Finally, H.R. 2 removes crucial funding for legal representation for unaccompanied children—depriving them of trusted counsel in immigration proceedings. Vulnerable children deserve reliable legal representation to reunite them safely with their families.

Mr. Speaker, extreme MAGA Republicans want to take us back to the failed illegal and immoral policies of the Trump administration. Those cruel and extreme immigration actions weakened the U.S. economy, undermined our nation's stance in protecting human rights, and threatened the potential of immigrants who come here seeking a better life.

I stand ready to work with my colleagues on both sides of the aisle, business leaders, faith leaders, community leaders, and law enforcement on meaningful immigration reform. Just as we cannot forget the DREAMers, we cannot cast aside those seeking a better future for themselves and their families.

The SPEAKER pro tempore. All time for debate has expired.

Pursuant to House Resolution 383, the previous question is ordered on the bill, as amended.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT

Ms. GARCIA of Texas. Mr. Speaker, I have a motion to recommit at the desk.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Ms. Garcia of Texas moves to recommit the bill H.R. 2 to the Committee on the Judiciary.

The material previously referred to by Ms. GARCIA of Texas is as follows:

Ms. Garcia of Texas moves to recommit the bill H.R. 2 to the Committee on the Judiciary with instructions to report the same back to the House forthwith, with the following amendment:

Strike all that follows after the enacting clause, and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''American Dream and Promise Act of 2021''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

TITLE I—DREAM ACT OF 2021

SEC. 101. SHORT TITLE.

This title may be cited as the ''Dream Act of 2021''.

The SPEAKER pro tempore. Pursuant to clause 2(b) of rule XIX, the previous question is ordered on the motion to recommit.

The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Ms. GARCIA of Texas. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question are postponed.

PROTECTING TAXPAYERS AND VICTIMS OF UNEMPLOYMENT FRAUD ACT

Mr. SMITH of Missouri. Mr. Speaker, pursuant to House Resolution 383, I call up the bill (H.R. 1163) to provide incentives for States to recover fraudulently paid Federal and State unemployment compensation, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 383, the amendment in the nature of a substitute recommended by the Committee on Ways and Means, printed in the bill, modified by the amendment printed in House report 118–51, is adopted and the bill, as amended, is considered read.

The text of the bill, as amended, is as follows:

H.R. 1163

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Protecting Taxpayers and Victims of Unemployment Fraud Act''.

SEC. 2. RECOVERING FEDERAL FRAUDULENT COVID UNEMPLOYMENT COMPENSATION PAYMENTS.

(a) ALLOWING STATES TO RETAIN PERCENTAGE OF OVERPAYMENTS FOR PROGRAM INTEGRITY.—

(1) PANDEMIC UNEMPLOYMENT ASSISTANCE.—Section 2102(d) of the CARES Act (15 U.S.C. 9021(d)) is amended by amending paragraph (4) to read as follows:

''(4) FRAUD AND OVERPAYMENTS.—Section 2107(e) shall apply with respect to pandemic unemployment assistance under this section by substituting 'pandemic unemployment assistance' for 'pandemic emergency unemployment compensation' each place it appears in such section 2107(e).''.

(2) FEDERAL PANDEMIC UNEMPLOYMENT COMPENSATION.—Section 2104(f)(3) of such Act (15 U.S.C. 9023(f)(3)) is amended—

(A) in subparagraph (A)—

(i) by striking ''3-year'' and inserting ''10-year''; and

(ii) by inserting '', except that a State may retain a percentage of any amounts recovered as described in subparagraph (C)'' before the period at the end; and

(B) by adding at the end the following:

''(C) RETENTION OF PERCENTAGE OF RECOVERED FUNDS.—The State agency may retain 25 percent of any amount recovered from overpayments of Federal Pandemic Unemployment Compensation or Mixed Earner Unemployment Compensation that were determined to be made due to fraud. Amounts so retained by the State agency shall be used for any of following:

''(i) Modernizing unemployment compensation systems and information technology to improve identity verification and validation of applicants.

''(ii) Reimbursement of administrative costs incurred by the State to identify and pursue recovery of fraudulent overpayments.

''(iii) Hiring fraud investigators and prosecutors.

''(iv) Other program integrity activities as determined by the State.'';

(3) PANDEMIC EMERGENCY UNEMPLOYMENT COMPENSATION.—Section 2107(e)(3) of such Act (15 U.S.C. 9025(e)(3)) is amended—

(A) in subparagraph (A)—

(i) by striking ''3-year'' and inserting ''10-year''; and

(ii) by inserting '', except that a State may retain a percentage of any amounts recovered as described in subparagraph (C)'' before the period at the end; and

(B) by adding at the end the following:

''(C) RETENTION OF PERCENTAGE OF RECOVERED FUNDS.—The State agency may retain 25 percent of any amount recovered from overpayments of pandemic emergency unemployment compensation that were determined to be made due to fraud. Amounts so retained by the State agency shall be used for any of following:

''(i) Modernizing unemployment compensation systems and information technology to improve identity verification and validation of applicants.

''(ii) Reimbursement of administrative costs incurred by the State to identify and pursue recovery of fraudulent overpayments.

''(iii) Hiring fraud investigators and prosecutors.

''(iv) Other program integrity activities as determined by the State.''.

(4) EXTENDED UNEMPLOYMENT COMPENSATION.—A State to which section 4105 of the Families First Coronavirus Response Act (26 U.S.C. 3304 note) applied may retain 25 percent of any amount recovered from overpayments of sharable extended compensation and sharable regular compensation (as such terms are defined in section 204 of the Federal-State Extended Unemployment Compensation Act of 1970) paid for weeks of unemployment described in such section 4105 that were determined to be made due to fraud. Amounts so retained by the State agency shall be used for any of the purposes described in section 2107(e)(3)(C) of the CARES Act (15 U.S.C. 9025(e)(3)(C)).

(5) FIRST WEEK OF REGULAR COMPENSATION.—A State that was a party to an agreement under section 4105 of the CARES Act (15 U.S.C. 9024)

may retain 25 percent of any amount recovered from overpayments of regular compensation paid to individuals by the State for their first week of regular unemployment for which the State received full Federal funding under such agreement in any case in which such overpayments were determined to be made due to fraud. Amounts so retained by the State agency shall be used for any of the purposes described in section 2107(e)(3)(C) of the CARES Act (15 U.S.C. 9025(e)(3)(C)).

(b) TREATMENT UNDER WITHDRAWAL STANDARD AND IMMEDIATE DEPOSIT REQUIREMENTS.—Any amount retained by a State pursuant to paragraph (4) or (5) of subsection (a) or under section 2102(d)(4), section 2104(f)(3)(C), or 2107(e)(3)(C) of the CARES Act, and used for the purposes described therein, shall not be considered to violate the withdrawal standard and immediate deposit requirements of paragraph (4) or (5) of section 303(a) of the Social Security Act (42 U.S.C. 503(a)) or paragraph (3) or (4) of section 3304(a) of the Internal Revenue Code of 1986.

(c) LIMITATION ON RETENTION AUTHORITY.—The authority of a State to retain any amount pursuant to paragraph (4) or (5) of subsection (a) and under section 2102(d)(4), section 2104(f)(3)(C), and 2107(e)(3)(C) of the CARES Act shall apply only—

(1) with respect to an amount recovered on or after the date of enactment of this Act; and

(2) during the 10-year period beginning on the date on which such amount was received by an individual not entitled to such amount.

SEC. 3. PERMISSIBLE USES OF UNEMPLOYMENT FUND FOR PROGRAM ADMINISTRATION.

(a) WITHDRAWAL STANDARD IN THE INTERNAL REVENUE CODE.—Section 3304(a)(4) of the Internal Revenue Code of 1986 is amended—

(1) in subparagraph (F), by striking ''and'' after the semicolon; and

(2) by inserting after subparagraph (G) the following new subparagraphs:

''(H) provided the certifications made by the State as described in section 4 of the Protecting Taxpayers and Victims of Unemployment Fraud Act are in effect at the time of approval of the State law under this subsection, an amount, not to exceed 5 percent, of any overpayment of compensation recovered by the State (other than an overpayment made as the result of agency error) may, immediately following the State's receipt of such recovered amount, be deposited in a State fund from which money may be withdrawn for—

''(i) the payment of costs of deterring, detecting, and preventing improper payments;

''(ii) purposes relating to the proper classification of employees and the provisions of State law implementing section 303(k) of the Social Security Act;

''(iii) the payment to the Secretary of the Treasury to the credit of the account of the State in the Unemployment Trust Fund;

''(iv) modernizing the State's unemployment insurance technology infrastructure; or

''(v) otherwise assisting the State in improving the timely and accurate administration of the State's unemployment compensation law; and

''(I) provided the certifications made by the State as described in section 4 of the Protecting Taxpayers and Victims of Unemployment Fraud Act are in effect at the time of approval of the State law under this subsection, an amount, not to exceed 5 percent, of any payments of contributions, or payments in lieu of contributions, that are collected as a result of an investigation and assessment by the State agency may, immediately following receipt of such payments, be deposited in a State fund from which moneys may be withdrawn for the purposes specified in subparagraph (H);''.

(b) DEFINITION OF UNEMPLOYMENT FUND.—Section 3306(f) of the Internal Revenue Code of 1986 is amended by striking ''and for refunds of sums'' and all that follows and inserting '', except as otherwise provided in section 3304(a)(4), section 303(a)(5) of the Social Security Act, or any other provision of Federal unemployment compensation law.''.

(c) WITHDRAWAL STANDARD IN SOCIAL SECURITY ACT.—Section 303(a)(5) of the Social Security Act (42 U.S.C. 503(a)(5)) is amended by striking ''and for refunds of sums'' and all that follows and inserting ''except as otherwise provided in this section, section 3304(a)(4) of the Internal Revenue Code of 1986, or any other provisions of Federal unemployment compensation law; and''.

(d) IMMEDIATE DEPOSIT REQUIREMENTS IN THE INTERNAL REVENUE CODE.—Section 3304(a)(3) of the Internal Revenue Code of 1986 is amended to read as follows:

''(3) all money received in the unemployment fund shall immediately upon such receipt be paid over to the Secretary of the Treasury to the credit of the Unemployment Trust Fund established by section 904 of the Social Security Act (42 U.S.C. 1104), except for—

''(A) refunds of sums improperly paid into such fund;

''(B) refunds paid in accordance with the provisions of section 3305(b); and

''(C) amounts deposited in a State fund in accordance with subparagraph (H) or (I) of paragraph (4);''.

(e) IMMEDIATE DEPOSIT REQUIREMENT IN SOCIAL SECURITY ACT REQUIREMENT.—Section 303(a)(4) of the Social Security Act (42 U.S.C. 503(a)(4)) is amended by striking the parenthetical and inserting ''(except as otherwise provided in this section, section 3304(a)(3) of the Internal Revenue Code of 1986, or any other provisions of Federal unemployment compensation law)''.

(f) APPLICATION TO FEDERAL PAYMENTS.—When administering any Federal program providing compensation (as defined in section 3306 of the Internal Revenue Code of 1986), the State shall use the authority provided under subparagraphs (H) and (I) of section 3304(a)(4) of such Code in the same manner as such authority is used with respect to improper payments made under the State unemployment compensation law. With respect to improper Federal payments recovered consistent with the authority under subparagraphs (H) and (I) of such section, the State shall immediately deposit the same percentage of the recovered payments into the same State fund as provided in the State law implementing that section.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to overpayments or payments or contributions (or payments in lieu of contributions) that are collected as a result of an investigation and assessment by the State agency after the end of the 2-year period beginning on the date of the enactment of this Act, except that nothing in this section shall be interpreted to prevent a State from amending its law before the end of the 2-year period beginning on the date of the enactment of this Act.

