



# WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT **UNEMPLOYMENT INSURANCE**



## **2025 FRAUD REPORT** TO THE UNEMPLOYMENT INSURANCE ADVISORY COUNCIL

✓ Integrity

✓ Customer Service

✓ Accountability

March 15, 2025

Dear Members of the Unemployment Insurance Advisory Council:

On behalf of the Department of Workforce Development (DWD or department), Unemployment Insurance Division Administrator Jim Chiolino and I are pleased to present the 2025 Unemployment Insurance (UI) Fraud Report, which outlines the division's activities related to education, prevention, detection, collection of overpayments, and prosecution of UI fraud in 2024.

In 2024, average initial unemployment claims and average weekly claims remained near historic lows as Wisconsin's economy continued to set new records for participation in the workforce. The unemployment rate consistently stayed more than a full percentage point below the national average, remaining at 2.9% for much of the year. Nine Wisconsin counties set record low unemployment levels in September, and the state set record employment levels for eight consecutive months, ending with 3,076,500 nonfarm jobs in December. December's labor force participation rate was 65.9%, which was 3.4 percentage points higher than the national rate of 62.5%.

The Evers Administration's efforts to connect individuals to the workforce have been successful, as evidenced in achievements such as participation in registered and youth apprenticeship surpassing previous highs, and in connecting people with disabilities to meaningful career opportunities that resulted in a record 189,194 working-age individuals employed.

DWD also demonstrated a commitment to those who did face unemployment at no fault of their own to make sure they timely and appropriately received payments. In 2024, of Wisconsin unemployment claims that were paid, more than 87% were paid within three days after the weekly claim was filed.

Wisconsin pioneered the nation's first UI system in 1932, and today DWD continues to lead the way with a system that promotes economic stability and supports an exemplary workforce while combating fraud. In addition to its comprehensive efforts to prevent fraud, the department has implemented various measures to detect fraudulent activity through crossmatches and audits. Since 2019, more than 30 program integrity projects and activities have been adopted, expanded, and initiated to strengthen the UI program.

DWD takes integrity and accountability of the UI system very seriously and strives to deliver excellent customer service. The low percentage of fraud overpayments highlighted in this report illustrates the ongoing commitment of Gov. Tony Evers and DWD leadership to combatting UI fraud through prevention as well as detection and recovery. Meanwhile, the department remains steadfast in its commitment to ensuring that workers receive the benefits they are due in a timely way and employers are assessed the proper tax rate.

DWD would like to thank the Unemployment Insurance Advisory Council for supporting the division in its efforts to prevent and detect fraud and impose penalties to deter fraud. Penalties serve as a deterrent against claimants and organized fraudsters committing imposter/identity fraud. DWD looks forward to continuing work on the shared goal of reducing UI fraud to maintain integrity within the UI system for Wisconsin workers and employers.

Sincerely,



Amy Pechacek, Secretary  
Department of Workforce Development



Jim Chiolino, Administrator  
Unemployment Insurance Division

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# INTRODUCTION

## What is Fraud?

Unemployment Insurance (UI) fraud occurs when someone knowingly provides false information or withholds facts to change a UI outcome. The department has implemented proactive measures to detect and prevent fraud.

### Claimant Fraud

Claimants commit fraud by providing false information to the department when filing an unemployment benefit claim with the intent to obtain benefits. Examples of claimant fraud include a claimant returning to work but continuing to claim UI benefits, working part-time but not reporting those wages to the department on their weekly claim certification, or falsifying work search documents.

### Employer Fraud

Employers commit fraud when they provide false information to the department with the intent to obtain a lower tax rating, intentionally misclassify an employee as an independent contractor to avoid paying UI tax, or when they help a claimant submit a false benefit claim (aiding and abetting). For example, employers commit tax fraud when they misclassify a worker to avoid paying UI tax for the work performed, or perform "State Unemployment Tax Act dumping", where an employer manipulates business transfers to obtain artificially low UI tax rates or a new business acquires an existing business for the primary purpose of obtaining a tax rate lower than the standard new employer rate. Employers commit benefit fraud when they bank hours a claimant has worked or conceal or report false information about a worker's claim to allow a claimant to fraudulently receive benefits.

### Third-Party Fraud

The rapid deployment of the federal COVID-19 pandemic programs served as a catalyst for an increase in organized crime schemes to attempt to defraud UI programs. States across the country saw unprecedented, organized efforts from international and domestic criminal groups to defraud UI systems. Fraud schemes included identity theft, fraudulent websites imitating unemployment websites, and fictitious employer schemes.

