

**FY 2025**

**CONGRESSIONAL BUDGET JUSTIFICATION**

**EMPLOYMENT AND TRAINING ADMINISTRATION**

**State Unemployment Insurance and  
Employment Service Operations**

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# STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

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# STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

## APPROPRIATION LANGUAGE

*For authorized administrative expenses, \$84,066,000, together with not to exceed \$4,241,363,000 which may be expended from the Employment Security Administration Account in the Unemployment Trust Fund ("the Trust Fund"), of which—*

*(1) \$3,422,274,000 from the Trust Fund is for grants to States for the administration of State unemployment insurance laws as authorized under title III of the Social Security Act (including not less than \$388,000,000 to carry out reemployment services and eligibility assessments under section 306 of such Act, any claimants of regular compensation, as defined in such section, including those who are profiled as most likely to exhaust their benefits, may be eligible for such services and assessments: Provided, That of such amount, \$117,000,000 is specified for grants under section 306 of the Social Security Act and is provided to meet the terms of section 251(b)(2)(E)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, and \$271,000,000 is additional new budget authority specified for purposes of section 251(b)(2)(E)(i)(VI) of such Act; and \$9,000,000 for continued support of the Unemployment Insurance Integrity Center of Excellence), the administration of unemployment insurance for Federal employees and for ex-service members as authorized under 5 U.S.C. 8501-8523, and the administration of trade readjustment allowances, reemployment trade adjustment assistance, and alternative trade adjustment assistance under the Trade Act of 1974 and under section 231(a) of the Trade Adjustment Assistance Extension Act of 2011, and sections 405(a) and 406 of the Trade Preferences Extension Act of 2015, and shall be available for obligation by the States through December 31, 2025, except that funds used for automation shall be available for Federal obligation through December 31, 2025, and for State obligation through September 30, 2027, or, if the automation is being carried out through consortia of States, for State obligation through September 30, 2031, and for expenditure through September 30, 2032, and funds for competitive grants awarded to States for improved operations and to conduct in-person reemployment and eligibility assessments and unemployment insurance improper payment reviews and provide reemployment services and referrals to training, as appropriate, shall be available for Federal obligation through December 31, 2025 (except that funds for outcome payments pursuant to section 306(f)(2) of the Social Security Act shall be available for Federal obligation through March 31, 2026), and*

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*for obligation by the States through September 30, 2027, and funds for the Unemployment Insurance Integrity Center of Excellence shall be available for obligation by the State through September 30, 2026, and funds used for unemployment insurance workloads experienced through September 30, 2025 shall be available for Federal obligation through December 31, 2025;*

*(2) \$48,000,000 from the Trust Fund is for national activities necessary to support the administration of the Federal-State unemployment insurance system, of which \$25,000,000 shall be available through September 30, 2026, to carry out activities relating to identity verification in unemployment compensation programs;*

*(3) \$658,639,000 from the Trust Fund, together with \$21,413,000 from the General Fund of the Treasury, is for grants to States in accordance with section 6 of the Wagner-Peyser Act, and shall be available for Federal obligation for the period July 1, 2025 through June 30, 2026;*

*(4) \$25,000,000 from the Trust Fund is for national activities of the Employment Service, including administration of the work opportunity tax credit under section 51 of the Internal Revenue Code of 1986 (including assisting States in adopting or modernizing information technology for use in the processing of certification requests), and the provision of technical assistance and staff training under the Wagner-Peyser Act;*

*(5) \$87,450,000 from the Trust Fund is for the administration of foreign labor certifications and related activities under the Immigration and Nationality Act and related laws, of which \$64,168,000 shall be available for the Federal administration of such activities and shall remain available until September 30, 2026, and \$23,282,000 shall be available for grants to States for the administration of such activities; and*

*(6) \$62,653,000 from the General Fund is to provide workforce information, national electronic tools, and one-stop system building under the Wagner-Peyser Act and shall be available for Federal obligation for the period July 1, 2025 through June 30, 2026, of which up to \$9,800,000 may be used to carry out research and demonstration projects related to testing effective ways to promote greater labor force participation of people with disabilities: Provided, That the Secretary may transfer amounts made available for research and demonstration projects under this paragraph to the "Office of Disability Employment Policy" account for such purposes:*

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*Provided, That to the extent that the Average Weekly Insured Unemployment ("AWIU") for fiscal year 2025 is projected by the Department of Labor to exceed 2,121,000, an additional \$28,600,000 from the Trust Fund shall be available for obligation for every 100,000 increase in the AWIU level (including a pro rata amount for any increment less than 100,000) to carry out title III of the Social Security Act: Provided further, That funds appropriated in this Act that are allotted to a State to carry out activities under title III of the Social Security Act may be used by such State to assist other States in carrying out activities under such title III if the other States include areas that have suffered a major disaster declared by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act: Provided further, That the Secretary may use funds appropriated for grants to States under title III of the Social Security Act to make payments on behalf of States for the use of the National Directory of New Hires under section 453(j)(8) of such Act: Provided further, That the Secretary may use funds appropriated for grants to States under title III of the Social Security Act to make payments on behalf of States to the entity operating the State Information Data Exchange System: Provided further, That funds appropriated in this Act which are used to establish a national one-stop career center system, or which are used to support the national activities of the Federal-State unemployment insurance, employment service, or immigration programs, may be obligated in contracts, grants, or agreements with States and non-State entities: Provided further, That States awarded competitive grants for improved operations under title III of the Social Security Act, or awarded grants to support the national activities of the Federal-State unemployment insurance system, may award subgrants to other States and non-State entities under such grants, subject to the conditions applicable to the grants: Provided further, That funds appropriated under this Act for activities authorized under title III of the Social Security Act and the Wagner-Peyser Act may be used by States to fund integrated Unemployment Insurance and Employment Service automation efforts, notwithstanding cost allocation principles prescribed under the final rule entitled "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" at part 200 of title 2, Code of Federal Regulations: Provided further, That the Secretary, at the request of a State participating in a consortium with other States, may reallocate funds allotted to such State under title III of the Social Security Act to other States participating in the consortium or to the entity operating the Unemployment Insurance Information Technology Support Center in order to carry out*

## **STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS**

*activities that benefit the administration of the unemployment compensation law of the State making the request: Provided further, That the Secretary may collect fees for the costs associated with additional data collection, analyses, and reporting services relating to the National Agricultural Workers Survey requested by State and local governments, public and private institutions of higher education, and nonprofit organizations and may utilize such sums, in accordance with the provisions of 29 U.S.C. 9a, for the National Agricultural Workers Survey infrastructure, methodology, and data to meet the information collection and reporting needs of such entities, which shall be credited to this appropriation and shall remain available until September 30, 2026, for such purposes.*

Note.--A full-year 2024 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.



**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT  
SERVICE OPERATIONS  
ANALYSIS OF APPROPRIATION LANGUAGE**

**Language Provision**

**Explanation**

In Paragraph (1):

*Provided*, That of such amount, \$117,000,000 is specified for grants under section 306 of the Social Security Act and is provided to meet the terms of section 251(b)(2)(E)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, and \$271,000,000 is additional new budget authority specified for purposes of section 251(b)(2)(E)(i)(VI) of such Act;

The language changes include striking the references to the specific Congressional resolutions that were cited in FY 2023 for the domestic budgetary cap adjustments for the Reemployment Services and Assessments (RESEA) program. The new inserted language is more general and is intended to signal clarity around the budgetary base and adjustment approach and amounts for RESEA in FY 2025 but is not intended to specify the bill language Congress may incorporate to execute those adjustments, such as new Congressional resolutions.

In Paragraph (1):

and the administration of trade readjustment allowances, reemployment trade adjustment assistance, and alternative trade adjustment assistance under the Trade Act of 1974 and under section 231(a) of the Trade Adjustment Assistance Extension Act of 2011, and sections 405(a) and 406 of the Trade Preferences Extension Act of 2015,

These language changes are consistent with the Administration's proposal to carry out the TAA program in FY 2025 under the Reversion 2021 version of TAA. The language strikes the references to the termination provisions as authority under which the administration of trade readjustment allowances, reemployment trade adjustment assistance, and alternative trade adjustment assistance will be provided.

## **STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS**

In Paragraph (2):

\$48,000,000 from the Trust Fund is for national activities necessary to support the administration of the Federal-State unemployment insurance system, of which \$25,000,000 shall be available through September 30, 2026, to carry out activities relating to identity verification in unemployment compensation programs;

The new language is added to the appropriation for Unemployment Insurance national activities and provides that \$25 million of the appropriation is to be available to carry out activities for identity verification in unemployment compensation program. Those funds for identity verification activities are available for federal obligation for two fiscal years, through FY 2026. Identity verification in UI programs is critical to promote the integrity of UI programs and prevent fraud.

In Paragraph (5):

(5) \$87,450,000 from the Trust Fund is for the administration of foreign labor certifications and related activities under the Immigration and Nationality Act and related laws, of which \$64,168,000 shall be available for the Federal administration of such activities and shall remain available until September 30, 2026, and \$23,282,000 shall be available for grants to States for the administration of such activities;

The language change provides that the funds appropriated for Federal administration of foreign labor certifications under the INA and related laws shall be available for Federal obligation through September 30, 2026, thereby adding an additional year for such obligations. This proposed two-year availability is intended to increase flexibility for program execution. The annual uncertainty in the appropriations timing results in delayed hiring and rushed execution of contracts. The multi-year availability would reduce the impact of short-term continuing resolutions at no cost to the annual appropriations bill. This change would also enhance staff oversight of the programs they are administering.

**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT  
SERVICE OPERATIONS**

<b>AMOUNTS AVAILABLE FOR OBLIGATION</b>						
(Dollars in Thousands)						
	<b>FY 2023 Enacted</b>		<b>FY 2024 Estimate</b>		<b>FY 2025 Request</b>	
	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>
<b>A. Appropriation</b>	<b>54</b>	<b>\$101,254</b>	<b>60</b>	<b>\$102,512</b>	<b>60</b>	<b>\$101,475</b>
Discretionary	0	\$84,066	0	\$84,066	0	\$84,066
Discretionary (Transfer to ETA PA for Program Integrity (Pursuant to P.L. 117-328))	0	-\$71	0	\$0	0	\$0
Mandatory (H-1B Fees)	54	\$17,259	60	\$18,446	60	\$17,409
<i>Subtotal Appropriation</i>	<i>54</i>	<i>\$101,254</i>	<i>60</i>	<i>\$102,512</i>	<i>60</i>	<i>\$101,475</i>
Offsetting Collections From:						
Reimbursements (DUA and NAWS)	0	\$57,690	0	\$51,500	0	\$51,500
Trust Funds	194	\$3,925,084	204	\$3,925,084	214	\$4,241,363
Trust Funds (Transfer to ETA PA for Program Integrity (Pursuant to P.L. 117-328))	0	-\$2,623	0	\$0	0	\$0
<i>Subtotal Offsetting Collections</i>	<i>194</i>	<i>\$3,980,151</i>	<i>204</i>	<i>\$3,976,584</i>	<i>214</i>	<i>\$4,292,863</i>
<b>B. Gross Budget Authority</b>	<b>248</b>	<b>\$4,081,405</b>	<b>264</b>	<b>\$4,079,096</b>	<b>274</b>	<b>\$4,394,338</b>
Appropriation From:						
Discretionary (Transfer to ETA PA for Program Integrity (Pursuant to P.L. 117-328))	0	\$71	0	\$0	0	\$0
Mandatory (H-1B Fees)	-54	\$17,259	-60	-\$18,446	-60	-\$17,409
<i>Subtotal Appropriation</i>	<i>-54</i>	<i>\$17,330</i>	<i>-60</i>	<i>-\$18,446</i>	<i>-60</i>	<i>-\$17,409</i>
Offsetting Collections From:						
Trust Funds (Transfer to ETA PA for Program Integrity (Pursuant to P.L. 117-328))	0	\$2,623	0	\$0	0	\$0
Reimbursements (DUA and NAWS)	0	-\$57,690	0	-\$51,500	0	-\$51,500
<i>Subtotal Offsetting Collections</i>	<i>0</i>	<i>-\$55,067</i>	<i>0</i>	<i>-\$51,500</i>	<i>0</i>	<i>-\$51,500</i>
<b>C. Budget Authority Before Committee</b>	<b>194</b>	<b>\$4,043,668</b>	<b>204</b>	<b>\$4,009,150</b>	<b>214</b>	<b>\$4,325,429</b>
Appropriation From:						
Discretionary (Transfer to ETA PA for Program Integrity (Pursuant to P.L. 117-328))	0	-\$71	0	\$0	0	\$0
Mandatory (H-1B Fees)	54	\$17,259	60	\$18,446	60	\$17,409
<i>Subtotal Appropriation</i>	<i>54</i>	<i>\$17,188</i>	<i>60</i>	<i>\$18,446</i>	<i>60</i>	<i>\$17,409</i>
Offsetting Collections From:						
Trust Funds (Transfer to ETA PA for Program Integrity (Pursuant to P.L. 117-328))	0	-\$2,623	0	\$0	0	\$0
Reimbursements (DUA and NAWS)	0	\$57,690	0	\$51,500	0	\$51,500
<i>Subtotal Offsetting Collections</i>	<i>0</i>	<i>\$55,067</i>	<i>0</i>	<i>\$51,500</i>	<i>0</i>	<i>\$51,500</i>

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Unobligated Balance From:	0	\$0	0	\$0	0	\$0
Brought Forward, October 1	101	\$1,727,724	38	\$259,639	0	\$0
Transfer to CEO for Program Evaluation (Pursuant to P.L. 117-103)	0	-\$3,743	0	\$0	0	\$0
Transfer to CEO for Program Evaluation (Pursuant to P.L. 117-328)	0	\$0	0	-\$4,585	0	\$0
Recoveries	0	\$25,839	0	\$0	0	\$0
<i>Subtotal Unobligated Balance, Unexpired</i>	<i>101</i>	<i>\$749,820</i>	<i>38</i>	<i>\$255,054</i>	<i>0</i>	<i>\$0</i>
<b>D. Total Budgetary Resources</b>	<b>349</b>	<b>\$4,865,743</b>	<b>302</b>	<b>\$4,334,150</b>	<b>0</b>	<b>\$4,394,338</b>
Unobligated Balance, Unexpired	-27	-\$259,639	0	\$0	0	\$0
Unobligated Balance, Expired	5	-\$2,798	0	\$0	0	\$0
<b>E. Total, Estimated Obligations</b>	<b>327</b>	<b>\$4,603,306</b>	<b>302</b>	<b>\$4,334,150</b>	<b>0</b>	<b>\$4,394,338</b>

# STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

## SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2024 Estimate	FY 2025 Request	Net Change
<b>Budget Authority</b>			
General Funds	\$84,066	\$84,066	\$0
Trust Funds	\$3,925,084	\$4,241,363	+\$316,279
<b>Total</b>	<b>\$4,009,150</b>	<b>\$4,325,429</b>	<b>+\$316,279</b>
<b>Full Time Equivalents</b>			
General Funds	0	0	0
Trust Funds	204	214	10
<b>Total</b>	<b>204</b>	<b>214</b>	<b>10</b>

Explanation of Change	FY 2025 Change							
	FY 2024 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Increases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
Costs of pay adjustments	204	\$25,005	0	\$1,117	0	\$0	0	\$1,117
Costs of pay adjustments	0	\$0	0	\$0	0	\$0	0	\$0
Personnel benefits	0	\$9,062	0	\$684	0	\$0	0	\$684
Federal Employees' Compensation Act (FECA)	0	\$97	0	\$38	0	\$0	0	\$38
Benefits for former personnel	0	\$0	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$60	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$0	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$900	0	\$0	0	\$0	0	\$0
Rental payments to others	0	\$0	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$55	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$216	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$13,665	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$8,562	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$12,075	0	\$336	0	\$0	0	\$0
Other Federal sources (Census Bureau)	0	\$0	0	\$0	0	\$0	0	\$0
Other Federal sources (DHS Charges)	0	\$0	0	\$0	0	\$0	0	\$0
Other goods and services from Federal sources	0	\$3,019	0	\$0	0	\$0	0	\$336

# STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

FY 2025 Change

Explanation of Change	FY 2024 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Research & Development								
Contracts	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of facilities	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of equipment	0	\$8,614	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$28	0	\$0	0	\$0	0	\$0
Equipment	0	\$31	0	\$0	0	\$0	0	\$0
Grants, subsidies, and contributions	0	\$1,125,983	0	\$0	0	\$0	0	\$0
State Administration Workload	0	\$2,801,668	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	0	\$110	0	\$0	0	\$0	0	\$0
RTAA	0	\$0	0	\$0	0	\$0	0	\$0
Investment and Loans	0	\$0	0	\$0	0	\$0	0	\$0
<b>Built-Ins Subtotal</b>	<b>204</b>	<b>+\$4,009,150</b>	<b>0</b>	<b>+\$2,175</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>+\$2,175</b>
<b>B. Programs:</b>								
UI State Administration Formula Increase	0	\$2,759,635	0	\$274,639	0	\$0	0	\$274,639
State UI Identity Verification Services	0	\$0	0	\$25,000	0	\$0	0	\$25,000
RESEA Adjustment Increase	0	\$258,000	0	\$13,000	0	\$0	0	\$13,000
Improving OFLC Program Integrity	204	\$60,528	10	\$1,890	0	\$0	10	\$1,890
<b>Programs Subtotal</b>			<b>10</b>	<b>+\$314,529</b>	<b>0</b>	<b>\$0</b>	<b>10</b>	<b>+\$314,529</b>
<b>Total Increase</b>	<b>204</b>	<b>+\$4,009,150</b>	<b>10</b>	<b>+\$316,704</b>	<b>0</b>	<b>\$0</b>	<b>10</b>	<b>+\$316,704</b>
<b>Decreases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
Costs of pay adjustments	0	\$0	0	-\$425	0	\$0	0	-\$425
<b>Built-Ins Subtotal</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>-\$425</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>-\$425</b>
<b>B. Programs:</b>								
<b>Programs Subtotal</b>			<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>
<b>Total Decrease</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>-\$425</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>-\$425</b>
<b>Total Change</b>	<b>204</b>	<b>+\$4,009,150</b>	<b>10</b>	<b>+\$316,279</b>	<b>0</b>	<b>\$0</b>	<b>10</b>	<b>+\$316,279</b>

# STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

<b>SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY</b>								
(Dollars in Thousands)								
	<b>FY 2023 Enacted</b>		<b>FY 2024 Estimate</b>		<b>FY 2025 Request</b>		<b>Diff. FY25 Request/ FY24 Estimate</b>	
	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>
<b>Unemployment Insurance</b>	<b>0</b>	<b>3,157,635</b>	<b>0</b>	<b>3,157,635</b>	<b>0</b>	<b>3,470,274</b>	<b>0</b>	<b>312,639</b>
Unemployment Trust Funds	0	3,157,635	0	3,157,635	0	3,470,274	0	312,639
<b>State Administration</b>	<b>0</b>	<b>2,759,635</b>	<b>0</b>	<b>2,759,635</b>	<b>0</b>	<b>3,034,274</b>	<b>0</b>	<b>274,639</b>
Unemployment Trust Funds	0	2,759,635	0	2,759,635	0	3,034,274	0	274,639
<b>Average Weekly Insured Unemployment</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Reemployment Services and Eligibility Assessments-UI Integrity</b>	<b>0</b>	<b>117,000</b>	<b>0</b>	<b>117,000</b>	<b>0</b>	<b>117,000</b>	<b>0</b>	<b>0</b>
Unemployment Trust Funds	0	117,000	0	117,000	0	117,000	0	0
<b>RESEA Cap Adjustment</b>	<b>0</b>	<b>258,000</b>	<b>0</b>	<b>258,000</b>	<b>0</b>	<b>271,000</b>	<b>0</b>	<b>13,000</b>
Unemployment Trust Funds	0	258,000	0	258,000	0	271,000	0	13,000
<b>National Activities</b>	<b>0</b>	<b>23,000</b>	<b>0</b>	<b>23,000</b>	<b>0</b>	<b>48,000</b>	<b>0</b>	<b>25,000</b>
Unemployment Trust Funds	0	23,000	0	23,000	0	48,000	0	25,000
<b>Employment Service</b>	<b>0</b>	<b>705,052</b>	<b>0</b>	<b>705,052</b>	<b>0</b>	<b>705,052</b>	<b>0</b>	<b>0</b>
General Funds	0	21,413	0	21,413	0	21,413	0	0
Unemployment Trust Funds	0	683,639	0	683,639	0	683,639	0	0
<b>Grants to States</b>	<b>0</b>	<b>680,052</b>	<b>0</b>	<b>680,052</b>	<b>0</b>	<b>680,052</b>	<b>0</b>	<b>0</b>

# STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

<b>SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY</b>								
(Dollars in Thousands)								
	FY 2023 Enacted		FY 2024 Estimate		FY 2025 Request		Diff. FY25 Request/ FY24 Estimate	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
General Funds	0	21,413	0	21,413	0	21,413	0	0
Unemployment Trust Funds	0	658,639	0	658,639	0	658,639	0	0
<b>Employment Service National Activities</b>	<b>0</b>	<b>25,000</b>	<b>0</b>	<b>25,000</b>	<b>0</b>	<b>25,000</b>	<b>0</b>	<b>0</b>
Unemployment Trust Funds	0	25,000	0	25,000	0	25,000	0	0
<b>Foreign Labor Certification</b>	<b>199</b>	<b>83,810</b>	<b>204</b>	<b>83,810</b>	<b>214</b>	<b>87,450</b>	<b>10</b>	<b>3,640</b>
Unemployment Trust Funds	199	83,810	204	83,810	214	87,450	10	3,640
<b>Federal Administration</b>	<b>199</b>	<b>60,528</b>	<b>204</b>	<b>60,528</b>	<b>214</b>	<b>64,168</b>	<b>10</b>	<b>3,640</b>
Unemployment Trust Funds	199	60,528	204	60,528	214	64,168	10	3,640
<b>FLC State Grants</b>	<b>0</b>	<b>23,282</b>	<b>0</b>	<b>23,282</b>	<b>0</b>	<b>23,282</b>	<b>0</b>	<b>0</b>
Unemployment Trust Funds	0	23,282	0	23,282	0	23,282	0	0
<b>Workforce Information-Electronic Tools-System Building</b>	<b>0</b>	<b>62,653</b>	<b>0</b>	<b>62,653</b>	<b>0</b>	<b>62,653</b>	<b>0</b>	<b>0</b>
General Funds	0	62,653	0	62,653	0	62,653	0	0
<b>Total</b>	<b>199</b>	<b>4,009,150</b>	<b>204</b>	<b>4,009,150</b>	<b>214</b>	<b>4,325,429</b>	<b>10</b>	<b>316,279</b>
<b>General Funds</b>	<b>0</b>	<b>84,066</b>	<b>0</b>	<b>84,066</b>	<b>0</b>	<b>84,066</b>	<b>0</b>	<b>0</b>
<b>Unemployment Trust Funds</b>	<b>199</b>	<b>3,925,084</b>	<b>204</b>	<b>3,925,084</b>	<b>214</b>	<b>4,241,363</b>	<b>10</b>	<b>316,279</b>

NOTE: FY 2023 reflects actual FTE.



**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT  
SERVICE OPERATIONS**

<b>BUDGET AUTHORITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
	Full-Time Equivalent				
	Full-time Permanent	199	204	214	10
	<b>Total</b>	<b>199</b>	<b>204</b>	<b>214</b>	<b>10</b>
	Average ES Salary	\$177,022	\$185,165	\$187,041	\$1,876
	Average GM/GS Grade	12	12	12	0
	Average GM/GS Salary	\$106,979	\$111,900	\$116,150	\$4,250
11.1	Full-time permanent	24,178	24,178	25,910	1,732
11.3	Other than full-time permanent	65	65	65	0
11.5	Other personnel compensation	762	762	778	16
11.9	<b>Total personnel compensation</b>	<b>25,005</b>	<b>25,005</b>	<b>26,753</b>	<b>1,748</b>
12.1	Civilian personnel benefits	9,159	9,159	10,279	1,120
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	60	60	60	0
22.0	Transportation of things	0	0	0	0
23.0	Rent, Communications, and Utilities	0	0	0	0
23.1	Rental payments to GSA	900	900	900	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	55	55	55	0
24.0	Printing and reproduction	216	216	216	0
25.1	Advisory and assistance services	13,665	13,665	13,665	0
25.2	Other services from non-Federal sources	8,562	8,562	8,562	0
25.3	Other goods and services from Federal sources 1/	15,094	15,094	15,866	772
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	8,614	8,614	8,614	0
26.0	Supplies and materials	28	28	28	0
31.0	Equipment	31	31	31	0
33.0	Investments and Loans	0	0	0	0
38.0	Depreciation Expense - Unfunded	0	0	0	0
41.0	Grants, subsidies, and contributions	3,927,651	3,927,651	4,240,290	312,639
42.0	Insurance claims and indemnities	110	110	110	0
91.0	Other Fund Sources	0	0	0	0
99.0	Other Fund Sources	0	0	0	0
	<b>Total</b>	<b>4,009,150</b>	<b>4,009,150</b>	<b>4,325,429</b>	<b>316,279</b>
	1/Other goods and services from Federal sources				
	CIGIE	3,019	3,019	3,455	436
	Working Capital Fund	12,075	12,075	12,411	0

## STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

<b>APPROPRIATION HISTORY</b>					
(Dollars in Thousands)					
	<b>Budget Estimates to Congress</b>	<b>House Allowance</b>	<b>Senate Allowance</b>	<b>Appropriations</b>	<b>FTE</b>
2015					
Base Appropriation	\$3,676,455			\$3,597,150	177
2016					
Base Appropriation...1/	\$4,138,023			\$3,589,878	182
2017					
Base Appropriation...1/	\$3,631,085			\$3,523,691	165
2018					
Base Appropriation	\$3,213,159	\$2,830,903		\$3,464,691	161
2019					
Base Appropriation...2/3/	\$3,325,298		\$3,339,010	\$3,343,899	160
2020					
Base Appropriation...4/5/6/	\$3,475,986	\$3,465,761		\$5,491,907	144
2021					
Base Appropriation...5/7/	\$3,497,280			\$4,365,025	158
2022					
Base Appropriation...8/	\$4,126,230	\$4,176,230		\$3,711,331	166
2023					
Base Appropriation	\$4,258,173			\$4,009,150	194
2024					
Base Appropriation...9/	\$4,592,414		\$4,072,150		204
2025					
Base Appropriation	\$4,325,429				214

1/ Reflects actual appropriation. Other exhibits in this document reflect Foreign Labor Certification Federal Administration funding and FTE adjusted for the comparative transfer for the indirect costs realignment.

2/ The FY 2019 budget estimate to Congress was revised from \$3,070,200 due to an addendum providing supplemental funding. This bill was passed by the Senate (S. 3158). It was passed out of the House Subcommittee but was not reported out of the House Committee or by the full House.

3/ The FY 2019 appropriation includes the \$8,250,000 for processing Foreign Labor Certification CW-1 applications and associated tasks, per Section 118(b) of P.L. 115-245.

4/ This bill was passed by the House (H.R. 2740). It was not taken up by the Senate Appropriations Subcommittee or full Appropriations Committee.

5/ FTE for FY 2020 and FY 2021 reflect the Shared Services Realignment.

6/ FY 2020 Appropriations include \$2,117,258,000 apportioned through the use of the AWIU contingency trigger.

7/ FY 2021 Appropriations include \$948,376,000 apportioned through the use of the AWIU contingency trigger.

8/ This bill was passed by the House. It was not taken up by the Senate Appropriations Subcommittee or the full Senate Appropriations Committee.

9/ The full-year FY 2024 appropriation was not enacted at the time the budget was prepared.

# STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

## OVERVIEW

State Unemployment Insurance and Employment Service Operations (SUIESO) funds are allocated to states to administer programs that provide temporary assistance for eligible unemployed workers based on estimated claims levels; job search assistance for those seeking employment; and increased capacity of the public workforce system to serve all job seekers, including communities of color and job seekers with disabilities. Funds are also used for administering the labor certification program for permanent and temporary foreign workers.

Programmatic activities under the SUIESO account include the Unemployment Insurance (UI) program, which provides temporary wage replacement for eligible unemployed workers; the Reemployment Services and Eligibility Assessments (RESEA) program, which provides reemployment services to selected UI claimants to reduce unemployment duration and improve employment outcomes; and the U.S. Employment Service, which serves to connect job seekers with job opportunities in their local workforce area. Activities also include those conducted by the Office of Foreign Labor Certification, which protects the wages and working conditions of U.S. workers and foreign nationals through its review of requests from U.S. companies to employ foreign labor on a permanent or temporary basis. Finally, resources devoted to system building and workforce information services bolster the capacity of the public workforce system to prepare workers for their next jobs.

### **Unemployment Insurance Reform Principles**

The Federal-state UI system offers crucial income replacement to workers who have lost a job through no fault of their own or for good cause, as well as macroeconomic support during downturns. During the COVID-19 pandemic, UI benefits helped over 53 million workers and put some \$880 billion back into the economy.

However, the pandemic also revealed major shortcomings of the regular UI system after decades of underinvestment. Overburdened and outdated state UI systems kept millions of workers from getting benefits quickly and left many unable to access the program. The crisis also demonstrated that regular UI benefits in most states are far too low or end too quickly, leaving families without the resources they need to make ends meet in times of economic crisis. Additionally, millions of workers who lost income due to the pandemic and recession were ineligible for UI benefits. These and other systemic problems only exacerbated longstanding racial and gender inequalities embedded in the UI system.

The Biden-Harris Administration has taken stock of these deficiencies and developed a set of high-level principles to guide Congressional efforts to reform the UI system. These reforms build on critical investments in UI administrative funding, program integrity, and quality job training and effective career services proposed in the Administration's Budget request. The Administration calls on Congress to act now while unemployment is low to ensure that unemployed individuals, regardless of where they live, have equitable access to benefits that are adequate to meeting their basic needs while they are unemployed and searching for new work. Bipartisan commissions since the 1980s have underscored the need for Congress to address the limitations in the unemployment insurance system. Failing to do so continues to undermine the

## **STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS**

role of the unemployment insurance system in cushioning the U.S. economy from economic shocks like the COVID-19 pandemic.

### **Benefit Access Issues for Eligible Workers**

As record numbers of workers attempted to claim the benefits they were owed during the pandemic, some UI agencies' outdated systems collapsed, leading to long backlogs, frustration, and confusion. Many systems were only able to accept online applications at certain hours or required workers to file on certain days of the week based on the first letter of their last name. Even prior to the pandemic, many states' UI websites and applications were far too complex and inaccessible. The rate of UI claims wrongfully denied for job separation reasons, for example, grew from 8 percent to 17 percent between 2007 and 2017. States entered the pandemic with administrative grants at their lowest level in three decades, leading to understaffing and reliance on outdated technologies that contribute to benefits access challenges.

### **Inadequate Benefits**

The pandemic and recession made it clear that UI benefits in many states are too low and end too quickly. Numerous states' maximum benefit levels are less than the respective minimum wage in that state and, in nearly half of states, benefits replace less than one-third of workers' wages on average. In the CARES Act, Congress acknowledged that UI benefits are insufficient and temporarily supplemented benefits by \$600 per week. The number of weeks workers can claim benefits under the regular UI system was also exposed to be woefully insufficient. Several states' regular UI programs offer fewer than the standard 26 weeks of benefits and more states have recently enacted cuts to the duration of UI benefits. In North Carolina, for example, workers can only claim benefits for 12 weeks. Even in a strong economy, this is not sufficient to support workers experiencing an unexpected layoff until they find meaningful work. In January 2023, unemployment spells averaged 20.4 weeks despite a historically low unemployment rate of 3.4 percent.

And no state offered a sufficient number of weeks of benefits to get workers through the pandemic. Even the Extended Benefits (EB) program, which is intended to automatically increase the number of weeks of benefits a worker can receive when the labor market is weak, proved to be inadequate as the crisis extended beyond the 13 to 20 additional weeks EB provides, and benefits triggered off while there was still great need.

To ensure that workers impacted by the efforts to control the spread of COVID-19 were able to make ends meet while isolating and to mitigate the macroeconomic impacts of business closures, Congress acted to increase the number of weeks workers can receive benefits three times during the pandemic. Many workers experienced lapses in benefits as gridlock prevented Congress from extending benefits in a timely manner and outdated technology prevented states from implementing these changes quickly. The lack of effective triggers in UI's EB program imposed significant costs on workers, states, and the economy.

Inadequate benefit levels are pervasive and undermine a core purpose of the UI program, which is keeping unemployed workers connected to the labor market. By contrast, sufficient UI benefits

## **STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS**

provide workers with the income they need to look for a job that matches their skills, experience, and prior wages instead of taking the first job available even if it is a poor match. UI recipients also gain access to crucial reemployment services to help with their job search or connect them to retraining where necessary. Ensuring that unemployed workers find not only a job but one that is a good match is one of the UI program's primary goals. This benefits individual workers, employers, and the overall economy, including by raising workforce productivity and improving tenure and morale.

### **Limited Eligibility**

Perhaps most of all, the crisis demonstrated that a large share of today's workers—especially low-paid workers—are ineligible for regular UI benefits despite their strong attachment to the labor market. Before the crisis, only about one-quarter of workers claimed UI benefits when they became unemployed. Many other unemployed workers were ineligible because states' formulas for determining benefits penalize workers with shorter work histories and lower wages, and completely exclude workers classified as independent contractors. Part-time workers—the majority of whom are women—and those forced to leave a job for family, health, or safety concerns were also excluded from receiving UI in many states.

Congress recognized that these holes in the UI system would cut millions of workers off from vital income support and deprive the economy of much-needed macroeconomic support. Congress created an entirely new program, Pandemic Unemployment Assistance (PUA), to provide benefits to workers ineligible for regular UI. PUA became a central part of the UI program in 2020, with more workers receiving it than regular UI during the summer, highlighting how the UI system has not evolved with the labor market and no longer supports many of the workers who need UI the most. After the expiration of this pandemic expansion, the percent of jobless workers claiming UI benefits steeply declined, sinking back below one-quarter in the final months of 2022 and staying at this low level throughout 2023.

Yet, standing up PUA in a matter of weeks posed severe implementation challenges for states. Congress made program design choices that were meant to make it easier for claimants to receive PUA payments quickly, which, when combined with decades of underinvestment in state UI systems, instead left states vulnerable to attacks from sophisticated international criminal rings using stolen identities to fraudulently claim benefits. This fraud exacerbated benefit access issues as states slowed claims processing to address it. California, for example, was one of a few states forced to temporarily shut down its UI system to all new claimants in order to update its identity verification system. Expanded eligibility will be more durable and equitable — and less prone to error — if accomplished through permanent UI reform instead of temporary programs.

### **Racial Disparities in the UI System**

Despite its important relief and stimulative effects, UI's reach across jobless workers remains uneven. The current system of unemployment insurance—both before and during the pandemic—provides unequal access to benefits for marginalized communities, including underrepresented racial and ethnic groups, low-income and part-time workers, workers with limited English proficiency, and workers with lower levels of formal education. These disparities

## STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

in UI benefit receipt amplified the disparate racial and economic impacts of the labor market collapse.

Specifically, the longstanding problems with state-based UI systems and their deterioration over time caused disproportionate harm to Black workers. Throughout the business cycle, Black workers remain twice as likely to be unemployed as white workers and bear the brunt of the insufficiency of regular UI benefits. In addition, states with the lowest unemployment benefits generally have the largest Black populations. The 10 states where Black residents make up the largest percent of the overall population paid UI benefits averaging just \$291 per week in December 2022, compared to the national average of \$422. According to the Bureau of Labor Statistics, while Black workers were far more likely to apply for benefits during the pandemic, they had a far lower application success rate than white workers (72.8% versus 78.2%) (Similarly, Hispanic workers had a lower success rate than non-Hispanic applicants-75.6% versus 77.6%).<sup>1</sup> The fact that some states with disproportionately large Black populations offer fewer than 26 weeks of benefits has an especially pernicious racial impact since Black unemployed workers were more likely to be unemployed for over 26 weeks than any other group before the crisis. States with more diverse populations also tend to have lower reciprocity rates, and states with low reciprocity rates prior to the pandemic carried those characteristics over into the COVID-19 crisis, which resulted in lower application success rates across programs for claimants in states that had poor access to benefits prior to the pandemic.

### Principles for Reform

The need for additional reforms is urgent. Similar to what happened in the aftermath of the Great Recession, numerous states have introduced or considered legislation to reduce their UI duration below 26 weeks. The share of jobless workers receiving benefits has plummeted back to the historically low levels experienced just before the pandemic. States continue to struggle to make timely UI payments and resolve the significant backlog of adjudications and appeals from the pandemic UI programs. States continue to experience historically high rates of fraud and improper payments as the UI program remains a target for criminals. The Administration is eager to work with Congress on broad changes to modernize the program as well as advance racial, geographic, and gender equity in the UI system. American workers, employers, and the states have a shared interest in creating a reliable unemployment insurance system that can support the economy and stabilize the workforce. State agencies have worked heroically to address substantial backlogs from the CARES Act programs, and now are ready to move forward to a stronger UI system. Congress should work to enact reforms that can accelerate the critical work to transform the UI system.

- **A reformed UI system must provide adequate benefits in every state.** Since the great financial crisis, 13 states have reduced the duration of UI benefits and more have cut benefit levels far below a sustainable living income to avoid increasing taxes on employers. In 2020, these cutbacks were disproportionately felt by people of color, women, and low-paid workers, particularly in southern and western states. This was

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<sup>1</sup> <https://www.bls.gov/opub/mlr/2021/article/applying-for-and-receiving-unemployment-insurance-benefits-during-the-coronavirus-pandemic.htm>

## STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

compounded by the fact that these same groups are also overrepresented in the service industries that were most affected by pandemic-related shutdowns, namely education, health care, leisure, hospitality, and retail.

UI reform must improve benefits across states by ensuring that benefit levels — at the maximum, minimum and in between — as well as benefit duration are adequate to allow unemployed workers — particularly those who have historically been excluded from or struggled to access UI benefits—to receive the income support and job placement services they need to find their next job. This will prevent states from racing to the bottom by cutting benefits in an attempt to keep employers' taxes low.

