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## **ODJFS Responds to Auditor of State Report on Unemployment Fraud**

COLUMBUS – Ohio Department of Job and Family Services (ODJFS) Director Matt Damschroder today responded to the Auditor of State’s audit on fraud in the traditional and Pandemic Unemployment Assistance (PUA) programs for the period March 1, 2020, through February 28, 2021.

“I would like to thank State Auditor Keith Faber and his audit team for the thorough work in conducting their audit,” said Damschroder. “The audit confirms the unprecedented surge in claims and accompanying fraud caused by the pandemic, and the recommendations align with the work already underway in addressing the issues we faced.”

Last year, like every other state in the nation, Ohio experienced an unprecedented surge in unemployment claims as a result of the COVID-19 pandemic. Ohio’s unemployment rate increased from 4.7% in February 2020 to a peak of 17.4% in April 2020. ODJFS went from approximately 7,000 initial unemployment claims filed the week ending March 14 to 471,000 initial claims filed only two weeks later. The 4 million traditional unemployment claims filed since March 15, 2020, eclipse the previous nine years combined. In total, JFS distributed \$23.8 billion in benefits to more than 2.4 million claimants since the start of the pandemic.

The audit included 10 recommendations, focused heavily on combatting fraud, strengthening internal controls, and better utilizing technology. As the audit period ended Feb. 28, 2020, many of the improvements made by ODJFS, which address issues raised in the recommendations, are not reflected.

“We continue to implement new strategies to improve timing of claims processing and safeguarding federal and state taxpayer money,” said Damschroder. “With the help of a public-private sector partnership established by Governor DeWine, we have put a number of enhancements in place related to security and fraud detection.”

Since March 2021, ODJFS has implemented many measures that address several of the recommendations in the report. These include:

- A robust suite of cybersecurity fraud prevention solutions across programs that includes industry leading solutions from Lexis-Nexis, Experian, and F5 Shape.
- New investigative tools to detect fraud, such as a fraud dashboard developed in conjunction with the Innovate Ohio Platform, and crossmatches with the National Association of State Workforce Agencies (NASWA) Identity Verification Tool and Integrity Data Hub.



- Utilizing new verification and fraud scoring methods from IOP and Google to provide critical data on many aspects related to verifying information provided by the claimant.
- Implementing a rigorous process of cyber fraud defense reviews, investigatory protocols, and front-end defenses and deployed multi-factor authentication that includes one-time passwords, challenge questions, Recaptcha images, and document scanning.
- Continued development of a new unemployment system that will enhance claims processing and better support businesses.

“Much work remains, but we are confident in the improvements we have already made and look forward to utilizing the findings in the audit to inform the future work being planned,” said Damschroder. “I’m proud of the hard work, ingenuity, and adaptability of ODJFS employees, contractors, and private-sector partners, who have spent the last 18 months working to meet these unprecedented challenges.”

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*The Ohio Department of Job and Family Services manages vital programs that strengthen Ohio families. These include job training and employment services, unemployment insurance, cash and food assistance child care, child and adult protective services, adoption, and child support services.*