Identity fraud occurs when an individual's identity is stolen, and an imposter fraudulently applies for UI benefits on the victim's behalf. In some cases, the imposter is unknown. Other times, the imposter may be known to the claimant or identified by the department – when this is the case, collection and penalty actions are taken accordingly.

## Fraud Penalties

Claimants who conceal<sup>1</sup> information on their benefit claims are ineligible for future unemployment benefits. The amount of future benefits withheld (also known as a "benefit amount reduction") is two, four, or eight times the weekly benefit rate for each act of concealment, depending on whether the claimant has had prior fraud determinations. Benefit amount reductions remain in effect for six years or until satisfied, whichever occurs first.

In addition, claimants must repay the fraudulently-obtained benefits and are assessed a monetary penalty of 40% of the overpayment amount.

Employers who engage in State Unemployment Tax Act dumping will be assigned the highest contribution rate for the year the violation or attempted violation occurs and the three succeeding years.<sup>2</sup>

Employers who misclassify employees may be subject to administrative and criminal penalties.<sup>3</sup> Administrative penalties may be assessed by the department in the amount of \$500 for each employee misclassified up to \$7,500 per incident.<sup>4</sup> Moreover, if an employer has previously been assessed an administrative penalty, the department may refer cases to the county district attorneys or the Wisconsin Department of Justice (DOJ) for prosecution and the employer may be fined \$1,000 to \$25,000 for each violation.

Employers can be assessed administrative penalties ranging from \$500 to \$1,500 in cases where they aid and abet a claimant in committing an act of concealment or misrepresentation.<sup>5</sup> In addition, improperly paid benefits remain charged to the employer found to have aided and abetted, even if the improperly paid benefits are recovered.

Any individual who makes a false statement or representation to obtain benefits payable to another person must repay the benefits improperly obtained and pay an additional administrative assessment equal to the amount of the benefits obtained due to such fraud.<sup>6</sup>

Individuals may also face criminal penalties (such as fines ranging from \$100 to \$500 and/or imprisonment up to 90 days) for false statements or representations made to the department or by refusing or failing to keep any records or furnish any report required by the department.<sup>7</sup>

## EDUCATION

The department takes a proactive approach to fraud prevention by educating employers and claimants on the consequences of committing fraud and providing multiple ways to report fraud. Claimants are informed of these consequences through the claimant handbook, mailed notices, informational postings on the department's website, prompts when filing claims online through the claimant portal, and in interactions with UI staff. Employers are alerted to the consequences through the employer handbook, in presentations to industry stakeholders, and informational postings on the department's website. With these education efforts, the department hopes to reduce the instances of fraud in the UI system.

Other efforts to increase education and access to information about fraud include:

- Notices regarding fraud and potential consequences included on the online claimant portal;
- Claimant and employer handbooks available online containing written notice regarding fraud and potential consequences;
- Claimant and employer web pages such as "Unemployment Fraud Frequently Asked Questions," "Top 10 Things You Should Know About the Unemployment Insurance System When Filing Your Claim," and "Avoid Unemployment Scams;"
- Online toolkit for nonprofits and community partners who help people overcome barriers and access services;
- Labor Law Training presentations on detection, prevention, and impact of fraud;
- Employer newsletter mailed with annual rate notices (also available online);
- Rapid Response sessions for employees being laid off from their jobs;
- Personal interactions between department staff and customers;
- Text printed on all UI checks informing claimants that security features will detect any attempt to alter the check amount or payee;
- Discussions with employers about the importance of verifying employee identity and UI payment reports;
- Letters advising employers they cannot discourage employees from filing for UI;
- Letters advising claimants of proper wage reporting requirements when ongoing underreporting of wages occurs;
- Making claims processes and documents easier to understand through plain language initiatives, simplifying forms and notices, and updating work search tracking; and
- Improving access to reporting fraud through multiple fraud reporting tools including an online reporting form and a separate fraud telephone hotline and mailing address for fraud reports.<sup>8</sup>

# DETECTION TOOLS AND PREVENTION METHODS

The department uses many tools, in addition to claimant and employer education, to try to prevent fraud from happening and to detect fraud when it does occur. Detection tools and prevention methods implemented by the department also assist in identifying non-fraud overpayments. The department uses its talented staff, communicates with employers, performs various interagency crossmatches, embraces recommended prevention tactics, and employs several other methods to detect and prevent overpayments. The following provides additional details on these approaches.

