EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION Unemployment Insurance CORRESPONDENCE SYMBOL OUI/DFAS DATE September 29, 2026

ADVISORY: **UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 15-26**

TO: STATE WORKFORCE AGENCIES

FROM: MAREK LACO /s/
Acting Assistant Secretary

SUBJECT: Fiscal Year 2027 State Workforce Agency Unemployment Insurance Resource Planning Targets and Guidelines

1. **Purpose.** To provide states with information about preliminary Fiscal Year (FY) 2027 Unemployment Insurance (UI) State Administration base resource planning targets, with general guidelines for resource planning, and an explanation of how the U.S. Department of Labor (Department) allocates base resources among the states.

2. **Action Requested.** The Department's Employment and Training Administration (ETA) requests that State Workforce Agency Administrators:

   a. Provide to the appropriate staff the FY 2027 planning targets and the instructions herein as soon as possible after receiving this Unemployment Insurance Program Letter (UIPL);

   b. Notify the appropriate ETA regional office of any questions or concerns as soon as possible after receiving this UIPL, but no later than October 15, 2026;

   c. Submit the FY 2027 SF-424 (OMB Approval No. 4040-0004), 424A (OMB Approval No. 4040-0006), if applicable, and 424B (OMB Approval No. 4040-0007) via www.grants.gov, ensuring compliance with the specific requirements outlined in section 4.e. of this UIPL below; and

   d. Submit the FY 2027 UI-1 report (OMB Approval No. 1205-0132) via the UI Required Reports system by October 1, 2026.

3. **Summary and Background.**

   a. Summary – The total amount of resources included in the FY 2027 President's Budget request for UI base administration is $2,632,033,000, determined at a 1.8 million average weekly insured unemployment (AWIU) level. This includes $2,506,818,000 for base UI administration and $125,215,000 for postage. It reflects an increase of $6,589,000 from the FY 2026 final base allocations, which were also determined at an AWIU level of 1.8 million. The state data was run through the allocation methodology described in Section 4.c. of this UIPL.

RESCISSIONS None	EXPIRATION DATE September 30, 2027

The state allocations reflected in these planning targets assume that Congress appropriates the amounts reflected in the FY 2027 President's Budget request. In the event Congress appropriates amounts other than what is requested, the UI administration planning targets may be revised to reflect the actual appropriation.

b. Background – Before the beginning of each fiscal year, ETA's 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. The amount of state UI administrative resources allocated through the Federal budget cycle is closely tied to national UI workloads. For FY 2027, the economic assumptions underlying the President's Budget resulted in a projected national AWIU of 1.877 million. As a result, the FY 2027 base administration allocation remains at a 1.8 million AWIU level.

4. Details.

a. Data Inputs. Minutes Per Unit (MPU), annual hours worked, non-workload staff years, personal services/personnel benefits (PS/PB) rates, and non-personal services (NPS) dollars for FY 2027 are all drawn from the Resource Justification Model (RJM) data collection submitted by states in FY 2026. The RJM data collection methodology is explained in ET Handbook No. 410, 6th Edition, Resource Justification Model.

The following table shows the data inputs used for the base allocations for FY 2026 and the planning targets for FY 2027. Except where specified, these inputs are reported by states through the RJM collection process and are described in more detail below.

DATA INPUTS

CATEGORY	FY 2026 Allocations	FY 2027 Targets
Base Workloads	ETA projections formulated at a 1.8 million AWIU	ETA projections formulated at a 1.8 million AWIU
MPU values	Average of actuals for FYs 2022, 2023 and 2024 (less state dollars & hours)*	Average of actuals for FYs 2023, 2024 and 2025 (less state dollars & hours)*
Annual hours worked	FY 2026 projected*	FY 2027 projected*
Non-Workload Staff Years	FY 2024 actual	FY 2025 actual
PS/PB rates	FY 2024 actual, increased annually by 3 percent*	FY 2025 actual, increased annually by 3 percent*
NPS dollars	Actual expenditures in FY 2024, not including state dollars and one-time costs and increased annually by 3 percent	Actual expenditures in FY 2025, not including state dollars and one-time costs and increased annually by 3 percent

* Both state supplemental PS/PB expenditures and the hours worked/paid associated with those expenditures are excluded from state RJM inputs, effectively leaving the PS/PB rates intact but reducing annual hours worked and MPU values.