- **A modern UI system must be easily scalable and respond automatically to economic downturns.** This would allow UI benefits to ramp up quickly and automatically when the economy weakens and would tie the expiration of these benefits to improvements in the economy, rather than arbitrary deadlines. Restructuring the existing Extended Benefits program so it responds more quickly and effectively to recessions and increases in long-term unemployment would provide certainty for workers and avoid the scenarios in which political dysfunction leads to delays in benefits when people need them most. This would also make it easier for states to prepare for extensions in advance, preventing the needless stress many laid-off workers experienced during the pandemic. Scalability also includes technical architecture that can quickly incorporate changes to program rules and benefit calculation, as well as combat new fraud threats.
- **The UI system must reflect the modern economy and labor force.** This starts with a federal floor on states' eligibility rules so they no longer use formulas that unnecessarily penalize workers with limited work histories or low wages. All states should allow workers seeking part-time employment or who lost work for family-related reasons to claim benefits, and provide equitable coverage to domestic, agricultural and seasonal workers. Additionally, workers currently incorrectly classified as independent contractors, but who should be considered employees, need adequate coverage. The Budget proposes significant investments in the Wage and Hour Division and the Office of the Solicitor to help ensure that businesses properly classify their employees, which will help ensure that workers will receive the unemployment benefits they deserve if they are laid off. The Administration also supports expanding the number of employers who take advantage of Short-Time Compensation (STC, also called work-sharing, which allows workers to receive partial UI benefits when their employer reduces their hours in order to avoid layoffs), something that happened too rarely during the COVID-19 crisis. STC should be offered in every state and receive greater federal support.
- **The UI system should permanently address gaps that the CARES Act programs temporarily filled.** The Administration supports finding a way to address the lack of support in the existing UI system for many workers, including independent contractors, tipped workers, low-income and part-time workers, and workers with nontraditional work histories such as caregivers. The success of the CARES Act programs, including PUA,

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indicates the tremendous need for permanent programs that include workers who are not currently eligible for regular UI.

- The pandemic severely drained state unemployment trust funds, and **comprehensive UI reform must improve state and federal solvency and ensure more equitable and progressive financing mechanisms**. A reformed UI program must reduce the incentives for employers to frivolously contest UI claims.
- **Reform of the UI system should expand reemployment services** for unemployed workers and other disadvantaged groups to strengthen the UI program's role in helping workers find a job that is a good match. Expanding reemployment services would help unemployed workers find opportunities that are suitable compared to their prior experience and facilitate moves from temporary to permanent employment. A stronger UI program can assist greatly in keeping workers connected to jobs, which is critical to increasing our Nation's labor force participation.
- **Any reform should ensure the UI program is accessible for workers and operates with integrity** before the next crisis. The pandemic revealed major deficiencies in states' ability to administer their UI programs and illuminated inadequate staffing levels, incomplete performance measures, and poor IT infrastructure. In the span of a few weeks, states were inundated with millions of claims, leading to crashing websites and inaccessible, overloaded call centers. Sophisticated criminal networks also targeted the UI system using stolen and fabricated identities to siphon off benefits. These factors led to unprecedented delays in processing for legitimate claimants and substantial monetary losses for both states and the federal government. Comprehensive UI reform should include additional authority for the Department to help states combat improper payments, including fraud. To further address the administrative difficulties that many states face, the federal government should develop modern, user-friendly and enforceable technology, delivery, and equity standards to ensure the UI program is accessible to all workers and eases the burden on states. The Department should also have direct access to all claim and wage data used by state agencies to conduct research, evaluation, and performance assessments of state UI programs. Finally, the Department needs improved enforcement mechanisms to ensure that states are equitably paying benefits in a timely manner to all eligible applicants.

The American Rescue Plan Act contained a vital down payment on this effort by giving the Department funding to prevent fraud, promote equitable access, and improve the timely payment of benefits to legitimate claimants. The Department has provided \$227 million in fraud prevention grants to 50 states. The Department has awarded \$113 million in grant funding to 36 states to support the implementation of Tiger Team recommendations, and the Department has awarded 45 states and the District of Columbia over \$219 million to support efforts that promote equitable access to unemployment compensation programs. While these efforts have made critical progress, Congress must act to modernize and reform the UI system to protect workers and our economy for the future.



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<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
<b>Activity Appropriation</b>	<b>3,157,635</b>	<b>3,157,635</b>	<b>3,470,274</b>	<b>312,639</b>
FTE	0	0	0	0

### **Introduction**

The Federal-State Unemployment Insurance (UI) program, authorized by Title III of the Social Security Act (SSA), provides temporary, partial wage replacement to eligible workers temporarily or permanently laid off from their jobs. The UI program, an integral part of the public workforce system, serves as one of the key entry points for unemployed workers into the American Job Centers (AJCs) established under the Workforce Innovation and Opportunity Act (WIOA) and to the services that speed their return to work. The Reemployment Services and Eligibility Assessments (RESEA) program provides reemployment services to UI claimants to reduce their need for benefits and improve their employment outcomes while also ensuring their ongoing eligibility for benefits. The Wagner-Peyser Act Employment Service (ES) is an integral part of the AJCs and emphasizes reemployment service delivery to UI claimants and other job seekers. Wagner-Peyser Act employment services are required to be co-located with the AJC delivery system. WIOA provides the overarching structure to support integrated service delivery of these programs and others through AJCs supported by alignment and integration of data systems.

Regular UI benefits and administration are funded by state payroll and Federal payroll taxes, respectively. States administer the regular UI program directly and administer certain Federal UI benefit programs, including the unemployment compensation for Federal employees (UCFE), unemployment compensation for ex-service members (UCX), and the extended benefit (EB) programs. UI National Activities funds are used to support states collectively by providing technical assistance and operational resources for state UI programs.

The Federal role in the Federal-state partnership that administers the UI program and the RESEA program includes setting overall program policies, establishing and monitoring performance measures and standards, providing technical assistance to states, ensuring the conformity of state laws and the compliance of state operations with Federal law, and funding the administration of state and Federal UI programs, including RESEA.

For the UI program, the Department's FY 2025 Budget requests \$3,470,274,000 for UI Administration. Of this amount, \$3,025,274,000 is for State Administration, and \$9,000,000 is for the UI Integrity Center of Excellence. The UI National Activities request of \$48,000,000 includes a request for a fifth installment of \$6,000,000 to modernize critical information technology infrastructure essential to the states' administration of the UI program and \$25,000,000 to fund the national identity verification offering that the Department launched to help states combat identity fraud in the UI system.

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Before, during, and in the wake of the pandemic, the UI system has been a lifeline for workers, helping them stay in their homes and support their families even as businesses and whole industries shut down, sometimes overnight. However, as the pandemic highlighted, more can be done to ensure that workers have timely and equitable access to UI benefits and to prevent fraud, particularly fraud perpetrated by sophisticated international criminal rings, that seek to file false claims to wrongly acquire taxpayer funds and create further delays and barriers for genuine claimants in need.

### UI Program Integrity

The FY 2025 Budget proposes a comprehensive package of provisions designed to provide new and expanded tools and controls for states to help improve efforts to ensure entitled workers are properly paid and to prevent fraud and improper payments in the Unemployment Insurance system. The Administration strongly supports the recent bipartisan framework on fraud prevention and technology modernization in the unemployment system, which incorporates many of these provisions.<sup>2</sup> Collectively, the Budget proposals would result in savings of over \$3.0 billion over the 10-year budget window. The package includes the following components:

- *Require states to use system(s) designated by the Secretary for crossmatching claimants to prevent and detect improper payments, including fraud.* This proposal would require states to crossmatch against system(s) designated by the Secretary, which would currently be the National UI Integrity Center's Integrity Data Hub (IDH). UI system-wide use of the IDH will result in increased prevention, detection, and recovery of improper and fraudulent payments. Data sources continue to be added and currently include, but are not limited to: a Suspicious Actor Repository (SAR) for states to exchange data elements from suspicious UI claims; a Multi-State Cross-Match (MSCM) to receive notifications when potentially fraudulent claims are filed in multiple states; an Identity Verification (IDV) solution that provides identity scoring information to help states prioritize investigations of questionable identities; and a Bank Account Verification (BAV) service that allows states to authenticate bank account information.
- *Require states to use system(s) designated by the Secretary for electronic transmission of requests for information relating to UC and the provision of such information between the state UI agency and employers or their agents.* This proposal would require states to use system(s) designated by the Secretary, which would currently be the State Information Data Exchange System (SIDES), to exchange information electronically with employers such as reasons for a claimant's separation from employment or a weekly accounting of claimant's work and earnings with a particular employer. This system is designed to help employers provide the information required to determine the eligibility of a claimant to states more quickly by providing a secure electronic data exchange between states and employers or their agents. In addition to speeding up the information

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<sup>2</sup> <https://www.finance.senate.gov/chairmans-news/wyden-crapo-release-framework-of-unemployment-insurance-program-improvements>

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exchange and claims process, the SIDES system includes prompts and edits to improve completeness and accuracy of the information.

- *Require states to crossmatch against the National Directory of New Hires (NDNH).* This proposal would require state UI agencies to use the National Directory of New Hires to better identify individuals continuing to claim unemployment compensation after returning to work, which is one of the leading root causes of UI improper payments.
- *Require states to crossmatch with a system(s) designated by the Secretary that contains information on individuals who are incarcerated.* This proposal would require states to crossmatch against system(s) designated by the Secretary, such as the Social Security Administration's (SSA) Prisoner Update Processing System (PUPS) or other systems for crossmatching incarceration data. This should result in increased prevention and detection of improper and fraudulent payments.
- *Require states to disclose information to the Department's Office of Inspector General (DOL-OIG).* This proposal would require states to disclose information to DOL-OIG to conduct audits and investigations to discover fraud, waste, and abuse or inefficiencies in the UC programs. DOL-OIG plays an essential role in working collaboratively with states to investigate fraud in state UI programs. Over the years, joint investigations between DOL-OIG and states have led to successful prosecutions and monetary recoveries. States are already required to disclose information for the purpose of investigating UC fraud; however, the disclosure for purposes of audits is discretionary for states. In addition to state disclosure, this proposal would authorize DOL-OIG to have direct access to the system used for the electronic transmission of interstate claims (Interstate Connection Network or *ICON*) and the system for crossmatching claimants against other databases to prevent and detect fraud and improper payments (Integrity Data Hub or *IDH*), increasing efficiency and lowering burdens for states.
- *Provide the Secretary with meaningful enforcement authority and the ability to reward good performance.* This proposal would create a new remedy so that instead of withholding a state's entire administrative grant for failing to meet the performance measures or achieve minimum technology standards, the Secretary can require a portion of the state's administrative grant be used to correct failing performance and/or have the state participate in required technical assistance activities offered by USDOL (*e.g.*, a Tiger Team consultation). Currently, the Secretary has very limited options to require State UI agencies to take actions to respond to poor performance and high improper payment rates.
- *Allow states to retain up to 5 percent of recovered fraudulent UI overpayments for program integrity use.* This proposal would allow states to retain up to 5 percent of fraudulent overpayment recoveries and past-due amounts collected from employers (including when an employer is found to have misclassified employees as independent

## UNEMPLOYMENT INSURANCE

contractors) to fund additional program integrity activities in each state's UI program. This provides additional resources for states to increase detection and recovery of improper payments, hold employers accountable for accurately reporting employees (*e.g.*, combatting worker misclassification), and support staff conducting intensive work to validate cross match hits and audit employers as required by law.

- *Require states to use penalty and interest collections solely for UI administration.* This proposal would require states to deposit all penalty and interest payments collected through the UI program into a special state fund and require the funds be used for improving state administration of the UI program and reemployment services for UI claimants. States with high improper payment rates would be required to use a portion of the funds for program integrity activities. Currently, states have discretion to use these funds for non-UI purposes.
- *Allow states the authority to issue a formal warning when claimants are unclear on the work search requirements.* One of the primary drivers of improper payments is work search errors. This proposal centers on the requirement for an individual to be actively seeking work, which was added in 2012 to Section 303(a), SSA. This provision is often confused by states, particularly as they were implementing the CARES Act UC programs. This proposal allows states to establish a practice of providing a formal warning, but not more than once per claim year, to promote equitable access and ensure full awareness of the requirement to be actively seeking work before holding an individual ineligible for failure to comply with the work search requirements. When a formal warning is provided, the claimant would be allowed to keep the benefit payment for that week, and the payment would not be considered improper with respect to improper payment rate estimation. While the specifics differ from state-to-state, formal warnings permit individuals to be eligible for UC the week that the work search requirement was not met, but the state warns the individual of ineligibility and work search requirements must be met in subsequent weeks. Additionally, this proposal would require that states provide certain "good cause" exemptions to the work search requirement, such as in the event of a disaster, and permits states to provide additional "good cause" exemptions.
- *Allow states to use contract support in recovery efforts under the Treasury Offset Program (TOP).* States are required, as a condition of receiving federal funds to administer their UI program, to use TOP to recover certain covered debts that remain uncollected. This involves the exchange of federal tax information (FTI) between states and the Treasury Department (Treasury). States are already permitted to use contractors to support computer systems when handling FTI for tax administration purposes; however, they are restricted from using contractors to support computer systems that involve handling FTI for purposes of TOP. Many states struggle with their reliance on contractors to operate UI systems in conflict with the requirement to use TOP. This proposal would allow states to use contractors to also support computer systems that

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involve handling FTI for purposes of TOP. This proposal would not replace existing staff but would allow contractors to continue existing work.

### Collection and Storage of UI Claimant Data

In its FY 2025 budget request, the Department is carrying forward a legislative proposal to permit the Department and the OIG to collect and store states' UI claimant data. This legislative proposal would provide the Secretary and the Inspector General direct access to all claim and wage data used by state agencies in administering the state's unemployment compensation program solely for the purposes of Federal unemployment compensation administration and to conduct oversight, research, evaluation, and performance assessments of unemployment compensation programs and federally funded employment-related programs. The legislative proposal sets out safeguards on the use, re-disclosure, secure storage, and agreements with the states regarding the data. Ongoing appropriations would be needed to support the technology and staffing infrastructure necessary to effectuate the Department's collection, storage, and analysis of such data.

### Reemployment Services and Eligibility Assessments (RESEA) Technical Changes

The Department is also proposing a set of legislative changes to make technical clean up improvements to the new RESEA program based on experience with the program over the initial five years of its operation. These technical proposals are discussed in detail in the RESEA section below.

### Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2020	\$4,670,074	0
2021	\$3,532,192	0
2022	\$2,868,816	0
2023	\$3,157,635	0
2024	\$0	0

NOTE: A full-year 2024 appropriation for this account was not enacted at the time the budget was prepared.

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<b>WORKLOAD AND PERFORMANCE SUMMARY</b>					
	<b>FY 2023 Enacted</b>		<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>	
<b>Unemployment Insurance</b>					
<b>Strategic Goal 3 - Improve Administration of and Strengthen Worker Safety Net Programs</b>					
<b>Strategic Objective 3.1 - Ensure timely and accurate income support when work is unavailable by strengthening benefits programs and program administration.</b>					
ETA-Budget OUI-01	Employer Tax Accounts (in thousands)	9,250[p]	9,899	9,977[p]	10,033[p]
ETA-Budget OUI-02	Initial Claims Taken (in thousands)	13,060[p]	12,201	14,176[p]	14,320[p]
ETA-Budget OUI-03	Weeks Claimed (in thousands)	91,875[p]	89,018	106,126[p]	110,266[p]
ETA-OUI-01	First Payment Timeliness (Unemployment Insurance)	66.40%	69.10%	70.25%[r]	TBD
ETA-OUI-02	Detection of Recoverable Overpayments (Unemployment Insurance)	57.50%	75.85%	57.50%	57.50%
ETA-OUI-03	Improper Payment Rate (Unemployment Insurance)	17.50%	16.47%	15.00%	TBD
ETA-OUI-04	Establish Tax Accounts Promptly (Unemployment Insurance)	90.0%	90.0%	90.0%	--

Legend: (r) Revised (e) Estimate (base) Baseline -- Not Applicable TBD - To Be Determined [p] - Projection

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## **Workload and Performance Narrative**

The Detailed Workload and Performance table provides estimates of the number of unemployment benefit claims and contributing employer tax accounts. Based on the Administration's FY 2025 President's Budget economic assumptions, the Department projects slight increases in the number of initial claims and weeks claimed from 14,176,000 and 106,126,000 in FY 2024 to 14,320,000 and 110,266,000 in FY 2025, respectively. Subject employers are projected to increase slightly from 9,977,000 in FY 2024 to 10,033,000 in FY 2025. It is important to note that UI workload volumes are influenced by economic conditions, not the administrative funds available.

## **Past Performance Results and Future Projections**

- 1) **First Payment Timeliness:** The regulatory target for this measure is set at 87.0 percent of first payments to be within 14-21 days. Due to the ongoing impacts of the pandemic on the UI system, states have continued to struggle with addressing pending adjudications and appeals resulting from the unprecedented claims volume and continue to work to wind down the operations of the temporary pandemic-related UI programs. Also, as the claims filings in the regular UI program have declined to pre-pandemic levels, states are experiencing a reduction in state UI administrative funding and an accompanying reduction in staffing. All these factors have negatively impacted the first payment timeliness measure. The first payment timeliness result increased in FY 2023 to 69.1 percent, which remains below the 87.0 percent regulatory target but shows significant improvement over FY 2022. The Department continues to provide resources and technical assistance to states to accelerate claims processing and process claims backlogs due to the pandemic and anticipates that performance will continue to improve next year. The Department will continue to work with states that received grants to implement recommendations resulting from Tiger Team Engagements. While the regulatory targets for FY 2023, FY 2024, and FY 2025 remain set at 87.0 percent, the Department set reduced targets of 66.4% for FY 2023 and 70.25% for FY 2024 to reflect the realities of state operations following the pandemic. The FY 2025 target for this measure has yet to be determined.
- 2) **Detection of Overpayments:** In FY 2023, states detected and established for recovery 75.85 percent of estimated overpayments, which is well above the goal of 57.5 percent. This is an increase from FY 2022 as states continue to recover from FY 2020 when unprecedented claims volume during the pandemic caused states to divert Benefit Payment Control (BPC) staff to claims processing functions. The targets for detecting and establishing recoverable overpayments for FY 2024 and FY 2025 were set at 57.5 percent.
- 3) **Establish Tax Accounts Promptly:** The FY 2023 and FY 2024 targets for the percent of new status determinations made within 90 days of the end of the quarter in which the firm became liable is set at 90.0 percent. The FY 2025 target for this measure has yet to be determined.

## UNEMPLOYMENT INSURANCE

- 4) **Improper Payment Rate:** In 2022, the reported UI estimated improper payment result was 21.5 percent, which reflected the impact of the pandemic on the UI program. In 2023, the reported UI estimated improper payment rate improved significantly, dropping to 16.5 percent. However, it remains elevated from pre-pandemic levels. The Department continues implementing its comprehensive strategic plan to address improper payments and expects to provide additional tools, resources, funding, and technical assistance to states to improve overpayment detection and recovery of improper payments and combat fraud. However, the pandemic situation, the implementation and operation of the temporary pandemic-related UI programs, and significant instances of criminal organizations targeting the UI system contributed to the increase in improper payments and fraud. The program continues to face evolving sophisticated criminal fraud attacks.

