

Oversight Sub Hearing: Investigating Pandemic Fraud - Preventing History from Repeating Itself

Commissioner Asaro-Angelo's Answers 10/19/23

- To get back to the chart, this is where we need to marry technology and policy. On that chart you had stolen identities and then applying for unemployment and then getting the benefits. Right now, under statute we have to let everyone apply for UI benefits and then do the security check afterwards, no matter if we know they're stolen in advance. We cannot deny anybody the ability to apply for benefits at this time.
- First Don't ever pass a program like PUA again and don't put it in Departments of Labor. PUA, which was primarily for independent contractors and self-employed, should have been in Treasury or SBA. 1099 workers and the self-employed are inherently small businesses. PUA was the main cause of UI fraud during COVID.
- Examples of how NJ is preventing fraud
 - Procured IT services to enhance an existing data analytical tool (SPLUNK) which allowed NJDOL to ingest numerous data elements to identify fraud trends and patterns.
 - Contracted with an identity credentialing vendor.
 - Dark web monitoring service Flashpoint
 - Increased fraud staff specifically the creation of a Cyber Fraud Investigations unit.
- It supported NJ's along with Arkansas' participation in the USDOL Claimant Experience pilot, which informed much of the current research and best practices on customer experience and digital identity now coming out of the US Department of Labor. The learnings from this pilot allowed us to build the modern infrastructure required to launch our new unemployment application which is rolling out later this month.
- It has been a problem for our system that states would spend millions of dollars to go get a procurement for a new system that may or may not have included anti-fraud measures and they would then receive a system that is already out of date. Then to change that system they would have to go back and get change orders and a new contract. With those funds, we established our Office of Unemployment Insurance Modernization to deliver a UI system built in small modular pieces, and importantly acknowledges that modernization is not, and should never be, over.
- YES. I am proud that NASWA, which includes my counterparts across the country voted in a unanimous and bi-partisan manner to urge congress to waive all non-fraudulent pandemic-related unemployment compensation overpayments. The amount of time and staff needed to pursue these non-fraud overpayments with a very low return absolutely undermines our efforts at fighting current and future fraud.
- Going after overpayments is a really low ROA. The rules for our programs were changing day by day for us and for claimants. Being able to be eligible one week and not the next was very difficult for our staff and the claimants. We're all in favor of waiving all nonfraudulent overpayments.

- During the week ending March 6, 2020, New Jersey had 7,910 initial claims. Two weeks later, during the week ending March 21 ...155,454 applied for UI. New claims increased to 205,515 the following week, and within 5 weeks we hit one million claims.
- The benefits served their purpose as laid out in statute and regulations... to provide workers with an income during loss of employment to keep them on their feet so they can look for work while still supporting themselves, their families and their communities. The system also helped sustain our economies by sustaining the purchasing power of millions of workers.