SEC. 4. PREVENTING UNEMPLOYMENT COMPENSATION FRAUD THROUGH DATA MATCHING.

(a) IN GENERAL.—As a condition for the eligibility of a State to implement the exceptions to the withdrawal standard described in subparagraphs (H) and (I) of section 3304(a)(4) of the Internal Revenue Code, the State shall certify each of the following:

(1) INTEGRITY DATA HUB.—The State uses the system designated by the Secretary of Labor (or another system at the discretion of the State) for cross-matching claimants of unemployment compensation to prevent and detect fraud and improper payments.

(2) USE OF FRAUD PREVENTION AND DETECTION SYSTEMS.—The State has established procedures to do the following:

(A) NATIONAL DIRECTORY OF NEW HIRES.—Use the National Directory of New Hires established under section 453(i) of the Social Security Act—

(i) to compare information in such Directory against information about individuals claiming unemployment compensation to identify any such individuals who may have become employed;

(ii) to take timely action to verify whether the individuals identified pursuant to clause (i) are employed; and

(iii) upon verification pursuant to clause (ii), to take appropriate action to suspend or modify unemployment compensation payments, and to initiate recovery of any improper payments that have been made.

(B) STATE INFORMATION DATA EXCHANGE SYSTEM.—Use the State Information Data Exchange System (or another system at the discretion of the State) to facilitate employer responses to requests for information from State workforce agencies.

(C) INCARCERATED INDIVIDUALS.—Seek information from the Commissioner of Social Security under sections 202(x)(3)(B)(iv) and 1611(e)(1)(I)(iii) of the Social Security Act, or from such other sources as the State agency determines appropriate, to obtain the information necessary to carry out the provisions of a State law under which an individual who is confined in a jail, prison, or other penal institution or correctional facility is ineligible for unemployment compensation on account of such individuals inability to satisfy the requirement under section 303(a)(12) of such Act.

(D) DECEASED INDIVIDUALS.—Compare information of individuals claiming unemployment compensation against the information regarding deceased individuals furnished to or maintained by the Commissioner of Social Security under section 205(r) of the Social Security Act.

(b) UNEMPLOYMENT COMPENSATION.—For the purposes of this section, any reference to unemployment compensation shall be considered to refer to compensation as defined in section 3306 of the Internal Revenue Code of 1986.

SEC. 5. EXTENSION OF EMERGENCY STATE STAFFING FLEXIBILITY.

If a State modifies its unemployment compensation law and policies with respect to personnel standards on a merit basis on an emergency temporary basis as determined by the Secretary, including for detection, pursuit, and recovery of fraudulent overpayments under Federal pandemic unemployment compensation programs authorized under the CARES Act (15 U.S.C. 9021 et seq.), subject to the succeeding sentence, such modifications shall be disregarded for the purposes of applying section 303 of the Social Security Act (42 U.S.C. 503) and section 3304 of the Internal Revenue Code of 1986 to such State law. Such modifications may continue through December 31, 2030.

SEC. 6. FRAUD ENFORCEMENT HARMONIZATION.

Notwithstanding any other provision of law, any criminal charge or civil enforcement action alleging that an individual engaged in fraud with respect to compensation (as defined in section 3306 of the Internal Revenue Code of 1986) shall be filed not later than 10 years after the offense was committed.

SEC. 7. BUDGET OFFSET.

Section 2118 of the CARES Act (15 U.S.C. 9034) is repealed.

SEC. 8. STATE FUND CONTINGENCY.

Subject to appropriations, the unobligated balance as of the day before the date of the enactment of this Act of amounts made available under section 2118 of the CARES Act (15 U.S.C. 9034) shall be transferred to the Secretary of the Treasury and periodically credited, on an as-needed basis, to the appropriate State account in the Unemployment Trust Fund established by section 904 of the Social Security Act (42 U.S.C. 1104) in an amount that replaces the amount deposited by a State in a State fund in accordance with subparagraph (H) or (I) of section 3304(a)(4) of the Internal Revenue Code of 1986 (as amended by section 3(a) of this Act) if the amount in such State account is less than the amount that would be in such State account if such subparagraphs had not been enacted.

The SPEAKER pro tempore. The bill, as amended, shall be debatable for 1 hour equally divided and controlled by the chair and ranking minority member of the Committee on Ways and Means or their respective designees.

The gentleman from Missouri (Mr. SMITH) and the gentleman from Illinois (Mr. DAVIS) each will control 30 minutes.

The Chair recognizes the gentleman from Missouri (Mr. SMITH).

GENERAL LEAVE

Mr. SMITH of Missouri. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. SMITH of Missouri. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this crucial legislation will finally protect taxpayers and victims of fraud against the largest theft of tax dollars in American history.

Americans are suffering under a cost-of-living crisis fueled by Democrats' reckless spending. It has brought us to the brink of recession and spurred the highest increase in interest rates in 16 years.

It must be infuriating for folks to also see that it is not just the American Dream that is being stolen from them but their identities and their tax dollars.

Criminal organizations and foreign fraudsters exploited the pandemic to steal hundreds of billions in payments intended to keep workers afloat amidst government lockdowns, and the victims need our help.

How much has been stolen? The Department of Labor inspector general told the Ways and Means Committee that taxpayers may be on the hook for at least $191 billion in improper payments, and that is just the lower estimate. Outside experts estimate up to $400 billion of improper payments.

While working Americans were trying to piece their lives back together during the pandemic, Democrats did nothing to fight fraud. When Democrats held the majority on Ways and Means, they ignored, blocked, and shot down commonsense safeguards and refused to hold even one hearing on this fraud.

That inaction made it clear that their soft-on-crime agenda does not just apply to carjackings and looting department stores. It applies to defrauding the Federal Government, as well.

During his State of the Union, President Biden said the watchdogs are back. He rolled out the position of chief pandemic prosecutor at the Department of Justice. Since then, even as we have discovered more instances of fraud, the Biden administration official responsible for prosecuting it has resigned, and the position sits vacant for months.

That is not accountability. We couldn't afford inaction for the last 2 years, and we can afford it even less today.

These are stolen tax dollars, which makes every person in America a victim of this fraud. Today's vote is an important step toward ending suffering and delivering accountability.

The Protecting Taxpayers and Victims of Unemployment Fraud Act gives States the tools they need to go after fraudsters and shores up vulnerabilities by improving identity verification and modernizing State UI systems.

It allows States to retain 25 percent of fraudulent Federal funds recovered. This is a real incentive for States to pursue what can be costly investigations and prosecutions because now they can use recovered funds to improve UI program integrity and fraud prevention. These dollars can go toward hiring investigators and prosecutors to go after criminals to recover fraud payments. This will also give States the resources to modernize systems and technology to better verify identity and income for unemployment and deter, detect, and prevent improper payments.

This legislation also allows States to keep 5 percent of UI overpayments recouped in the future to continue to improve benefit delivery and eligibility verification. This includes matching State lists against databases, which will help reduce payments to deceased and incarcerated individuals.

Many of these reform ideas are bipartisan and very long overdue. Some are supported by the Department of Labor inspector general and were even included in past budget requests from President Trump and President Obama. Even Biden has included several of the ideas in the Protecting Taxpayers and Victims of Unemployment Fraud Act in his most recent budget request.

I am hopeful House Democrats will join here to also protect taxpayers and support this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. DAVIS of Illinois. Mr. Speaker, I yield myself such time as I may consume.

Democrats strongly agree that those who took advantage of the COVID crisis to commit fraud must be held accountable. Indeed, Democrats put $2 billion in the American Rescue Plan Act to fight fraud, and every House Republican voted against these investments to prevent fraud and hold criminals accountable.

These Democratic anti-fraud dollars helped the Department of Labor create an important cross-checking system to catch fraudsters who apply for unemployment in one State while receiving income in another, a practice for which a Republican House Member reportedly was indicted earlier this week.

Republicans are playing a dangerous game by cutting ongoing successful work by the Federal Government to fight fraud and leaving States to pick up the pieces.

The Department of Labor expressed deep concern about how H.R. 1163 will ''throttle essential, ongoing efforts to strengthen and protect the UI program.''

Instead of punishing organized crime, the Republican H.R. 1163 guts Federal funding to fight fraud, weakens State unemployment systems, privatizes American public service jobs, and sends cruel surprise bills to innocent workers who were unemployed during the pandemic.

We enacted bipartisan pandemic unemployment benefits that kept an estimated 5 million people a year from falling into poverty.

□ 1445

This assistance meant revenue and customers for businesses and helps spur our economic recovery. Unfortunately, when disaster struck, State unemployment systems were not prepared. Mistakes were made and thousands of workers were overpaid.

Again, we worked in bipartisan fashion to encourage States to waive overpayments to protect unemployed workers. Now, Republicans want to force States to claw back accidental overpayments from workers up to 10 years later.

When my GOP colleagues incorrectly assert that the bill limits the claw back of overpayments to fraud, they are only referring to a very narrow limit on the ability of States to keep portions of recovered fraud payments.

My Democratic colleagues and I offered many amendments to invest in antifraud efforts, protect workers, and strengthen State unemployment systems. The Republicans rejected every amendment.

Instead, the GOP careens ahead with H.R. 1163 that the CBO estimates is a net cut in Federal investment in fighting unemployment fraud and strengthening unemployment systems.

That is why so many organizations oppose H.R. 1163, including the AFL–CIO; the American Federation of State, County and Municipal Employees; the Center on Budget and Policy Priorities; the Communications Workers of America; the National Employment Law Project; and the Service Employees International Union.

Mr. Speaker, I urge my colleagues to oppose this dangerous bill, and I reserve the balance of my time.

Mr. SMITH of Missouri. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois (Mr. LAHOOD), chairman of the Work and Welfare Subcommittee.

Mr. LAHOOD. Mr. Speaker, I thank Chairman SMITH for yielding.

Mr. Speaker, today, Republicans are following through on our promise to the American people last fall in our commitment to a government that is accountable.

I rise in strong support of H.R. 1163. This long-awaited bill is needed to address the unprecedented levels of fraud in pandemic unemployment programs.

Every dollar going to fraud is a dollar that did not go to those who actually needed it. My home State of Illinois paid out nearly $2 billion in Federal funds for fraudulent unemployment claims, nearly half of the money paid out by the State.

Mr. Speaker, I include in the RECORD an audit by the State of Illinois Department of Economic Security from June 2020.

STATE OF ILLINOIS DEPARTMENT OF EMPLOYMENT SECURITY

Individual Nonshared Proprietary Fund, Financial Statements—For the Year Ended June 30, 2021

Performed as Special Assistant Auditors For the Auditor General, State of Illinois

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Hon. Frank J. Mautino
Auditor General, State of Illinois

As Special Assistant Auditors for the Auditor General, we were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Unemployment Compensation Trust Fund (Trust Fund), an individual nonshared proprietary fund of the State of Illinois, Department of Employment Security (Department), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Trust Fund's basic financial statements, and have issued our report thereon dated June 3, 2022. Our report disclaims an opinion on such financial statements due to material weaknesses in internal control over one of the benefit payment systems, for which we were unable to obtain sufficient appropriate audit evidence over related amounts.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In connection with our engagement to audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2021-001 through 2021-003 that we consider to be material weaknesses.

