

Oregon Employment Department Fraud Report Calendar Year 2023



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Introduction

This report covers fraud within the Unemployment Insurance (UI) program at the Oregon Employment Department (OED) during 2023. This report was originally created to track fraud in programs created in response to the pandemic, and the data collected reflects that. However, as OED modernizes its systems and pandemic programs have expired, this report is shifting to focus on fraud's impact on regular unemployment insurance benefits.

With the launch of UI benefits in Frances Online in March 2024, OED could no longer use the legacy analytics tools that had been used to create previous editions of the report. As a result, the identity theft and fraudulent claim data from pandemic programs and regular UI could not be separated for calendar year 2023 as it had been in previous reports. For that reason, that data from this report cannot be directly compared with previous years.

The Paid Leave Oregon program launched in September 2023, but fraud data from the first four months of the program was insufficient for a full analysis. Future fraud reports will cover both programs.

Program Summary

Unemployment Insurance benefits are a critical safety net for people who are unemployed, their families, and their wider communities.

Paying benefits in a timely manner and protecting Oregon's Unemployment Insurance Trust Fund are core goals of the Oregon Employment Department.

What is Fraud?

Fraud occurs when a person intentionally provides false or misleading information to obtain benefits. Unfortunately, fraud (and the threat of it) has always existed in the UI system and presents a risk to the UI Trust Fund. It is a continuing concern for the Oregon Employment Department and other unemployment insurance and paid leave programs throughout the nation. The department continues to prioritize preventing and detecting fraud.

Oregon has several tools that help counter fraud. The Unemployment Insurance Program participates in the National Association of State Workforce Agencies (NASWA) Integrity Center steering committee and has been an early adopter of fraud-prevention measures. Countering fraud and pursuing accountability for those trying to steal public funds will be an ongoing effort and will require significant focus and resources from the department.

The nationwide increase of public information during and since the pandemic, including details of UI benefit administration, fraud schemes, and fraud prevention tools, has given people who commit fraud more insight into how to successfully craft their fraud schemes. Criminal rings and people committing fraud knew – and took advantage of – the fact that across the nation, state systems were overwhelmed by the sheer volume of people seeking

benefits, the complexity of the many programs available, and the frequent changes to program requirements.

During the pandemic, a new type of fraud emerged where multiple national and international criminal rings used stolen identities to launch concerted and complex attacks. These sophisticated efforts often involve tricking people into sharing their confidential information or used confidential information obtained from data breaches of public and private entities. OED continues to guard against this type of attack, along with the types of fraud that have long targeted the UI program.

Because of the ongoing threat of fraud and fraudulent use of publicly available information, OED, like our counterparts in some other states, is cautious about sharing any information that could invite or be used to successfully attack Oregon's UI and Paid Leave systems.

Benefits Paid Out

The COVID-19 pandemic was an unprecedented period of financial hardship and job loss for Oregonians, and benefit payments played a key role in providing stability. Most elements of the pandemic programs ended in September 2021, and these programs are no longer accepting new claims. Benefits paid through these programs in 2023 were the result of appeal and investigation processes that found claimants were eligible.

As expected, the vast majority of benefit payments in 2023 were for regular UI benefits.

Total pandemic benefits – Year over year comparison		
Time period	Claimants	Amount paid
Jan. 1-Dec. 31, 2022*	31,630	\$72,504,258
Jan. 1-Dec. 31, 2023*	8,123	\$14,647,881

Jan. 1-Dec. 31, 2023, total benefits		
Program	Claimants	Amount paid
Pandemic*	8,123	\$14,647,881
Regular UI	122,956	\$733,941,549
Total	131,079	\$748,589,430

*As of November 1, 2024

Identity Theft and Fraudulent Claims

The figures below represent a snapshot in time from January 1 to December 31, 2023. The department continues to receive tips and find other indicators of potential fraud for benefits paid in prior years and will continue to launch investigations based on this information. This

data does not reflect the many fraudulent or identity theft claims that were identified by OED employees and fraud detection tools and stopped before any benefits were paid.

When the department finds that a claimant has committed fraud, it tells the claimant they were overpaid benefits and must pay them back. The department issues overpayment findings only after completing its investigatory work, and claimants can then appeal those determinations. Federal requirements and principles of due process require the department to follow these steps to help ensure it treats actual cases of fraud as fraud, and not someone who made an honest mistake. The department is still working on many of these claims.

