

<b>EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210</b>	<b>CLASSIFICATION</b> Unemployment Insurance
	<b>CORRESPONDENCE SYMBOL</b> OUI/DFAS
	<b>DATE</b> September 25, 2025

**ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 17-25**

**TO:** STATE WORKFORCE AGENCIES

**FROM:** LORI FRAZIER BEARDEN /s/  
Acting Assistant Secretary

**SUBJECT:** Guidelines for Fiscal Year 2025 State Agency Unemployment Insurance Resource Allocations, Supplemental Budget Requests, and Above-Base Funding

1. **Purpose.** To provide information to states about Fiscal Year (FY) 2025 Unemployment Insurance (UI) State Administration base resource allocations, general guidelines for resource planning, above-base funding, and Supplemental Budget Requests (SBRs).
2. **Action Requested.** State Administrators are requested to provide copies of this Unemployment Insurance Program Letter (UIPL) to the appropriate staff.
3. **Summary and Background.**
  - a. Summary – The Full-Year Continuing Appropriations and Extensions Act, 2025 (H.R. 1968, P.L. 119-4), which was enacted on March 15, 2025, provides the U.S Department of Labor (Department) with FY 2025 appropriations for state UI operations. This UIPL provides information on the final base state UI administration allocations as well as information and guidance regarding above-base administrative funding. The table below summarizes the average weekly insured unemployment (AWIU) levels and dollar amounts corresponding to the FY 2025 President’s Budget request and the FY 2025 appropriation.

**Summary of FY 2025 UI Budget Authority**

	<b>Budget Request</b>	<b>Appropriation</b>	<b>Difference</b>
	<i>As reflected in UIPL No. 19-24</i>		
AWIU Contingency Trigger	2,121,000	3,075,000	954,000
State Administration	\$3,034,274,000	\$2,759,635,000	-\$274,639,000
RESEA / Integrity	\$388,000,000	\$388,000,000	\$0
National Activities	\$48,000,000	\$18,000,000	-\$30,000,000
Total	\$3,470,274,000	\$3,165,635,000	-\$304,639,000

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> September 30, 2032
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The appropriation provides that these funds are available for obligation by the states through December 31, 2025, with the following exceptions. Funds used for automation or competitive grants awarded to states for improved operations and Reemployment Services and Eligibility Act (RESEA) grants are available for obligation by the state through September 30, 2027. If the automation project is being carried out through a consortium of states, the funds are available for obligation by the states through September 30, 2031, and must be expended by September 30, 2032. Funding for the Unemployment Insurance Integrity Center of Excellence is available for obligation by the state through September 30, 2026.

As described in Section 4.c.iii. of this UIPL, ETA does not anticipate any reimbursable travel costs for FY 2025. Unused funding otherwise held for state travel reimbursements will instead be included in the amounts provided to states for above-base funding. If any reimbursable travel did occur in FY 2025, states should provide travel estimates and final reimbursement requests to the appropriate Regional Office **no later than November 1, 2025**. States do not need to submit an additional SF 424 for travel reimbursements.

- b. Background – Before the beginning of each fiscal year, the Employment and Training Administration’s (ETA) Office of Unemployment Insurance announces preliminary dollars and staff year base administration resource planning targets for UI operations. States use this information in planning and developing State Quality Service Plans. These targeted funding levels are developed based on the President’s budget request for state UI administration funding for the relevant fiscal year and are subject to change pending the amount of funding provided under the full-year appropriations.

The amount of state UI administrative resources through the Federal budget cycle is tied to national UI workloads. For FY 2025, the economic assumptions underlying the President’s Budget resulted in a projected national AWIU of 2.121 million. As a result, the FY 2025 base administration allocation remains at a 1.8 million AWIU level. The FY 2025 President’s Budget included a request for \$3,034,274,000 in total state UI administration funding. These figures were reflected in the *FY 2025 State Workforce Agency [UI] Resource Planning Targets and Guidelines* published in UPIL No. 19-24 on September 16, 2024. On March 15, 2025, the Full-Year Continuing Appropriations and Extensions Act was enacted providing for \$2,759,635,000 in UI state administration funding, \$274,639,000 below the requested level. Because the appropriated level was significantly lower than the requested level, the final base administration funding distributions were reduced.