COMPLIANCE AND OTHER MATTERS

In connection with our engagement to audit the financial statements of the Trust Fund, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings as items 2021-001 through 2021-003. Additionally, if the scope of our work had been sufficient to enable us to express an opinion on the financial statements of the Trust Fund, other instances of noncompliance or other matters may have been identified and reported herein.

DEPARTMENT'S RESPONSES TO THE FINDINGS

The Department's responses to the findings identified in our engagement are described in the accompanying Schedule of Findings. The Department's responses were not subjected to the auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on the responses.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an engagement to perform an audit in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CURRENT FINDINGS—GOVERNMENT AUDITING STANDARDS

FINDING 2021–001—FAILURE TO IMPLEMENT GENERAL INFORMATION TECHNOLOGY CONTROLS OVER THE PANDEMIC UNEMPLOYMENT ASSISTANCE SYSTEM

The Department of Employment Security (Department) failed to implement general Information Technology (IT) controls over the Pandemic Unemployment Assistance (PUA) System (System).

In April 2020, the Department contracted with a service provider to provide the System as a Software as a Service (SaaS) and to provide hosting services for the System. The service provider maintained full control over the system.

In order to determine if general IT controls were suitably designed and operating effectively over the System, we requested the Department provide a System and Organization Control (SOC) report for the service provider. As was noted in the prior audit, the Department could not provide a SOC report, as the service provider's contract did not require the service provider to undergo a SOC examination. Therefore, we conducted testing of the general IT control of the System.

Change Control

As was noted in the prior audit, the service provider's developers continued to have access to the production environment. As a result, we were unable to determine if the developers made unauthorized changes to the environment, application, and data.

Security

The Department had not implemented internal controls over the System's access.

Disaster Recovery

The Department had not implemented disaster recovery controls.

The Security and Privacy Controls for Information Systems and Organizations (Special Publication 800–53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Maintenance and System and Service Acquisition sections, require entities outsourcing their IT environment or operations to obtain assurance over the entities' internal controls related to the services provided. Such assurance may be obtained via System and Organization Control reports or independent reviews. In addition, the Access Control section, sanctions the implementation of internal controls over access. The Configuration Management section also enforces logical restrictions with changes to systems. Further, the Contingency Planning section makes compulsory the development of a detailed disaster recovery plan.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

The Department indicated the service provider's contract did not require a SOC report to be provided. Additionally, the Department indicated competing priorities resulted in the other weaknesses.

As a result of the lack of general IT controls over the System, we were unable to rely on the System and the proper determination of claimant eligibility data and benefits paid. Furthermore, as a result of the lack of internal controls identified in this finding and finding 2021–002, we are unable to obtain sufficient documentation to determine if the Department's Fiscal Year 2021 financial statements are fairly presented. Therefore, we are issuing a disclaimer of opinion over the Department's Fiscal Year 2021 Unemployment Compensation Trust Fund financial statements. (Finding Code No. 2021–001, 2020–001)

RECOMMENDATION

We recommend the Department ensure the service provider's contract requires obtaining a SOC report or an independent review. We also recommend the Department ensure the service provider's developers' access is restricted and changes are appropriate. Further, we recommend the Department develop and implement security controls and disaster recovery controls.

DEPARTMENT RESPONSE

IDES accepts the auditor's recommendation. In 2021, IDES took action to address the points raised in the finding. The improvements to the PUA system were implemented within a timeframe that did not impact the entire 2021 audit period. As recommended, a contract is in place requiring the PUA system service provider to secure a SOC report for FY22. The system access of the PUA service provider's developers has been restricted and accurately documented. In addition, documentation for PUA system disaster recovery, as well as security controls, are in place and have been reviewed and documented.

FINDING 2021–002—FAILURE TO MAINTAIN ACCURATE AND COMPLETE PANDEMIC UNEMPLOYMENT ASSISTANCE CLAIMANT DATA

The Department of Employment Security (Department) failed to maintain accurate and complete Pandemic Unemployment Assistance (PUA) claimant data.

On March 27, 2020, the President of the United States signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act which provided states the ability to provide unemployment insurance to individuals affected by the pandemic, including those who would not normally be eligible for unemployment. Based on the Department's records, as of June 30, 2021, 424,887 claimants had received benefits totaling $8,168,499,998.

From June 2021 through January 2022, the Department attempted to provide complete and accurate PUA claimant data in order to determine if the claimants were properly determined eligible. After several attempts and considerable manipulation of the data to make the data more auditable and organized, it was determined complete and accurate PUA claimant data could not be provided. Therefore, we were unable to conduct detailed testing to determine whether the PUA claimants were entitled to benefits.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

Also, due to these conditions, we were unable to conclude the PUA claimant data records were complete and accurate under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU–C 500.08 and AT–C 205.35).

The Department indicated the PUA system limitations and data entry errors resulted in the weaknesses.

Due to the inability to conduct detailed claimant testing, we were unable to determine whether the Department's financial statements accurately document the PUA benefits paid during Fiscal Year 2021. Therefore, we are issuing a disclaimer of opinion over the Department's Fiscal Year 2021 Unemployment Compensation Trust Fund financial statements. (Finding Code No. 2021–002)

RECOMMENDATION

We recommend the Department implement controls to ensure the claimants' data is complete and accurate.

DEPARTMENT RESPONSE

IDES accepts the auditor's recommendation. The department continues to work with the PUA system service provider and the Department of Innovation and Technology (DoIT) staff to refine the PUA database information and develop a reporting structure that conforms with auditors' expectations. Errors and anomalies within the PUA system have been identified and are being addressed to ensure claimant data is complete and reliable.

FINDING 2021–003—FAILURE TO PERFORM TIMELY CASH RECONCILIATIONS

The Department of Employment Security (Department) did not prepare its year end bank reconciliations timely.

As part of our engagement, we requested the June 30, 2021 bank reconciliations. The reconciliations are between cash as recorded in the Department's general ledger, and cash as reported by the bank for each account. The Department did not have the reconciliations prepared timely for audit fieldwork and we received the final versions of the June 2021 reconciliations on December 23, 2021.

The timely reconciliation of cash accounts is a basic control procedure that should occur every month to determine the recorded amount of cash is accurate. Normally this procedure is performed shortly after the end of the month upon receipt of the bank statement. Most organizations have a regular monthly accounting schedule whereby the monthly general ledger cannot be closed without the preparation of the cash reconciliation.

Concepts Statement No. 1 of the Governmental Accounting Standards Board, Objectives of Financial Reporting (GASBCS 1, paragraph 64), states, ''Financial reporting should be reliable; that is, the information presented should be verifiable and free from bias and should faithfully represent what it purports to represent. To be reliable, financial reporting needs to be comprehensive.'' The reconciliation of cash accounts is a basic control to ensure the accuracy and reliability of financial reports.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to ensure State resources are used efficiently and effectively. This includes the timely performance of bank reconciliations.

Department management indicated the weaknesses were due to turnover in personnel and the inability to quickly move employees into this area to perform this function as workloads increased significantly as a result of the new CARES Act unemployment programs.

Since the Department has numerous cash transactions every month, the risk of error due to misapplied cash transactions is significant. Monthly there can be over $1 billion in cash that flows through the Department's various cash accounts. Monthly and annual financial statements could be materially misstated due to the lack of timely bank reconciliations. Failure to properly complete timely bank reconciliations could also result in a misuse or misappropriation of cash that could go undetected. (Finding Code No. 2021–003, 2020–004)

RECOMMENDATION

The Department should prepare a monthly reconciliation for every cash account, reconciling the bank and general ledger balances. Each monthly bank reconciliation should be timely completed and reviewed and approved by a supervisor.

DEPARTMENT RESPONSE

IDES accepts the auditor's recommendation. In 2021, IDES contracted with a professional accounting firm to assist department staff with the cash reconciliation work required for seven programs, including the new federal programs such as PUA and PEUC that were enacted in response to the pandemic. In consultation with a professional accounting firm, department procedures are undergoing review and revision to ensure cash reconciliations for all programs are completed on a timely basis.

PRIOR FINDINGS NOT REPEATED

A. Failure to Accurately Determine Claimants' Eligibility for Pandemic Unemployment Assistance:

In the prior audit, the Department of Employment Security (Department) failed to ensure Pandemic Unemployment Assistance claimants met eligibility requirements.

In the current audit, the Department was unable to provide complete and accurate claimant data. Therefore, we were unable to conduct detailed testing as noted in Finding 2021-002. We will review the Department's progress in the next audit. (Finding Code No. 2020-002)

B. Inadequate Controls over Pandemic Unemployment Assistance Program Processes:

During the prior audit, the Department did not implement adequate controls over the Pandemic Unemployment Assistance (PUA) program processes.

In the current audit, as noted in Finding 2021-002, the Department was unable to provide complete and accurate claimant data. Therefore, we were unable to conduct detailed testing. We will review the Department's progress in the next audit. (Finding Code No. 2020-003)

C. Inadequate Controls over Accruals:

During the prior audit, the Department did not have sufficient internal control over the determination of accruals for payments related to both the Unemployment Insurance program (UI) and the Pandemic Unemployment Assistance Program (PUA).

In the current audit, as noted in Finding 2021-002, the Department was unable to provide complete and accurate claimant data. Therefore, we were unable to conduct detailed testing. We will review the Department's progress in the next audit. (Finding Code No. 2020-005)

D. Inadequate Controls over Receivable Allowance:

During the prior audit, the Department did not have sufficient internal control over the estimate of the allowance for doubtful accounts recorded in its financial statements.

In the current audit, as noted in Finding 2021-002, the Department was unable to provide complete and accurate claimant data. Therefore, we were unable to conduct detailed testing. We will review the Department's progress in the next audit. (Finding Code No. 2020-006, 2019-001)

E. Inadequate Controls over GenTax Access:

During the prior audit, the Department did not ensure adequate security over the enterprise-wide tax system (GenTax).

In the current audit, sample testing did not contain significant errors that would affect the financial statements. (Finding Code No. 2020-007, 2019-005, 2018-008)

Mr. LAHOOD. Those fraudsters acted with intent and malice and diverted critical relief for unemployed workers. Early on in the pandemic, multiple red flags were raised by law enforcement agencies about the threat of fraudsters using stolen identities to file false unemployment claims.

The U.S. Secret Service raised the first alarm issuing an alert memo in May 2020 warning of a well-organized Nigerian crime ring exploiting the COVID–19 crisis to commit large-scale fraud against State unemployment insurance programs.

Mr. Speaker, I include in the RECORD that memo from the U.S. Secret Service.

MAY 14, 2020.

From: United States Secret Service.

MASSIVE FRAUD AGAINST STATE UNEMPLOYMENT INSURANCE PROGRAMS

The United States Secret Service has received reporting of a well-organized Nigerian fraud ring exploiting the COVID–19 crisis to commit large-scale fraud against state unemployment insurance programs. The primary state targeted so far is Washington, while there is also evidence of attacks in North Carolina, Massachusetts, Rhode Island, Oklahoma, Wyoming and Florida. It is extremely likely every state is vulnerable to this scheme and will be targeted if they have not been already.