The data inputs described above produced a national total base state funding request of $2,808,040,913 for FY 2027. In accordance with the FY 2027 President's Budget request, base funding anticipated to be available for FY 2027 is $2,506,818,000. The amount of funds available for allocation in each category (*e.g.*, Workload, Support, Administrative Staff and Technical Services (AS&T), and NPS) is determined by multiplying the percent each category represented of the total requested budget amount by the total dollars available, with two exceptions: the requested amounts for Benefit Payment Control (BPC) and UI Performs were not changed in the targets.

b. Highlights of Base Planning Targets.

   i. Economic Assumptions. The FY 2027 UI planning targets reflect the economic assumptions used in the FY 2027 President's Budget request.

   ii. Base Workload Level. As noted above, the FY 2027 national base claims-related workloads are allocated at a 1.8 million AWIU.

   iii. Funding Period. The "funding period" is the period during which states may obligate funds. The proposed appropriation language included in the FY 2027 President's Budget for State Unemployment Insurance and Employment Service Operations (SUIESO) reflects the revised language included in the FY 2026 appropriation language as enacted in the Consolidated Appropriations Act, 2026, Pub. L. 119-75. This language: (1) removes reference to the state obligational authority and no longer limits states' obligational authority to automation projects after December 31st immediately following the fiscal year; and (2) provides for a "recapture" provision as described below.

   The proposed FY 2027 appropriation language provides that funds will be available for obligation beginning October 1, 2026, and will remain available for Federal obligation through December 31, 2027, except that funds for outcome payments under the Reemployment Services and Eligibility Assessment (RESEA) program will remain available for Federal obligation through March 31, 2028.

   Under this appropriation language, the period of performance for states' grants will be dictated in the grant terms and conditions included with the corresponding Notice of Award and are anticipated to accommodate the maximum statutory/regulatory life of each fund source (subject to the availability of Federal funds).

   States have an additional 90 days after the end of the funding period to liquidate obligations. If an extension of the liquidation period is necessary, a state must seek the approval of ETA's Grant Officer. States should submit requests to extend the liquidation period in writing to the appropriate ETA regional office at least 30 days before the existing deadline.

   In addition, the FY 2026 appropriation language included a new "recapture" provision which provides the Department with the authority to hold unexpended funding following closeout of the state grant. The Department could then reissue these funds through a new grant opportunity for UI-related automation activities. The following is the recapture provision included in the proposed FY 2027 SUIESO appropriation language:

> *Provided, that notwithstanding any other provision of law, the Secretary may recapture any funds appropriated under this paragraph that remain unexpended by a State after the period of expenditure for a State (but before such funds have been returned to the Trust Fund), and such recaptured funds shall remain available until expended for re-obligation by the Secretary to the States to carry out automation activities related to the administration of unemployment compensation laws;*

c. Allocation Methodologies. A detailed description of the allocation methodologies follows.

i. UI Base Staff.

- Workload Functions Allocation Methodology. The allocation methodology seeks to achieve four objectives to the greatest extent possible: allocate available resources so that the same level of service to claimants and employers is available in all states; promote administrative efficiency; enable resources to shift with workloads; and avoid abrupt shifts of resources among states from year-to-year.

  - Data Sources.

    - Time Factors. The MPU values are an average of the data for FY 2023, FY 2024, and FY 2025. The MPUs were calculated from data submitted in the RJM data collection instrument.

    - Work Hours. The hours per staff year are the FY 2027 projected hours states reported in the FY 2026 RJM submission.

  - Workload Forecasts. The state base workloads for FY 2027 for the six workload activities – initial claims; weeks claimed; nonmonetary determinations; appeals; subject employers; and wage records – were developed by applying each state's proportion of actual FY 2025 activity to the total base workload funded in FY 2027 for each activity. Additional above-base funds, as described further below, are available on a quarterly basis for claims-related workloads processed above the base level.

  - Determination of Allowable MPU Values. For FY 2027, the workload-based calculation (excluding Systematic Alien Verification Enterprise, BPC, UI Performs, AS&T and Support) using states' unreduced three-year average MPU values from the RJM data collection, yielded 14,890 workload staff years. The level of base funding anticipated to be available for FY 2027 supports a lower number of workload staff years at 12,987. To fit the targets within available funds, the allocated MPU values were developed for the six base workload activities by slightly reducing the MPU values for most states, so that the number of targeted workload staff years equaled the 12,987 staff years for which funds are projected to be available. MPU reductions in each of the six activities were made as follows:

- MPUs were arrayed from the highest to the lowest MPU value.