A top priority for the Department is to improve overall program integrity by improving the ability of states to prevent, detect, and recover UI improper payments and fraud as quickly as possible. In addition to the UI program integrity proposals outlined under the UI introduction, strategies designed to advance these efforts include:

- 1) Working with and supporting states in addressing fraud in the UI system. The Department will continue providing guidance, technical assistance, and funding to help states address this issue. The Department will also continue to research and pursue meaningful tools to aid states in these efforts, such as use of new data sets, data analytics, identity verification services, and financial account verification services. The Department also developed in FY 2023 a Fraud Risk Profile in alignment with the Government Accountability Organization's Fraud Risk Framework, which will continue to be used and updated as necessary.
- 2) Continued support for the UI Integrity Center of Excellence. The Center is a state-driven source of innovative program integrity strategies to prevent and detect improper payments and reduce fraud. Activities include providing sophisticated data access and data analytic tools through the Integrity Data Hub to rapidly alert state staff of fraud schemes; supporting ongoing knowledge-sharing on UI integrity practices; increasing state staff capacity through on-line training of fraud solutions and integrity strategies, identifying model integrity state operations; and providing intensive, on-site technical assistance and consultation to states with the highest improper payment rates.
- 3) Fraud prevention grants. The Department has awarded \$227 million in fraud prevention grants to 50 states using American Rescue Plan Act (ARPA) funds. The Department will continue to support states' use of these funds into FY 2025.

Other top priority areas are ensuring equitable access to the UI programs and timely and quality delivery of services. Concerns related to equity and access to UI benefits were identified and exacerbated because of the pandemic. Many communities have experienced barriers to accessing UI benefits. The Department is gathering a better understanding of these issues and is pursuing innovative strategies to address them. The Department has awarded \$219 million in ARPA funds in grants to 45 states and the District of Columbia to address and improve equitable access to UI programs.



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The pandemic has also negatively impacted states' performance related to providing timely and quality benefit eligibility decisions, and the Department is providing states significant technical assistance and support in rebuilding performance. Starting in FY 2021 and continuing in FY 2022 and FY 2023, the Department created and deployed multidisciplinary Tiger Teams to individual states to assess these states' operations and to make recommendations on process improvements that the states could make to improve timely delivery of benefits, improve equitable access, and detect and prevent fraud. The Department has awarded \$113 million in ARPA funds for grants to support states' implementation of many of the Tiger Team recommendations.

Many states are dependent on antiquated operating systems, and the Department is working to invest in modern technology strategies to support this critical program. The Department is actively engaged in activities to effectively and efficiently use the funding provided under the American Rescue Plan Act to address these challenges. This includes \$204 million in grants awarded to 19 states to modernize their IT systems, improving both the reliability of the UI system and the customer experience. The Department is also investing in a collaborative effort known as the "Open UI Initiative." This initiative will support growth in how states build and buy technology, to include establishing a common framework and approach for modular UI systems<sup>3</sup>, with representation from state and federal UI experts, IT experts, and others. The goal is to support an ecosystem of consistently defined, modular solutions can be shared and used by state UI agencies enabling more flexible and resilient IT systems.

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<sup>3</sup> A modular system approach provides for a series of independently managed IT components, providing for greater flexibility to improve states' ability to change and maintain components within the system. Modular approaches make it easier for states to integrate new technologies and may be accomplished using a wide range of tactics.

## UNEMPLOYMENT INSURANCE

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		FY 2023 Enacted	FY 2024 Estimate	FY 2025 Request	Diff. FY25 Request / FY24 Estimate
11.1	Full-time permanent	0	0	0	0
11.5	Other personnel compensation	0	0	0	0
11.9	<b>Total personnel compensation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
12.1	Civilian personnel benefits	0	0	0	0
21.0	Travel and transportation of persons	0	0	0	0
23.0	Rent, Communications, and Utilities	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	0	0	0	0
24.0	Printing and reproduction	0	0	0	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	2,990	2,990	2,990	0
25.3	Other goods and services from Federal sources 1/	3,068	3,068	3,068	0
25.7	Operation and maintenance of equipment	8,082	8,082	8,082	0
26.0	Supplies and materials	0	0	0	0
31.0	Equipment	0	0	0	0
41.0	Grants, subsidies, and contributions	3,143,495	3,143,495	3,456,134	312,639
91.0	Other Fund Sources	0	0	0	0
99.0	Other Fund Sources	0	0	0	0
	<b>Total</b>	<b>3,157,635</b>	<b>3,157,635</b>	<b>3,470,274</b>	<b>312,639</b>
	1/Other goods and services from Federal sources				
	CIGIE	3,019	3,019	3,019	0
	Working Capital Fund	49	49	49	0

# UNEMPLOYMENT INSURANCE

## CHANGES IN FY 2025

(Dollars in Thousands)

**Activity Changes**

**Built-In**

To Provide For:

Costs of pay adjustments	\$0
Personnel benefits	0
Travel and transportation of persons	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	0
Working Capital Fund	0
Other goods and services from Federal sources	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
State Administration Workload	0

**Built-Ins Subtotal** **\$0**

**Net Program** **\$312,639**

**Direct FTE** **0**

	Estimate	FTE
<b>Base</b>	<b>\$3,157,635</b>	<b>0</b>
<b>Program Increase</b>	<b>\$312,639</b>	<b>0</b>
<b>Program Decrease</b>	<b>\$0</b>	<b>0</b>



## STATE ADMINISTRATION

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
Activity Appropriation	2,759,635	2,759,635	3,034,274	274,639
FTE	0	0	0	0

### **Introduction**

States administer the Unemployment Insurance (UI) program directly and are responsible for establishing policies and operating methods that conform to Title III of the Social Security Act, the Federal Unemployment Tax Act (Chapter 23, Internal Revenue Code), and other Federal regulations. The major functions performed by the states are: (1) determining benefit entitlement; (2) paying benefits; and (3) establishing and collecting UI taxes from employers.

The states also administer Federal programs for payments to former military and federal civilian personnel, claimants who qualify for extended or special Federal unemployment benefits, workers certified under the Trade Adjustment Assistance for Workers Program, and individuals who are unemployed due to disasters.

SUIESO funds are not used to provide administrative funding to states for the operation of the temporary pandemic-related UI programs. Administrative funding for these programs is provided under the Coronavirus Aid, Relief, and Economic Security Act of 2020, as amended by the Continued Assistance for Unemployed Workers Act of 2020 and the American Rescue Plan Act of 2021.

# STATE ADMINISTRATION

## Resource and Program Data State Administration State Unemployment Insurance & Employment Service Operations (Dollars in Thousands)

<b>Data Category</b>	<b>PY 2023 Enacted</b>	<b>PY 2024 Estimate</b>	<b>PY 2025 Request</b>
<b><u>Resource Data:</u></b>			
Service Grant	2,743,442	2,743,180	3,018,080
Formula	2,743,442	2,743,180	3,018,080
Competitive			
Program Support	16,193	16,455	16,194
<b>Total Resources</b>	<b>2,759,635</b>	<b>2,759,635</b>	<b>3,034,274</b>
<b><u>Program Data:</u></b>			
Total Grants	159	159	159
New Starts			
#	53	53	53
\$	2,743,442	2,743,180	3,018,080
Continuing			
#	106	106	106
\$	7,643	7,643	7,643
Contracts			
#	2	2	2
\$	13,517	13,518	13,518
Interagency Agreements			
#	1	1	1
\$	2,676	2,676	2,676

### **Five-Year Budget Activity Component History**

<b><u>Fiscal Year</u></b>	<b><u>Funding</u></b> (Dollars in Thousands)	<b><u>FTE</u></b>
2020	\$2,365,816	0
2021	\$2,365,816	0
2022	\$2,600,816	0
2023	\$2,759,635	0
2024	\$0	0

NOTE: A full-year 2024 appropriation for this account was not enacted at the time the budget was prepared.

### **Funding Mechanism**

The Department provides annual workload-based grants to states for the administration of UI programs in accordance with Section 302(a) of the Social Security Act. This Act requires the Secretary to determine, within appropriated funds, the amount “necessary for proper and efficient administration” of each state’s UI law during the fiscal year. A “base” administrative grant is

## STATE ADMINISTRATION

issued at the beginning of each fiscal year. States may receive additional administrative funds above their base grant levels, on a quarterly basis, when claims-related workloads exceed the amount funded by the base grant.

In developing the administrative funding allocations for states, the Department uses state-specific information that relates directly to the administrative costs in each state, including the number of claims processed, the average amount of time required to process a claim, state-level personnel costs, and the number of employers subject to the UI tax. The funding formula is designed to provide each state with an amount that will support a roughly equal level of services across states.

### **FY 2025**

For UI State Administration, the FY 2025 Budget requests \$3,034,274,000.

The funds requested are sufficient to process, on average, 2,121,000 continued claims per week (referred to as the average weekly insured unemployment or AWIU), including claims made under the Trade Act of 1974, as amended. This requested funding level reflects a shift in the number of initial claims and appeals activity relative to continued claims experienced by the UI system since the start of the pandemic. Due to higher than anticipated appeals levels in FY 2022 and FY 2023, the Department has paid states' administrative earnings at reduced rates in both years.

During FY 2025, states are expected to collect \$46.7 billion in state unemployment taxes and pay an estimated \$44.6 billion in Federal and state UI benefits to 5.6 million beneficiaries, including former Federal military and civilian personnel, recipients of Federal-State Extended Benefits (EB), and workers adversely affected by foreign trade who may be eligible for benefits under the Trade Act.

The request continues the existing contingency reserve language that provides for additional funds to meet unanticipated UI workloads. This contingency reserve provides \$28,600,000 for each 100,000 increase in the total AWIU, which is set at 2,121,000 in the request and referred to as the AWIU trigger.

The request also includes \$9,000,000 for continued support for the UI Integrity Center of Excellence (Center). The Center will continue to make new data sources available through its Integrity Data Hub for state crossmatching and provide a wide array of resources and tools to assist states in combatting fraud and preventing, detecting, and recovering improper payments. These services include intensive state consultation services and customized technical assistance to support states struggling the most to reduce improper payments and fraud. The Center supports the goals of the Payment Integrity Information Act (PIIA) and OMB Memorandum M-21-19.

## STATE ADMINISTRATION

### **FY 2024**

Figures for FY 2024 are an estimate. Discretionary amounts shown for FY 2024 reflect an annualized Continuing Resolution (Division A of P.L. 118-15, as amended), as a full-year appropriation had not been enacted at the time the budget was produced. Mandatory amounts are equal to the FY 2024 President's Budget and do not reflect sequestration.

### **FY 2023**

In FY 2023, Congress appropriated \$2,759,635,000 for State Administration.

The administration requested \$2,809,635,000 at a level to process, on average, 1,778,000 continued claims per week, including claims made under the Trade Act of 1974, as amended. During the year, states collected \$41.5 billion in state unemployment taxes and paid an estimated \$30.2 billion in Federal and state UI benefits to 5.1 million beneficiaries, including former Federal military and civilian personnel, recipients of Federal-state Extended Benefits (EB), and workers adversely affected by foreign trade who may be eligible for benefits under the Trade Act.



# STATE ADMINISTRATION

## CHANGES IN FY 2025

(Dollars in Thousands)

**Activity Changes**

**Built-In**

To Provide For:

Costs of pay adjustments	\$0
Other services from non-Federal sources	0
Operation and maintenance of equipment	0
Equipment	0
Grants, subsidies, and contributions	0
State Administration Workload	0

**Built-Ins Subtotal** **\$0**

**Net Program** **\$274,639**

**Direct FTE** **0**

	Estimate	FTE
<b>Base</b>	<b>\$2,759,635</b>	<b>0</b>
<b>Program Increase</b>	<b>\$274,639</b>	<b>0</b>
<b>Program Decrease</b>	<b>\$0</b>	<b>0</b>



## REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
Activity Appropriation	375,000	375,000	388,000	13,000
FTE	0	0	0	0

### **Introduction**

The Reemployment Services and Eligibility Assessments (RESEA) program is based on a dual service delivery strategy that includes conducting UI eligibility assessments in combination with the provision of reemployment services. These reemployment services must include assistance with the development of an individual reemployment plan, individualized career and labor market information, enrollment in Wagner-Peyser Employment Services, and appropriate referrals or job search assistance. The Bipartisan Budget Act of 2018 (P.L. 115-123) amended the Social Security Act (SSA) and permanently authorized the RESEA program. The combination of eligibility assessment and reemployment services helps ensure the proper payment of UI, reduce the duration of benefits, and deliver successful employment outcomes for unemployed workers. To improve the effectiveness of these services, states are required to use evidence-based service delivery strategies or to evaluate any strategies that are not currently evidence-based.

The RESEA program is based on a successful model established in Nevada<sup>4</sup> in which eligibility assessments were delivered seamlessly with reemployment services. Research on that service-delivery model found it to be effective in the following ways:

1. Claimants were significantly less likely to exhaust their benefits.
2. Claimants had significantly shorter UI durations and lower total benefits paid (on average 1.82 fewer weeks and \$536 lower total benefits paid).
3. Claimants were more successful in returning to work sooner, earning higher wages in the measurement period, and retaining their jobs; and
4. Every \$1.00 of cost produced \$2.60 of savings.

Previous research also identified that when both eligibility assessments and reemployment services are provided seamlessly, reemployment outcomes for claimants improve and the duration of benefits is shorter. A subsequent evaluation of this model was conducted in four states – Indiana, New York, Washington, and Wisconsin – and published in August 2019. This evaluation was designed to estimate the impact of the RESEA program on UI duration, employment, and earnings and included both an implementation study and large impact study. The findings of this evaluation were similar to those of the Nevada study and included reduced average duration and increases in participants’ employment and earnings.<sup>5</sup>

<sup>4</sup> <https://wdr.doleta.gov/research/details.cfm?q=Impaq&id=2487>

<sup>5</sup> <https://www.dol.gov/sites/dolgov/files/OASP/evaluation/pdf/REA%20Impact%20Study%20-%20Final%20Report.pdf>

# REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

## Resource and Program Data Reemployment Services and Eligibility Assessments State Unemployment Insurance & Employment Service Operations (Dollars in Thousands)

Data Category	FY 2023 Enacted	FY 2024 Estimate	FY 2025 Request
<b><u>Resource Data:</u></b>			
Service Grant	371,250	371,250	384,120
Formula	371,250	371,250	384,120
Competitive			
Technical Assistance			
Evaluation	3,499	2,240	2,370
Program Support	251	1,510	1,510
<b>Total Resources</b>	<b>375,000</b>	<b>375,000</b>	<b>388,000</b>
<b><u>Program Data:</u></b>			
Total Grants	52	52	53
New Starts			
#	52	52	53
\$	371,250	371,250	384,120
Continuing			
#			
\$			
Contracts			
#	1	1	2
\$	3,499	2,240	2,370
Interagency Agreements			
#			
\$			

### **Five-Year Budget Activity Component History**

<b><u>Fiscal Year</u></b>	<b><u>Funding</u></b> (Dollars in Thousands)	<b><u>FTE</u></b>
2020	\$175,000	0
2021	\$200,000	0
2022	\$250,000	0
2023	\$375,000	0
2024	\$0	0

NOTE: A full-year 2024 appropriation for this account was not enacted at the time the budget was prepared.

# REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

## **Funding Mechanism**

Beginning in FY 2021, the allocation of RESEA funds is defined in Section 306(f) of Social Security Act (SSA). In FY 2023, FY 2024, and FY 2025, the SSA requires that 89 percent of appropriated funds be awarded to states via formula, 10 percent be reserved for performance-based outcome payments awarded to states based on prior year performance, and 1 percent be reserved by the Department to conduct research and provide technical assistance. The SSA also allows states to set-aside up to 10 percent of their allocated funds for evaluations.

## **FY 2025**

In FY 2025, the Department's request includes \$388,000,000 for RESEA, consisting of \$117,000,000 in base funding and an additional \$271,000,000 under the RESEA allocation adjustment, which includes a request for an increase of \$13,000,000 over the FY 2024 Estimate level. This level is consistent with the enacted level in the Congressional Budget Act, as amended, which allows for the adjustment for Congressional budget procedures through 2027. The total estimated savings of the RESEA program over ten years are \$7.7 billion.

The Department's request includes a set of legislative changes to address technical and programmatic challenges in the operation of the RESEA program. These changes will improve the function and efficiency of the program by expanding eligibility to all regular UI claimants and supporting the most effective and efficient use of appropriated funds through a few minor legislative changes.

The Department proposes the following three legislative changes:

1. Update the RESEA funding distribution formula by removing statutory limitations and allowing state funding allocations to reflect states' projected number of new UI claimants rather than backward-looking historical claims activity;
2. Expand RESEA eligibility to all regular UI claimants, which would be consistent with provisions included in annual appropriation enactments since RESEA's authorization; and
3. Modify the base funding percentage and outcome payments percentage from fixed percentages to "at least" percentages to allow any unobligated set-aside funding to be provided to states for RESEA operations as additional base administrative or outcome payment funding.

## ***Update the Funding Distribution Formula***

The RESEA legislation requires the RESEA funding distribution formula to be based primarily on the insured unemployment rate (IUR). The IUR is based on weekly claims filed and the covered employment in the state over the twelve-month period ending three months prior to the start of the fiscal year and six months prior to the start of the program year for RESEA. This formula approach can lead to large swings in state funding allocations and reflects a reactive funding strategy instead of a forward-looking approach. Removal of the IUR requirement will allow the Department to develop a formula using other data factors based on projected

## REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

workloads, such as initial claims as a measure of new potential participants, which better aligns funding with states' claim workloads and actual program funding needs.

### *Expanded Eligibility*

RESEA eligibility is statutorily limited to claimants that states identify as likely to exhaust UI benefits. Each year since enactment of the permanent RESEA program, Congress has included provisions in the annual appropriations law expanding RESEA eligibility to all regular UI claimants. In addition, there have been significant increases in RESEA program funding, which supports providing reemployment services to a wider group of UI recipients. This proposal would codify and make permanent the expanded RESEA eligibility. Allowing states additional discretion to target different claimant populations will result in more robust RESEA programs that meet the needs of the individual state and will support effective, evidence-based decision making. This change would also encourage states' efforts to identify and implement new evidence-based strategies without concern of a reversion to the more limited set of claimants and would support long-term strategic planning efforts.

### *Technical Assistance Set-Aside*

The current statutory language for the RESEA program includes a set-aside for Technical Assistance of "no more than" 1 percent of the total RESEA funding. This phrasing suggests that this is an "up to amount" and that the Department may opt to use less than 1 percent but does not provide authority to reallocate any remaining balance to state RESEA activities. Because the percentages of RESEA funding that must be allocated to base funding and to outcome payments are fixed percentages and the total allocation adds up to 100 percent, ETA cannot reallocate any remaining balance from the technical assistance set-aside to base funding or outcome payments. ETA requests to amend the statutory language to state that the percentages required to be allocated to base funding and to outcome payments are the minimum percentages that can be allocated to these purposes. By adding "at least" before the percentages that must be allocated to base funding and to outcome payments, the statutory language would make clear that any remaining balance from the technical assistance set-aside can be reallocated to these other purposes, increasing their total allocation percentage above the currently fixed share.

ETA will continue to promote and support more comprehensive approaches to reemployment, including strategies to encourage more sophisticated communication between UI and the workforce system that will allow both systems to view claimant outcomes on a continuum as they move from assessment to employment services and then to job placement. ETA will also promote the use of state program changes that occurred in response to COVID-19, such as increased capacity for virtual and remote services, to expand RESEA availability and increase the number of claimants receiving RESEA-provided reemployment assistance.

### **FY 2024**

Figures for FY 2024 are an estimate. Discretionary amounts shown for FY 2024 reflect an annualized Continuing Resolution (Division A of P.L. 118-15, as amended), as a full-year appropriation had not been enacted at the time the budget was produced. Mandatory amounts are equal to the FY 2024 President's Budget and do not reflect sequestration.

