Background and Need for Legislation

In response to the COVID-19 pandemic, on March 27, 2020, Congress passed the CARES Act, creating several new temporary, federally-funded unemployment insurance (UI) programs to provide expanded unemployment benefits to jobless workers. The American Rescue Plan Act (ARPA) of 2021 (P.L. 117-2) extended these programs through September 6, 2021. Temporary programs included:

- PUA: Provided benefits to unemployed gig workers, freelancers, and other self-employed individuals not covered by regular state UI programs.
- FPUC: Provided an additional $600/week from March 2020 through July 31, 2020, for UI claimants; then $300/week from January 2021 through Sept. 4, 2021.
- MEUC: Provided benefits to "mixed-earner" unemployed workers with a combination of self-employment and W-2 earnings.
- PEUC: Provided an extra 13 weeks of benefits after state benefits ended. State benefits typically cover 26 weeks.

In a period of less than two years, federal spending on unemployment benefits through these temporary programs totaled $675 billion.[1] One reason for this enormous spend was the generous additional federal $600 per week (subsequently lowered to $300 per week) FPUC benefits – on top of an average state benefit of approximately $380 per week. This lucrative benefit structure, combined with weak state systems (that failed to have even the most basic level of identity verification) and federal policy that allowed self-certification for PUA benefits, provided an easy target for fraudsters, prisoners, gangs, and international criminal organizations, leading to an estimated $100-$135 billion in stolen unemployment benefits.[2] Five years after passage of the CARES Act, the most recent data from the Department of Labor (DOL) shows only $5 billion of this theft, or roughly four percent, has been recovered.[3]

H.R. 1156 is a must-pass bill. Once the March 27, 2025, deadline passes, Congress cannot retroactively reimpose criminal liability after a limitations period has lapsed. The "ex post facto" clause in the Constitution prohibits retroactive application of criminal laws that could punish someone for an act that was not considered a crime when it was committed. Law enforcement agencies rely on existing statutes under the False Claims Act (criminal statutes) and Administrative Claims Act (civil forfeiture), including charges related to mail fraud, wire fraud, aggravated identity theft, money laundering, and conspiracy, to prosecute pandemic UI fraud cases. These laws generally have a five-year statute of limitations. Without extension, law enforcement will be unable to file new charges or pursue charges in cases still under review.

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[1] U.S. Department of Labor; Families First Coronavirus Response Act and Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding to States through May 31, 2024, https://oui.doleta.gov/unemploy/docs/cares_act_funding_state.html

[2] Government Accountability Office (GAO-23-106696). "Unemployment Insurance. Estimated Amount of Fraud during Pandemic Likely Between $100 Billion and $135 Billion," September 12, 2023.

[3] U.S. Department of Labor Employment and Training Administration. UI Recovery Rates Report, https://oui.doleta.gov/unemploy/recovery/recovery_rpt.asp.

H.R. 1156 is responsive to law enforcement agencies and is widely supported by state workforce agencies. The Pandemic Response Accountability Committee (PRAC), Department of Justice (DOJ), Department of Labor Inspector General (DOL-OIG), and GAO have all called for extending the statute of limitations to allow more time for prosecutions.[4] In addition, the National Association of State Workforce Agencies, a non-partisan association of workforce agencies in all states, the District of Columbia, and U.S. territories has endorsed H.R. 1156.[5] Congress has already acted to extend the statute of limitations for fraud in the COVID-era Paycheck Protection Program (PPP) and Economic Injury and Disaster Loans (EIDL) program.[6] In 2022, with bi-partisan support, President Biden signed H.R. 7334, "COVID-19 EIDL Fraud Statute of Limitations Act of 2022, " and H.R. 7352, "PPP and Bank Fraud Enforcement Harmonization Act of 2022," into law, which extended the statute of limitations from five to 10 years. H.R. 1156 does the same for CARES-Act UI programs.

COVID-19 fraud investigations involving both UI and other federal CARES Act programs, led by DOJ, Department of Homeland Security, Department of Treasury, United States Postal Inspection Service, DOL-OIG, and Small Business Administration-Office of Inspector General, have resulted in significant civil and criminal forfeitures and restitution orders. According to a DOJ memo provided to Senator James Lankford (R-OK) in response to a request for technical assistance:

> *"As of the end of 2024, forfeitures in COVID-fraud linked civil administrative, civil judicial, and criminal judicial forfeiture cases resulted in the seizure of over $1.77 billion in assets, the final forfeiture of over $1.53 billion in assets, and the return of at least $642 million in forfeited assets to victimized federal, state, and private entities, with more victim recoveries being regularly processed…The government also obtained significant restitution orders on behalf of government and private victims. Enforcement efforts as of the end of 2024 resulted in the issuance of over $1.1 billion in total restitution orders in matters connected to COVID-19 fraud."*[7]