In the state of Washington, individuals residing out-of-state are receiving multiple ACH deposits from the State of Washington Unemployment Benefit Program, all in different individuals' names with no connection to the account holder. A substantial amount of the fraudulent benefits submitted have used PII from first responders, government personnel and school employees. It is assumed the fraud ring behind this possess a substantial PII database to submit the volume of applications observed thus far.

This fraud network is believed to consist of hundreds, if not thousands, of mules with potential losses in the hundreds of millions of dollars. The banks targeted have been at all levels including local banks, credit unions, and large national banks.

Please communicate the information regarding this fraud to the appropriate office at your local state level and liaison with local financial institutions to identify mules and potential seizures.

Mr. LAHOOD. Mr. Speaker, the public needed to know what was happening to these funds, yet not a single oversight hearing was held at the time. Democrats turned a blind eye to the fraud and rejected Republican efforts to stop it.

While considering the American Rescue Act in committee, Democrats rejected Republican amendments that would have stopped the ''pay and chase'' model of benefit delivery.

In September of 2022, Democrats voted against a resolution of inquiry demanding communications showing the Department of Labor had knowledge of unemployment insurance dollars flowing to international crime syndicates.

Now, today, Republicans are taking action.

We will not turn our backs and walk away from the greatest theft of taxpayer dollars in American history.

Currently, State workforce agencies have little incentive to pursue costly investigations and prosecutions that do not pay out. This bill here today, H.R. 1163, will jump-start efforts to recover what we can by making the juice worth the squeeze for States still working through a backlog of suspicious unemployment claims and appeals.

The number of individuals or entities facing UI fraud-related charges has grown since March 2020 and will continue to increase as these cases take time to develop.

Based on an analysis of the U.S. Department of Justice from January 13, 2023, Federal charges were pending against up to 240 individuals for attempting to defraud pandemic UI programs.

States that take the initiative will be allowed to retain a portion of the recovered funds to prevent future fraud by using the recovery reward to improve program integrity, including hiring investigators to go after criminals and modernizing State systems.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. SMITH of Missouri. Mr. Speaker, I yield an additional 30 seconds to the gentleman from Illinois.

Mr. LAHOOD. Mr. Speaker, this bill allows a State to retain 5 percent of the recovered UI overpayments. This includes having commonsense procedures in place, like preventing UI benefit payments from going to incarcerated people and deceased people.

We have an opportunity today to gain some restitution for American taxpayers.

Mr. Speaker, I urge my colleagues to support H.R. 1163.

Mr. DAVIS of Illinois. Mr. Speaker, I yield 90 seconds to the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Speaker, after President Trump twiddled, while thousands of Americans died of COVID, we entered a national crisis. In that emergency, the Trump administration, the Biden administration, and the States did not do enough to prevent fraud in this and other programs.

If Republicans were genuinely interested in strengthening any fraud efforts, as I certainly am, we could, today, approve bipartisan legislation to do that. Instead, they rejected many of the important recommendations from their own witnesses before our committee from the Government Accountability Office and the inspector general told us were necessary.

Instead of protecting taxpayers today from fraud, they use this misnamed bill to actually cut the very funding that is required for any fraud and recovery of wrong payments. When millions of Texans found themselves out of a job, the Texas Workforce Commission was not ready to provide a lifeline.

Even in the middle of the night, my neighbors could not get through to get the insurance to which they were entitled. Little wonder that the same State agency did a sorry job of preventing fraud.

The vast majority of Texans, who eventually received unemployment, were entitled to it, unlike apparently an indicted member of the Republican Caucus. Our unemployment insurance system should be strengthened, not undermined, as this very bill would do.

Mr. SMITH of Missouri. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania (Mr. SMUCKER).

Mr. SMUCKER. Mr. Speaker, I thank the chairman for yielding.

Mr. Speaker, the premise of this bill is simple: Criminals and fraudsters should be held accountable for dollars that were illegally obtained, and we ought to ensure that this doesn't happen again.

We can argue, we can talk about how we got here, who is responsible, but I can tell you, as a member of the Ways and Means Committee, Republicans spent the last 3 years pleading with the Biden administration and with Democrats for answers on the impact of unemployment fraud, for ways to stop it, and the steps that we need to recover as much of it as possible. Unfortunately, it fell on deaf ears, and now we have some counts as high as $400 billion that were lost to fraud or improper payments under the program.

That is money that should have been supporting our constituents that were struggling from job loss during the pandemic. Instead, it went to criminals and cheats.

In my district, too many unemployed individuals could not access payments because those benefits had already been claimed by scam artists.

Similarly, for the last two tax filing seasons, many of my constituents have only found out then that they were a victim of identity theft when they got a 1099 in the mail that says they owe taxes on unemployment benefits they never claimed.

Now, they are stuck fighting the IRS to rectify their tax bill and hung out to dry trying to reclaim their identity. Finally, after 3 years, House Republicans are taking this important step today to right this wrong. This legislation gives States both the incentives and the tools needed to prosecute criminals and recover fraudulent payments.

It takes the steps that we should have taken 3 years ago to prevent fraud in the first place. I do want to be clear: This bill is not about taking away employment benefits from those who relied on them, who needed them during the pandemic.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. SMITH of Missouri. Mr. Speaker, I yield an additional 30 seconds to the gentleman from Pennsylvania.

Mr. SMUCKER. It is not about taking away unemployment benefits for those who relied on them. It is quite the opposite. This bill goes after those who robbed unemployment benefits from those who need it.

Mr. Speaker, I am hopeful that my colleagues on the other side of the aisle will recognize that this is commonsense legislation to right a wrong and to protect our constituents and our taxpayers.

Mr. DAVIS of Illinois. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. THOMPSON).

Mr. THOMPSON of California. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, the COVID–19 pandemic significantly impacted the economies of every country around the world, resulting in great economic shutdown. However, our country, the United States, came out of the pandemic ahead of other nations because we expanded programs such as unemployment insurance.

Sadly, this bill seeks to target Americans who received overpayment from the government at no fault of their own instead of going after those who committed fraud.

During the bill's markup and later in the Rules Committee, I offered an amendment that would amend the criminal code to extend the statute of limitations to 10 years, as recommended by the Department of Labor Inspector General and legal experts so we could get the crooks.

However, the Republicans decided to go after public servants and retirees instead of the criminals. One of the other members said that criminals and cheats need to be brought to justice. They do. Extend the statute of limitations and we can do it. We can catch the bad guys. We can catch the crooks. We can get the taxpayer money back.

Mr. SMITH of Missouri. Mr. Speaker, I yield 2½ minutes to the gentlewoman from New York (Ms. TENNEY).

Ms. TENNEY. Mr. Speaker, I rise in support of H.R. 1163, the Protecting Taxpayers and Victims of Unemployment Fraud Act. This bill makes meaningful strides to recover hundreds of billions of dollars in fraudulent unemployment benefits.

Congress has the responsibility to oversee our Nation's unemployment programs and rein in rampant fraud. Unfortunately, for years, Democrats virtually refused to acknowledge the extent of this issue while taxpayers and small businesses in New York's 24th District were forced to foot the bill.

Criminal organizations, including international cybercrime rings and other foreign actors, even exploited this national crisis to steal billions from taxpayers.

The exact amount of unemployment fraud resulting from the pandemic is not known. Estimates are wide-ranging with some encompassing only improper payments due to fraud, and others focused on all improper payments, including those resulting from administrative error.

The Government Accountability Office found at least $60 billion in fraud as they testified before our committee. However, according to recent testimony from the Department of Labor Inspector General, improper payments and pandemic unemployment programs have saddled taxpayers with at least $191 billion in fraud, as was testified before our committee. Some experts suggest this number could be as high as $400 billion.

New York alone is estimated to have paid as much as $11 billion in fraudulent unemployment benefits since March 2020. On top of all of this, New York has an outstanding trust fund loan of nearly $8 billion, which it has yet to repay.

Because of New York's gross mismanagement, taxpayers and small businesses must now make up the difference. After all the hardships they have endured over the past several years, how can it possibly be fair to ask them to pick up the tab for the government's negligence and incompetence?

Now, under House Republicans and the leadership of JASON SMITH, Congress is finally taking steps to recover these valuable taxpayer dollars.

Mr. Speaker, I urge support for this bill from all of my colleagues.

Mr. DAVIS of Illinois. Mr. Speaker, I yield 1 minute to the gentleman from Oregon (Mr. BLUMENAUER).

□ 1500

Mr. BLUMENAUER. Mr. Speaker, I am having flashbacks in terms of what we were facing in 2020. Every member of my office was working to try and deal with panicked people who couldn't get through to get their unemployment in a system that was bogged down, 600 percent increase.

Now, we are taking up legislation that would cut fraud-fighting dollars and hold hardworking Americans liable for overpayments that were not necessarily their fault. Families would be forced to repay these funds up to 10 years later. Even the Congressional Budget Office has said there is uncertainty about how much would be recovered.

I was in the middle of that. I saw the panic, the challenge, and despair. I think it would be far better to take advantage of extending the statute of limitations so we make sure we can claw it back. But don't punish people who may be caught up in this net that was not of their making.

I strongly urge that we reject this, that we deal with ways to increase the statute of limitations and recover the money that needs to be recovered.

Mr. SMITH of Missouri. Mr. Speaker, I yield myself such time as I may consume.

My colleagues on the other side have noted their objection to this bill's rescission of unobligated COVID funds sitting unused at the Department of Labor. They claim these funds are important in combating UI fraud, but the reality couldn't be further from the truth.

Mr. Speaker, I include in the RECORD a February letter from the Missouri Department of Labor and Industrial Relations.

DEPARTMENT OF LABOR
& INDUSTRIAL RELATIONS,
Jefferson City, MO, February 6, 2023.

Hon. JASON SMITH,
Chair, House Ways and Means Committee, Washington, DC.

DEAR CHAIRMAN SMITH: Thank you for the opportunity to share the Missouri Department of Labor & Industrial Relations, Division of Employment Security's experience in administering and combatting fraud in the unemployment insurance (UI) and federal CARES Act programs throughout the duration of the COVID–19 pandemic.

Missouri's Governor declared a state of emergency on March 13, 2020, and Missouri entered into an agreement with the United States Department of Labor (USDOL) to administer the federal CARES Act program on March 28, 2020. In a span of only three weeks, Missouri realized an increase of over 3000% in unemployment insurance claims. In addition to the historic increase in workload, the combination of state and new federal programs expanding eligibility and dramatically increasing monetary benefits, rapidly evolving federal guidance, rampant media coverage, and misinformation made for an extremely challenging environment for program administration.

Federal programs, such as Pandemic Unemployment Assistance (PUA), initially only required self-attestation to qualify and allowed individuals to backdate their PUA claims, lacked the checks and balances inherent within the state's regular Unemployment Insurance program that are a key component of program integrity. Additionally, eligibility for a single dollar of benefit under any unemployment program automatically qualified the individual to receive a substantial supplemental Federal Pandemic Unemployment Compensation (FPUC) payment, inviting and incentivizing individuals and bad actors to attempt to collect benefits to which they were not entitled. Constantly changing guidance for the CARES Act programs added to the burden by creating additional workloads, complexity and confusion. For example, PUA guidance from the USDOL was amended four times in a period of less than 6 months, and much of the amended guidance applied retroactively to the beginning of the pandemic assistance period for claims already processed.