## Dedicated UI Investigators

The division's vigilant UI staff are among the department's best tools for fraud detection. The division has experienced investigators who handle the most complex and organized efforts to defraud the UI system. Benefit fraud investigators train other UI staff on methods for discovering and reporting fraud.

## Wage Verification

For each week a claimant reports weekly wages, or the first week a claimant reports no wages, UI sends wage verification notices to their employer(s). These notices allow employers to promptly report wages or other eligibility issues. Employers can return these reports by mail, fax, or online through the UI State Information Data Exchange System (SIDES), a convenient electronic resource developed in collaboration with US DOL.

## Crossmatches

The department conducts the following crossmatches to other governmental records as a tool in detecting UI fraud:

- **Quarterly Wage Crossmatch:** Compares an individual's benefit payment records with quarterly wage records submitted by Wisconsin employers. This match helps verify wages are properly reported on unemployment claims.
- **Interstate Wage Record Crossmatch:** Compares an individual's benefit payment records with quarterly wage records submitted by out-of-state employers. This match helps verify wages are properly reported on unemployment claims.
- **Wisconsin and National New Hire Crossmatch:** Employers must report basic information about newly hired or rehired employees and those who have returned to work after a separation from employment. Division staff crossmatch UI payment records with this new hire information, both within the state and nationally. In addition, division staff conduct a crossmatch with quarterly federal wage data from the National Directory of New Hires for claimants who are former federal government employees.
- **Inmate Crossmatch:** Incarcerated individuals may be ineligible for UI benefits. This tool consists of two crossmatch programs. One program compares benefit payment records to incarceration records for all Wisconsin county jails and prisons. The second program compares benefit payment records to incarceration records for facilities nationwide.
- **Vital Statistics (Death Records) Crossmatch:** The Wisconsin Department of Health Services provides a record of deaths in Wisconsin, and the information is crossmatched with UI data to ensure UI claims are not filed after a claimant is deceased.
- **Social Security Disability Insurance (SSDI) Crossmatch:** Compares individuals currently listed as receiving SSDI with claimants filing initial and weekly unemployment claims.
- **U.S. Citizenship and Immigration Services Verification:** Verifies work authorization with U.S. Citizenship and Immigration Services when a claimant is not a U.S. citizen.

## National Identity Verification Process

In the fall of 2024, the department joined a group of 17 states who have implemented a new identity verification service in partnership with US DOL, the United States Postal Service, and the General Services Administration. This process is federally funded for the first two years of use and the department is exploring extended funding options available for the future. Before Wisconsin implemented this new process, over 500,000 individuals across the country had successfully verified their identities through these services.

The National Identity Verification Process offers claimants the option to verify their identity in person at a participating Post Office or online through Login.gov. Claimants who cannot use online services still have the ability to verify their identity through a mail in notary process.

The new offering expanded the available methods for identity verification, used existing federal services, and provided the program additional safeguards against fraud. In the first few months, over 30,000 individuals were able to successfully verify their identity through Login.gov or at a participating Post Office. Less than 50 individuals have needed to use the alternative mailed notary process. Additionally, the department has seen a 65% reduction in calls for identity verification.

## Other Detection and Prevention Approaches

Additional detection and prevention approaches used by the department include:

- Employer audits, which resulted in additional employer assessments of \$4,815,779 in unpaid UI taxes and \$778,466 in interest in 2024.
- Employer complaints and public tips on suspected fraudulent claims.
- Contact with local, state, and federal law enforcement officers about suspicious activities.
- Analyzing Form 1099 data provided by the Internal Revenue Service to identify and investigate employers who may be misclassifying employees as independent contractors.
- Sophisticated fraud monitoring tools provided by the department's financial institution, which allow the department to monitor, predict, and respond quickly to suspected fraudulent activity.
- Quarterly meetings with other state agencies to discuss fraud trends and cases of mutual interest. The information shared in these meetings helps to detect, investigate, and prevent fraud from occurring across agencies.
- Benefit Payment Notices sent to employers informing them of individuals receiving UI benefits from their account.
- Review of employer tax and benefit charge information to detect potential fictitious employers.
- Cross-referencing the payee name and dollar amount on all UI checks presented for payment with the information on the department's disbursement file. Any check that does not match is rejected and not honored by the department's financial institution.
- Blocking individuals from using the department's bank account number to initiate unauthorized electronic funds transfers.