- The lowest ten MPU values were not reduced.

- Within each of the six workload categories, the difference was calculated between each of the highest 43 MPU values and the tenth-lowest MPU. Differences were then reduced by a percentage determined by anticipated available resources, and the result for each state was added back to the tenth-lowest MPU to obtain the allocated MPU for each state. In general, the higher the MPU, the greater its reduction; however, reductions in MPUs for states with relatively smaller workloads were mitigated by up to 25 percent of what the reduction otherwise would have been. The percent of the mitigation was determined by the relationship of the state's workload to the largest workload among states being reduced.

- Non-Workload Staff Years Allocation Methodology. Staff years for non-workload functions are drawn from the FY 2025 data in the RJM data collection. Other than adjusting for any state supplemental funding, no reduction was applied to BPC and UI Performs staff years.

  Support staff years were unreduced while the AS&T staff years were reduced by using an algorithm similar to the MPU reduction algorithm. The algorithm for AS&T used the percentages that AS&T staff represented of each state's total requested staff. The ten states with the lowest percentages were not reduced. In general, the higher the percentage AS&T staff represented of the total, the larger the reduction in AS&T staff years.

ii. Personnel Compensation Costs. The FY 2027 PS/PB rates were determined by using each state's FY 2025 PS/PB rate for each functional activity and increasing the result by three percent annually. As provided in Division A, Title I, Section 1101(a)(8) of the Full-Year Continuing Appropriations and Extensions Act, 2025 (Pub. L. 119-4 (March 15, 2025), no FY 2025 PS/PB rates were permitted to exceed the latest enacted Executive Level II rate, which was $225,700. See: https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2025/EX.pdf

iii. Non-Personal Services. The FY 2027 NPS allocation was determined by using each state's 2025 NPS expenditures reported in the RJM, less any state-funded supplemental NPS dollars and one-time expenditures. Each state's proportion of the

FY 2025 actual expenditures was applied to the aggregate amount and then increased by three percent annually to calculate the available amount for FY 2027. Attachment I shows a breakout of each state's NPS base planning level.

iv. Hold Harmless or "Stop-Loss" Provision. Stop-loss and stop-gain rules are used to ease the budgetary impacts of fundamental year-over-year changes in funding.

- State UI Base Administration Dollars. A "stop-loss" of 5 percent is imposed on states that would have lost more than 5 percent in total base dollars compared to FY 2026, with a resulting "stop-gain" of 3.62 percent for states that would have gained more in total base dollars relative to FY 2026. These adjustments are shown on a separate line in Attachment I.

v. Postage. For FY 2026, the Department will allocate $125,215,000 in base postage resources directly to states, an increase of $2,008,000 from FY 2026 postage amounts. For FY 2027, the Department's postage allocation methodology uses projected base weeks claimed and subject employer workloads. These figures are totaled for each state, and then base postage resources are calculated pro rata based on each state's share of the total workload. Attachment III displays individual state-level details regarding this allocation.

d. General Guidelines for Above-Base Workload Resource Levels. The state administration budget activity includes a reserve for above-base workloads.

The Department will use the quarterly hours data on the UI-1 report (OMB Approval No. 1205-0132), the allocated claims activity staff years paid, and the allocated annual MPU values in the FY 2027 above-base certification process. States should submit the UI-1 report (OMB Approval No. 1205-0132) by October 1, 2026; the annual hours on the report must be consistent with the annual work hours used for each state's FY 2027 target allocation.

i. Above-Base Overhead. The above-base overhead percentage will remain at 19 percent.

ii. Above-Base Resources. Above-base resources are tied directly to above-base workloads. If above-base workloads decline, less above-base funding will be made available to the state agencies. During periods of declining above-base resources, adjustments to staffing levels may be necessary. Reductions to states' above-base funding awards will be required if available funding under the enacted appropriation is insufficient to cover the full amount of states' above-base earnings.

iii. Above-Base Instructions. General instructions for completing UI-3 reports (OMB Approval No. 1205-0132) are in ET Handbook No. 336, 18th Edition, Change 4, Chapter II. Dependent on the timing of enactment of the FY 2027 appropriation, the Department may issue specific implementation procedures for the above-base certification process in a UIPL promulgating the final FY 2027 UI allocations.

e. Standard Form (SF) 424. All states must submit an SF-424 (OMB Approval No. 4040-0004) for FY 2027 administrative funding resources via www.grants.gov. When completing the form, each state should enter "FY 2027 UI Administration" in the opportunity number field of the application. Only states that vary the quarterly number of claims activity staff years paid must submit the SF-424A (OMB Approval No. 4040-0006) and show the quarterly distribution in item 23 (Remarks) of the form. All states must submit the SF-424B (OMB Approval No. 4040-0007). Instructions for completing these forms are attached.