Fortunately, in 2016 Missouri replaced its legacy mainframe system with a modernized unemployment insurance application. Prior to the pandemic, Missouri had existing identity verification and fraud detection tools in place. This gave Missouri the ability to address the CARES Act program implementation challenges and successfully identify potential threats and prevent both small and large-scale fraud attacks that plagued some states, with nationwide estimates of potential fraud overpayments exceeding $45 billion according to the USDOL—Office of Inspector General (OIG). However, in response to unprecedented fraud attacks, Missouri continuously reviewed and modified its fraud detection tools and methods. As a result, funding administered by the USDOL for improved program integrity was mostly leveraged for the provision of additional staffing resources to address the increased volume of work and support enhancement of the existing technologies.

More recent funding opportunities, such as the Equity and Tiger Teams grants, provide limited flexibility to address program integrity and ongoing fraud prevention strategies. The Equity Grant is focused on improving recipiency and equitable access to the UI program. The Tiger Teams grant identifies three focus areas to be addressed, ''equity and access, backlogs and timeliness, and integrity.'' Bad actors are constantly striving to find new innovative ways to defraud benefit programs and avoid detection. As such, Missouri must continue to innovate and invest in fraud prevention strategies and tools that prevent our states and our citizens from becoming the next victims. The existing use, at the federal level, of the Resource Justification Model for funding UI administration and one-time grant opportunities, fall short in meeting this need. Therefore, prioritization should be given to consistent funding that not only permits states to implement proven strategies and tools to combat fraud but also provides states the ability to support and maintain these solutions into the future.

Missouri will continue to place UI program integrity as a critical priority. I appreciate this opportunity to share Missouri's experience with the challenges we faced administering the federal programs throughout the pandemic.

Sincerely,

ANNA S. HUI,
Department Director.

Mr. SMITH of Missouri. In it, my State's workforce directory notes their experience with tiger teams.

It says: ''More recent funding opportunities, such as the equity and tiger team grants, provide limited flexibility to address program integrity and ongoing fraud prevention strategies.''

This doesn't sound like a glowing review.

I welcome Democrats to share any information that they have that the Department of Labor's efforts have helped us recover dollars for American taxpayers.

Mr. Speaker, I yield 3 minutes to the gentleman from Kansas (Mr. ESTES).

Mr. ESTES. Mr. Speaker, I rise today in support of the Protecting Taxpayers and Victims of Unemployment Fraud Act.

Right now, our Federal Government is borrowing one out of $5 we spend, over $45,000 a second. This fact alone should outrage every American.

Yet, we face another outrageous problem here in the swamp: Waste, fraud, and abuse. Not only are we borrowing at historic rates, but we are borrowing to cover the costs of rampant fraud that exists frequently unchecked in our system.

This was magnified during the height of the COVID–19 pandemic. While there were good reasons to expand unemployment benefits when many Americans were displaced from work through no fault of their own, we are already 3 years removed from the passage of the CARES Act.

The pandemic emergency declaration is over; not because the Biden administration followed the science and voluntarily gave up their emergency powers, but because House Republicans and the Senate came together to force the Biden administration to end the pandemic emergency declaration.

One troubling data point that has emerged is the unemployment claims as a percentage of unemployed workers. This was 37 percent in February 2020, right before the pandemic came to our shores. Yet, by August of the same year, it had climbed to 216 percent.

The data is clear, we were paying massive amounts of unemployment to people who were not unemployed. It is estimated that of the $873 billion in total pandemic UI benefits disbursed, about $357 billion went to fraudulent claims.

No Member of Congress should be comfortable telling their constituents that they don't care about wasting nearly $400 billion of taxpayer money.

In my home State, a forensic audit found that the State of Kansas paid up to $466 million in unemployment fraud. While this massive fraud was occurring, hardworking, unemployed Kansans were competing with fraudsters to receive the unemployment benefits they deserved and so desperately needed.

In my office in Wichita, we received countless calls from Kansans who were trying to reach an ineffective Kansas Department of Labor.

One constituent waited over half a year after her claim mysteriously ended up in the fraud department. Others reached out to let me know they had been victims of fraud, some receiving a 1099 claiming they owed taxes on benefits that somebody else received.

These cases point to a real problem in Kansas and across the country. Taxpayers lost out to fraudsters who used the pandemic, vast sums of Federal Funds and weak State leadership to game the system.

Thankfully, there is a solution that protects the taxpayers and reins in the fraud we have seen in unemployment insurance. The Protecting Taxpayers and Victims of Unemployment Fraud Act won't make everybody whole, but it ensures that some of the hundreds of billions of dollars are recouped, and it lets States keep 25 percent of those funds so they can improve their own unemployment insurance systems.

To be clear, unemployment is a critical lifeline that helps Americans during a challenging time. When bad actors abuse the program, it hurts those who actually need it by taking away monetary and human resources.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. SMITH of Missouri. Mr. Speaker, I yield an additional 30 seconds to the gentleman from Kansas.

Mr. ESTES. The bill is the right and fair approach to ensure unemployed Americans have full access to the assistance they need and, when done correctly, encourages those individuals to get back into the workforce.

Tackling waste, fraud, and abuse in unemployment insurance shouldn't be a partisan issue. It rights a wrong and is just common sense.

Mr. Speaker, I encourage my colleagues to join me in this commonsense legislation that puts taxpayers first.

Mr. DAVIS of Illinois. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey (Mr. PASCRELL).

Mr. PASCRELL. Mr. Speaker, the other side, respectfully, Republicans, created a once-in-a-century crisis, once in a century. They are holding this sham debate to distract us.

In 2021, Democrats passed the American Rescue Plan. It had a very strong fraud protection section. I hope you read it. Our unemployment aid was a gigantic success, by the way. It kept families together and it saved lives.

Republicans claim to care about misuse, but when we passed real fraud protections, every single one of you voted ''no.'' That is the record. It is clear.

House Republicans are harboring a disgraced fraudster who was just arrested on unemployment fraud. You cannot make this up.

We are prosecuting fraud. States recovered over $100 million. Enforcement is working. This is not about fraud or about saving money.

The SPEAKER pro tempore. The time of the gentleman has expired.

Members are reminded to direct their remarks to the Chair.

Mr. PASCRELL. Mr. Speaker, you took the rest of my time.

The SPEAKER pro tempore. The gentleman's time has expired.

Mr. PASCRELL. Sir, you took the rest of my time.

The SPEAKER pro tempore. The gentleman's time has expired.

Mr. SMITH of Missouri. Mr. Speaker, I yield 1½ minutes to the gentlewoman from California (Mrs. STEEL).

Mrs. STEEL. Mr. Chairman, as we all now know, pandemic unemployment assistance funds became the source of the greatest theft of taxpayer dollars in American history.

Estimates put the total amount of assistance lost to fraud as high as $400 billion. California alone lost around $60 billion under the leadership of President Biden's Secretary of Labor nominee Julie Su.

As Californians in particular continue struggling under spiking prices and high taxes, it is absurd to force them to foot the bill for fraud committed while their leaders were asleep at the wheel.

That is why I am proud to support the Protecting Taxpayers and Victims of Unemployment Fraud Act, which will address this unprecedented theft by incentivizing States to recover these stolen funds and providing the tools to prevent future fraud.

Government caused this problem, and it owes the American taxpayers a solution. I urge all my colleagues to vote ''yes'' on this measure to provide the fiscal oversight we were sent here to deliver.

Mr. DAVIS of Illinois. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. EVANS).

Mr. EVANS. Mr. Speaker, this bill is not about addressing fraud. My home State of Pennsylvania is already fighting fraud with the American Rescue Plan funds that support new positions at American Job Centers.

This bill targets innocent workers who have no idea that their State made mistakes in paying their unemployment benefits.

This bill targets innocent workers whose emergency benefits kept their households afloat.

The bill targets innocent workers who went back to work as soon as they could and often for lower pay.

I urge my colleagues to let States focus on real fraud and protect innocent workers by voting against this bill.

Mr. SMITH of Missouri. Mr. Speaker, I yield 1½ minutes to the gentleman from Ohio (Mr. CAREY).

Mr. CAREY. Mr. Speaker, I rise in support of H.R. 1163.

Our jobs recovery has been hampered by bloated COVID relief benefits that paid people more not to work, while criminals and fraudsters were lining their pockets with billions in taxpayer funds from expanded UI programs.

We are not talking about everyday fraud or administrative error. We are talking about fraud that was committed with intent, both domestically and by foreign nation-state actors that, frankly, used COVID relief to conduct economic warfare against American citizens and put our national security at risk.

In my home State of Ohio, it was estimated that $1 billion may have been paid in fraudulent unemployment from March of 2020 to June of 2022.

Now, my friends on the other side are arguing against this bill and the administration has just released a Statement of Administration Policy opposing this bill.

The fact is, the President's Fiscal Year 2024 budget request includes several of the very same fraud recovery and prevention measures that my colleagues across the aisle are railing against today. Three of the proposals in the President's budget are nearly identical:

Allowing States to keep 5 percent of recovered overpayments and reinvest those dollars in program integrity and fraud prevention;

Matching unemployment claims data against the National Directory of New Hires to verify when somebody that is receiving unemployment becomes employed; and

Extending the statute of limitations for criminal charges and civil actions for prosecuting fraud from 5 to 10 years.

After declaring that ''the watchdogs are back'' in his first State of the Union, it has taken the President nearly 2 years to finally embrace the antifraud policies that we Republicans are calling for today.

Were the President to veto this bill, he would be vetoing the very same policies he endorsed.

Mr. DAVIS of Illinois. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. SCHNEIDER), my home State.

Mr. SCHNEIDER. Mr. Speaker, we all share the goal of fighting fraud. As my colleague just said, there are things that we can and do agree on, but this bill isn't that.

Our focus should be on going after those who stole unemployment insurance money and fixing the broken systems that enable them.

Instead, the Republicans' bill seeks to claw back funds included in the American Rescue Plan that would allow the States to do what we are asking today.

Mr. SMITH's bill will make it easier for the bad guys to cheat the system, not harder, and it will hurt the hardworking, law-abiding citizens.

Countless honest taxpayers hit hard by the pandemic followed the rules of their State, received their benefits, and used those funds to pay for their children's healthcare, to pay their rent, and simply to make ends meet. They had no way of knowing the State had mistakenly overpaid them.

During the markup, I asked Chairman SMITH what protections were included in this bill to ensure that honest taxpayers didn't get surprise bills or face prosecution from States.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. DAVIS of Illinois. Mr. Speaker, I yield an additional 30 seconds to the gentleman from Illinois.

Mr. SCHNEIDER. During the markup, I asked what protections were in place to protect those honest taxpayers. Neither the Chair nor any of my Republican colleagues could point to any protections.

While both sides of the aisle care about fighting fraud—and I know we do—this bill makes clear that only Democrats care about protecting hardworking, honest Americans from receiving surprise bills and being treated like criminals.

Mr. SMITH of Missouri. Mr. Speaker, I yield 2 minutes to the gentleman from Utah (Mr. MOORE).

Mr. MOORE of Utah. Mr. Speaker, I rise today in support of H.R. 1163, the Protecting Taxpayers and Victims of Unemployment Fraud Act, which addresses the urgent need to safeguard taxpayer dollars from unemployment insurance fraud schemes.

One of our most crucial oversight duties is to ensure the responsible use of taxpayer funds. Recent reports from the White House, GAO, the Department of Labor, and other organizations have exposed the alarming theft of up to $400 billion in taxpayer dollars due to unemployment insurance fraud during the COVID pandemic.

