



**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503**

May 8, 2023
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 1163 – Protecting Taxpayers and Victims of Unemployment Fraud Act

(Rep. Smith, R-MO, and 35 cosponsors)

The Administration strongly opposes H.R. 1163. Contrary to its stated purpose, this bill 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. The bill would stop work on the modernization of antiquated UI systems in states across the country, undermining efforts to detect and deter fraud and improve identity verification and cybersecurity while ensuring timely, equitable, and accurate delivery of benefits to eligible workers.

Our Nation's experience during the pandemic only underscores how critical a well-functioning UI system is to stabilizing our economy, protecting hardworking Americans who lose their jobs, and preventing taxpayer dollars from being lost to sophisticated criminal enterprises. The Administration has worked to safeguard UI programs, fight fraud, and protect against identity theft, including by aiding the Department of Labor's Inspector General in its investigative work; providing surge funding to states to support application backlogs; issuing an FY 2024 Budget that includes a package of UI program integrity measures; and by proposing enforcement measures to increase the statute of limitations for major criminal attacks on UI systems. These measures are estimated to save the federal government about \$2 billion.

H.R. 1163 would leave UI systems vulnerable to fraud and improper payments by eliminating vital resources provided by the American Rescue Plan Act for UI technology modernization, fraud prevention, and ensuring equitable access. Among the critical efforts this proposal would halt or undermine are identity verification pilots and related initiatives, technical assistance to states to reduce fraud, and efforts to modernize states' technology and data systems to improve program integrity. The bill also would unfairly punish workers whose overpayments were the fault of a state agency.

If the President were presented with H.R. 1163, he would veto it.

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