

# The Pandemic and Unemployment

A dramatic increase in unemployment, coupled with increased fraud and reduced documentation requirements, has overrun the essential workers who power our unemployment claims process. The result is unemployment payment delays to individuals and risk to the American economy.

## 2019 Pre-CARES Act

Initial Claims  
Per Week

 = 100k Applicants

 = Needs adjudication

Claims requiring  
human adjudication<sup>2</sup>

Average wait time  
for 1st payment

Est. financial burden<sup>7</sup>  
per household

Overall economic burden  
of payment delays

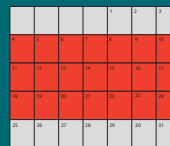


218k<sup>1</sup>

84k

3% fraudulent<sup>4</sup>

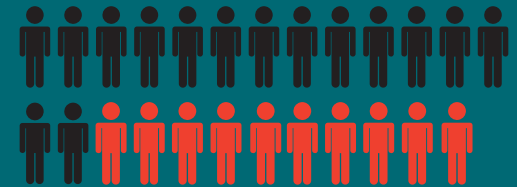
3 weeks<sup>3</sup>



\$1,387  
over 21 days

\$3.3B

## 2020 Post-CARES Act



2.5M<sup>5</sup>

1M

Unquantified surge of fraud<sup>8</sup>  
Est. 250k without traditional paperwork

10 weeks<sup>6</sup>



\$6,960  
over 70 days

\$193.6B

(1)Source: US Department of Labor Unemployment Insurance Weekly claims data, Initial Claims (Seasonally Adjusted), 2019, <http://oui.doleta.gov/unemploy/claims.asp> (2)40% human adjudication in "normal" times, primary research (3) <https://www.dol.gov/general/topic/unemployment-insurance> (4)<https://www.wsj.com/articles/unemployment-fraud-spreads-across-u-s-as-coronavirus-boosts-claims-11591189201> (5)US Department of Labor Unemployment Insurance Weekly Claims Data, Initial Claims (Seasonally Adjusted), week of 3/21/20 through week of 8/22/20, <https://oui.doleta.gov/unemploy/claims.asp> (6) <https://www.cnbc.com/2020/08/15/coronavirus-mans-23000-in-unemployment-pay-delayed-four-months.html> (7)<https://www.bls.gov/news.release/cesan.nr0.html> (8)<https://www.fbi.gov/news/pressrel/press-releases/fbi-sees-spike-in-fraudulent-unemployment-insurance-claims-filed-using-stolen-identities>

# Emergency Unemployment Spillway

Industry best practices such as preventing identity theft-based fraud and leveraging third parties to create a more elastic workforce can improve timeliness of unemployment claims processing.

## Situation

**1,047%**

increase in claims being submitted on a weekly basis. 250k-760k of these 2.5M claims lack traditional paperwork.

**56%**

or more Americans have had their personal information exposed in data breaches. imposter claims have surged in 2020.

**10 weeks**

after submitting application, resulting in an \$193.6B burden on the consumer economy

## Solution

**3rd Party ID**

verification services help handle the spillway of excess claims, especially those without traditional paperwork

**“Spamhaus”**

prevents mass fraudsters from making it to human adjudicators.

**3 weeks**

after submitting application, reducing the burden on the consumer economy by \$36.8B

Increased claims and reduced documentation

+

Increased risk of fraud

=

Resulting processing times

## Cost v Benefit

— \$500M investment in the proposed solutions

— \$155.0B return on investment