



February 24, 2022

Dear Chairman Bogner & Committee Members,

Thank you for your additional questions regarding the Department's use of ID.me for identity verification of unemployment insurance claimants. Your questions, along with the Department's responses, are below.

1. What happens to legitimate claimants who either fail the ID.me process or choose not to use the ID.me process?

a. Is there an alternative way for them to access their benefits? If so, what does this workflow look like?

b. How many claimants have opted out of signing up through ID.me?

An alternative path for claimants who either choose not to utilize ID.me or who otherwise fail the ID.me verification process exists. Legitimate claimants are able to contact the Department's Unemployment Insurance Division via phone at (406) 444-2545 to be connected with a representative who can walk a claimant through an alternative means of verification using other data available to the Department.

From 11/19/2020 (when the Department went live with ID.me) through 2/11/2022, 38,942 claimants have cleared the ID.me security barrier on their own and 2,658 have been cleared through this alternative internal verification process.

2. Why did DLI decide to use a solution that, at the time of the contract being finalized, requires facial recognition?

a. Did DLI consider alternatives that do not require facial recognition?

In 2020, the Department encountered a surge of suspected fraudulent claims activity in the midst of the COVID-19 pandemic. Then-Acting Commissioner Brenda Nordlund made the determination that additional security and identity verification tools were needed and that ID.me was the sole product immediately available that met the Department's security needs.

3. How did DLI procure ID.me? Was it through a sole source procurement?

a. If so, why?

b. Do you plan on issuing an open procurement sometime in the future? If not, why not?

ID.me was procured with approval from the Department of Administration utilizing the COVID-19 exigency in October of 2020. As noted above, the Department leadership at the time determined

that ID.me was the sole product available to meet the Department's needs. Future decisions about procurement for ID.me or other anti-fraud security tools are on hold pending the completion of a security assessment of ID.me presently being conducted by State Chief Information Security Officer Andy Hanks and SITSD.

4. ID.me utilizes trusted referees; humans employed by ID.me. ID.me recently announced that it will now rely more heavily on this function, so individuals do not have to use the facial recognition workflow. Considering this development:

- a. How is DLI ensuring the claimant's PII is safe with the trusted referee?
- b. What level of participation does DLI have in hiring the trusted referee?
- c. What level of control does DLI have with regard to the trusted referee making a pass/fail decision on your claimant's identity verification?
- d. In ID.me's written testimony, they said that 7,637 Montana claimants had verified via the supervised trusted referee verification process. Can you provide data on how long it took each claimant to get through the trusted referee verification?

The Department has been in communication with ID.me regarding its recent announcement. Data shared by a claimant with ID.me – either through the facial recognition workflow or with a trusted referee – is protected by ID.me's privacy policy, [available here](#).

The Department has no participation in the hiring of trusted referees.

DLI does not have control over whether a trusted referee makes a pass or fail determination with a claimant. However, legitimate claimants incorrectly denied by ID.me have the option of pursuing the alternative path of verification outlined in question one above. We have no data on how long the trusted referee verification process typically takes claimants to complete. ID.me has said publicly it plans to hire several hundred new employees as a result of its announcement that it will rely more heavily on trusted referees as an alternative to its facial recognition workflow.

5. Have other state unemployment agencies successfully managed identity verification without relying heavily on facial recognition?

Since the start of the pandemic, 27 states have utilized ID.me's facial recognition service to prevent unemployment insurance fraud. Other states have had varying degrees of success utilizing a variety of other tools for fraud detection and prevention. [This story from Reuters News Service](#) outlines some of the alternatives to ID.me in use in other states.

As I noted in my communication to you following the February 9th hearing, the Department had already been in the process of reviewing its procedures with ID.me and a security assessment headed by Chief Information Security Officer Andy Hanks and SITSD is underway.



The Department is also working with State CIO Kevin Gilbertson on procuring a new, modernized replacement for its existing, antiquated UI benefits system. The Department's hope is that a more modern system will include security measures that would lessen its utilization of ID.me and reduce the number of claimants that undergo its screening.

Decisions about procuring ID.me were made by previous Department leadership, and DLI is presently exploring whether ID.me is the best solution to meet our fraud prevention and identity verification needs going forward. I welcome your continued input and feedback on how the Department can best prevent fraud and identity theft while protecting the privacy rights of Montana's citizens.

Please let me know if you have any additional questions on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Esau". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Laurie Esau
Commissioner