

Congress of the United States
Washington, DC 20515

01/27/2023

The Honorable James Comer
Chairman
Committee on Oversight and Accountability
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Comer,


As members of the New York delegation, we applaud your recent announcement to investigate unemployment insurance (UI) fraud in New York State and wish to offer any assistance we can provide. With billions of defrauded taxpayer dollars at stake, it is critical that Congress takes action to ensure accountability and transparency within the New York State Department of Labor (NYSDOL).

The audit of NYSDOL from the New York State Comptroller reveals gross negligence within the agency at a level that is hard to comprehend. The agency did not heed warnings going back as far as 2010 that its UI system was out of date and, “lacked the resources necessary to adjust to new laws or handle workload surges”.ⁱ NYSDOL once again ignored similar recommendations to update its system in 2015.ⁱⁱ As a result, the system was predictably overwhelmed during the COVID-19 pandemic and led to an estimated \$11 billion in fraudulent and improper payments being made.ⁱⁱⁱ This figure is likely higher, but, as the Comptroller notes, “(NYS)DOL refused to provide the data that would have enabled auditors to calculate the precise amount of improper payments.”^{iv}

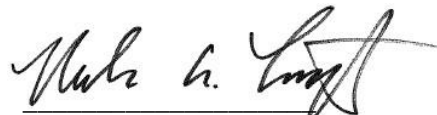
The refusal to provide data is part of a deeply disturbing pattern of unaccountability within NYSDOL that must be addressed through rigorous oversight. The agency has continually failed to provide basic information on their procedures for detecting fraudulent claims or insight on the methods by which funds were stolen.^v Likewise, NYSDOL has not provided adequate answers as to why they did not respond to reports of ID theft sooner or why they failed to implement basic cybersecurity features until nearly a year into the pandemic.^{vi} NYSDOL’s refusal to cooperate with auditors jeopardizes efforts to prevent future fraud, and displays a stunning disregard for the New York businesses that have been left to pay for their incompetence.

Government officials across the country have experienced unprecedented uncertainty in responding to the COVID-19 pandemic, however, that uncertainty is no excuse for the magnitude of fraud or lack of transparency that NYSDOL has displayed to this point. For these reasons, we are grateful for the Committee’s willingness, under your leadership, to step in and uncover much needed answers to shed light on the failures by NYSDOL and to prevent similar failures down the road. As your investigation continues, we are more than happy to serve as a resource to you and your staff.

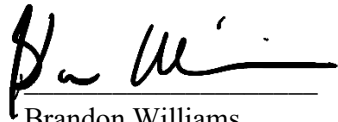
Sincerely,



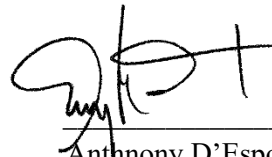
Marcus J. Molinaro
Member of Congress



Nicholas Langworthy
Member of Congress



Brandon Williams
Member of Congress



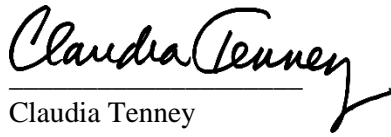
Anthony D'Esposito
Member of Congress



Michael Lawler
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Andrew R. Garbarino
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Claudia Tenney
Member of Congress



Nick LaLota
Member of Congress

ⁱ *Problems Caused by Outdated System Left State's Unemployment Insurance Program Vulnerable to Fraud*
NY State Comptroller Thomas D. DiNapoli, Office of the New York State Comptroller (November 15, 2022).

ⁱⁱ *Id.*

ⁱⁱⁱ *Id.*

^{iv} *Id.*

^v Report 2021-S-3, *Department of Labor: Controls and Management of the Unemployment Insurance System*, Office of the New York State Comptroller (November 2022), p. 12.

^{vi} Report 2021-S-3, p. 12.