As recently as January, law enforcement agencies continue to prosecute cases and show recoveries. Based on information provided to the COVID Fraud Enforcement Task Force, U.S. Attorney's Offices have charged over 600 criminal UI fraud cases with approximate associated losses of over $300 million.[8] The DOL-OIG, has charged more than 2,000 individuals, resulting in over 1,400 convictions, more than 36,000 months of incarceration, and the identification of more than $47 billion in potential fraud.[9] These investigations have included fraud perpetrated

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[4] See testimony from Ways and Means Full Committee hearing, "The Greatest Theft of Taxpayer Dollars: Unchecked Unemployment Fraud," February 8, 2023. https://waysandmeans.house.gov/event/hearing-on-the-greatest-theft-of-taxpayer-dollars-unchecked-unemployment-fraud/.

[5] Letter to Chairman Jason Smith and Ranking Member Neal, dated February 11, 2025. National Association of State Workforce Agencies.

[6] H.R.7352 – "PPP and Bank Fraud Enforcement Harmonization Act of 2022," Public Law No. 117-166.

[7] Email from DOJ to Ways and Means Committee Majority staff, dated January 14, 2025.

[8] COVID-19 Fraud Enforcement Taskforce COVID-19 Fraud Enforcement Task Force, 2024 Report, Council of the Inspectors Generals.

[9] Department of Labor Office of Inspector General. "More Than 2,000 Individuals Charged for Unemployment Insurance Fraud Since the COVID-19 Pandemic Began." (2025, Jan. 8). https://www.oig.dol.gov/public/Press%20Releases/DOL-OIG_Press_Release_Indictments_2025_0108.pdf.

by foreign crime rings including Nigerians, Canadians, and Romanians. In addition, law enforcement agencies report a large number of outstanding cases:

- As of January 28, 2025, the U.S. Attorneys' Case Management System shows 1,648 open, uncharged criminal matters identified with the COVID-19 Fraud national initiative code. This does not include any criminal matters that are exclusively handled by the Criminal, Tax, or other Main Justice division, open criminal investigations at the agency level that have not yet been presented / accepted at a U.S. Attorney's Office, or open uncharged civil cases.[10]
- According to DOL-OIG, the agency has approximately 157,000 open UI fraud complaints. In an email to Committee staff, the agency stated, "Without an extension of the statute of limitations and additional resources, the OIG will be unable to review the vast majority of the 157,000 open UI fraud complaints. We have almost 1,000 open UI fraud investigative matters assigned to our field offices."[11]

Some of the same professional fraudsters that committed fraud during the pandemic continue to target UI and other government programs, including emergency disaster unemployment assistance. During a hearing held by the Subcommittee on Work and Welfare on February 6, 2025, "Time's Running Out: Prosecuting Fraudsters for Stealing Billions in Unemployment Benefits from American Workers," one witness stated that it was incredibility frustrating for him to see "the same groups doing the same thing…they use the money for horrible things, child trafficking. They use it for drugs in our communities, they use it for terrorism…. I'd like to tell you that things are better today, but just watching what's going on in California, seeing what happened in North Carolina, same groups, same playbook, stealing at scale."[12]

During the markup of H.R.1156, all Democrats on the Committee voted against the bill and rejected significant efforts on the part of the Majority to compromise and introduce a bi-partisan bill prior to the markup. Unfortunately, this is a theme going back to the 117th Congress, when Ways and Means Democrats walked away from their oversight responsibilities and ignored repeated calls for hearings to investigate UI fraud when they were in control of Congress and the White House. Committee Democrats gave a number of reasons for opposing H.R. 1156, some of which were not substantively related to the bill itself and none of which were seriously defensible.

Specifically, Committee Democrats criticized the rescission of $5 million in funding provided to DOL for fraud prevention and program integrity in Section 2118 of the CARES Act. According to DOL, approximately $30 million remains unobligated from the $1 billion in funding (post rescission made in the bipartisan Fiscal Responsibility Act of 2023 (P.L. 118-5)).[13] Extending the statute of limitations is associated with some additional costs to states related to recordkeeping and administration. The CARES Act currently includes uncapped funding for any

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[10] Ibid, January 14, 2025.
[11] Email from DOL-OIG to Ways and Means Committee Majority Staff, dated January 13, 2025.
[12] "Three Key Moments: Hearing on Prosecuting Fraudsters for Stealing Billions in Pandemic Unemployment Benefits," Committee on Ways and Means, February 10, 2025.
[13] Email from DOL to Majority Staff, dated February 6, 2025.

costs to states for administration of the federal CARES Act programs,[14] including costs of recordkeeping and appeals necessary for prosecutions. DOL has the authority to fully reimburse states for these costs without any additional action from Congress. The Congressional Budget Office (CBO) estimates approximately $5 million over the next five years will be spent through this mechanism. To comply with House rules, Section 3 of the bill offsets the CBO score by rescinding $5 million in unobligated, prior-year appropriations provided by Section 2118.