The amounts in the table below include claims and claimants who received benefits in 2023 that the department later found to involve fraud or identity theft. Investigations and appeals can take years to conclude, so amounts increase over time as investigators identify additional fraud.

January 1-December 31, 2023	
Amount paid in 585 identity theft cases confirmed*	\$793,589
Amount paid to 710 individuals found to have committed UI fraud*	\$1,535,380
TOTAL amount paid in confirmed identity theft and other fraud cases*	\$2,328,969

*As of November 1, 2024

Fraud Overpayments Decisions

In 2023, OED employees reviewed and organized tens of thousands of identity theft inquiries and tips, and closed thousands of identity theft cases. For the Unemployment Insurance Program, this work is done by the department's Benefit Payment Control (BPC) section, which includes the agency's overpayment, identity theft, and fraud investigation units.

The teams have worked with state and federal law enforcement to assist in prosecutions when appropriate. OED does not provide additional information on prosecutions to avoid commenting on ongoing criminal investigations.

The table below shows the total number of fraud decisions issued by BPC in a stated year, regardless of when the claim was filed or the benefits were paid. It includes benefits from regular unemployment insurance and pandemic programs. The claims, payments, and investigations may predate the year, as investigations and decisions take a significant amount of time. The department receives tips that can start investigations into benefits that were paid several years before.

Fraud overpayment decisions issued ⁱ Regular UI and pandemic benefits	Distinct Number	Overpayment Amount
2022	4,097	\$57,650,514
2023	2,836	\$31,961,171

Fraud Overpayment Repayment Status

When an overpayment is due to fraud, the claimant is not eligible for any state or federal overpayment waivers. The department will work to collect the debt, and claimants may also face financial penalties, denial of future UI benefits, and criminal prosecution.

The fraud overpayment repayment dataⁱⁱ below is based on weeks overpaid in 2023.

Because this data is based on weeks overpaid in 2023, not when the overpayment setup was completed, this may not match any of our usual reporting, or even other data sets in this report. The department is still investigating calendar year 2023 claims involving potential fraud, which may result in the identification of additional fraud beyond the amounts listed.

January 1-December 31, 2023	
Amount of fraud-related overpayments received by 1,295 claimants*	\$3,320,100
Amount paid back by claimants with fraudulent overpayments*	\$214,719

*As of November 1, 2024

The department can only begin collecting on an overpayment after the fraud decision has become final. A claimant may exhaust multiple appeals until a final decision is reached. Claimants may appeal decisions about UI claims to the Office of Administrative Hearings, the Employment Appeals Board, the Court of Appeals, and the Oregon Supreme Court.

Closing

Fraud will continue to be an issue and focus in the years to come, and OED is committed to evolving and adjusting our efforts to detect and prevent fraud. While the pandemic is over, the nation's UI systems continue to see increasingly complex fraud attacks. Defending against them has become a vital part of running programs that provide UI and paid leave benefits. Oregon remains dedicated to protecting public funds from these continuous attacks, while also making it as easy as possible for people to get the benefits they are eligible for.

While Oregon continues to do well in identifying ongoing attacks, either not paying any benefits at all or quickly identifying and stopping payments, fraud remains a significant ongoing risk. Fraud prevention will always be a cat-and-mouse game, wherein people who commit fraud develop new methods to overcome fraud prevention techniques and UI security systems. In turn, we develop new techniques to combat those efforts. OED has learned valuable lessons and continues to incorporate new tools and strategies into its current fraud prevention systems, benefiting both UI and Paid Leave Oregon.

OED anticipates releasing a fraud report covering the data for calendar year 2024, for both UI and Paid Leave Oregon, in early 2026.

ⁱ This reflects when decisions were issued, not the time period of the overpaid benefits.

ⁱⁱ Publicly available reports (including the U.S. Department of Labor's ETA 227 and 902P reports) capture a portion of the data reflected in this report and might differ due to factors including:

- Publicly available reports are quarterly or monthly updates that include debt amounts from prior reporting periods that were identified or collected in subsequent quarters/months; annual reports also run on a federal fiscal year (July-June) rather than a calendar year.
- Publicly available reports reflect only completed work, and do not account for open cases under investigation.
- Publicly available reports often do not disaggregate data by program.