# WORKER CLASSIFICATION

## Overview

Worker misclassification occurs when an employer treats workers as independent contractors when they are employees. Under the law, workers are presumed to be employees unless the employer proves a worker meets the legal criteria to be an independent contractor. Employers who misclassify workers avoid UI taxes, state and federal income tax withholding, worker's compensation coverage, and Social Security and Medicare taxes. Employers who misclassify employees as independent contractors gain an unfair competitive advantage over other employers. Worker misclassification also denies workers, who are out of work through no fault of their own, access to the UI benefits they may have been eligible for had they been properly classified.

## Dedicated UI Investigators

The division's worker classification investigators, many with backgrounds in law enforcement specializing in white collar and economic crimes, conduct worksite investigations.

In 2024, worker classification investigators conducted 610 worker classification field investigations. These investigations resulted in 207 audit referrals to the division's tax auditors. Those referrals resulted in the identification of 1,542 misclassified workers and the assessment of \$404,211 in UI taxes and \$47,473 in interest. Cases referred for audit in 2024 may not be audited until a later time.

The division conducted 2,004 total audits in 2024, which identified 51,749 misclassified workers. As a result, employers were assessed a total of \$4,815,779 in unpaid UI taxes and \$778,466 in interest.

The division works towards voluntary compliance by employers. In some cases, employers refuse to comply with the UI law and continue to misclassify workers. In those cases, the division can issue administrative penalties for intentional misclassification of \$500 per worker, up to a maximum of \$7,500. In 2024, the division issued three penalties to employers for intentional misclassification totaling \$3,500.

# FRAUD OVERPAYMENTS

The department remains committed to ensuring the integrity of the UI program. Division analysts track different fraud data points throughout the year as point-in-time data. These data points are the result of detection efforts in 2024.

Most overpayments detected in 2024 reflect fraudulent activity that occurred in 2023, 2022, 2021, and 2020. Fraud, by its nature, requires time to complete investigations. Some investigations to determine whether fraud has occurred involve the cooperation of multiple public and private entities, which can increase the time needed to complete a thorough investigation.

To reflect the rate of fraud detection more accurately, certain charts below present data by the year the fraud first occurred.

The department's reporting of different fraud data points complies with US DOL's definitions of "fraud overpayments" and "non-fraud overpayments." Fraudulent benefit overpayments reported below capture fraud committed by claimants. In compliance with US DOL definitions, the below does not include other types of fraud, such as unknown imposter/identity fraud or employer fraud, which are reported as non-fraud overpayments because those types of fraud are not committed by claimants.

## Fraud Overpayments Detected In 2024 – State and Federal Programs<sup>9</sup>

The data below provides point-in-time statistics about completed fraud detection efforts. Due to the nature of UI fraud, dollar amounts for fraud in past years will increase as future investigations are completed.

The chart below shows the breakdown of the \$7.8 million in fraud overpayments detected in 2024. It separates the data by the year fraud first occurred, the fraud overpayment amount, and the corresponding percent of the total \$7.8 million in fraud overpayments detected in 2024. Note that benefit payments may have continued over more than one calendar year.

Fraud Overpayments Detected in 2024 – State and Federal Programs		
Year Fraud First Occurred	Fraud Overpayment Amount	Percent of Total Fraud Overpayments Detected in 2024
2024	\$1,746,476	22%
2023	\$2,623,311	34%
2022	\$471,806	6%
2021	\$1,107,460	14%
2020	\$1,849,356	24%
Before 2020	\$3,972	0%
<b>Total</b>	<b>\$7,802,381</b>	<b>100%</b>

The department's efforts in 2024 detected **4,689** cases of fraud overpayments totaling **\$7.8** million.

**\$6.1 MILLION**

(or **78%** of detected overpayments), were for fraud overpayments detected in 2024 for fraud committed in prior years.

## Fraud Overpayments as a Percentage of Total UI Payments<sup>10</sup>

The chart below shows the total fraud overpayments, adjusted to reflect the amounts **detected** in 2024 and listed in the year fraud first occurred (not the year the fraud was detected).

	Fraud Overpayments as a Percentage of Total UI Payments				
	2024	2023	2022	2021	2020
Total UI Payments Administered (State and Federal)	\$382,868,564	\$337,607,133	\$344,545,768	\$2,481,203,431	\$4,839,149,601
Adjusted Total Fraud Overpayments <sup>11</sup> (by year fraud first occurred)	\$1,746,476	\$4,171,010	\$2,969,666	\$28,483,881	\$39,272,578
<b>Percentage of Total Payments</b>	<b>0.46%</b>	<b>1.24%</b>	<b>0.86%</b>	<b>1.15%</b>	<b>0.81%</b>

In 2024, of Wisconsin’s **\$382,868,564** in total UI payments, only

**0.46%**

are known fraud overpayments.

