



STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

GRETCHEN WHITMER
GOVERNOR

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LT. GOVERNOR

EXECUTIVE DIRECTIVE

2021-14

To: State Department Directors and Autonomous Agency Heads
From: Governor Gretchen Whitmer
Date: December 29, 2021
Re: Preventing unemployment insurance fraud

Unemployment insurance (“UI”) helps Michigan families get through tough times. UI keeps food on the table even when a steady source of income dries up. And it ensures that no child goes hungry simply because their parent has the misfortune to lose their job.

Even as UI provides a lifeline for working families to get back on their feet, it can also be a target for criminal enterprises. Over the last 18 months, states across the nation have seen UI fraud of unprecedented scope. UI fraud not only costs taxpayers money, it can deprive Michiganders of economic assistance just when they need it most. It is our duty as a state to do all we can to stop UI fraud, even as we ensure that valid claims are paid accurately and promptly.

Today, the Michigan Unemployment Insurance Agency (“UIA”) released the results of an investigation conducted by accounting firm Deloitte and Touche LLP. This investigation confirms that UIA – like most unemployment agencies around the nation – failed to adequately protect the UI system against a national onslaught of criminal fraudulent claims. Nevertheless, the report also demonstrates that the UIA has successfully implemented many reforms that have effectively neutralized ongoing efforts to defraud the UI system.

For example, the report estimates that less than 1% of claims paid since October 2020 were the result of imposter fraud or intentional misrepresentation. Not only is this below the commonly accepted level, it is an improvement upon UIA’s pre-pandemic performance. UIA’s success in fraud detection and deterrence is the result of a distinct, multi-tiered approach incorporating a number of policy, technological, and operational reforms

implemented by the agency. With this directive, I am formalizing this approach, with the hope that it can serve as a model for Michigan and other states going forward.

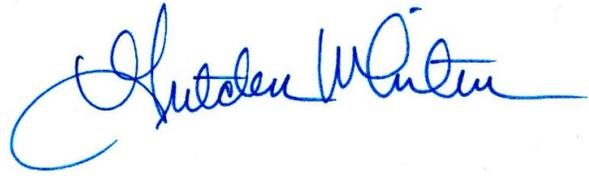
Within state government, the primary agency involved in preventing unemployment insurance fraud is the Unemployment Insurance Agency within the Department of Labor and Economic Opportunity.

Acting under sections 1 and 8 of article 5 of the Michigan Constitution of 1963, I direct the Unemployment Insurance Agency to work in concert with other state departments and autonomous agencies to do all of the following:

1. Consistently use Fraud Manager, or similar technology, to detect anomalies that indicate a claim requires further review prior to payment. Fraud Manager, or similar technology, must not be suspended for any reason without prior approval from the Director of the Department of Labor and Economic Opportunity.
2. Continue using tools provided by the Integrity Data Hub to identify foreign IP addresses, suspicious email domains, multi-state claims, and other flags for possible fraud.
3. Continue conducting daily reviews of all claim activities to identify potential irregularities that could indicate fraud or misrepresentation.
4. Continue implementing protocols that streamline workflows by detecting fraudulent claims activity in bulk.
5. Continue following procedures to resolve matters for victims of identity theft in real-time. Identity theft victims must be empowered to file legitimate claims and access resources available to them to protect their identity.
6. Retain experts, as needed, to counter criminal attacks on the UI system, analyze fraudulent unemployment activity, and clear legitimate accounts.
7. Create partnerships with community organizations to educate potential UI claimants on eligibility requirements and improve accessibility for disadvantaged communities.
8. Prioritize enforcement of UI fraud cases through the Unemployment Insurance Fraud Response Team created by Executive Order 2021-16, which continues the work of the Michigan Unemployment Insurance Fraud Task Force created by Attorney General Nessel.
9. Develop operational metrics to track objectives and key results.

This directive is effective immediately.

Thank you for your cooperation in implementing this directive.

A handwritten signature in blue ink, reading "Gretchen Whitmer". The signature is fluid and cursive, with a large initial "G" and "W".

Gretchen Whitmer
Governor