#### 4. Details.

- a. **Final Base Administration Allocations.** As a result of the lower funding provided in the FY 2025 full-year appropriation relative to those used to develop the preliminary FY 2025 targets, the final FY 2025 base allocations are reduced from the preliminary target levels. The preliminary FY 2025 base target funding levels were set such that every state would receive a 5.94 percent increase in base administrative funding relative to FY 2024 (see UIPL No. 19-24, Section 4.c.iv.). Based upon the funding received, the final base

allocations were reduced from the preliminary target levels by 5.5 percent for all states. This reduction was applied to both the base administration funding and the postage funding. The attached table shows the total full FY 2025 base allocations for each state. These adjusted amounts have already been distributed – this UIPL provides notice of the final amounts awarded by state.

b. **Above-Base Distribution.**

- i. **Above-Base and Contingency Funding.** The Employment and Training Administration (ETA) estimates the FY 2025 appropriation will be insufficient to provide for full funding of states' above-base administrative earnings. ETA provided above base funding at \$0.50 per \$1.00 earned for the first two quarters of FY 2025 and expects to continue to provide above-base funding at this rate for the remaining quarters. Additional funding, if available, will be included along with the FY 2025 fourth quarter above-base distributions. If funding is insufficient, a further reduction to 4th quarter distributions may be necessary. In addition, the AWIU contingency trigger, which is set to 3,075,000, is significantly higher than the Department's estimated AWIU from the FY 2025 President's Budget request which was set at 2,121,000. As a result, no additional contingency funding is expected to be available in FY 2025.
- ii. **Administrative Funding for Coronavirus Aid, Relief, and Economic Security (CARES) Act Programs.** The CARES Act statute requires that ETA reimburse states for administrative expenses involved in the temporary pandemic programs for all applicable weeks of unemployment in 2020 and 2021. Ongoing administrative workload, at a diminishing rate, is primarily focused on data retention, establishing and collecting overpayments, and processing workload backlogs. Funding for ongoing administrative costs for certain CARES Act programs during FY 2025 was made available through two separate funding opportunities as outlined in UIPL No. 17-24 and UIPL No. 02-25.
- iii. **Support.** The overhead rate for above-base state UI, Trade Readjustment Allowances (TRA), Alternative Trade Adjustment Assistance (ATAA), and Reemployment Trade Adjustment Assistance (RTAA) administration remains at 19 percent.
- iv. **Postage.** In the past, ETA has, where funding is available, provided above-base funding for postage directly to state workforce agencies based on the number of weeks claimed above the base workloads accounted for in the states' base postage allocations. In recent years, unprecedented volatility in workload volumes and insufficient funding levels has forced ETA to withhold postage funding on above-base workloads. Based on the current state of above-base administrative funding, ETA will once again withhold postage from states' above-base distributions. If additional funding is available at the end of the year, ETA will first prioritize payments for above-base earnings before providing above-base postage funding.