## **REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS**

### **FY 2023**

In FY 2023, Congress appropriated \$375,000,000 for RESEA, consisting of \$117,000,000 in base funding and an additional \$258,000,000 under the RESEA allocation adjustment as authorized in the Bipartisan Budget Act of 2018. RESEA services were targeted to UI claimants, including those that had been identified as likely to exhaust UI benefits. The RESEA program provided integrated reemployment services to UI claimants including: one-on-one reviews of eligibility for UI benefits; provision of labor market information and career information to claimants to inform their career choices; support for the development of an individual reemployment plan; and access and referrals to self-service and staff-assisted reemployment services, such as skills assessments, career counseling, job matching and referrals, job search assistance, workshops, and referrals to training as appropriate.

# REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

## CHANGES IN FY 2025

(Dollars in Thousands)

**Activity Changes**

**Built-In**

To Provide For:

Costs of pay adjustments \$0

Advisory and assistance services 0

Equipment 0

Grants, subsidies, and contributions 0

State Administration Workload 0

**Built-Ins Subtotal \$0**

**Net Program \$13,000**

**Direct FTE 0**

	Estimate	FTE
<b>Base</b>	<b>\$375,000</b>	<b>0</b>
<b>Program Increase</b>	<b>\$13,000</b>	<b>0</b>
<b>Program Decrease</b>	<b>\$0</b>	<b>0</b>



## NATIONAL ACTIVITIES

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
Activity Appropriation	23,000	23,000	48,000	25,000
FTE	0	0	0	0

### **Introduction**

UI National Activities funding supports the states collectively in administering their UI programs. These investments help the Department improve program performance and accountability and support critical information technology infrastructure for use by states.

UI National Activities funding provides an avenue for states to apply common technology-based solutions to improve the efficiency and performance of states' UI operations. These funds support the UI Interstate Connection Network (ICON), which is a data exchange network that allows state workforce agencies to share claims information; and the Information Technology Support Center (ITSC), which provides services, products, and technical assistance to state workforce agencies in support of UI information technology modernization. Both are administered through the National Association of State Workforce Agencies.

UI National Activities funds also support the operations, maintenance, and support of the UI Database Management System (UIDBMS), which is a comprehensive system that helps the National and Regional Offices to perform the oversight and support functions of the State UI operations. The UIDBMS is designed to:

- provide a mechanism for states to submit required reports on program activities to the Department;
- provide systems and analytical support for data necessary to oversee benefit payment and non-payment accuracy; identify the underlying causes and other characteristics of improper payments and denials, and to provide state, regional, and Federal managers with the information needed to identify, implement, and evaluate the effectiveness of solutions to the problems identified; as well as promote continuous improvement in UI operational performance;
- establish and maintain a program to collect and analyze information on the UI revenue processes;
- provide proper performance in the capability of collecting, storing, accessing, and tracking of State Workforce Agency UI financial, budgeting, and related data;
- provide the process to bill federal and military agencies for reimbursement of unemployment insurance (UI) compensation;
- provide a system to analytically ensure the accuracy of and validate data elements being reported on UI reports. As a diagnostic tool for states; identify areas of the reporting process which need attention as well as specific areas where reporting and validation procedures are producing inconsistent results;

## NATIONAL ACTIVITIES

- provide administrative reports to assist in obtaining State Workforce Agency workload performance and quality information;
- support unemployment assistance to individuals who become unemployed as a direct result of a major disaster but are not covered under the Federal or state UI compensation programs;
- support of the Department’s Office of Unemployment Insurance’s (OUI) internal (intranet) web content site; and
- support of OUI’s external (public) web content site.

### **Five-Year Budget Activity Component History**

<b><u>Fiscal Year</u></b>	<b><u>Funding</u></b> (Dollars in Thousands)	<b><u>FTE</u></b>
2020	\$12,000	0
2021	\$18,000	0
2022	\$18,000	0
2023	\$23,000	0
2024	\$0	0

NOTE: A full-year 2024 appropriation for this account was not enacted at the time the budget was prepared.

### **Funding Mechanism**

UI National Activities is a separate line item within the UI budget. These activities support the Federal-state UI system as a whole, are interstate or multi-state in nature, or are performed more efficiently and cost-effectively on a consolidated rather than decentralized basis. Funding for these activities is generally issued through cooperative agreements and contracts.

### **FY 2025**

In FY 2025, the Department requests \$48,000,000 for UI National Activities.

The base amount of \$17,000,000 for UI National Activities will provide continued support for ICON operations, ITSC, the UI reporting system, actuarial projects, and training and technical assistance activities. Funds also provide for acquisition of technical services, hardware, and software to support state UI activities and to support infrastructure used for communications to stakeholders and beneficiaries.

The FY 2025 Budget for UI National Activities also includes \$6,000,000 for the fifth phase of work to modernize the ICON hub. These funds are critical to enable states to administer the UI program nationally and to support access to interstate wage record data for performance measurement under the Workforce Innovation and Opportunity Act (WIOA). ICON operates on an antiquated network of mainframes that will no longer be supported in a few years. This funding will support the fifth phase of an incremental implementation of ICON modernization that will leverage existing infrastructure that supports the UI Integrity Data Hub and allow for replacement of the 35-year-old ICON hub platform’s architecture and modernization and standardization of its applications. This will create efficiencies, lower ongoing operational costs,

## NATIONAL ACTIVITIES

and improve security. ICON modernization will also result in improved data quality and reliability.

States access ICON for every UI claim filed in the country to access wage and other information to establish eligibility for benefits. ICON's continued operation is critical and cannot cease for even one day without disrupting the ability of states to determine eligibility for unemployment benefits. An interruption of ICON operations would delay the ability of states to make timely eligibility determinations and make payment of benefits "when due" as required in Federal law, thus creating a disruption in program services and harming unemployed workers and their families who rely on these benefits. ICON also supports performance accountability for workforce programs that need access to UI wage record data to calculate key performance measures. Under WIOA, Department of Labor and Department of Education funded programs are statutorily required to use interstate wage record data to support performance measures; ICON is the source of that data.

In addition, the FY 2025 request for UI National Activities includes \$25,000,000 to be used to support identity verification activities in the states through national identity verification services. These funds will be used to continue to support current partnerships with Login.gov and the U.S. Postal Service to provide states with both a virtual and an in-person identity verification option. The Department first entered these partnerships in FY 2023 by using ARPA funding. As of the end of Calendar Year 2023, 6 states had implemented at least one of the two verification options with an additional 12 states currently targeting implementation by March 31, 2024. Due to the continued need to support states' identity verification efforts, the Department has determined that the most cost-effective solution is through a national offering. Because there is currently no dedicated federal funding for these costs, once the remaining ARPA funding is gone, the Department intends to use these requested funds to cover the continued cost of the national offering to enable their continued use by states. Without this funding, the Department will be unable to continue these partnerships and states may face ceasing operations of these critical payment integrity controls.

### **FY 2024**

Figures for FY 2024 are an estimate. Discretionary amounts shown for FY 2024 reflect an annualized Continuing Resolution (Division A of P.L. 118-15, as amended), as a full-year appropriation had not been enacted at the time the budget was produced. Mandatory amounts are equal to the FY 2024 President's Budget and do not reflect sequestration.

### **FY 2023**

In FY 2023, Congress appropriated \$23,000,000 for UI National Activities. These funds provided continued support for ICON operations, ITSC, the UI reporting system, actuarial projects, and training and technical assistance activities. Funds also provided for acquisition of technical services, hardware, and software to support state UI activities and to support infrastructure used for communications to stakeholders and beneficiaries. This funding amount included \$6,000,000 for the third phase of work to modernize the ICON hub.

# NATIONAL ACTIVITIES

## CHANGES IN FY 2025

(Dollars in Thousands)

**Activity Changes**

**Built-In**

To Provide For:

Costs of pay adjustments	\$0
Personnel benefits	0
Travel and transportation of persons	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	0
Working Capital Fund	0
Other goods and services from Federal sources	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
State Administration Workload	0

**Built-Ins Subtotal** **\$0**

**Net Program** **\$25,000**

**Direct FTE** **0**

	Estimate	FTE
<b>Base</b>	<b>\$23,000</b>	<b>0</b>
<b>Program Increase</b>	<b>\$25,000</b>	<b>0</b>
<b>Program Decrease</b>	<b>\$0</b>	<b>0</b>

## EMPLOYMENT SERVICE

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
<b>Activity Appropriation</b>	<b>705,052</b>	<b>705,052</b>	<b>705,052</b>	<b>0</b>
FTE	0	0	0	0

### **Introduction**

The Wagner-Peyser Act of 1933, amended by the Workforce Innovation and Opportunity Act of 2014 (WIOA), establishes a nationwide system of public employment offices, known as the Employment Service (ES). Under WIOA, the ES is a required one-stop partner and co-located in the American Job Center (AJC) network. The ES provides universal access to labor exchange services to job seekers and helps businesses meet their hiring needs by referring qualified workers. The ES supports the reemployment of unemployment insurance (UI) claimants and other job seekers by providing career counseling and labor market information, job search assistance, and other career services. ES customers can access WIOA training programs to obtain comprehensive career services and access to education, skills development, and job training, including work-based learning opportunities like apprenticeship, paid and unpaid work experiences for youth, and on-the-job training.

ES services also include referrals and assistance with accessing other programs and services outside of WIOA, such as Pell Grants, GI Bill benefits, and Jobs for Veterans State Grants. The ES activities include ES Grants to States and ES National Activities.

### **Five-Year Budget Activity History**

<b><u>Fiscal Year</u></b>	<b><u>Funding</u></b> (Dollars in Thousands)	<b><u>FTE</u></b>
2020	\$690,370	0
2021	\$692,370	0
2022	\$700,052	0
2023	\$705,052	0
2024	\$0	0

NOTE: A full-year 2024 appropriation for this account was not enacted at the time the budget was prepared.

## EMPLOYMENT SERVICE

<b>WORKLOAD AND PERFORMANCE SUMMARY</b>					
		<b>PY 2023 Enacted</b>		<b>PY 2024 Estimate</b>	<b>PY 2025 Request</b>
		<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
<b>Employment Service</b>					
<b>Strategic Goal 1 - Build Opportunity and Equity for All</b>					
<b>Strategic Objective 1.1 - Advance training, employment, and return-to-work opportunities that connect workers to higher-wage jobs, especially in ways that address systemic inequities.</b>					
ETA-WIOA ES-01	Employment Rate - 2nd Quarter After Exit (WIOA Employment Service)	68.20%	--	68.40%	--
ETA-WIOA ES-02	Employment Rate – 4th Quarter After Exit (WIOA Employment Service)	68.1%	--	68.3%	--
ETA-WIOA ES-03	Median Earnings – 2nd Quarter After Exit (WIOA Employment Service)	\$7,688	--	\$7,842	--
ETA-WIOA ES-04	Effectiveness in Serving Employers (WIOA Employment Service)	TBD	--	--	--
ETA-Budget ES-01	Number of Participants Served (WIOA Employment Service)	2,537,507[p]	--	2,607,694[p]	--

Legend: (r) Revised (e) Estimate (base) Baseline -- Not Applicable TBD - To Be Determined [p] - Projection

# EMPLOYMENT SERVICE

## Workload and Performance Narrative

The ES program is delivered through the AJC network and designed to increase employment opportunities for all job seekers and meet the needs of businesses. One of the primary goals of ES is to ensure that job seekers and employers have universal access to basic labor exchange services. States can also leverage ES program funds to support business services and to provide a broad range of career services, such as case management, assessments, and career counseling, with a particular focus on service delivery to UI claimants. All of these services are intended to further the Department's goal of building opportunity and equity for all.

The Department tracks ES program progress on the following four measures: 1) employment in the second quarter after exit; 2) employment in the fourth quarter after exit; 3) median earnings of those employed in the second quarter after exit; and 4) effectiveness in serving employers. The results of these measures demonstrate the value of these investments to help address the employment and skill needs of workers, job seekers, and employers. Due to the impact of the COVID-19 pandemic on employment, the Department observed lower employment rates results in Program Years (PYs) 2020 (July 1, 2020, through June 30, 2021), and 2021 (July 1, 2021, through June 30, 2022). The employment measure outcomes increased in PY 2022. There is a structural delay from when changes occur in the economy and the program to when those changes are reflected in performance measures. This delay occurs because of the nature of the performance indicators—obtaining data for the second or fourth quarter after exit requires waiting up to a year after a participant leaves the program.

The Department monitors grantee performance through Federal Project Officers located in the Department regional offices to ensure grantees are in compliance with program requirements and on target to meet performance goals. Such monitoring informs the design and delivery of technical assistance to improve performance. As part of program monitoring, the Department looks at the following system outputs:

- Number of people served by the system;
- Number of people who receive workforce information services;
- Number of people who receive staff-assisted services; and
- Number of people who exited the program.

Additional data are collected on the types of participant services; individuals who have exited the program, including demographic characteristics such as race, gender, and disability status; and those with positive employment outcomes. These outputs help determine whether states are implementing strategies that will help meet their outcome goals and allow an examination of the program's effectiveness for subpopulations.

## EMPLOYMENT SERVICE

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		FY 2023 Enacted	FY 2024 Estimate	FY 2025 Request	Diff. FY25 Request / FY24 Estimate
11.1	Full-time permanent	0	0	0	0
11.9	<b>Total personnel compensation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
23.3	Communications, utilities, and miscellaneous charges	0	0	0	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	1,298	1,298	1,298	0
25.3	Other goods and services from Federal sources 1/	1,500	1,500	1,500	0
33.0	Investments and Loans	0	0	0	0
38.0	Depreciation Expense - Unfunded	0	0	0	0
41.0	Grants, subsidies, and contributions	702,254	702,254	702,254	0
	<b>Total</b>	<b>705,052</b>	<b>705,052</b>	<b>705,052</b>	<b>0</b>
	1/Other goods and services from Federal sources				
	Working Capital Fund	1,500	1,500	1,500	0



# EMPLOYMENT SERVICE

## CHANGES IN FY 2025

(Dollars in Thousands)

**Activity Changes**

**Built-In**

To Provide For:

Costs of pay adjustments	\$0
Communications, utilities, and miscellaneous charges	0
Advisory and assistance services	0
Other services from non-Federal sources	0
Working Capital Fund	0
Grants, subsidies, and contributions	0
State Administration Workload	0
RTAA	0
Investment and Loans	0

**Built-Ins Subtotal** **\$0**

**Net Program** **\$0**

**Direct FTE** **0**

	Estimate	FTE
<b>Base</b>	<b>\$705,052</b>	<b>0</b>
<b>Program Increase</b>	<b>\$0</b>	<b>0</b>
<b>Program Decrease</b>	<b>\$0</b>	<b>0</b>



## GRANTS TO STATES

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
Activity Appropriation	680,052	680,052	680,052	0
FTE	0	0	0	0

### **Introduction**

The ES Grants to States support universal access to the public workforce system through a public labor exchange where job search assistance and related services are made available to all job seekers, and job listing services and referrals of qualified job applicants are available to any employer. Specifically, the ES achieves the following objectives:

- Connects job seekers to employment services and job opportunities through AJCs, including assessments, timely labor market information, career counseling, job search assistance, and referrals to other training/education opportunities and services;
- Increases employment opportunities for all workers by engaging with businesses to better identify and articulate hiring and skill needs and connect businesses and employers to the skilled workers they need;
- Uses technology to enable remote and online access to labor exchange services, including the Agricultural Recruitment System, and career and labor market information;
- Accelerates reemployment for UI claimants through provision of career services, assessments, and referrals;
- Operates the Employment-related Complaint System that handles complaints against an employer about a specific job to which an applicant was referred through the ES and complaints involving the failure to comply with the ES regulations as well as accepts, refers, and, under certain circumstances, tracks complaints involving employment-related laws;
- Improves the transition of separating service members and eligible spouses by reducing unemployment periods through similar reemployment services with the Jobs for Veterans State Grants program; and
- Sustains an Outreach Program that provides farmworkers with notification of available employment services and workers' rights.

The ES plays an important role in providing opportunities for workers to obtain good jobs by effectively responding to employer needs for skilled workers. The ES and labor exchange services are essential to helping millions of job seekers find new or better jobs and employers find the skilled workers they need. During PY 2022, the ES provided 2,345,941 participants with access to labor exchange services virtually and through the AJC network, including 2,010,371 unemployed individuals, 133,664 veterans, and 139,576 individuals with disabilities. Additionally, 5,256,930 individuals accessed ES for at least one self-service or information-only activity but did not receive participant level services.

## GRANTS TO STATES

The Agricultural Recruitment System, a function of the ES, facilitates labor exchange among agricultural employers and workers. To enhance universal access, the Wagner-Peyser Act authorizes the Monitor Advocate System, which is a federal-state monitoring system that helps to ensure migrant and seasonal farmworkers receive equitable access to ES compared to non-migrant and seasonal farmworkers. The Monitor Advocate System is charged with monitoring the provisions of ES and ensuring services, including the Complaint System, Outreach Program, and Agricultural Recruitment System, are provided in accordance with federal regulations. Farmworkers are largely not aware of their employment-related rights, fear retaliation for reporting violations, and experience many violations of employment-related law and ES regulations. Violations include human trafficking, labor exploitation, discrimination, wage theft, work-related injuries and fatalities, physical and sexual abuse, and other violence. ETA regulations require ES staff to educate farmworkers about their rights, to be alert to observe working conditions, and to document and process potential violations and complaints observed during outreach and field checks.

### Resource and Program Data

#### Employment Service Grants to States

#### State Unemployment Insurance & Employment Service Operations

(Dollars in Thousands)

Data Category	PY 2023 Revised Enacted	PY 2024 Estimate	PY 2025 Request
<b><u>Resource Data:</u></b>			
Service Grant	680,052	680,052	680,052
Formula	680,052	680,052	680,052
Competitive	0	0	0
<b>Total Resources</b>	<b>680,052</b>	<b>680,052</b>	<b>680,052</b>
<b><u>Program Data:</u></b>			
Total Grants	162	162	162
New Starts			
#	54	54	54
\$	680,052	680,052	680,052
Continuing			
#	108	108	108
\$			
#	0	0	0
\$	0	0	0
Interagency Agreements			
#	0	0	0
\$	0	0	0

# GRANTS TO STATES

## Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2020	\$668,052	0
2021	\$670,052	0
2022	\$675,052	0
2023	\$680,052	0
2024	\$0	0

NOTE: A full-year 2024 appropriation for this account was not enacted at the time the budget was prepared.

### Funding Mechanism

Funding is allotted to states and territories using the formula set forth in the Wagner-Peyser Act, which, after taking into account a consistent, annual percentage allotted to Guam and the Virgin Islands, is generally based on measurements from the preceding calendar year of each state's relative share of the U.S. civilian labor force and unemployed individuals, where two-thirds of the allotment is determined by the relative share of the civilian labor force, and one-third is determined by the relative share of unemployed individuals.<sup>6</sup>

### FY 2025

The FY 2025 Budget requests \$680,052,000 to operate the ES in all 50 states and three territories (Guam, Puerto Rico, and U.S. Virgin Islands). The funding will be awarded under the regular formula allotment to states supporting labor exchange services to a projected 2,345,941 participants (based on a cost per participant of \$290 in PY 2022). The funding will continue to support robust reemployment services for job seekers and businesses seeking workers, particularly in the industries associated with the Bipartisan Infrastructure Law, the Inflation reduction Act, and the CHIPS and Science Act.