# Fraud Overpayment Detection Amounts and Decisions by Source for 2020-2024

As outlined in the "Detection Tools and Prevention Methods" section of this report, the department uses various tools and methods to detect fraud overpayments. The chart below summarizes fraud overpayment amounts and total decisions resulting from each detection method. The total for each year reflects the total fraud overpayment amounts and decisions **detected** in that year (not the year fraud first occurred).

Detection Method	Fraud Overpayment Detection Amounts and Decisions by Source for 2020-2024									
	2024		2023		2022		2021		2020	
	Amount	Decisions	Amount	Decisions	Amount	Decisions	Amount	Decisions	Amount	Decisions
Wage Record Crossmatch	\$2,167,789	902	\$3,708,565	1,593	\$5,963,477	2,278	\$2,859,563	1,008	\$570,578	400
Post Verification of Wages	\$118,304	90	\$134,236	99	\$664,074	312	\$488,962	219	\$118,893	80
Liabe Employer Protests Benefit Charges	\$659,793	439	\$539,615	372	\$2,003,136	885	\$3,903,589	1,546	\$1,247,693	862
Tips and Leads from Other than Liabe Employer	\$213,882	184	\$301,786	212	\$1,133,813	580	\$2,244,111	1,006	\$191,023	161
State New Hire Crossmatch	\$1,010,381	1,244	\$1,379,736	1,422	\$1,347,630	1,057	\$2,502,943	1,791	\$613,868	774
National New Hire Crossmatch	\$66,409	55	\$66,603	47	\$111,303	52	\$149,712	116	\$40,566	26
Quality Control	\$51,123	23	\$47,861	23	\$35,519	18	\$154,706	40	\$47,432	25
Reversals	\$6,000	2	\$1,098	3	\$19,618	6	\$0	0	\$0	0
Inmate Crossmatch	\$3,238	6	\$12,577	12	\$4,335	5	\$140,135	144	\$5,324	6
Appriss Inmate Crossmatch	\$54,529	133	\$39,967	98	\$41,660	95	\$243,228	535	\$94,996	172
Post Verification - No Wages Reported	\$270,264	313	\$479,873	474	\$564,193	286	\$983,876	451	\$120,312	225
SSDI Crossmatch	\$100,298	25	\$115,038	34	\$244,908	55	\$1,606,888	265	\$102,419	46
Audit of Work Search	\$31,760	17	\$11,318	10	\$21,504	15	\$30,614	12	\$270	1
Field Audit Discoveries	\$23,323	15	\$21,198	2	\$64,127	44	\$6,120	3	\$0	0
Interstate Crossmatch	\$60,729	15	\$24,790	10	\$9,660	4	\$89,073	19	\$10,924	4
Deceased Citizen Crossmatch	\$0	0	\$0	0	\$0	0	\$0	0	\$2,220	1
Agency Detection - Not Covered by Other Codes	\$2,778,911	1,114	\$5,362,408	2,348	\$14,548,886	5,277	\$10,905,194	3,987	\$1,238,941	702
Fictitious Employer Cases	\$0	0	\$4,160	3	\$18,820	3	N/A	N/A	N/A	N/A
Claimant Initiated	\$185,648	112	\$150,934	103	\$504,306	241	\$863,259	332	\$129,440	76
<b>Total</b>	<b>\$7,802,381</b>	<b>4,689</b>	<b>\$12,401,763</b>	<b>6,865</b>	<b>\$27,300,969</b>	<b>11,213</b>	<b>\$27,171,973</b>	<b>11,474</b>	<b>\$4,534,899</b>	<b>3,561</b>

## Benefit Amount Reduction and Penalty Assessment 2020-2024

Claimants who commit fraud will have their benefit payments reduced and may face additional penalties. Claimants who file fraudulent claims will see their benefits reduced by two, four, or eight times the weekly benefit rate for each act of concealment, depending on whether they have a history of prior fraud determinations. These reductions are in addition to any overpayment, which must be repaid. The chart below displays the benefit reductions and penalties imposed on claimants, listed by the year the reductions or penalties were applied (not the year the fraud took place).

Benefit Amount Reduction and Penalty Assessment 2020-2024					
Other Fraud-Related Activity	2024	2023	2022	2021	2020
Benefit Amount Reduction	\$15,214,278	\$17,401,965	\$23,871,069	\$20,219,818	\$8,384,948
Penalties Assessed	\$3,035,465	\$4,869,553	\$10,902,766	\$10,048,170	\$1,088,758

In 2024, benefit reductions totaled **\$15.2 million** with an additional **\$3 million** in penalties assessed.