- v. Trade Readjustment Allowance (TRA) Redeterminations. Currently, there are no court decisions on the TRA program that would require the states to make monetary redeterminations. If one occurs, states must follow the UI-3 reporting instructions in Employment and Training (ET) Handbook No. 336, 18<sup>th</sup> Edition, Change 4.
- c. **Supplemental Budget Requests (SBRs)**. Instructions for SBRs and other special projects are provided primarily through UIPLs. The State Quality Service Plan Handbook also contains SBR instructions and procedures for SBRs. Pending funding availability, states may submit a Standard Form (SF) 424 (Office of Management and Budget (OMB) Approval No. 4040-0004) and SF 424A (OMB Approval No. 0348-0444) to request additional funds for certain types of administrative costs (listed below) that are not funded within the states' base and above-base grants.
  - i. Special Projects. FY 2025 funding for Reemployment Services and Eligibility Assessments (RESEAs) will be provided to states to administer these activities in accordance with UIPL No. 12-25 and each state's approved FY 2025 RESEA state plan.
  - ii. Travel. As in recent years, funding is available for reimbursements associated with certain priority travel, however ETA does not anticipate any reimbursable travel costs for FY 2025. Unused funding otherwise held for state travel reimbursements will instead be included in the amounts provided to states for above-base funding. If any reimbursable travel did occur in FY 2025, states should provide travel estimates and final reimbursement requests to the appropriate Regional Office **no later than November 1, 2025**. States do not need to submit an additional SF 424 for travel reimbursements. Reimbursement requests for covered FY 2025 travel costs received after November 1 may not be paid.
- d. **Nationally Funded Activities**. As provided in the State Unemployment Insurance and Employment Service Operations appropriation, the Department will make payments, on behalf of the states, to the entities operating the National Directory of New Hires and the State Information Data Exchange System for use by the states.
- e. **State Flexibility**. All state UI administrative grant funds must be used in accordance with applicable Federal law, including Section 303(a)(8) of the Social Security Act (SSA) and the cost principles contained in 2 C.F.R. Part 200 and 2 C.F.R. Part 2900. States have flexibility to expend grant funds as they deem appropriate and necessary to manage and operate their UI programs to meet established goals and requirements within the parameters of Federal law. The only limitation is that states must use the annual allocated staff-year level for claims activities for above-base reporting purposes. This ensures that states do not earn more above-base resources than they otherwise would have been entitled to earn. This flexibility does not pertain to funding issued for special projects or SBRs; funding for these purposes must be spent in accordance with the spending plans approved for these respective projects

5. **Inquiries**. Please direct inquiries to the appropriate Regional Office.

## 6. References.

- Section 303(a)(8) of the Social Security Act, (42 U.S.C. Section 503(a)(8));
- Full-Year Continuing Appropriations and Extensions Act, 2025, Public Law (Pub. L.) 119-4;
- 2 C.F.R. Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Rule*;
- 2 C.F.R. Part 2900, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Department of Labor)*;
- UIPL No. 12-25, *Fiscal Year (FY) 2025 Funding Allotments and Operating Guidance for Unemployment Insurance (UI) Reemployment Services and Eligibility Assessments (RESEA) Grants*, issued June 10, 2025, <https://www.dol.gov/agencies/eta/advisories/uipl-12-25>;
- UIPL No. 19-24, *Fiscal Year (FY) 2025 State Workforce Agency Unemployment Insurance (UI) Resource Planning Targets and Guidelines*, issued September 16, 2024, <https://www.dol.gov/agencies/eta/advisories/uipl-19-24>;
- UIPL No. 17-24, *Supplemental Budget Request (SBR) Opportunity for Additional Administrative Funding to Support States' Ongoing Administrative Activities Associated with Certain Coronavirus Aid, Relief, and Economic Security (CARES) Act Unemployment Compensation (UC) Programs*, issued August 26, 2024, <https://www.dol.gov/agencies/eta/advisories/uipl-17-24>;
- UIPL No. 02-25, *Instructions to States for Ongoing Workload-Based Administrative Funding for the Federal Benefit Programs Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as amended*, issued November 6, 2024, <https://www.dol.gov/agencies/eta/advisories/uipl-02-25>; and
- ETA Handbook No. 336, 18<sup>th</sup> Edition (March 2019), *Unemployment Insurance State Quality Service Plan (SQSP), Planning and Reporting Guidelines*.

## 7. Attachment(s).

- Attachment I: State UI Base Administrative Grants – FY 2025