### FY 2024

Figures for FY 2024 are an estimate. Discretionary amounts shown for FY 2024 reflect an annualized Continuing Resolution (Division A of P.L. 118-15, as amended), as a full-year appropriation had not been enacted at the time the budget was produced. Mandatory amounts are equal to the FY 2024 President's Budget and do not reflect sequestration.

### FY 2023

In FY 2023, Congress appropriated \$680,052,000 for ES to operate in all 50 states and three territories. This includes an increase of \$5,000,000 from the FY 2022 appropriation. In addition to serving more participants, the funding continues to support robust reemployment services to job seekers and businesses seeking workers, particularly in the industries associated with the Bipartisan Infrastructure Law, the Inflation reduction Act, and the CHIPS and Science Act. The

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<sup>6</sup> 49 U.S.C. § 49e.

## **GRANTS TO STATES**

funding was awarded under the regular formula allotment to states supporting labor exchange services to a projected 2,345,941 participants (based on a cost per participant of \$290 in PY 2022).

# GRANTS TO STATES

## CHANGES IN FY 2025

(Dollars in Thousands)

**Activity Changes**

**Built-In**

To Provide For:

Costs of pay adjustments	\$0
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Grants, subsidies, and contributions	0
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State Administration Workload	0
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RTAA	0
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<b>Built-Ins Subtotal</b>	<b>\$0</b>
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<b>Net Program</b>	<b>\$0</b>
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Direct FTE	0
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	Estimate	FTE
<b>Base</b>	<b>\$680,052</b>	<b>0</b>
<b>Program Increase</b>	<b>\$0</b>	<b>0</b>
<b>Program Decrease</b>	<b>\$0</b>	<b>0</b>





## EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
<b>Activity Appropriation</b>	<b>20,985</b>	<b>20,985</b>	<b>20,985</b>	<b>0</b>
FTE	0	0	0	0

### **Introduction**

The ES National Activities support the administration of the Work Opportunity Tax Credit (WOTC), which is a federal tax incentive available to businesses that hire new employees from targeted groups who consistently experience significant barriers to employment.<sup>7</sup> The targeted groups under WOTC are: Temporary Assistance for Needy Families (TANF) recipients, Long-term Family Assistance recipients, Supplemental Nutrition Assistance Program (SNAP/Food Stamps) recipients, Designated Community Residents, Summer Youth Employees, Vocational Rehabilitation (VR) referrals, formerly incarcerated individuals, Supplemental Security Income (SSI) recipients, Long-term Unemployment (compensation) recipients, and Qualified Veterans.

The WOTC program is jointly administered by the Department of the Treasury’s Internal Revenue Service (IRS) and the Department of Labor’s Employment and Training Administration (ETA). The IRS is responsible for overseeing all tax-related provisions of the program, including the credits claimed by employers, and ETA awards annual grants to state workforce agencies (SWAs) to administer the WOTC certification process. Employers are required to receive certification from SWAs that the individuals hired by the employer meet the eligibility requirements of a WOTC targeted group, prior to claiming the tax credit with the IRS. The SWAs’ operational management of the WOTC certification process includes: 1) establishing processes and systems for receiving applications (certification requests) from employers; 2) determining whether the applications received were complete and submitted within required timelines; 3) verifying that the employee hired meets WOTC targeted group eligibility requirements; and 4) issuing determinations (i.e., certification or denial) to employers. SWAs may also use grant funds to modernize information technology systems used for processing certification requests, which may include automating parts of the application process. The WOTC program is utilized by businesses in all 50 states, the District of Columbia, Puerto Rico, and U.S. Virgin Islands, and SWAs issue approximately 2 million certifications annually. In FY 2023, SWAs issued 1,982,858 employer certifications, and in FY 2022, SWAs issued 2,569,056 employer certifications, an all-time high for the program.

The Department contributes to SWAs’ efforts to process WOTC applications more efficiently by providing ongoing training and technical assistance to SWAs and the employer community. Strong partnerships with the IRS and other stakeholders allow the Department to provide state grantees with policy guidance and programmatic clarifications that help improve the accuracy of their certification processes and established program procedures.

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<sup>7</sup> 26 U.S.C. § 51(d)(1).

# EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

## Legislative Proposal

The FY 2025 Budget includes a legislative proposal to encourage better employment outcomes for WOTC-eligible workers and to improve the program integrity of WOTC. This proposal would amend Section 51 of the Internal Revenue Code of 1986 to require longer-term employment of at least 400 hours in order to receive a tax credit under the WOTC program. This change is intended to meet the original legislative intent of “permanent employment” for WOTC eligible employees and protect designated categories of workers who face significant barriers to employment.

Congress passed WOTC in 1996 to incentivize employers to hire and retain workers from certain designated groups with high unemployment rates, including individuals receiving public assistance. The legislative intent was for the credit to foster permanent employment. At enactment, workers from the designated WOTC targeted groups were required to meet a 400-hour employment retention period for the employer to be eligible to claim the tax credit. A congressional amendment (Pub. L. 105-34) lessened the minimum retention period to 120 hours of service for the employer, or approximately three weeks of full-time employment.

A recent independent publication found that nearly a quarter of the tax credit certifications requested by employers that met requirements of WOTC and were certified by state workforce agencies between 2018 and 2020 were from temporary-hire staffing agencies, known as temp agencies.

Temp agencies are exploiting a loophole in the program authorization by hiring qualified individuals from the designated WOTC targeted groups in “temp-to-hire” positions that are often planned to be of very short duration. The number of hours a worker is required to be employed for the employer to claim the tax credit has allowed temp agencies to collect hundreds of millions in subsidies for workers they don’t plan to employ on a more permanent basis, and for some workers that never obtain steady employment. Under existing program authorities, temp agencies can collect the tax credit even for workers they intend to employ for an extremely short amount of time, counter to the original legislative intent.

Enactment of the legislative proposal would:

- Require that WOTC-qualified new hires work for an employer for at least 400 hours for that employer to qualify to claim the WOTC credit;
- Eliminate the ability for an employer to claim a reduced WOTC credit for new hires that worked at least 120 hours but fewer than 400 hours for that employer;
- Provide a clearer incentive for employers to hire and retain WOTC-qualified individuals in permanent, high-quality employment.

The Department drafted legislative language that would require WOTC-qualified new hires work for an employer for at least 400 hours for that employer to qualify to claim the WOTC credit:

# EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

## MINIMUM HOURS OF SERVICE FOR WOTC CREDIT

*Paragraph (3) of section 51(i) of title 26 of the United States Code is amended to read as follows:*

*“(3) MINIMUM EMPLOYMENT PERIOD*

*No wages shall be taken into account under subsection (a) with respect to any individual unless such individual has performed at least 400 hours of service for the employer.”*

**Resource and Program Data**  
**Work Opportunity Tax Credits**  
**State Unemployment Insurance & Employment Service Operations**  
(Dollars in Thousands)

<b>Data Category</b>	<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>
<b><u>Resource Data:</u></b>			
Service Grant	20,985	20,985	20,985
Formula	20,985	20,985	20,985
Competitive	0	0	0
Research Evaluation	0	0	0
Demonstration Development	0	0	0
Training/Technical Assistance	0	0	0
Program Support	0	0	0
<b>Total Resources</b>	<b>20,985</b>	<b>20,985</b>	<b>20,985</b>
<b><u>Program Data:</u></b>			
Total Grants	53	53	53
New Starts			
#	53	53	53
\$	20,985	20,985	20,985
Continuing			
#	0	0	0
\$	0	0	0
Contracts			
#	0	0	0
\$	0	0	0
Interagency Agreements			
#	0	0	0
\$	0	0	0

# EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

## Five-Year Program Category History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2020	\$20,985	0
2021	\$20,985	0
2022	\$21,985	0
2023	\$20,985	0
2024	\$0	0

NOTE: A full-year 2024 appropriation for this account was not enacted at the time the budget was prepared.

## Funding Mechanism

In general, WOTC funding is distributed to SWAs using a three-part administrative funding formula based on each state's relative share of 1) civilian labor force averages; 2) total WOTC certifications issued; and 3) adult recipients of TANF averages. Effective for FY 2024 state allotments, the funding formula will be revised and based on each state's relative share of 1) civilian labor force averages; 2) total WOTC certifications issued; and 3) total WOTC denials issued. The formula will no longer include the TANF averages.

Beginning in FY 2020, Congress appropriated additional funding to support states' WOTC modernization efforts and reduce processing backlogs of certification requests. ETA awards these WOTC system modernization (backlog) award funds annually to approximately 15 states with the most critical needs to alleviate processing backlogs and/or adopt modernizing information technology for processing of certification requests. ETA determines these states through an application process that considers states' input regarding the need for the funding, as well as relevant administrative data factors.

## FY 2025

The FY 2025 President's Budget requests \$20,985,000 to support states' processing of WOTC certification requests, as well as to reduce the processing backlog of applications. This is the same level as the FY 2024 Estimated level. SWAs will use the funding to process applications submitted by employers and issue determinations (deny ineligible applications or certify applications that meet all requirements), based on the current provisions of Section 51 of the Code, as amended.

Of the funds requested for FY 2025, the Department plans to use approximately \$2,500,000 to continue support for states' efforts in reducing WOTC processing backlog and achieving program modernization associated with information technology enhancements. The Department will also continue to provide technical assistance to SWAs to support process improvement and compatible rules across states.

WOTC aligns with the President's priority of advancing equity and support for individuals who have been historically marginalized, including those who have a disability, are low-income, and have experienced long-term unemployment. WOTC joins other workforce programs that

## **EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC**

incentivize workplace diversity and facilitate access to good, quality jobs for American workers and supports DOL Strategic Goal #1: Build Opportunity and Equity for All, and the Agency's Strategic and Management Objective 1.1: Advance training, employment, and return-to-work opportunities that connect workers to higher-wage jobs, especially in ways that address systemic inequities. The Department will continue to develop policy guidance and technical assistance to promote inclusive hiring practices for all Americans, including those who are members of the WOTC targeted groups.

The FY 2025 budget request continues to propose, as in the FY 2024 President's Budget, to increase the minimum employment period to 400 hours of service (increase from 120 hours) for employers to claim the credit. This legislative proposal would strengthen WOTC to more effectively incentivize the hiring of targeted populations for longer-term, higher-quality jobs.

### **FY 2024**

Figures for FY 2024 are an estimate. Discretionary amounts shown for FY 2024 reflect an annualized Continuing Resolution (Division A of P.L. 118-15, as amended), as a full-year appropriation had not been enacted at the time the budget was produced. Mandatory amounts are equal to the FY 2024 President's Budget and do not reflect sequestration.

### **FY 2023**

To support states' processing of WOTC certification requests as well as to reduce the processing backlog, \$20,985,000 was appropriated for FY 2023 operations.

SWAs used FY 2023 funding to process over 5 million applications submitted by employers and issued determinations (3,708,081 denials of ineligible applications and 1,918,901 certifications of applications that met all requirements set forth in Section 51 of the Code).

Of the funds received for FY 2023, the Department awarded \$2,500,000 to 14 state workforce agencies to continue support for states' efforts in reducing WOTC backlogs and modernizing associated information technology. Funding was primarily utilized by SWAs to help them attain staff support, and to enhance or develop automated systems. Many states successfully reduced their processing backlogs and implemented new standard operating procedures to maintain a more efficient certification process. The Department continues to provide technical assistance to SWAs to support process improvement.

# EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

## CHANGES IN FY 2023

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Costs of pay adjustments \$0

Grants, subsidies, and contributions 0

State Administration Workload 0

Investment and Loans 0

**Built-Ins Subtotal \$0**

**Net Program \$0**

**Direct FTE 0**

	Estimate	FTE
<b>Base</b>	<b>\$20,985</b>	<b>0</b>
<b>Program Increase</b>	<b>\$0</b>	<b>0</b>
<b>Program Decrease</b>	<b>\$0</b>	<b>0</b>

**EMPLOYMENT SERVICE NATIONAL ACTIVITIES -  
TECHNICAL ASSISTANCE AND TRAINING**

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
<b>Activity Appropriation</b>	<b>4,015</b>	<b>4,015</b>	<b>4,015</b>	<b>0</b>
FTE	0	0	0	0

**Introduction**

The Employment Service (ES) National Activities supports Technical Assistance and Training (TAT) activities, helping to ensure public workforce system frontline staff and leaders have the tools and information necessary to design and provide high-quality employment and training services. The Department also uses TAT to inform good program design and service delivery in order to achieve program performance goals and quality customer service. These activities align with the Acting Secretary’s vision to build a modern, inclusive workforce, and the Department’s strategic goals to “Advance training, employment, and return-to-work opportunities that connect workers to higher-wage jobs, especially in ways that address systemic inequities,” and “Provide timely, accurate, and relevant information on labor market activity, working conditions, price changes, and productivity in the U.S. economy.”<sup>8</sup>

These ES TAT funds support states’ continuous improvement efforts to implement an integrated and effective American Job Center (AJC or one-stop) delivery system through two main strategies:

- Identifying, evaluating, and encouraging adoption of effective workforce practices that lead to quality employment outcomes for job seekers and unemployed individuals, and that meet the workforce challenges of employers; and
- Delivering TAT to grantees and the public workforce system, including online and in-person resources and information to improve grantee support.

**Five-Year Program Category History**

<b><u>Fiscal Year</u></b>	<b><u>Funding</u></b> (Dollars in Thousands)	<b><u>FTE</u></b>
2020	\$1,333	0
2021	\$1,333	0
2022	\$3,015	0
2023	\$4,015	0
2024	\$0	0

NOTE: A full-year 2024 appropriation for this account was not enacted at the time the budget was prepared.

<sup>8</sup> Strategic Goal 1: Build Opportunity and Equity for All (see strategic objective 1.1); and Statistical Goal 4: Produce Gold-Standard Statistics and Analyses (see sub-standard 4.1) from “[U.S. Department of Labor FY 2022 – 2026 Strategic Plan](#).”

## **EMPLOYMENT SERVICE NATIONAL ACTIVITIES - TECHNICAL ASSISTANCE AND TRAINING**

### **Funding Mechanism**

Funding for ES TAT activities are provided through grants and contracts to states, nonprofit organizations, and contractors to provide technical assistance and training related to ES activities.

### **FY 2025**

The FY 2025 Budget requests \$4,015,000 for ES TAT activities, the same as the FY 2024 estimated level. Resources will be used to support online and in-person technical assistance for states to improve employment outcomes for AJC employment service participants, target marginalized communities, and better deliver labor market information to job seeker and business customers. Technical assistance will be delivered remotely and in-person and will focus on strategies that research indicates are promising or proven to increase attainment of quality employment opportunities for all ES recipients.

### **FY 2024**

Figures for FY 2024 are an estimate. Discretionary amounts shown for FY 2024 reflect an annualized Continuing Resolution (Division A of P.L. 118-15, as amended), as a full-year appropriation had not been enacted at the time the budget was produced. Mandatory amounts are equal to the FY 2024 President's Budget and do not reflect sequestration.

### **FY 2023**

In FY 2023, the Department received \$4,015,000 for ES TAT activities. Resources were used to support online and in-person assistance for states to improve employment outcomes for all participants, as well as closing gaps in employment outcomes for marginalized communities, including migrant and seasonal farmworkers. Successful ES TAT activities included training and technical assistance for the Monitor Advocate System and a labor market information and data technical assistance to states pilot project. Resources were also used to better deliver labor market information to job seeker and business customers and to increase attainment of quality employment opportunities for all populations, including those who have been historically marginalized. TA was delivered largely remotely/virtually and focused on strategies that research indicates are promising or proven to increase employment outcomes for workers, job seekers, and employers.



**EMPLOYMENT SERVICE NATIONAL ACTIVITIES -  
TECHNICAL ASSISTANCE AND TRAINING**

**CHANGES IN FY 2023**

(Dollars in Thousands)

**Activity Changes**

**Built-In**

To Provide For:

Costs of pay adjustments	\$0
Advisory and assistance services	0
Other services from non-Federal sources	0
Working Capital Fund	0
Grants, subsidies, and contributions	0
State Administration Workload	0

**Built-Ins Subtotal** **\$0**

**Net Program** **\$0**

**Direct FTE** **0**

	<b>Estimate</b>	<b>FTE</b>
<b>Base</b>	<b>\$4,015</b>	<b>0</b>
<b>Program Increase</b>	<b>\$0</b>	<b>0</b>
<b>Program Decrease</b>	<b>\$0</b>	<b>0</b>



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<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
<b>Activity Appropriation</b>	<b>83,810</b>	<b>83,810</b>	<b>87,450</b>	<b>3,640</b>
FTE	199	204	214	10

NOTE: FY 2023 reflects actual FTE. Authorized FTE for FY 2023 was 194.

### **Introduction**

The Immigration and Nationality Act and related laws assign certain responsibilities to the Secretary of Labor (Secretary) for employment-based immigrant and nonimmigrant visa programs. These responsibilities include determining whether there are able, willing, and qualified U.S. workers available for the job and whether there would be any adverse effect on the wages and working conditions of U.S. workers similarly employed if a labor certification allowing the admission of a foreign worker were granted. The Secretary has delegated the statutory authority for issuing labor certification determinations to the Employment and Training Administration’s Office of Foreign Labor Certification (OFLC).

Employers seeking to hire foreign workers in certain visa categories are generally required to apply to the Secretary for a labor certification. OFLC adjudicates applications in the following programs:

- immigrant Permanent Labor Certification Program (commonly known as “PERM” or the “Green Card” program);
- nonimmigrant (temporary worker) programs:
  - H-1B Temporary Specialty Occupations Program;
  - H-1B1 Temporary Specialty Occupations Program for foreign nationals from Chile and Singapore;
  - H-2A Temporary Agricultural Program;
  - H-2B Temporary Non-agricultural Program;
  - E-3 Temporary Specialty Occupations Program for foreign nationals from Australia;
  - CW-1 Temporary Program for foreign nationals to work in the Commonwealth of the Northern Mariana Islands; and
  - D-1 Temporary Program for foreign crewmembers to perform longshore work at U.S. ports.

As part of the foreign labor certification (FLC) process, OFLC issues prevailing wage determinations for a number of these programs to ensure that the wages offered to foreign nationals in the job opportunity and geographic area do not adversely affect the wages of U.S. workers similarly employed.

OFLC is comprised of a national office and several national processing centers (NPCs). The national office is responsible for policy and regulatory activities, program management, finance, and other administrative and management activities. OFLC administers its labor certification and

## FOREIGN LABOR CERTIFICATION

prevailing wage determination responsibilities through its NPCs, who adjudicate employer applications for temporary nonimmigrant and permanent immigrant employment and prevailing wage determinations.

The FY 2025 Budget proposes to strengthen the FLC program by:

- Using Existing H-2A Fees to Support the H-2A Temporary Agricultural Program;
- Confirming the Department’s Authority to Regulate the H-2B Program;
- Improving H-2B Worker Protections by Eliminating Specified General Provisions from Appropriations Acts; and
- Enhancing FLC Program Integrity.

These proposals will help mitigate the risk of processing delays and strengthen the Department’s ability to enforce critical worker protections.