## NON-FRAUD OVERPAYMENTS

Sometimes claimants make unintentional errors. In compliance with US DOL definitions, these instances are tracked separately from fraud overpayments and are referred to as "non-fraud overpayments." By definition, fraud is intentional and tied to claimants; therefore, any other cases are classified as "non-fraud overpayments," including unknown imposter/identity fraud, employer fraud, and organized fraud. As is the case with fraud overpayments, the division's systems seek to prevent and detect these errors and collect these overpayments for deposit into the UI Trust Fund. The below data points are the result of detection efforts in 2024.

# Non-Fraud Overpayment Detection Amounts and Decisions by Source for 2020-2024

Details on the various tools and methods the department uses to identify and prevent non-fraud overpayments can be found in the "Detection Tools and Prevention Methods" section of this report. The chart below summarizes non-fraud overpayment amounts and total decisions resulting from each detection method. The total for each year included reflects the total non-fraud overpayment amounts or decisions **detected** in that year (not the year the overpayment first occurred). Generally, it is assumed overpayments detected in a particular year reflect benefits overpaid in the years before detection.

Detection Method	Non-Fraud Overpayment Detection Amounts and Decisions by Source for 2020-2024									
	2024		2023		2022		2021		2020	
	Amount	Decisions	Amount	Decisions	Amount	Decisions	Amount	Decisions	Amount	Decisions
Wage Record Crossmatch	\$221,465	280	\$756,902	850	\$2,621,680	2,836	\$2,186,765	1,164	\$133,361	187
Post Verification of Wages	\$1,033,985	14,979	\$1,100,769	15,485	\$2,279,358	19,467	\$10,511,369	81,268	\$21,863,820	154,103
Liabe Employer Protests Benefit Charges	\$1,062,847	1,484	\$1,204,135	1,635	\$6,480,124	3,638	\$29,721,863	13,350	\$14,912,942	8,450
Tips and Leads from Other than Liabe Employer	\$234,824	436	\$361,304	485	\$1,713,459	1,022	\$8,220,656	4,027	\$2,568,632	1,633
State New Hire Crossmatch	\$141,499	411	\$197,264	523	\$535,517	1,055	\$2,273,867	5,376	\$111,835	327
National New Hire Crossmatch	\$5,392	12	\$4,736	13	\$26,599	44	\$100,918	140	\$26,872	13
Quality Control	\$79,877	135	\$88,909	126	\$160,864	158	\$260,338	156	\$123,753	78
Reversals	\$354,975	202	\$316,989	175	\$1,820,001	611	\$3,535,079	948	\$636,844	208
Inmate Crossmatch	\$0	0	\$2,968	4	\$5,982	7	\$84,718	136	\$2,182	7
Appriss Inmate Crossmatch	\$36,309	77	\$37,610	84	\$30,425	53	\$644,118	1,069	\$89,783	191
Post Verification - No Wages Reported	\$72,198	293	\$135,837	362	\$330,634	601	\$2,628,174	3,025	\$136,365	282
SSDI Crossmatch	\$19,582	16	\$9,024	8	\$48,013	20	\$1,453,315	393	\$55,614	55
Integrity Data Hub	\$0	0	\$460	2	N/A	N/A	N/A	N/A	N/A	N/A
Audit of Work Search	\$1,924,694	3,292	\$2,615,942	4,524	\$3,674,005	6,682	\$821,573	1,180	\$56,227	110
Field Audit Discoveries	\$1,480	4	\$763	3	\$54,637	30	\$47,672	37	\$16,977	6
SSA Pension Check	\$0	0	\$0	0	\$0	0	\$0	0	\$510	1
SAVE (Alien Verification)	\$7,770	2	\$9,825	6	\$17,445	5	\$31,399	9	\$5,887	5
Interstate Crossmatch	\$2,590	2	\$0	0	\$7,732	8	\$77,807	38	\$830	2
Deceased Citizen Crossmatch	\$0	0	\$0	0	\$624	1	\$2,680	2	\$0	0
Agency Detection - Not Covered by Other Codes	\$2,082,199	2,009	\$4,493,880	3,614	\$30,433,004	17,451	\$78,914,336	40,709	\$15,578,277	13,302
State Payroll Crossmatch	\$0	0	\$0	0	\$27,804	3	\$10,927	3	\$0	0
Claimant Initiated	\$613,093	2,159	\$700,287	1,652	\$2,757,897	2,301	\$14,361,237	9,893	\$5,554,272	13,065
<b>Total</b>	<b>\$7,894,779</b>	<b>25,793</b>	<b>\$12,037,604</b>	<b>29,551</b>	<b>\$53,025,804</b>	<b>55,993</b>	<b>\$155,888,811</b>	<b>162,923</b>	<b>\$61,874,983</b>	<b>192,025</b>

In 2024, **\$7.9** million non-fraud overpayments were detected in **25,793** cases.

