs for many of those prescriptions.

The OIG anticipates further increases in criminal fraud referrals in the area of opioid fraud and abuse resulting from OWCP's increased resources. The OIG will use FY 2027 funding to review the additional referrals; however, limited resources and competing pandemic-related priorities may impact the OIG's ability to ensure that allegations against this important program are properly and timely investigated.

In FY 2027, the OIG will continue collaborating with OWCP and other OIGs, as appropriate, to monitor data and proactively identify changes in the trends of opioid prescriptions under the FECA program. Further, OIG will seek to identify additional best practices and effect programmatic changes that reduce susceptibility to fraud, waste, and abuse. The requested FY 2027 funding will allow OIG to continue these important oversight activities.

# OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

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

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

The OIG will continue its annual audit of DOL consolidated financial statements and will conduct information security audits in accordance with the Federal Information Security Modernization Act of 2023. Further, 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 2026**

In FY 2026, OIG was funded at \$97,4014,000. During FY 2026, the OIG prioritized 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
- Combatting Child Labor
- Department of Labor Management Processes

## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

### **FY 2025**

In FY 2025, OIG was funded at \$97,401,000. With these resources, the OIG completed 30 audits and 310 investigations. OIG audits have resulted in 93 recommendations for corrective actions with \$6.3 billion in funds put to better use and \$598.9 million in questioned costs. During FY 2025, our investigations have resulted in: the execution of more than 100 search warrants; 500 indictments; 493 convictions; and over \$855 million in investigative monetary results.

## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

<b>WORKLOAD AND PERFORMANCE SUMMARY</b>				
	<b>FY 2025 Enacted</b>		<b>FY 2026 Enacted</b>	<b>FY 2027 Request</b>
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
<b>OIG Program Activity</b>				
<b>Audits</b>				
OIG Audits	34	30	18	15
OIG Investigations	210	310	160	150

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)

	<b>FY 2025 Enacted</b>	<b>FY 2026 Enacted</b>	<b>FY 2027 Request</b>	<b>Diff. FY 2027 Request / FY 2026 Enacted</b>
11.1 Full-time permanent	46,509	46,509	41,031	-5,478
11.5 Other personnel compensation	1,301	1,301	1,301	0
12.1 Personnel Benefits	19,831	19,831	16,219	-3,612
21.0 Travel and transportation of persons	942	942	942	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 misc.	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	3,635	3,635	3,635	0
25.3 Other goods and svcs. from Fed. sources	8,274	8,274	8,274	0
25.3 WCF (Non-Add)	8,189	8,189	7,576	-613
25.4 Operation and maintenance of facilities	163	163	163	0
26.0 Supplies and materials	254	254	254	0
31.0 Equipment	185	185	185	0
<b>Total</b>	<b>97,401</b>	<b>97,401</b>	<b>87,698</b>	<b>-9,703</b>

# OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

## CHANGES IN FY 2027

(Dollars in Thousands)

### Activity Changes

#### Built-Ins

Total personnel compensation	\$0	
Personnel benefits	\$40	
Working Capital Fund	-\$613	
<b>Built-Ins Subtotal</b>	<b>-\$573</b>	

<b>Base</b>	<b>\$97,401</b>	<b>290</b>
Program Decreases	-\$9,130	-30
<b>Net Program Subtotal</b>	<b>-\$9,130</b>	<b>-30</b>
<b>Total Activity Appropriation</b>	<b>\$87,698</b>	<b>260</b>

	Amount	FTE
<b>Base</b>	<b>\$97,401</b>	<b>290</b>
<b>Program Increases</b>	<b>\$0</b>	<b>0</b>
<b>Program Decreases</b>	<b>-\$9,130</b>	<b>-30</b>