   As communicated in FY 2026, the estimated funding totals entered in section 18 of the SF-424 must cover both the allocated base funding, as reflected in Attachment I of this UIPL (this includes base and postage amounts), and the state's total above-base funding for the year. If a state's total base and above-base earnings, including any travel reimbursements, exceed the amount reflected in the SF-424 initially submitted, the state will be required to submit a revised SF-424 to account for the additional funding before that additional funding will be awarded. States may also be required to submit revised SF-424's if appropriated funding is higher than what was requested in the FY 2027 President's Budget, and/or if additional state administrative funding is provided based on the average weekly insured unemployment (AWIU) contingency funding trigger.

   Based on the funding availability and a review of states' recent above-base earnings as it relates to base awards, ETA recommends that states add 25 percent to their preliminary base target allocation (which includes base and postage funding) to establish an estimated amount to report on the SF-424. As a reminder, the estimated funding suggestion does **not** indicate an entitlement to the specified amount of administrative funding. Above-base awards will continue to reflect states' actual workloads and the standard above-base earnings calculations plus any other adjustments required as a result of funding availability.

   For convenience, the suggested total state administrative funding estimates, based on a 25 percent add-on, have been added to each state's "Detailed State Base Staff Planning Levels" included in Attachment I of this document.

f. State Flexibility. States must use all state UI administrative grant funds in accordance with applicable Federal law, including Section 303(a)(8) of the Social Security Act (42 U.S.C. 503(a)(8)); the cost principles contained in 2 C.F.R. Part 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards); 2 C.F.R. Part 2900 (Department of Labor's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards); and the annual enacted appropriation. States have the flexibility to use the funding approved by ETA among the various UI program categories as they deem appropriate, within the parameters of applicable Federal law. However, for the purposes of determining certification of above-base funding for workload above the base, the base staff-year levels for claims activities as allocated by ETA will be used. This ensures that states do not earn more above-base resources than they otherwise would have been entitled to earn.

The flexibility of using funds among UI program categories does not apply to funding provided for special projects, supplemental budget requests, or special allocations, which are identified on a case-by-case basis. Funding for these purposes must be spent in accordance with the spending plans approved for these respective projects.

g. Nationally Funded Activities. As provided in the Federal appropriation for SUIESO, the Department will, on behalf of the states, make payments to the entities operating the National Directory of New Hires and the State Information Data Exchange System for use by the states.

5. **Inquiries.** Please direct questions to the appropriate ETA regional office.

6. **References.**

- Consolidated Appropriations Act, 2026, Pub. L. 119-75, Division B, Title I, enacted February 3, 2026;
- Full-Year Continuing Appropriations and Extensions Act, 2025, Pub. L. 119-4, Title IX, Section 1902, enacted March 15, 2025;
- Section 303(a)(8) of the Social Security Act (42 U.S.C. § 503(a)(8));
- 2 C.F.R. Part 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards);
- 2 C.F.R. Part 2900 (Department of Labor's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards);
- UIPL No. 15-25, *Fiscal Year (FY) 2026 State Workforce Agency Unemployment Insurance (UI) Resource Planning Targets and Guidelines*, issued August 21, 2024, UIPL 15-25 | U.S. Department of Labor;
- Employment and Training (ET) Handbook No. 410, 6th Edition, *Resource Justification Model (RJM)*, ET HANDBOOK No. 410, 6th Edition | U.S. Department of Labor and
- ET Handbook No. 336, 18th Edition, Change 4, *Unemployment Insurance State Quality Service Plan Planning and Reporting Guidelines*, ET HANDBOOK No. 336 | U.S. Department of Labor.

7. **Attachments.**

- Attachment I: FY 2027 Detailed State Base Staff Planning Levels
- Attachment II: Back-up Material for Workload Allocation of FY 2027 UI Base Staff
- Attachment III: FY 2027 Base Postage Allocation
- Attachment IV: Additional Grants.gov Submission Instructions
- Attachment V: Additional Guidance for Completing the SF-424 and SF-424A