*Due to the time required for investigation of potential overpayment cases, most of these reflect benefits overpaid before 2024.*

# WORK SEARCH

The department has a well-established work search auditing program. UI claimants who are required to search for work must report their work search actions when filing weekly claims. These certifications are subject to random or targeted audits for program integrity purposes. These audits can uncover mistakes made by claimants or instances of fraud. They also provide an opportunity to educate claimants on what constitutes a valid work search action and what information the department needs to verify work searches. When benefit overpayments are detected through work search audits, the department pursues collection measures with claimants.

In 2024, benefit fraud investigators completed 10,626 work search audits, including both random and targeted audits. Denial rates for targeted work search audits are typically higher than random work search audits since the claims already exhibit suspicious traits. The audits identified 4,545 adverse decisions with benefits denied, including cases where claimants failed to conduct the required number of valid work search actions.

An additional 24,079 claims were not paid for failure to answer the work search question or failure to provide required information on the weekly claim.

# COMPLIANCE TOOLS

The department successfully recovers most overpayments. Historical information shows that the department typically collects 84.1% of fraud overpayments and 82.6% of non-fraud overpayments.

Overpayment Recoveries in 2024 by Year of the Decision			
Year Identified	Fraud	Non-Fraud	Total
2024	717,144	3,709,355	4,426,499
2023	2,426,569	1,763,061	4,189,630
2022	2,998,566	3,079,943	6,078,509
2021	1,945,038	6,901,415	8,846,453
2020	190,898	1,363,155	1,554,053
2019	113,698	85,353	199,051
Older Than Five Years	2,087,963	719,993	2,807,956
<b>Total Collected in 2024</b>	<b>\$10,479,876</b>	<b>\$17,622,275</b>	<b>\$28,102,151</b>

In 2024, the department recovered **\$28.1 million** in state and federal fraud and non-fraud overpayments, including **\$2.8 million** in debts older than five years.

In calendar year 2024, Wisconsin ranked third out of 10 states in its US DOL region (Region 5 - Chicago) for total overpayment recoveries (fraud and non-fraud overpayments). These successful overpayment recoveries are achieved through the various mechanisms outlined below:

- **Tax Refund Intercept:** The department can intercept a claimant's state and federal tax refunds. Over \$3.1 million was collected from state tax refunds by the Wisconsin Department of Revenue's State Tax Offset program in 2024. Collections from federal tax refunds are made through the Treasury Offset Program (TOP). Over \$5.4 million in overpayments, penalties, and collection costs were recovered through TOP in 2024.
- **Benefit Offset:** When an individual has received an overpayment, their current UI benefit payments may be applied directly to reduce the amount due. Once the overpayment has been repaid, the individual may then receive UI benefit payments.
- **Out-of-State Offset:** When an individual receives an overpayment in Wisconsin, UI can request that their current out-of-state UI benefit payments be applied directly to reduce the Wisconsin overpayment.
- **Bankruptcy:** Fraud overpayments are not automatically discharged in bankruptcy. Division attorneys may petition the bankruptcy court to dispute discharge of the debt or file a claim against the assets of the debtor to ensure repayment.
- **Warrants:** The division may file a lien against an individual's personal property to secure collection of an overpayment.
- **Levy Against Wages and Bank Accounts:** The division may issue a levy against wages, bank accounts, or any property belonging to the individual who received an overpayment.
- **Financial Record Matching Program:** Division debt collectors use a financial record matching program to identify the bank accounts of individuals who received an overpayment.

## CRIMINAL PROSECUTION FOR UI FRAUD

The department seeks criminal prosecution in cases of egregious or repeated fraud, and works cooperatively with county district attorneys, the DOJ, and federal prosecutors.

The department's worker classification investigators also investigate complex criminal benefit fraud cases. Criminal investigations completed by these investigators are referred to the appropriate prosecuting agency, either on state charges to the DOJ or a county district attorney, or on federal charges to the U.S. Attorneys.