□ 1515

This revelation demands immediate action. What we are trying to accomplish here is to show a plan that is feasible to be able to go after this fraud.

My colleagues on the other side of the aisle talk about wanting to go after fraud, too. These arguments that we are talking about are missing the point. This bill will go after the fraud that took place. We introduced H.R. 1163, and it will help enable the recovery of lost dollars, ensuring that this stolen money is reclaimed.

While fraud has been widespread across this Nation, some States have demonstrated success in minimizing these losses. In Utah, my home State, overpayment due to fraud consisted of less than 1 percent of total benefits disbursed. I am proud of this.

Our leaders in Utah have done an excellent job managing and protecting these resources thanks to the systems and processes implemented by former Governor Herbert, Governor Cox, their administrations, and the Utah State legislature.

The Federal Government must now work to restore public trust. It starts with holding bad actors accountable. This bill will enable that by strengthening the integrity of our systems for the future and encourage States to be proactive rather than reactive.

Mr. Speaker, I urge my colleagues to support this fiscally responsible bill.

Mr. DAVIS of Illinois. Mr. Speaker, I yield 1 minute to the gentlewoman from Texas (Ms. JACKSON LEE).

Ms. JACKSON LEE. Mr. Speaker, let me say that I believe in border security at the southern border. I also believe in the fact that we are a land of immigrants, as well as a land of laws.

Here we have two bad bills that don't fix the immigration and border security problem, and in this bill, we are not fixing any problem with fraud.

Let me explain to my colleagues and also the American people: This takes away $400 million that we use to eliminate fraud. How does that work, in H.R. 1163? This bill is to claw back funds that people allegedly received accidentally.

This is what will happen. Let me tell you what they are going to do. They are going to make sure that law enforcement and first responders, who were out in public during the pandemic every day, will receive a bill because they accidentally received an overpay.

I had an amendment to exempt law enforcement which was rejected. They wouldn't take that amendment. We are, in fact, coming upon National Police Week next week when we honor and memorialize law enforcement.

They wouldn't take the amendment to exempt firefighters. I saw them out in the community when I was out in my district, testing, administering vaccinations, tending to people in crisis during the pandemic. They were out in our communities.

Additionally, they wouldn't take an exemption of schoolteachers. This is a bad bill. Why are you punishing our law enforcement, first responders, fire fighters, teachers, and others?

Let us take this bill off the table and go back to the drawing board. We are losing. We are not gaining.

Mr. Speaker, I am here today to reassert my opposition to the proposed legislation H.R. 1163—Protecting Taxpayers and Victims of Unemployment Fraud Act, and to again assert the need for strong reconsideration for the harm and damage this bill will do to the American people.

H.R. 1163, the Protecting Taxpayers and Victims of Unemployment Fraud Act, quite simply a harmful bill that would strip state Unemployment Insurance (UI) programs of essential resources to fight fraud, combat identity theft, and recover overpayments, and would set back the goals of strengthening program integrity and combating systemic fraud.

H.R. 1163 would undermine the integrity of the UI system and allow states to send surprise bills to workers for overpayments of unemployment benefits paid during the pandemic as long as 10 years after the overpayment occurred.

This bill takes no consideration into the fact that the overpayments were made to workers who did nothing wrong, did not know they were overpaid, spent the money on necessities, and returned to work as soon as they could. Workers did not know they were overpaid at the time (and will not know until they receive a surprise bill).

This ''anti-fraud'' legislation would do more harm than good, penalizing America's essential workers who did nothing wrong while slashing funding from programs holding criminals accountable.

It makes no sense that we would not do everything we can to protect special populations of workers and continue to support them as essential workers—as those who hold the fabric of our communities together, especially in our most desperate and fragile times of need.

In fact, I along with my colleagues have attempted to address many of the ills this bill purports by offering common sense amendments that Republicans have continued to refuse any meaningful consideration.

My first amendment for H.R. 1163, listed on the Rules Committee roster as Amendment No. 41, would have required states to waive overpayments of pandemic unemployment benefits that were made to law enforcement personnel and security in 2020 or 2021 who were without fault in the UI overpayments.

My second amendment for H.R. 1163, listed on the Rules Committee roster as Amendment No. 42, would have required states to waive overpayments of pandemic unemployment benefits that were made to firefighters and emergency personnel in 2020 or 2021 who were without fault in the UI overpayments.

And my third amendment for H.R. 1163, listed on the Rules Committee roster as Amendment No. 43, would have delayed enactment until the Secretary certifies that no provision would result in school personnel—including teachers and support staff—in 2020 or 2021 without fault in the UI overpayment would be forced to repay overpayments due to state error.

These are common-sense amendments that have been repeatedly disregarded by my colleagues across the aisle who have instead chosen to put forward legislative attacks on our most vulnerable populations.

It is time we stop the negativity and counterproductive efforts that are ripping apart our country, and to instead focus on coining together to work towards sensible and effective solutions that can work for the betterment and growth of our country.

This bill is largely opposed by Americans who see right through the misguided language purporting to go after fraud but really goes after hardworking American citizens.

In my home state of Texas and across the country labor unions have reached out to urge a no vote on this bill and I stand with them in strong opposition to this wayward measure.

Mr. SMITH of Missouri. Mr. Speaker, I yield 1½ minutes to the gentleman from North Carolina (Mr. MURPHY).

Mr. MURPHY. Mr. Speaker, I rise today in strong support of H.R. 1163, the Protecting Taxpayers and Victims of Unemployment Fraud Act.

During the COVID–19 pandemic, we saw the words ''unprecedented'' many, many times. Today we stand at an unprecedented crime scene.

During the course of the pandemic, the American taxpayers were subjected to one of the greatest heists ever committed, to the tune of about $191 billion in improper unemployment payments.

My colleague across the aisle said: Yeah, they received the money accidentally. Well, if I walk up across the street and find a $20 bill accidentally dropped by someone else, do I not owe that money back to them? Is it mine to keep? No, it is not. It is to be given back. This is what was done from payments to the American taxpayers who did not deserve the money.

Of course, the spending spree by the Biden administration wants to continue by adding ballooning debt to our national deficit.

Today, House Republicans are presenting a solution to this unprecedented problem. We are not raising taxes or spending our grandchildren's money. We are merely asking for money back that was not owed to those people.

It is simple. Why not reclaim the billions of dollars in improper payments before spending another cent of taxpayer money? Even schoolchildren would understand what is at issue.

It is past time to rectify this disaster and hold those accountable who got money that they did not deserve.

Mr. Speaker, I urge my colleagues to support this bill.

Mr. DAVIS of Illinois. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. FOSTER).

Mr. FOSTER. Mr. Speaker, as Congress' physicist and computer chip designer, I rise to make this simple point, that the massive levels of UI fraud and identity fraud generally did not happen in countries that have a secure and trusted digital ID system.

This is well known to residents of many States as the mobile ID, or digital driver's license, that allows a REAL ID compliant driver's license to be placed under your smartphone and to use the unique hardware ID of your phone and its biometric login capabilities to prove that you are who you say you are online or in person and to prevent anyone from impersonating you.

Last session of Congress, we came within a whisker of getting it included in the omnibus, that the Federal Government should start recognizing this proven form of digital ID.

Unfortunately, H.R. 1163 is a bill that is designed to fail in the Senate. If we start working with our Senate colleagues, I think we have a chance of making real progress on this.

Mr. SMITH of Missouri. Mr. Speaker, I reserve the balance of my time.

Mr. DAVIS of Illinois. Mr. Speaker, I yield 1 minute to the gentleman from Virginia (Mr. BEYER).

Mr. BEYER. Mr. Speaker, I stand in opposition to this bill. It is nothing more than a disingenuous attempt to undermine the Federal unemployment insurance program, which provided a critical lifeline to millions of Americans during the pandemic.

My Republican colleagues say they are concerned about unemployment fraud. I am, too.

However, this bill does nothing to claw back stolen UI funds. In fact, it would go a long way toward stopping the ongoing successful work by the Federal Government to fight fraud and hold criminals responsible.

It would rescind $2 billion in funding provided to the Department of Labor to strengthen the UI system and improve fraud detection and prevention and replace it with a bizarre set of incentives for States to go after ordinary workers who were overpaid, through no fault of their own, years after the fact.

The Department of Labor assistance facilitated by the American Rescue Plan made a huge difference in my State of Virginia. Following the guidance, we were able to make a significant dent in the unemployment insurance appeals backlog that has plagued our State system for years.

There is no question our unemployment system needs improvement, but this bill would make the system more vulnerable to fraud.

Mr. SMITH of Missouri. Mr. Speaker, I yield 1½ minutes to the gentlewoman from New York (Ms. MALLIOTAKIS).

Ms. MALLIOTAKIS. Mr. Speaker, since House Republicans have been in control, we have brought transparency to the people's House. We are the ones who are protecting taxpayers. We are the ones exposing waste, fraud, and abuse, including as high as $400 billion in COVID relief and unemployment fraud.

Sadly, my home State of New York ranks near the top of the list, with an estimated $11 billion in this fraudulent unemployment benefits. These taxpayer dollars went to fraudsters, many overseas, as far as China, Russia, and Nigeria. They even went to dead people.

They spent it on Rolex watches, fancy furnishings, and designer goods at Louis Vuitton, Chanel, Burberry, Gucci; $10 million on a villa in the Dominican Republic; $3.5 million on a mansion in New Jersey; a charter jet to get the fraudster who purchased it to and from; Porsches, Ferraris, Bentleys, BMWs, and Mercedes Benz. One person even received $1.5 million over a span of 10 months.

Meanwhile, my district offices in Staten Island and Brooklyn had to help dozens of constituents who had their identities stolen and could not get the unemployment benefits they desperately needed.

New York had to take an $8 billion loan from the Federal Government, which it has not paid back yet, by the way, to cover all of this. Now, our small businesses are paying the price with higher unemployment assessments.

The bottom line is, this bill would help crack down on this type of fraud, would give law enforcement the statute of limitations it needs for criminal charges or civil actions, incentivizes States to help us crack down and recover these fraudulent payments, and stops unemployment insurance payments to incarcerated and deceased people.

Mr. Speaker, I don't know how anyone can't support this bill. Thank you.

Mr. DAVIS of Illinois. Mr. Speaker, I yield 1 minute to the gentleman from Nevada (Mr. HORSFORD).

Mr. HORSFORD. Mr. Speaker, I thank the distinguished ranking member of the House Ways and Means Work and Welfare subcommittee for the time.

Mr. Speaker, this bill, the surprise billing our workers act, is another extreme MAGA attempt that threatens to punish hardworking constituents whom, at no fault of their own, may have been overpaid unemployment insurance benefits.

If deficiencies and errors on the part of the unemployment authorities in each State caused an overpayment, this bill would allow the government to go after those funds for up to 10 years.

Imagine that. Constituents in my district in North Las Vegas, who have been working hard, paying their bills, and taking care of their families, suddenly get a surprise bill that says that they owe hundreds or even thousands of dollars.

On top of that, you want to go after fraudulent people gaming the system. We have laws and resources in place to go after networks and individuals who purposely try to get money that they are not entitled to.

Just look at the Member from the other side of the aisle who was indicted yesterday for unemployment fraud, among other things.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. DAVIS of Illinois. Mr. Speaker, I yield an additional 1 minute to the gentleman from Nevada.