### **Legislative Proposals**

#### *Using Existing H-2A Fee Revenues to Support the H-2A Temporary Agricultural Worker Program*

The Immigration Reform and Control Act of 1986 (IRCA, Public Law 99-603, Sec. 301(c)) authorized the Secretary of Labor to establish, by regulation, a fee on approved employer H-2A labor certification applications, to “recover the reasonable costs of processing applications for certification.” Accordingly, the Department has collected a fee on certified H-2A labor certification applications since 1987. However, because the IRCA did not establish a dedicated account to receive the funds, currently there exists no mechanism for the Department to use the fee revenue to support the processing of H-2A applications, as the law intended. Instead, the Department deposits the fee collections into the U.S. Treasury’s general fund as miscellaneous receipts, per its interpretation of OMB Circular A-25 and 31 U.S. Code § 3302. Since FY 2009, the Department has collected more than \$40 million in H-2A labor certification fees. In FY 2023, amidst record-setting application levels, H-2A fee receipts totaled nearly \$5 million.

Access to these already-authorized resources would greatly help the Department prevent processing delays in the H-2A labor certification program. To achieve that access, the Department seeks a straight-forward statutory amendment establishing a dedicated *H-2A Labor Certification Fee Account* and clarifying that the Secretary of Labor may use the fee revenue to help administer the H-2A labor certification program. Because these fees have been collected for more than 35 years, establishing the requested account would not place additional burdens on U.S. employers or taxpayers by raising appropriations. The Department continues to support and believe that a broader fee proposal, applying to all labor certification programs, is the right policy. A fee-funded program, as proposed by the Department, would be cost-based, responsive to workload fluctuations, and significantly less reliant on annual appropriations, with its funding source shifted from all taxpayers – where the burden rests now – to only that segment of employers that uses and benefits from the program. However, as that broader, longstanding fee proposal has not been taken up by Congress despite having bipartisan support, the FY 2025 Budget narrows the request to focus exclusively on authority to retain a fee that is already collected.

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Employer demand for H-2A workers to perform agricultural labor or services has greatly increased in recent years, with annual application volumes more than tripling over the last decade. In FY 2023, employers requested 389,908 H-2A worker positions (up from 123,528 in FY 2014). With the establishment of a dedicated account to deposit its existing H-2A fees, the Department could strengthen its case-adjudication capacity to help manage its increasing workloads, mitigate the risk of processing delays, and improve program integrity to protect agricultural workers and ensure compliance with program requirements.

### *Confirming the Department's Authority to Regulate the H-2B Labor Certification Program*

The FY 2025 Budget proposes legislation to stabilize H-2B program administration by codifying the Department's H-2B rulemaking authority. The Department of Homeland Security (DHS), by regulation, consults with DOL about whether a qualified U.S. worker is available to fill an H-2B employer's job, and whether a foreign worker's employment will adversely affect the wages or working conditions of U.S. workers in similar jobs. The Department's efforts to responsibly administer this consultation—by regulating how the Department will make the determinations necessary to provide DHS with the necessary advice—have resulted in complex litigation and conflicting court decisions concerning the Department's authority to independently govern its H-2B labor certification program.

Although DHS and DOL each have authority to independently issue rules implementing their respective duties in the H-2B program, in recent years the Departments have jointly issued regulations governing H-2B labor certification as one way to reflect this legal authority and protect against further litigation. Issuing joint regulations, however, further complicates an already complex Administrative Procedure Act process and can slow the Department's ability to timely adjust to changing conditions that necessitate regulatory action. Legislation clarifying the Department's regulatory authority would eliminate the need for joint DHS-DOL rulemaking; reduce the administrative burden that needless litigation continues to place on DOL, DHS, the Department of Justice, and the judicial system; and free up resources that could be better used to adjudicate applications and manage program workload.

### *Improving H-2B Worker Protections by Eliminating Certain General Provisions from Appropriations Acts*

Since FY 2016, annual appropriation acts have included several general provisions that eliminate key H-2B worker protections. These riders significantly limit the Department's ability to implement and enforce important wage and work guarantees for U.S. and H-2B workers. For example, these provisions prohibit the Department from expending funds to administer the three-fourths guarantee, which requires employers to guarantee workers employment for a total number of work hours equal to at least three-fourths of the workdays in each 12-week period (or 6-week period for job orders lasting less than 120 days). This rider therefore removes DOL's ability to enforce an employer's duty to offer workers a minimum number of work hours and wages, leaving workers vulnerable to exploitation and allowing employers to compete for scarce H-2B worker slots even when they don't have enough work for those workers. Removing this rider would restore critical protections for workers of H-2B employers, and create a more level playing field for employers with a true need for H-2B workers. Additionally, the Department continues to be prohibited from expending funds to implement and enforce regulations governing

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corresponding employment, which ensure that U.S. workers receive the same benefits and wages as offered to H-2B workers when performing the same work.

Finally, the provisions require the Department to accept non-government wage surveys when setting prevailing wages for an H-2B job opportunity, even if a prevailing wage rate from a reliable government survey is available. Absent this provision, the regulation would only allow non-government surveys to be used if there are limitations to the government survey data for the local area. The regulation reflects that non-government surveys, as a general rule, have been used to lower wages for H-2B positions, undercutting the wages of similarly employed U.S. workers. Removing this rider would better prevent the employment of H-2B workers from depressing the wages of U.S. workers and ensure U.S. and H-2B workers alike receive fair pay that accurately reflects the prevailing wage. It may also reduce the need for H-2B workers because U.S. workers will be more likely to apply for jobs that accurately reflect the prevailing wage. In removing these budgetary riders, Congress could provide the Department with a 90-day transition period to allow for necessary transition activities, including issuing guidance and new forms, and providing notice and outreach to stakeholders and the public.

## **Funding Mechanism**

Congress appropriates funding for foreign labor certification activities through the State Unemployment Insurance and Employment Service Operations (SUIESO) account. The Federal Administration account funds federal program functions, including salaries and expenses, information technology development and maintenance, contract services to support case processing, rent, working capital, and other overhead costs. The State Grants activity funds services provided by State Workforce Agencies (SWAs) in support of the foreign labor certification program, including placing job orders to recruit U.S. workers, conducting housing inspections for agricultural workers, and administering prevailing practice and wage surveys. OFLC distributes this grant funding annually in accordance with approved state plans. In addition to Congressional appropriations, OFLC receives five percent of the revenue from the H-1B application fee authorized by the American Competitiveness and Workforce Improvement Act (ACWIA) and collected by DHS. These resources support H-1B and PERM case-processing activities and are separate from the H-1B funding allocated to the Department for grants to train U.S. workers in occupations that employ H-1B workers.

## **Five-Year Budget Activity History**

<b><u>Fiscal Year</u></b>	<b><u>Funding</u></b> (Dollars in Thousands)	<b><u>FTE</u></b>
2020	\$68,810	144
2021	\$77,810	158
2022	\$79,810	166
2023	\$83,810	194
2024	\$0	204

NOTE: A full-year 2024 appropriation for this account was not enacted at the time the budget was prepared.

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<b>WORKLOAD AND PERFORMANCE SUMMARY</b>					
		<b>FY 2023 Enacted</b>		<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>
		<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
<b>Foreign Labor Certification</b>					
<b>Strategic Goal 1 - Build Opportunity and Equity for All</b>					
<b>Strategic Objective 1.1 - Advance training, employment, and return-to-work opportunities that connect workers to higher-wage jobs, especially in ways that address systemic inequities.</b>					
ETA-Budget OFLC-02	PERM New Applications Filed	148,814[p]	158,987	174,547[p]	197,485[p]
ETA-Budget OFLC-03	PERM Applications Processed	116,480	118,829	128,479	136,346
ETA-Budget OFLC-05	H-1B New Applications Filed	530,168[p]	524,430	488,209[p]	480,438[p]
ETA-Budget OFLC-06	H-1B Applications Processed	558,858	543,570	488,209	480,438
ETA-Budget OFLC-08	H-2A New Applications Filed	21,045[p]	21,018	23,742[p]	26,894[p]
ETA-Budget OFLC-09	H-2A Applications Processed	20,958	20,881	23,840	26,855
ETA-Budget OFLC-11	H-2B New Applications Filed	17,596[p]	16,383	17,579[p]	18,862[p]
ETA-Budget OFLC-12	H-2B Applications Processed	15,101	15,502	16,727	18,971

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<b>WORKLOAD AND PERFORMANCE SUMMARY</b>					
		<b>FY 2023 Enacted</b>		<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>
		<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
ETA-FLC-01	Average Number of Days to Resolve PERM Applications NOT Subject to Integrity Review (Analyst Review) (OFLC)	180	284	350	350
ETA-FLC-02	Average Number of Days to Resolve PERM Applications Subject to Integrity Review (Audit) (OFLC)	270	417	470	440
ETA-FLC-03	Percent of H-1B Employer Applications Resolved in 7 Business Days (OFLC)	100.0%	100.0%	100.0%	100.0%
ETA-FLC-04	Percent of Complete H-2A Employer Applications Resolved 30 Days Before the Date of Need (OFLC)	97.0%	98.2%	97.0%	97.0%
ETA-FLC-05	Percent of H-2B Employer Applications Resolved 30 days Before the Date of Need	65.0%	46.1%	65.0%	65.0%

Legend: (r) Revised (e) Estimate (base) Baseline -- Not Applicable TBD - To Be Determined [p] - Projection



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## Workload and Performance Narrative

The primary factors contributing to the risk of delays are large annual increases in application volumes across the FLC programs and the recurring concentration of H-2B applications filed in January by employers seeking workers for the spring and summer seasons.

OFLC received its highest-ever application levels in FY 2023, with a record number of applications submitted in the H-2A, H-2B, PERM, and Prevailing Wage programs. Application levels in most OFLC programs have doubled or tripled over the past decade, with the Department receiving three times more H-2A and H-2B applications in FY 2023 than in FY 2014; PERM applications more than doubling over the same period; and applications for prevailing wage determinations rising 93 percent. New labor certification and prevailing wage determination requirements for CW-1 visas were also enacted, further driving up application levels. Despite continuing administrative and technological improvements to increase operational flexibility and efficiency, this upsurge in application levels can adversely impact the Department's ability to process applications in a timely manner during peak filing seasons.

Rising demand for a limited number of H-2B visas has condensed the peak H-2B filing season, as an increasing number of employers submit their applications within a few hours or days of the beginning of the allowable application period. Employers do this to increase their chances of obtaining their requested visas under the mandated semi-annual cap administered by DHS. For example, the Department received 8,817 H-2B applications requesting more than 138,000 workers within the first three days that applications could be submitted in January 2024 – the largest 3-day filing volume ever and more than four times the statutory semi-annual cap of 33,000 workers. These application spikes can temporarily overload OFLC's case-processing capacity and increase the risk of delays for applications filed during these periods.

Demand for seasonal agricultural labor under the H-2A program has also reached record levels in recent years, with the annual number of H-2A worker positions requested more than tripling from FY 2014 (123,528) to FY 2023 (389,908). U.S. employers' growing demand for H-2A workers has strained labor certification processing capacity at both the state and federal levels and significantly increased the risk of delays. The Department understands that access to a reliable and timely agricultural workforce is critical to ensuring the nation's food supply and, as a result, places a high priority on maintaining an adequate number of federal and contract staff to meet statutory H-2A adjudication times.

To partially offset the risk of delays due to increasing application volumes, OFLC continues to cross-train its federal and contractor analysts to increase the number of trained personnel that can adjudicate applications across multiple programs, authorize overtime for federal staff, and hire additional temporary contractor staff during peak filing periods. Additionally, in collaboration with the Department's Wage and Hour Division and other major stakeholder associations, OFLC continues to look for opportunities to expand its technical assistance and outreach events in advance of peak filing periods to provide filing tips and best practices to employer applicants. These efforts, in combination with the full implementation of new application forms and a modernized cloud-based Foreign Labor Application Gateway (FLAG) system, help reduce filing burdens on employers; improve the quality of submitted applications; generate cost avoidances

## **FOREIGN LABOR CERTIFICATION**

related to office space, technical equipment, and mailroom services; promote program integrity by sharing data about labor certification decisions with the Departments of Homeland Security, State, and Agriculture; and eliminate the labor-intensive and costly process of issuing labor certifications on special security paper that took several days to reach employers.

In FY 2022, OFLC partnered with the Department's Office of the Chief Information Officer (OCIO) and the General Services Administration's (GSA's) Technology Modernization Fund to integrate the PERM Labor Certification (or "Green Card") program into the FLAG platform. Employers began submitting PERM applications via FLAG in June 2023. Over the long-term, integrating PERM into the FLAG system will improve and streamline the customer filing experience, ensure greater consistency in the adjudication of employment-based immigration services by OFLC staff, improve system stability and security, and help reduce unnecessary costs associated with maintaining multiple, disparate technology platforms.

## FOREIGN LABOR CERTIFICATION

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
11.1	Full-time permanent	24,178	24,178	25,910	1,732
11.3	Other than full-time permanent	65	65	65	0
11.5	Other personnel compensation	762	762	778	16
11.9	<b>Total personnel compensation</b>	<b>25,005</b>	<b>25,005</b>	<b>26,753</b>	<b>1,748</b>
12.1	Civilian personnel benefits	9,159	9,159	10,279	1,120
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	60	60	60	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	900	900	900	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	55	55	55	0
24.0	Printing and reproduction	216	216	216	0
25.1	Advisory and assistance services	13,665	13,665	13,665	0
25.2	Other services from non-Federal sources	241	241	241	0
25.3	Other goods and services from Federal sources 1/	10,526	10,526	11,298	772
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	532	532	532	0
26.0	Supplies and materials	28	28	28	0
31.0	Equipment	31	31	31	0
41.0	Grants, subsidies, and contributions	23,282	23,282	23,282	0
42.0	Insurance claims and indemnities	110	110	110	0
	<b>Total</b>	<b>83,810</b>	<b>83,810</b>	<b>87,450</b>	<b>3,640</b>
	1/Other goods and services from Federal sources				
	CIGIE	0	0	436	436
	Working Capital Fund	10,526	10,526	10,862	0

# FOREIGN LABOR CERTIFICATION

## CHANGES IN FY 2025

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Costs of pay adjustments	\$692
Personnel benefits	684
Federal Employees' Compensation Act (FECA)	38
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	0
Rental payments to others	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	0
Working Capital Fund	336
Other Federal sources (Census Bureau)	0
Other Federal sources (DHS Charges)	0
Other goods and services from Federal sources	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
State Administration Workload	0
Insurance claims and indemnities	0

**Built-Ins Subtotal** **\$1,750**

**Net Program** **\$1,890**

**Direct FTE** **10**

	Estimate	FTE
<b>Base</b>	<b>\$85,560</b>	<b>204</b>
<b>Program Increase</b>	<b>\$1,890</b>	<b>10</b>
<b>Program Decrease</b>	<b>\$0</b>	<b>0</b>

## FEDERAL ADMINISTRATION

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
Activity Appropriation	60,528	60,528	64,168	3,640
FTE	199	204	214	10

NOTE: FY 2023 reflects actual FTE. Authorized FTE for FY 2023 was 194.

### **Introduction**

Appropriations for FLC Federal Administration support most of the labor certification case-adjudication activities administered by the Department. The H-1B Temporary Specialty Occupations and PERM programs are also supported by petition fees collected by the Department of Homeland Security (DHS) under the American Competitiveness and Workforce Improvement Act (ACWIA) and transferred to the Department of Labor. OFLC administrative costs include the federal and contractor staff who adjudicate applications; the IT systems that support application filing and processing; rent; supplies; and other indirect costs, including human resources, financial and administrative oversight, working capital fund, and grants and contracts management.

### **Five-Year Budget Activity Component History**

<b><u>Fiscal Year</u></b>	<b><u>Funding</u></b> (Dollars in Thousands)	<b><u>FTE</u></b>
2020	\$54,528	144
2021	\$57,528	158
2022	\$58,528	166
2023	\$60,528	194
2024	\$0	204

NOTE: A full-year 2024 appropriation for this account was not enacted at the time the budget was prepared.

### **FY 2025**

In FY 2025, the Department requests \$64,168,000 and 214 FTE for the Federal Administration of the foreign labor certification program. This request includes an increase of \$1,890,000 and 10 FTE to support FLC program integrity and \$1,750,000 in inflationary increases. The Department also advocates for three legislative proposals that will help reduce the risk of delays without raising federal appropriations and help ensure employer compliance with program requirements. The Department projects that it will receive a record 1,016,982 applications for labor certification and prevailing wage determinations in FY 2025.

## FEDERAL ADMINISTRATION

### *Enhancing FLC Program Integrity*

OFLC has experienced a dramatic rise in application volumes in recent years, with application levels in most FLC programs more than doubling since FY 2010 and new prevailing wage and labor certification requirements established for CW-1 visas. U.S. employers requested more than 1.7 million worker positions through the FLC programs in FY 2023. While application levels doubled, inflation-adjusted funding for federal FLC case adjudications decreased 13% from FY 2010 to FY 2023.<sup>9</sup> As a result, nearly all OFLC's case adjudication resources are dedicated to processing labor certification applications to mitigate the risk of delays, leaving very few staff resources available to conduct audit examinations to ensure employer compliance with program requirements.

FY 2023 H-2B application levels were 72 percent higher than in FY 2020. PERM applications increased by 38 percent over the same timeframe, adding more than 43,000 additional cases to OFLC's annual workload. Increasing application volumes without a commensurate increase in funding necessitates that the Department focus its limited staff resources on meeting statutory and regulatory deadlines in the temporary FLC programs. Consequently, the proportion of labor certification applications subject to audit examination has markedly decreased. For example, less than 1% of H-2B applications were subject to audit examination in FY 2023 – despite a significant number of new agents and employers participating in the program.

Due to the Department's comprehensive information-sharing agreements with partner federal agencies, recent high-profile indictments and law enforcement actions on program violators, and greater collaboration with WHD, OIG, DOJ, and DHS, OFLC anticipates that more employer applications will need to be subject to audit examination. Additionally, sharply rising application levels have reflected that many new employers are using the FLC programs. Being new to the programs, many of these employers file deficient applications that would benefit from audit examination to verify compliance with all program requirements.

With the requested resources, the Department will establish a seven-person audit examination team focused on applications for permanent labor certification and a three-person team focused on H-2B audits. These teams will enable OFLC to increase its integrity actions proportionate to the higher number of cases received and improve program integrity in the permanent and temporary labor certifications programs. The PERM team will also help the Department lower the average adjudication time for audited PERM cases, which increased from 211 days in FY 2019 to 417 days in FY 2023 as application levels grew precipitously across the FLC programs. Additional H-2B audit resources are also critically needed due to rapid workload increases largely attributable to the Department of Homeland Security's authority to raise the statutory cap on the number of H-2B visas available annually. Consistently rising employer demand for H-2B visas and regular increases to the statutory cap have led a significant number of new employers to file H-2B applications. The Department's limited audit of applications filed under the cap increases have uncovered substantial program violations, warranting a further commitment to H-2B integrity efforts to ensure employer compliance with worker protection requirements.

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<sup>9</sup> Adjusted for inflation to January 2010 dollars. BLS Inflation Calculator, U.S. Department of Labor, Bureau of Labor Statistics, [www.bls.gov/data/inflation\\_calculator.htm](http://www.bls.gov/data/inflation_calculator.htm).

# FEDERAL ADMINISTRATION

## **FY 2024**

Figures for FY 2024 are an estimate. Discretionary amounts shown for FY 2024 reflect an annualized Continuing Resolution (Division A of P.L. 118-15, as amended), as a full-year appropriation had not been enacted at the time the budget was produced. Mandatory amounts are equal to the FY 2024 President's Budget and do not reflect sequestration.