The department works collaboratively with state and federal prosecutors and county district attorneys to determine which cases should be referred for prosecution. Ultimately, it is the DOJ and the county district attorneys who have the discretion to file criminal charges. For example, the DOJ evaluates several factors to decide whether it will take a case to prosecution:

- Whether evidence exists to prove intent to defraud;
- An individual's criminal history/history of defrauding government programs; and
- In cases involving employers, the employer's enforcement and compliance history.

The division also works with the Federal Bureau of Investigation (FBI) and US DOL's Office of Inspector General on complex fraud cases and cases which have a federal nexus, including federal pandemic benefit fraud.

In 2024, worker classification investigators made one referral for intentional misclassification to the DOJ that is currently under review. There were 65 criminal benefit fraud cases investigated, of which 48 were referred to county district attorneys or the DOJ for prosecution. As of January 2025, 13 of those cases have been charged.

# COMMITMENT TO FRAUD PREVENTION

The department remains committed to preventing fraud in the UI program and in 2024 the department innovated and adapted to the ever-changing fraud threats. In 2025, the department looks forward to continuing or expanding work to prevent and detect fraud through upcoming projects, such as:

- **Modernization:** Continue the comprehensive modernization of the UI system, which ensures program integrity and fraud prevention measures are built into the new and adaptable system.
- **Quarterly Wage Crossmatch:** Update processes and refine audits to better target proven fraudulent behavior.
- **Worker's Compensation Crossmatch:** Compare individuals currently receiving worker's compensation benefits with claimants filing unemployment claims.
- **MyWisconsin ID:** Incorporate certain UI accounts with Wisconsin's new single sign-on account platform.
- **Banking and Address Change:** Alert claimants when banking or address changes are made to their UI accounts.
- **ReliaCard Fraud Prevention:** Expand fraud prevention measures for claimants who use the program's Visa Pre-Paid Debit Card.
- **Integrity Data Hub Enhancement:** Expand the program's collaboration with NASWA's Integrity Data Hub to report and better detect suspicious actors.
- **Internal System Access Audit and Analysis:** Confirm only necessary division staff have access to sensitive information and re-evaluate users with access to sensitive information.
- **Fictitious Employer Database:** Create a central database to detect instances where a group or individual uses a fictitious or non-existent employer to receive UI benefits.
- **New Fraud Scans:** Expand the department's fraud scans based on best practices, especially related to third-party fraud.

## CONCLUSION

The department's work to educate claimants and employers; detect, prevent, and collect overpayments; investigate UI fraud; and assess penalties for fraud all play an important role in its comprehensive approach to support the integrity of the UI system. For example, this comprehensive approach supports the integrity of the UI Trust Fund, to help ensure money is available to pay benefits to claimants and that employer tax rates can stay in the lowest rate schedule.

The department continued to prioritize preventing fraud in 2024 by implementing new procedures like the National Identity Verification offering. By incorporating this government-operated identity verification service, the department bolstered its defenses against identity fraud. In the coming year, the department will continue to modernize and enhance program integrity activities. When coupling innovative solutions for prevention, education, and limited access with consistent efforts to detect, collect overpayments, and seek prosecution of fraud in partnership with other governmental agencies, the department demonstrates its commitment to a comprehensive approach to fraud.

## Notes

<sup>1</sup> As defined under Wis. Stat. §108.04(11)(g)1, conceal means "to intentionally mislead the department by withholding or hiding information or making a false statement or representation."

<sup>2</sup> Wis. Stat. §108.16(8)(m)1

<sup>3</sup> Wis. Stat. §108.24(2m)

<sup>4</sup> Wis. Stat. §108.221

<sup>5</sup> Wis. Stat. §108.04(11)(c)

<sup>6</sup> Wis. Stat. §108.04(11)(cm)

<sup>7</sup> Wis. Stat. §108.24(2)

<sup>8</sup> Information on reporting fraud to the department can be found on this webpage:  
<https://dwd.wisconsin.gov/ui/fraud/report.htm>

<sup>9</sup> As noted in the prior Fraud Report, these numbers are adjusted each year and, as such, amounts reflected herein will differ from previously reported information.

<sup>10</sup> As noted in the prior Fraud Report, these numbers are adjusted each year and, as such, amounts reflected herein will differ from previously reported information.

<sup>11</sup> The 2023 Fraud Report was published with an inadvertent under-counting of fraud that first occurred in 2020 and earlier, and an inadvertent over-counting of fraud that first occurred in 2021 and 2022. Accordingly, figures in this table cannot be compared to those in the 2023 Fraud Report.

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