Mr. HORSFORD. Mr. Speaker, last Congress, I introduced the Unemployment Insurance Technology Modernization Act, which would prevent fraud and address the technical shortcomings of many State unemployment programs. I would ask my colleagues on the other side of the aisle to work with me and other colleagues to actually provide solutions.

Stop targeting our constituents. Let's go after the corporate cartels that are involved in this fraud of our unemployment insurance, but let's protect the unemployment program, which is a bridge to people who need it. My constituents faced the second highest unemployment during the pandemic. I will fight for them every step of the way.

Mr. SMITH of Missouri. Mr. Speaker, I yield myself such time as I may consume.

Democrats are falsely claiming that this bill claws back relief funds from Americans who received an overpayment through no fault of their own.

The language in this bill is crystal clear. It is focused on recovering overpayments due to fraud. That means intent on the part of the individual. Existing law already protects individuals who receive overpayments through administrative error or otherwise. In fact, section 2401 of the CARES Act allows States to waive overpayments on a case-by-case basis if the payment would be contrary to equity and good conscience.

This bill also explicitly states in section 2(a)(2) and section 2(a)(3) that ''the State agency may retain 25 percent of any amount recovered from overpayments of pandemic emergency unemployment compensation''—this is the one you need to understand—''that were determined to be made due to fraud.'' Not overpayment. Due to fraud.

Mr. Speaker, I reserve the balance of my time.

Mr. DAVIS of Illinois. Mr. Speaker, may I inquire as to how much time is remaining?

The SPEAKER pro tempore. The gentleman from Illinois has 14 minutes remaining. The gentleman from Missouri has 3½ minutes remaining.

Mr. DAVIS of Illinois. Mr. Speaker, I yield 1 minute to the gentlewoman from California (Ms. KAMLAGER-DOVE).

Ms. KAMLAGER-DOVE. Mr. Speaker, I rise to condemn Republicans' attack on our workers. The GOP's surprise billing our workers act would allow States to send surprise bills to workers for unemployment benefits overcompensation paid to them during the pandemic for as long as 10 years after the overpayment was issued.

Is it the job of the American people to keep the receipts of 10 years past of UI payments so that they don't go to jail?

People who applied for these benefits and were overpaid did not know they had been overpaid. These were the result of a government mistake.

To add salt to the wound, Republicans want to cut fraud prevention programs by $400 million over the next 5 years. Unbelievable.

This legislation hurts our State employee unions by allowing States to contract out jobs, which is what led to this mess in the first place.

Let's be clear: This is an old trope from the Republican playbook. Blame and demonize poor and Black women, insinuating they are gaming the system, when Republicans have their own welfare queen to deal with.

How can you possibly lecture Americans about paying their bills when you fail time and time again to come together and meet your financial obligations as a country?

□ 1530

Mr. SMITH of Missouri. Mr. Speaker, I yield 1½ minutes to the gentleman from Indiana (Mr. YAKYM).

Mr. YAKYM. Mr. Speaker, I rise today in strong support of H.R. 1163, the Protecting Taxpayers and Victims of Unemployment Fraud Act.

The Department of Labor's inspector general pegs pandemic-era unemployment insurance fraud at $191 billion, though other experts say it could run as high as $400 billion. These are staggering figures.

This fraud enriched criminals. It harmed innocent Americans who faced processing delays, stolen benefits, and stolen identities. These were not victimless crimes.

H.R. 1163 takes a couple of important and commonsense steps toward addressing this fraud.

First, it extends the statute of limitations so that we can continue to investigate reports, recover taxpayer dollars, and prosecute the fraudsters.

More importantly, it incentivizes States not just to recover fraudulent payments but to shore up their systems against future fraud by allowing them to use a portion of recovered funds for program integrity and fraud prevention efforts.

The unemployment insurance program is an important part of our safety net that helps Americans recover from a job loss. The pandemic exposed major flaws that are in desperate need of attention.

I support the bill before us today because we shouldn't just catch the fraud that was. We need to stop the fraud that will be. H.R. 1163 takes steps to ensure that we in Congress and Americans across the country have faith in this program to deliver during difficult times.

Mr. DAVIS of Illinois. Mr. Speaker, I yield 1 minute to the gentlewoman from California (Ms. CHU).

Ms. CHU. Mr. Speaker, I rise in opposition to this surprise billing our workers act.

This bill would harass workers with surprise bills for unemployment benefits that were overpaid due to State errors. These workers, many of whom worked long hours for low wages, rightfully used these benefits on basic needs, such as utilities, rent, and groceries, with no way of knowing that there was a mistake.

State agencies were simply not equipped to expeditiously get out pandemic unemployment benefits, resulting in a number of overpayments to workers who filled out their applications honestly in States led by Governors of both parties.

There is no denying that there were wrongdoers who exploited the emergency programs set up by Congress to assist American workers. However, this is not an excuse to go after honest Americans who did nothing wrong.

Mr. Speaker, I urge my colleagues to vote ''no'' on this bill.

Mr. SMITH of Missouri. Mr. Speaker, I reserve the balance of my time.

Mr. DAVIS of Illinois. Mr. Speaker, I yield 2 minutes to the gentlewoman from Ohio (Mrs. SYKES).

Mrs. SYKES. Mr. Speaker, before I joined Congress, I was a State representative in the great State of Ohio. During the pandemic, my office fielded hundreds if not thousands of calls from parents, seniors, veterans, farmers, and families, all who needed help, and we did.

Unbeknownst to my constituents, the IT systems at the State agencies in Ohio processed those claims. Those IT systems needed to be updated. The staff roles had been decimated and protections were not in place. Months after those families sighed a breath of relief, they received a letter demanding repayment.

Mr. Speaker, if you have never been on the other end of a phone call where someone has cried or wailed in fear of financial ruin or about how they are going to feed their families or pay their bills or get their medication, I can understand why you would vote for this bill. Unfortunately, Mr. Speaker, I have, and I cannot support this legislation.

Mr. Speaker, I understand the need to stop fraud, and I understand the need to do this work. I look forward to doing it with you someday, but this bill would not do it. In fact, it actually eliminates $2 billion of the funds to update the system that caused this problem and put my constituents in this situation in the first place.

Mr. Speaker, I was sent here to fight for families, to lower costs—not to criminalize Americans—and to support them with bills that will help their families live the American Dream.

Mr. Speaker, I will offer a motion to recommit H.R. 1163, and I ask unanimous consent to add the text of this amendment into the RECORD immediately prior to the vote on the motion to recommit.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

Mr. SMITH of Missouri. Mr. Speaker, I am prepared to close, and I reserve the balance of my time.

Mr. DAVIS of Illinois. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, Democrats strongly agree that those who took advantage of the COVID crisis to commit fraud must be held accountable. That is why Democrats put $2 billion in the American Rescue Plan Act to fight fraud. Every House Republican voted against it.

According to the Department of Labor's trust fund, only 16 States met the required solvency standard for unemployment systems. Instead of punishing organized crime and instead of addressing the fragility of State unemployment systems, the Republican H.R. 1163 guts Federal funding to fight fraud, weakens State unemployment systems, privatizes American public service jobs, and claws back overpayments for workers who were unemployed during the pandemic and received overpayments through no fault of their own.

Mr. Speaker, I am shocked that the Republican leadership is advancing this bill that guts Federal investment in stopping unemployment fraud the same week when one of its own is indicted for such crimes.

Mr. Speaker, I urge my colleagues to oppose this bill that punishes America's families while stunting accountability for actual crimes.

Mr. Speaker, I urge a ''no'' vote, and I yield back the balance of my time.

Mr. SMITH of Missouri. Mr. Speaker, I yield myself the balance of my time.

The only way that this bill punishes American families are American families who are fraudsters, American families who intentionally create and commit fraud. Give me a break.

After years of inaction when Democrats held the majority, taxpayers have lost anywhere from $191 billion upward to $400 billion in fraud, and their identities have been stolen.

Democrats ignored it. They blocked it, and they shot down commonsense safeguards. Guess what? They refused to hold even one hearing on fraud.

American workers, families, and small businesses are already dealing with a cost-of-living crisis, and they deserve better. That is why they elected a Republican majority on the promise of a government that is accountable.

Today's bill delivers on that accountability with commonsense reforms that empower the States to make things right. With this vote, we will end the greatest theft of taxpayer dollars in American history.

Mr. Speaker, I urge my colleagues on both sides of the aisle to do the right thing and vote in favor of this bill and against fraud.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. All time for debate has expired.

Pursuant to House Resolution 383, the previous question is ordered on the bill, as amended.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT

Mrs. SYKES. Mr. Speaker, I have a motion to recommit at the desk.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mrs. Sykes of Ohio moves to recommit the bill H.R. 1163 to the Committee on Ways and Means.

The material previously referred to by Mrs. SYKES is as follows:

Mrs. Skyes moves to recommit the bill H.R. 1163 to the Committee on Ways and Means with instructions to report the same back to the House forthwith, with the following amendment:

In section 2(a)(2), strike ''(f)(3)'' each place it appears and insert ''(f)''.

In section 2(a)(2), redesignate subparagraphs (A) and (B) as subparagraphs (D) and (E), respectively, and insert the following:

(A) in subparagraph (2), by striking ''In'' and inserting ''Subject to paragraph (3), in'';

(B) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively;

(C) by inserting the following:

''(3) WAIVER FOR CERTAIN INDIVIDUALS.—In the case of individuals who have received amounts of Federal Pandemic Unemployment Compensation or Mixed Earner Unemployment Compensation under this section to which they were not entitled, the State may not require such individuals to repay the amounts of such pandemic unemployment assistance to the State agency if—

''(A) the State agency determines that the payment of such Federal Pandemic Unemployment Compensation or Mixed Earner Unemployment Compensation was without fault on the part of any such individual, and

''(B) such individual—

''(i) is a worker age 60 or older who is receiving benefits under title II of the Social Security Act (42 U.S.C. 401 et seq.);

''(ii) is a veteran, as such term is defined in section 101 of title 38, United States Code; or

''(iii) was working in health care (including as a provider or support staff) in 2020 or 2021.'';

In section 2(a)(2)(D), as redesignated, strike ''subparagraph (A)'' and insert ''paragraph (4)(A), as redesignated by subparagraph (B) of this paragraph,''.

In section 2(a)(2)(E), as redesignated, by inserting ''after paragraph (4)(B), as redesignated by subparagraph (B) of this paragraph,'' after ''at the end''.

In section 2(a)(3), strike ''(e)(3)'' each place it appears and insert ''(e)''.

In section 2(a)(3), redesignate subparagraphs (A) and (B) as subparagraphs (D) and (E), respectively, and insert the following:

(A) in subparagraph (2), by striking ''In'' and inserting ''Subject to paragraph (3), in'';

(B) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively;

(C) by inserting the following:

''(3) WAIVER FOR CERTAIN INDIVIDUALS.—In the case of individuals who have received amounts of Federal Pandemic Unemployment Compensation or Mixed Earner Unemployment Compensation under this section to which they were not entitled, the State may not require such individuals to repay the amounts of such pandemic unemployment assistance to the State agency if—

''(A) the State agency determines that the payment of such Federal Pandemic Unemployment Compensation or Mixed Earner Unemployment Compensation was without fault on the part of any such individual, and

''(B) such individual—

''(i) is a worker age 60 or older who is receiving benefits under title II of the Social Security Act (42 U.S.C. 401 et seq.);

''(ii) is a veteran, as such term is defined in section 101 of title 38, United States Code; or

''(iii) was working in health care (including as a provider or support staff) in 2020 or 2021.'';

In section 2(a)(3)(D), as redesignated, strike ''subparagraph (A)'' and insert ''paragraph (4)(A), as redesignated by subparagraph (B) of this paragraph,''.