## **FY 2023**

\$60,528,000 was appropriated for the Federal Administration of the foreign labor certification program in FY 2023. These resources supported the adjudication of 976,673 applications for labor certification and prevailing wage determination requesting 1,738,613 worker positions. By application type, the Department received 158,987 PERM applications, 524,430 H-1B applications, 21,018 H-2A applications, 16,383 H-2B applications, 4,051 CW-1 applications, and 251,804 requests for prevailing wage determinations.

## FEDERAL ADMINISTRATION

<b>BUDGET ACTIVITY COMPONENT BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
11.1	Full-time permanent	24,178	24,178	25,910	1,732
11.3	Other than full-time permanent	65	65	65	0
11.5	Other personnel compensation	762	762	778	16
11.9	<b>Total personnel compensation</b>	<b>25,005</b>	<b>25,005</b>	<b>26,753</b>	<b>1,748</b>
12.1	Civilian personnel benefits	9,159	9,159	10,279	1,120
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	60	60	60	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	900	900	900	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	55	55	55	0
24.0	Printing and reproduction	216	216	216	0
25.1	Advisory and assistance services	13,665	13,665	13,665	0
25.2	Other services from non-Federal sources	241	241	241	0
25.3	Other goods and services from Federal sources 1/	10,526	10,526	11,298	772
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	532	532	532	0
26.0	Supplies and materials	28	28	28	0
31.0	Equipment	31	31	31	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	110	110	110	0
	<b>Total</b>	<b>60,528</b>	<b>60,528</b>	<b>64,168</b>	<b>3,640</b>
	1/Other goods and services from Federal sources				
	CIGIE	0	0	436	436
	Working Capital Fund	10,526	10,526	10,862	0



# FEDERAL ADMINISTRATION

## CHANGES IN FY 2025

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Costs of pay adjustments	\$692
Personnel benefits	684
Federal Employees' Compensation Act (FECA)	38
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	0
Rental payments to others	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	0
Working Capital Fund	336
Other Federal sources (Census Bureau)	0
Other Federal sources (DHS Charges)	0
Other goods and services from Federal sources	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

**Built-Ins Subtotal** **\$1,750**

**Net Program** **\$1,890**

**Direct FTE** **10**

	Estimate	FTE
<b>Base</b>	<b>\$62,278</b>	<b>204</b>
<b>Program Increase</b>	<b>\$1,890</b>	<b>10</b>
<b>Program Decrease</b>	<b>\$0</b>	<b>0</b>



## STATE GRANTS

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
Activity Appropriation	23,282	23,282	23,282	0
FTE	0	0	0	0

### **Introduction**

The Department provides annual grants to State Workforce Agencies (SWAs) in 55 states and U.S. territories to support required state-level foreign labor certification activities. These activities include, but are not limited to, reviewing and placing job orders to recruit U.S. workers; assisting employers in the effective recruitment of U.S. workers; conducting safety inspections of employer-provided housing for H-2A agricultural workers; performing prevailing practice and wage surveys used to set the wages and working standards for occupations within the state; and conducting post-certification site visits to support employer compliance with H-2A and H-2B program requirements.

SWAs submit annual plans to the Department to establish continued eligibility for these grants. These annual plans describe the each SWA’s planned FLC activities and workload expectations for the upcoming year.

# STATE GRANTS

## Resource and Program Data FLC Grants to States

### State Unemployment Insurance & Employment Service Operations (Dollars in Thousands)

Data Category	FY 2023 Enacted	FY 2024 Estimate	FY 2025 Request
<b><u>Resource Data:</u></b>			
Service Grant	23,282	23,282	23,282
Formula	23,282	23,282	23,282
Competitive			
Research Evaluation			
Demonstration Development			
Training/Technical Assistance			
Program Support			
<b>Total Resources</b>	<b>23,282</b>	<b>23,282</b>	<b>23,282</b>
<b><u>Program Data:</u></b>			
Total Grants	162	163	164
New Starts			
#	54	55	55
\$	23,282	23,282	23,282
Continuing			
#	108	108	109
Contracts			
#			
\$			
Interagency Agreements			
#			
\$			

# STATE GRANTS

## Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2020	\$14,282	0
2021	\$20,282	0
2022	\$21,282	0
2023	\$23,282	0
2024	\$0	0

NOTE: A full-year 2024 appropriation for this account was not enacted at the time the budget was prepared.

### FY 2025

In FY 2025, the Department requests \$23,282,000 for foreign labor certification state grants. These resources will help protect U.S. workers and mitigate the risk of processing delays in the H-2A and H-2B programs. Increasing application levels have strained states' capacity to timely review job orders for recruiting U.S. workers, ensure the health and safety of farmworkers by inspecting employer-provided housing, and protect the wages and working conditions of U.S. workers by conducting surveys to determine prevailing wages and work standards.

In cases where the Department fails to meet statutory or regulatory processing times for H-2A labor certification applications, the biggest contributor is often SWA delays in processing employer applications. For example, by statute, OFLC cannot issue an H-2A labor certification without first obtaining documentation from the SWA that farmworker housing meets applicable local, state, or federal standards. Over the last decade, the number of worker positions requested through the H-2A program has more than tripled, from 123,528 in FY 2014 to 389,908 in FY 2023, hindering SWAs' ability to complete these required inspections timely. State H-2B workloads have also increased rapidly, with the number H-2B job orders processed by SWAs rising 72 percent from 9,535 in FY 2020 to 16,383 in FY 2023.

### FY 2024

Figures for FY 2024 are an estimate. Discretionary amounts shown for FY 2024 reflect an annualized Continuing Resolution (Division A of P.L. 118-15, as amended), as a full-year appropriation had not been enacted at the time the budget was produced. Mandatory amounts are equal to the FY 2024 President's Budget and do not reflect sequestration.

### FY 2023

In FY 2023, \$23,282,000 was appropriated for foreign labor certification state grants. H-2A and H-2B applications increased rapidly in FY 2023, continuing a longstanding trend in both programs that has strained existing SWA resources. In FY 2023, SWAs inspected 67,494 housing units for agricultural workers employed under H-2A visas and reviewed and posted 37,403 H-2A and H-2B job orders to help recruit U.S. workers for available positions.

## STATE GRANTS

<b>BUDGET ACTIVITY COMPONENT BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
11.1	Full-time permanent	0	0	0	0
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	0	0	0	0
11.9	<b>Total personnel compensation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
12.1	Civilian personnel benefits	0	0	0	0
41.0	Grants, subsidies, and contributions	23,282	23,282	23,282	0
	<b>Total</b>	<b>23,282</b>	<b>23,282</b>	<b>23,282</b>	<b>0</b>

# STATE GRANTS

## CHANGES IN FY 2025

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Costs of pay adjustments \$0

Grants, subsidies, and contributions 0

State Administration Workload 0

**Built-Ins Subtotal \$0**

**Net Program \$0**

**Direct FTE 0**

	Estimate	FTE
<b>Base</b>	<b>\$23,282</b>	<b>0</b>
<b>Program Increase</b>	<b>\$0</b>	<b>0</b>
<b>Program Decrease</b>	<b>\$0</b>	<b>0</b>





## WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2023 Enacted	FY 2024 Estimate	FY 2025 Request	Diff. FY25 Request / FY24 Estimate
<b>Activity Appropriation</b>	<b>62,653</b>	<b>62,653</b>	<b>62,653</b>	<b>0</b>
FTE	0	0	0	0

### Introduction

The Workforce Information/Electronic Tools/System Building activity provides workforce information and online career tools to the public workforce system to build the capacity of and improve employment outcomes of the American Job Center (AJC or one-stop) system. The Department invests in Workforce Information/Electronic Tools/System Building through the following strategies:

- **Collect and communicate workforce information.** Under section 15 of the Wagner-Peyser Act, as amended by the Workforce Innovation and Opportunity Act (WIOA), collecting and communicating workforce and labor market information informs strategic state policy decisions and individualized career planning. This activity includes Workforce Information Grants to States (WIGS), which support the production of state and local employment projections. States collect data, produce economic and workforce analyses, and communicate changing labor market conditions, including shifts in what jobs and skills are in demand, which are maintained in a national database and disseminated via the Department’s electronic tools. This data informs individuals’ job search criteria and education and training planning, businesses’ location and human resources decisions, and local decision-makers’ workforce policies and economic development investments. Federal, state, and local workforce system program administrators rely on this information for strategic planning, including targeting and recruiting participants in workforce development programs and selecting training courses and service providers.
- **Deliver Web-based information and interactive career tools.** The Department’s online career tools are visited more than 100 million times annually, including CareerOneStop, Occupational Information Network (O\*NET), the *mySkills myFuture* skills transferability tool, and the *My Next Move* and the *My Next Move for Veterans* career exploration sites. Virtual services provided through the online tools expand the reach of the AJC network staff and facilitate self-service usage by customers available 24/7.

The services provided via these tools include:

- Employment, career, and job search information;
- Education, training, and outcomes information;
- A skill transferability tool that enables previously employed job seekers to match their occupational skills and experiences with the skills needed in other occupations;

## WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

- Information about other assistance/services for eligible individuals (e.g., unemployment insurance, social welfare services, housing assistance, and emergency services);
  - Employer and economic development tools; and
  - Tools specifically tailored for veterans and transitioning military service members.
- **Expand the capacity of the workforce system, including capacity to serve persons with disabilities.** The Department uses these funds to support technical assistance to build the capacity of states, local areas, and AJC partner programs through online technical assistance delivered through the WorkforceGPS platform.

The Employment and Training Administration, in collaboration with the Department's Office of Disability Employment Policy, will use FY 2025 funds to continue support for technical assistance, research, and demonstration projects that promote greater labor force participation of persons with disabilities and expand the capacity of the workforce system and its partners to serve such persons, such as the Equitable Transition Models (ETM) grants, which enable low-income youth and young adults with disabilities (Y&YAD) ages 16-24, including those experiencing homelessness, leaving foster care, or involved in the justice system, to successfully transition into the workforce.

- **Operate a performance-driven system.** The performance systems supported by these funds enable the Department to advance transparency and accountability in its employment and training programs and inform policy and program improvements. These resources support systems used by states to ensure reported performance results are accurate and consistent across all states, including the WIOA TrainingProviderResults.gov website, which allows job seekers to view training provider outcomes at the program of study level. These resources also support other performance analyses to promote continuous improvement in the workforce system.

# WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

## Resource and Program Data Workforce Information/E-tools/System Building State Unemployment Insurance & Employment Service Operations (Dollars in Thousands)

<b>Data Category</b>	<b>PY 2023 Enacted</b>	<b>PY 2024 Estimate</b>	<b>PY 2025 Request</b>
<b><u>Resource Data:</u></b>			
Service Grant	53,649	53,649	53,649
Formula	31,915	31,915	31,915
Competitive	21,734	21,734	21,734
Training/Technical Assistance	3,930	3,930	3,930
Program Support	5,074	5,074	5,074
<b>Total Resources</b>	<b>62,653</b>	<b>62,653</b>	<b>62,653</b>
<b><u>Program Data:</u></b>			
Total Grants	60	60	60
New Starts			
#	58	58	58
\$	43,382	43,382	43,382
Continuing			
#	2	2	2
\$	10,256	10,256	10,256
Contracts			
#	13	13	13
\$	8,395	8,395	8,395
Interagency Agreements			
#	1	1	1
\$	620	620	620

# WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

## Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2020	\$62,653	0
2021	\$62,653	0
2022	\$62,653	0
2023	\$62,653	0
2024	\$0	0

NOTE: A full-year 2024 appropriation for this account was not enacted at the time the budget was prepared.

## Funding Mechanism

The WIGS are funded by an administrative formula to all states and a portion for the Virgin Islands and Guam – with 40 percent distributed equally to all states and 60 percent distributed based on each state’s share of the Civilian Labor Force.

The online career tools and other investments in workforce information core products and tools are managed through grants to certain states. The Department awards contracts to implement elements of the performance accountability systems and the agency’s technical assistance platform. Grants to improve services to individuals with disabilities are awarded through a competitive solicitation.

## FY 2025

The FY 2025 Budget requests \$62,653,000 for the Workforce Information/Electronic Tools/System Building activity, the same as the FY 2024 estimated and FY 2023 Enacted level. The base funds will support WIGS to continue each state’s ability to provide timely, accurate, and easily understandable labor market information for job seekers, businesses, state planners, economic development entities, and Workforce Boards, and continue formal consultation with the Workforce Information Advisory Council established by WIOA. The funds will continue to support the ongoing operation and maintenance of the suite of online career tools, including the CareerOneStop website and the O\*NET data collection, as well as data dissemination. The Department will continue to improve the CareerOneStop website, designated as a High Impact Service Provider<sup>10</sup>, delivering a public-facing service at a large scale.

The Department will continue to support the implementation of WIOA through technical assistance to build the capacity of the workforce system, including to serve individuals with disabilities, particularly the evaluation of demonstration projects supporting individuals seeking

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<sup>10</sup> The term “High Impact Service Provider” (HISP) means a Federal entity, as designated by the Director of OMB, that provides or funds customer-facing services, including Federal services administered at the state or local level, that have a high impact on the public, whether because of a large customer base or a critical effect on those served. The CareerOneStop website was selected as a HISP due to the large number of users accessing the website and the value of the information the website provides regarding jobs, careers, training, and where to find local employment services.

## **WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING**

to re-enter the workforce after the onset of a disability or after receiving Social Security disability benefits, and grants to support equitable transition models for youth.

These funds are designed to improve the usefulness and accessibility of labor market information for a diverse range of customers and users. The rapidly changing and widely variable economic conditions that states and local areas experienced over the past few years due to the COVID-19 pandemic underscored the need for local labor market information to enable workforce system stakeholders to make sound, timely decisions regarding training, recruitment, and hiring. The Department will use its funding for continuous systems improvements that will yield more actionable information for individuals to better understand in-demand jobs in their area, identify potential on-ramps to careers, and find pathways to advancement through relevant education and training, including registered apprenticeships. Labor market information and online career tools advance equity by enabling workers, students, and others to identify opportunities for training and employment and make data-driven decisions about their education and careers. Free, easy to use, and publicly available labor market information levels the playing field for marginalized populations who are otherwise shut out of the information networks that help more advantaged job seekers advance.

### **FY 2024**

Figures for FY 2024 are an estimate. Discretionary amounts shown for FY 2024 reflect an annualized Continuing Resolution (Division A of P.L. 118-15, as amended), as a full-year appropriation had not been enacted at the time the budget was produced. Mandatory amounts are equal to the FY 2024 President's Budget and do not reflect sequestration.

### **FY 2023**

In FY 2023, Congress appropriated \$62,653,0000 for the Workforce Information/Electronic Tools/System Building activity. The funds supported WIGS and continued formal consultation with the Workforce Information Advisory Council established by WIOA. The funds also continued to support the ongoing operation and maintenance of the suite of online career tools, including the CareerOneStop portal and the O\*NET data collection, as well as data dissemination. The Department has designated CareerOneStop as a High Impact Service Provider, and in FY 2023 conducted reviews of the site to improve navigation, adjust content, and improve customer experience. The Department has made several changes and will continue to work to improve the site.

The Department continued to support the implementation of WIOA through technical assistance to build the capacity of the workforce system, including to serve individuals with disabilities.

## WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

<b>WORKLOAD AND PERFORMANCE SUMMARY</b>				
	<b>PY 2023 Enacted</b>		<b>PY 2024 Estimate</b>	<b>PY 2025 Request</b>
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
<b>Workforce Information-Electronic Tools-System Building</b>				
<b>Strategic Goal 1 - Build Opportunity and Equity for All</b>				
<b>Strategic Objective 1.1 - Advance training, employment, and return-to-work opportunities that connect workers to higher-wage jobs, especially in ways that address systemic inequities.</b>				
ETA-eTools-01	Combined CareerOneStop and O*NET site visits (in millions)			
	120.00	99.7	130.00	135.00
ETA-eTools-02	Combined CareerOneStop and O*NET page views (in millions)			
	850.00	892.9	870.00	900.00
ETA-eTools-03	Combined CareerOneStop and O*NET Web Service Usage (in millions)			
	875.0	508.9	900.0	905.0

Legend: (r) Revised (e) Estimate (base) Baseline -- Not Applicable TBD - To Be Determined [p] - Projection

# **WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING**

## **Workload and Performance Narrative**

Performance for the workforce information and electronic tools program is measured by the number of site visits, page views, and web services calls to various electronic tools websites. Performance targets for PY 2024 and PY 2025 for combined CareerOneStop and O\*NET Websites are 130 and 135 million site visits, respectively, and 870 million and 900 million combined page views, respectively. In addition, the PY 2024 target for web service calls combined for CareerOneStop and O\*NET is 900 million and the PY 2025 target is 905 million. All of these targets may be impacted by updates that make selected O\*NET and CareerOneStop data available as open linked data online, for which it is not possible to track usage. In addition, page views can be impacted by design changes that make it easier for customers to quickly find what they are looking for, or changes that put more information on a single scrollable page. Web service usage counts of the number of data calls may also be understated depending upon the amount of data pulled and the frequency of calls.

The primary outputs of this funding are workforce information and the electronic delivery of information and personalized career exploration tools for job seekers. The Department is able to measure the number of website visitors who access information and services. The Department has chosen not to collect registration or personal identifying information when individuals access the sites, and as a result, is not able to collect data on how site visitors use these services/tools, or their subsequent employment outcome experience. The currently collected information on site visits reflects intermediate outputs rather than final outcomes.

The continued, intensive usage of the electronic tools websites over time demonstrates the ongoing demand for web-based products and services, particularly the extensive use of web services and application programming interfaces, which indicate that multiple website developers use data and services from the Department. The data and workforce information disseminated through the sites is regularly refreshed with new and updated labor market information postings to ensure that the sites reflect changing skill requirements in the economy and respond to various economic dislocations. Continuous improvement in customer service remains a top priority, and the Department utilizes multiple approaches to obtain customer feedback and input using social media and other forms of interactive communication.

Less measurable quantitatively, but no less important, is the fact that WIGS funding enables states to develop and provide accurate and timely workforce and labor market information that supports efficiently functioning labor markets by helping job seekers, businesses, and policymakers make data-driven decisions about job search, training, education, hiring, and business development. The COVID-19 pandemic precipitated many rapidly changing business and labor dynamics, highlighting the critical need for even more timely, localized, relevant, and actionable workforce and labor market information, including more useful and user-friendly data visualizations and tools for the public.

**WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM  
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<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
11.1	Full-time permanent	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	4,033	4,033	4,033	0
41.0	Grants, subsidies, and contributions	58,620	58,620	58,620	0
	<b>Total</b>	<b>62,653</b>	<b>62,653</b>	<b>62,653</b>	<b>0</b>



# WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

## CHANGES IN FY 2025 (Dollars in Thousands)

**Activity Changes**

**Built-In**

To Provide For:

Costs of pay adjustments \$0

Advisory and assistance services 0

Other services from non-Federal sources 0

Grants, subsidies, and contributions 0

State Administration Workload 0

**Built-Ins Subtotal \$0**

**Net Program \$0**

**Direct FTE 0**

	Estimate	FTE
<b>Base</b>	<b>\$62,653</b>	<b>0</b>
<b>Program Increase</b>	<b>\$0</b>	<b>0</b>
<b>Program Decrease</b>	<b>\$0</b>	<b>0</b>