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United States Senate

COMMITTEE ON HEALTH, EDUCATION,
LABOR, AND PENSIONS

WASHINGTON, DC 20510-6300

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www.help.senate.gov

June 10, 2026

VIA ELECTRONIC TRANSMISSION

The Honorable Gavin Newsom
Governor
State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

Dear Governor Newsom,

As Chairman of the U.S. Senate Health, Education, Labor, and Pensions Committee, I'm deeply committed to ensuring that tax dollars reach the American families they are supposed to help. Unfortunately, fraudsters deceived states into distributing billions of dollars in benefits annually. Unemployment insurance fraud is a longstanding issue in California. California's state auditor has continually warned state government about this issue since 2021, calling the state's work on unemployment insurance fraud "inadequate" and "marked by significant missteps and inaction."¹

According to the Department of Labor's most recent data, California's unemployment insurance improper payment fraud rate is one of the highest in the nation at 7.43%.² This translates to up to \$483 million in taxpayer dollars fraudulently stolen from American taxpayers or more than 5,700 times the median family income in the United States.³

California's auditor echoes the scale of the fraud currently occurring in your state, stating the "estimated rate of fraudulent payments remains above the level it was in 2019, before the pandemic, indicating that the amount of fraud was more than \$500 million in 2024 alone."⁴ The state's efforts to reduce unemployment insurance fraud over the past several years have still not been enough to safeguard taxpayer dollars.⁵

¹ California State Auditor, REPORT 2020-628.2 ECONOMIC DEVELOPMENT DEPARTMENT (January 2021), <https://information.auditor.ca.gov/pdfs/reports/2020-628.2.pdf>; California State Auditor REPORT 2023-601 STATE HIGH-RISK AUDIT PROGRAM (August 2023), <https://information.auditor.ca.gov/pdfs/reports/2023-601.pdf>.

² U.S. Dep't of Labor, UI BENEFIT INTEGRITY ACCURACY MEASUREMENT RATES APRIL 2024 THROUGH MARCH 2025, <https://www.dol.gov/agencies/eta/unemployment-insurance-payment-accuracy/data>

³ U.S. Census Bureau, MEDIAN HOUSEHOLD (September 09, 2025), INCOME, <https://www.census.gov/library/visualizations/2025/comm/median-household-income.html>

⁴ California State Auditor, 2025-601 STATE HIGH-RISK AUDIT PROGRAM (December 11, 2025), <https://www.auditor.ca.gov/reports/2025-601/#Retained-High-Risk-Agencies-and-Issues>

⁵ Id.

Lax controls on unemployment insurance systems do not lead to a faceless crime. American families suffer the consequences. It allows criminals who are committing fraud to file claims, steal taxpayer dollars, and distract the state from hardworking Americans' legitimate unemployment insurance claims. That money then ends up in the hands of overseas criminals instead of the people it is intended to help.⁶ To that end, I request answers to the following questions by June 24, 2026.⁷

UI Benefit Accuracy Measurement Rates

1. What are the total number of cases of unemployment insurance fraud that occurred from April 2024 – March 2025?
 - a. Of those, how many involved the use of a stolen or impersonated identity?
 - b. Of those, how many involved the use of a synthetic identity?
 - c. Of those, how many involved a fictitious employer?
2. Of the Department of Labor's UI Benefit Accuracy Measurement Rates Fraud Rate, what is the total percentage of that rate that encompasses fraud?
 - a. Of that percentage, what percentage of that fraud involved stolen or impersonated identity?
 - b. Of that percentage, what percentage of that fraud involved the use of a synthetic identity?
 - c. Of that percentage, what percentage of that fraud involved a fictitious employer?

Fraud Prevention

1. What strategies and technologies do the state currently have in place to combat fraud conduct risk assessments, and address vulnerabilities?
 - a. Please detail the strategies and technologies you have used to bring down the overall number of cases of unemployment insurance fraud.
 - b. Please detail the strategies and technologies you have used to detect and combat identity theft.
 - c. Please detail the strategies and technologies you have used to combat the use of a synthetic identity in fraud.
 - d. Please detail the strategies and technologies you have used to combat the use of a fictitious employer in fraud.
2. What steps must a claimant applying for unemployment insurance take to verify their identity to receive benefits in your state?
 - a. Please detail each step, document and piece of information a person has to take to verify their identity.
 - b. Please detail how you verify that information as true and belonging to the claimant.
 - c. Please detail the average success and failure rate of your verification processes.

⁶ Ken Dilanian, Kit Ramgopal and Chloe Atkins, *'Easy money': How international scam artists pulled off an epic theft of Covid benefits*, CNBC (Aug. 15, 2021), <https://www.nbcnews.com/news/us-news/easy-money-how-international-scam-artists-pulled-epic-theft-covid-n1276789>

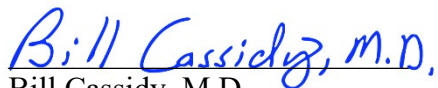
⁷ If released, sensitive information related to strategies or technologies will be redacted.

3. Can an existing or prospective employer register their company with the state and provide payroll information to verify UI claims? If so, how does the state verify their identity?
 - a. Please detail each step, document or piece of information a prospective employer has to provide about themselves or their registered agent and how you verify that information.
 - b. Please detail each document or piece of information a person has to provide about their employees and how you verify that information.
 - c. Please detail the average success and failure rate of your verification processes.
4. What risk reduction strategies has the state employed to reduce the instances of unemployment insurance fraud?

Benefits Payment

1. In instances of fraud, what was the most common method of benefits payment?
 - a. What percentage of claimants received payment on a pre-paid debit card?
2. In instances where the state has reason to believe a claimant is committing unemployment insurance fraud, what processes are in place to stop the disbursement of benefits pending an investigation?
 - a. How does the state distinguish between fraudulent claims due to synthetic, stolen, and impersonated identities versus those that are not?
 - b. If those processes are not in place, why not?
3. Does the state know the amount of fraudulently stolen unemployment insurance benefits obtained by criminal organizations?
 - a. If so, have they been used by foreign criminal organizations? If known, please list the nations in which these organizations are based.
4. Does the state know what fraudulently stolen unemployment insurance benefits have been used to purchase?
 - a. If so, please list the purchases.

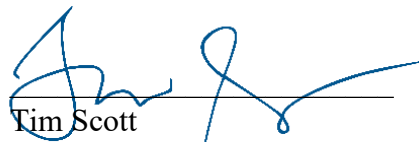
Sincerely,



Bill Cassidy, M.D.

Chairman

U.S. Senate Committee on Health,
Education, Labor, and Pensions



Tim Scott

United States Senator