In section 2(a)(3)(E), as redesignated, by inserting ''after paragraph (4)(B), as redesignated by subparagraph (B) of this paragraph,'' after ''at the end''.

At the end of section 2(a) add the following:

(6) WAIVER FOR CERTAIN INDIVIDUALS.—

(A) IN GENERAL.—In the case of individuals who have received applicable Federal unemployment payments to which they were not entitled, the State may not require such individuals to repay such amounts to the State agency if—

(i) the State agency determines that the payment of such amounts was without fault on the part of any such individual, and

(ii) such individual—

(I) is a worker age 60 or older who is receiving benefits under title II of the Social Security Act (42 U.S.C. 401 et seq.);

(II) is a veteran, as such term is defined in section 101 of title 38, United States Code; or

(III) was working in health care (including as a provider or support staff) in 2020 or 2021.

(B) APPLICABLE FEDERAL UNEMPLOYMENT PAYMENTS.—In this paragraph, the term ''applicable Federal unemployment payments'' means—

(i) amounts of sharable extended compensation and sharable regular compensation from a State to which paragraph (4) applies for weeks of unemployment described in such paragraph; and

(ii) amounts of regular compensation from a State described in paragraph (5) for the first week of regular unemployment for which the State received full Federal funding under the agreement described in such paragraph.

The SPEAKER pro tempore. Pursuant to clause 2(b) of rule XIX, the previous question is ordered on the motion to recommit.

The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mrs. SYKES. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question are postponed.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Proceedings will resume on questions previously postponed.

Votes will be taken in the following order:

The motion to recommit on H.R. 2;

Passage of H.R. 2, if ordered;

The motion to recommit on H.R. 1163;

Passage of H.R. 1163, if ordered; and

The motion to suspend the rules and pass H.R. 1734.

The first electronic vote will be conducted as a 15-minute vote. Pursuant to clause 9 of rule XX, remaining electronic votes will be conducted as 5-minute votes.

SECURE THE BORDER ACT OF 2023

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the unfinished business is the vote on the motion to recommit on the bill (H.R. 2) to secure the borders of the United States, and for other purposes, offered by the gentlewoman from Texas (Ms. GARCIA), on which the yeas and nays were ordered.

The Clerk will redesignate the motion.

The Clerk redesignated the motion.

The SPEAKER pro tempore. The question is on the motion to recommit.

The vote was taken by electronic device, and there were—yeas 211, nays 221, not voting 3, as follows:

[Roll No. 208]

YEAS—211

Adams
Aguilar
Allred
Auchincloss
Balint
Barragán
Beatty
Bera
Beyer
Bishop (GA)
Blumenauer
Blunt Rochester
Bonamici
Bowman
Boyle (PA)
Brown
Brownley
Budzinski
Bush
Caraveo
Carbajal
Cárdenas
Carson
Carter (LA)
Cartwright
Casar
Case
Casten
Castor (FL)
Castro (TX)
Cherfilus-McCormick
Chu
Cicilline
Clark (MA)
Clarke (NY)
Cleaver
Clyburn
Cohen
Connolly
Correa
Costa
Courtney
Craig
Crockett
Crow
Cuellar
Davids (KS)
Davis (IL)
Davis (NC)
Dean (PA)
DeLauro
DelBene
Deluzio
DeSaulnier
Dingell
Doggett
Escobar
Eshoo
Espaillat
Evans
Fletcher
Foster
Foushee
Frankel, Lois
Frost
Gallego
Garamendi
García (IL)
Garcia (TX)
Garcia, Robert
Golden (ME)
Goldman (NY)
Gomez
Gonzalez, Vicente
Gottheimer
Green, Al (TX)
Grijalva
Harder (CA)
Hayes
Higgins (NY)
Himes
Horsford
Houlahan
Hoyer
Hoyle (OR)
Huffman
Ivey
Jackson (IL)
Jackson (NC)
Jackson Lee
Jacobs
Jayapal
Jeffries
Johnson (GA)
Kamlager-Dove
Kaptur
Keating
Kelly (IL)
Khanna
Kildee
Kilmer
Kim (NJ)
Krishnamoorthi
Kuster
Landsman
Larsen (WA)
Larson (CT)
Lee (CA)
Lee (NV)
Lee (PA)
Leger Fernandez
Levin
Lieu
Lofgren
Lynch
Magaziner
Manning
Matsui
McBath
McClellan
McCollum
McGarvey
McGovern
Meeks
Menendez
Meng
Mfume
Moore (WI)
Morelle
Moulton
Mrvan
Mullin
Nadler
Napolitano
Neal
Neguse
Nickel
Norcross
Ocasio-Cortez
Omar
Pallone
Panetta
Pappas
Pascrell
Payne
Pelosi
Peltola
Perez
Peters
Pettersen
Phillips
Pingree
Pocan
Porter
Pressley
Quigley
Ramirez
Raskin
Ross
Ruiz
Ruppersberger
Ryan
Salinas
Sánchez
Sarbanes
Scanlon
Schakowsky
Schiff
Schneider
Scholten
Schrier
Scott (VA)
Scott, David
Sewell
Sherman
Sherrill
Slotkin
Smith (WA)
Sorensen
Soto
Spanberger
Stansbury
Stanton
Stevens
Strickland
Swalwell
Sykes
Takano
Thanedar
Thompson (CA)
Thompson (MS)
Titus
Tlaib
Tokuda
Tonko
Torres (CA)
Torres (NY)
Trahan
Trone
Underwood
Vargas
Vasquez
Veasey
Velázquez
Wasserman Schultz
Waters
Watson Coleman
Wexton
Wild
Williams (GA)
Wilson (FL)

NAYS—221

Aderholt
Alford
Allen
Amodei
Armstrong
Arrington
Babin
Bacon
Baird
Balderson
Banks
Barr
Bean (FL)
Bentz
Bergman
Bice
Biggs
Bilirakis
Bishop (NC)
Boebert
Bost
Brecheen
Buchanan
Buck
Bucshon
Burchett
Burgess
Burlison
Calvert
Cammack
Carey
Carl
Carter (GA)
Carter (TX)
Chavez-DeRemer
Ciscomani
Cline
Cloud
Clyde
Cole
Collins
Comer
Crane
Crawford
Crenshaw
Curtis
D'Esposito
Davidson
De La Cruz
DesJarlais
Diaz-Balart
Donalds
Duarte
Duncan
Dunn (FL)
Edwards
Ellzey
Emmer
Estes
Ezell
Fallon
Feenstra
Ferguson
Finstad
Fischbach
Fitzgerald
Fitzpatrick
Fleischmann
Flood
Foxx
Franklin, C. Scott
Fry
Fulcher
Gaetz
Gallagher
Garbarino
Garcia, Mike
Gimenez
Gonzales, Tony
Good (VA)
Gooden (TX)
Gosar
Granger
Graves (LA)
Graves (MO)
Green (TN)
Greene (GA)
Griffith
Grothman
Guest
Guthrie
Hageman
Harris
Harshbarger
Hern
Higgins (LA)
Hill
Hinson
Houchin
Hudson
Huizenga
Hunt
Issa
Jackson (TX)
James
Johnson (LA)
Johnson (OH)
Johnson (SD)
Jordan
Joyce (OH)
Joyce (PA)
Kean (NJ)
Kelly (MS)
Kelly (PA)
Kiggans (VA)
Kiley
Kim (CA)
Kustoff
LaHood
LaLota
LaMalfa
Lamborn
Langworthy
Latta
LaTurner
Lawler
Lee (FL)
Lesko
Letlow
Loudermilk
Lucas
Luetkemeyer
Luna
Luttrell
Mace
Malliotakis
Mann
Massie
Mast
McCarthy
McCaul
McClain
McClintock
McCormick
McHenry
Meuser
Miller (IL)
Miller (OH)
Miller (WV)
Miller-Meeks
Mills
Molinaro
Moolenaar
Mooney
Moore (AL)
Moore (UT)
Moran
Murphy
Nehls
Newhouse
Norman
Nunn (IA)
Obernolte
Ogles
Owens
Palmer
Perry
Pfluger
Posey
Reschenthaler
Rodgers (WA)
Rogers (AL)
Rogers (KY)
Rose
Rosendale
Rouzer
Roy
Rutherford
Salazar
Santos
Scalise
Schweikert
Scott, Austin
Self
Sessions
Simpson
Smith (MO)
Smith (NE)
Smith (NJ)
Smucker
Spartz
Stauber
Steel
Stefanik
Steil
Steube
Stewart
Strong
Tenney
Thompson (PA)
Tiffany
Timmons
Turner
Valadao
Van Drew
Van Duyne
Van Orden
Wagner
Walberg
Waltz
Weber (TX)
Webster (FL)
Wenstrup
Westerman
Williams (NY)
Williams (TX)
Wilson (SC)
Wittman
Womack
Yakym
Zinke

NOT VOTING—3

DeGette
Moskowitz
Pence

□ 1612

Messrs. MOORE of Utah, KEAN of New Jersey, EMMER, WENSTRUP, BURLISON, GRAVES of Missouri, GROTHMAN, and CARTER of Georgia changed their vote from "yea" to "nay."

Mrs. CHERFILUS-McCORMICK, Messrs. GREEN of Texas, PAYNE, KEATING, Mses. WEXTON, SCHOLTEN, and Mrs. DINGELL changed their vote from "nay" to "yea."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. NADLER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 219, nays 213, not voting 3, as follows:

[Roll No. 209]

YEAS—219

Aderholt
Alford
Allen
Amodei
Armstrong
Arrington
Babin
Bacon
Baird
Balderson
Banks
Barr
Bean (FL)
Bentz
Bergman
Bice
Biggs
Bilirakis
Bishop (NC)
Boebert
Bost
Brecheen
Buchanan
Buck
Bucshon
Burchett
Burgess
Burlison
Calvert
Cammack
Carey
Carl
Carter (GA)
Carter (TX)
Chavez-DeRemer
Ciscomani
Cline
Cloud
Clyde
Cole
Collins
Comer
Crane
Crawford
Crenshaw
Curtis
D'Esposito
Davidson
De La Cruz
DesJarlais
Diaz-Balart
Donalds
Duncan
Dunn (FL)
Edwards
Ellzey
Emmer
Estes
Ezell
Fallon
Feenstra
Ferguson
Finstad
Fischbach
Fitzgerald
Fitzpatrick
Fleischmann
Flood
Foxx
Franklin, C. Scott
Fry
Fulcher
Gaetz
Gallagher
Garbarino
Garcia, Mike
Gimenez
Gonzales, Tony
Good (VA)
Gooden (TX)
Gosar
Granger
Graves (LA)
Graves (MO)
Green (TN)
Greene (GA)
Griffith
Grothman
Guest
Guthrie
Hageman
Harris
Harshbarger
Hern
Higgins (LA)
Hill
Hinson
Houchin
Hudson
Huizenga
Hunt
Issa
Jackson (TX)
James
Johnson (LA)
Johnson (OH)
Johnson (SD)
Jordan
Joyce (OH)
Joyce (PA)