Committee Democrats argued rescinding $5 million from these CARES Act funds is disingenuous since those funds were provided to DOL to prevent fraud in the UI program and falsely claimed those funds were already dedicated to identity verification projects and would result in less funding for states. Under the Biden Administration, the majority of these funds were spent by DOL on "equity grants" ($260 million) and Tiger teams ($200 million). H.R. 1156 uses $5 million of that same pot of money (which DOL confirmed has in fact not been obligated) for extending the statute of limitations on pandemic UI fraud. This is arguably a much more justifiable use of funds as it is paying for a policy that provides law enforcement agencies with additional time to prosecute fraud and recoup taxpayer dollars.

Quibbling over $5 million in funding also comes across as short-sighted. Due to scorekeeping rules, CBO does not score savings associated with additional recoupment of federal funds as a result of extending the statute of limitations. According to GAO, $100-$135 billion in pandemic unemployment benefits were lost to fraud and DOL reports show only $5 billion has been recovered. If law enforcement is able to recover even one percent more as a result of H.R. 1156 extending the statute of limitations to 10 years – that would yield at the low end $1 billion for American taxpayers. That's a 20,000-percent return on an investment of $5 million. Currently, DOJ has 1,648 open COVID-19 cases. Committee Democrats should be more concerned about what American taxpayers will *lose* if the statute of limitations is not extended, not to mention the number of criminals that will go unpunished and remain at large to continue their attacks to de-fraud federal programs.

Finally, Committee Democrats, argued that extending the time available for prosecuting fraud would lead to "surprise bills," harassment and the targeting of otherwise innocent Americans (including the elderly or a "struggling parent") who may have gotten an overpayment or received funds through administrative error or no fault of their own. Law enforcement officials are concentrating on prosecuting individuals who fraudulently and intentionally obtained large amounts of government funds, including prisoners, online scammers, international crime rings and gangs, not individuals who made honest mistakes applying for unemployment.

An even cursory review of press releases from DOJ investigations shows the agencies are prosecuting complex cases involving criminals with malicious intent to de-fraud the government (see **Attachment A**). This includes a litany of cases involving international crime rings using sophisticated fraud schemes, many of them sourced in Nigeria and Romania. Many cases involved instances where funds were used to purchase weapons, drugs, and involved child sex trafficking.[15] These cases have implications for stopping future fraud and associated criminal

[14] DOL Unemployment Insurance Program Letter No. 02-25, November 6, 2024.
[15] Pandemic Oversight Response Committee (PRAC) compilation of investigations and cases; https://pandemicoversight.gov/oversight/reports?page=1.

activity. In September of 2023, Maryland U.S. Attorney Erek Barron during an interview said that his office's prosecutions of COVID-19-related fraud had been responsible for a 20% reduction in the homicide rate in Baltimore.[16]

Law enforcement is also prosecuting cases aimed at disrupting large-scale international criminal networks that have created national security concerns by demonstrating links to hostile nation states. For example, a Pennsylvania man and two others recently pled guilty to obtaining $59 million in public benefits, including unemployment, and laundering the proceeds to China. Cases like this are deeply concerning and confirm fears regarding the attacks on our institutions by hostile nations.[17] These networks continue to target federal programs and divert funds away from those who need them.

H.R. 1156 extends the statute of limitations for cases exclusive to fraud with criminal intent, not innocent Americans. Furthermore, the CARES Act already explicitly provides states with broad authority to waive *non-fraudulent* UI overpayments. For example, the CARES Act allows state workforce agencies to waive overpayments when the overpayment is through "no-fault of the claimant" and/or repayment would be "against equity and good conscience." All of these provide protections against the scaremongering Committee Democrats have engaged in to justify opposition to this bill.

H.R. 1156 is a common-sense, straightforward bill. The "Pandemic Unemployment Fraud Enforcement Act," doubles the statute of limitations to allow law enforcement to fully prosecute criminals, secure justice for the American families who were harmed, and recoup the hundreds of billions in stolen taxpayer dollars.

[16] "I-Team Exclusive: Drop in Baltimore homicides due to COVID-19 fraud prosecutions, US attorney says," WBALTV-11, September 15, 2023.
[17] "One Defendant Pleads Guilty And Two Others Charged With Fraudulently Obtaining $59 Million In Public Benefits And Laundering Proceeds To China," United States Attorneys Office Middle District of Pennsylvania, January 29, 2025.