UNITED STATES DEPARTMENT OF LABOR

Agency Financial Report

FISCAL YEAR 2025

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Message from the Acting Secretary of Labor

It is an honor to lead this Department in advancing President Trump's efforts to champion American workers and job creators, support the resurgence of U.S. manufacturing, and unleash a new Golden Age of economic prosperity for all Americans.

As part of the Trump Administration's Unified Agenda of Regulatory and Deregulatory Actions, there are nearly 150 proposals under the U.S. Department of Labor's jurisdiction. The agenda reflects President Trump's ongoing commitment to putting American workers and businesses first. By eliminating regulatory red tape and crafting common sense policies that lower costs, drive job creation, and spur economic growth, this Administration is working to keep our nation competitive for generations to come.

In FY 2025, the Department received a modified opinion from an independent audit of our financial statements. This Agency Financial Report provides the auditors with an unqualified statement of reasonable assurance in the Department's internal controls, as required by the Federal Managers Financial Integrity Act (FMFIA) of 1982 and Office of Management and Budget (OMB) Circular A-123, except for the material weakness identified by the auditors related to COVID-era funding.

DOL takes this issue very seriously. To that end, this Administration immediately got to work. By June, we returned over $4.4 billion in unspent and unusable COVID-era funding to the U.S. Department of the Treasury's General Fund. The Department is committed to rooting out waste, fraud, and abuse. We are determined to restore program integrity and ensure the careful stewardship of taxpayers' hard-earned dollars. We will work diligently to resolve the matter in the coming year.

For detailed information, please see Management's Response in the Independent Auditor's Report. The Management's Discussion and Analysis section of this Report provides a further, detailed assessment of internal controls and compliance within the Department's financial management systems. The financial data and summary performance results provided in the Report are reliable and complete in accordance with federal requirements.

As we celebrate 250 years of American independence this year, I look forward to advancing our critical work at the Department of Labor. Through our work, we will strengthen the American workforce, build talent pipelines for the next generation of skilled trades workers, ensure safe work environments, bolster reindustrialization, and promote economic opportunity for American workers and businesses alike. I look forward to another great year of building upon the progress we have already made and continuing to deliver results for the American Worker.

Keith Sonderling
Acting Secretary of Labor

The Department of Labor's Mission:
"To foster, promote, and develop the welfare of the wage earners, job seekers, and retirees of the United States; improve working conditions; advance opportunities for profitable employment; and assure work-related benefits and rights."

Keith Sonderling
Acting Secretary of Labor
September 11, 2026

Management's Discussion and Analysis

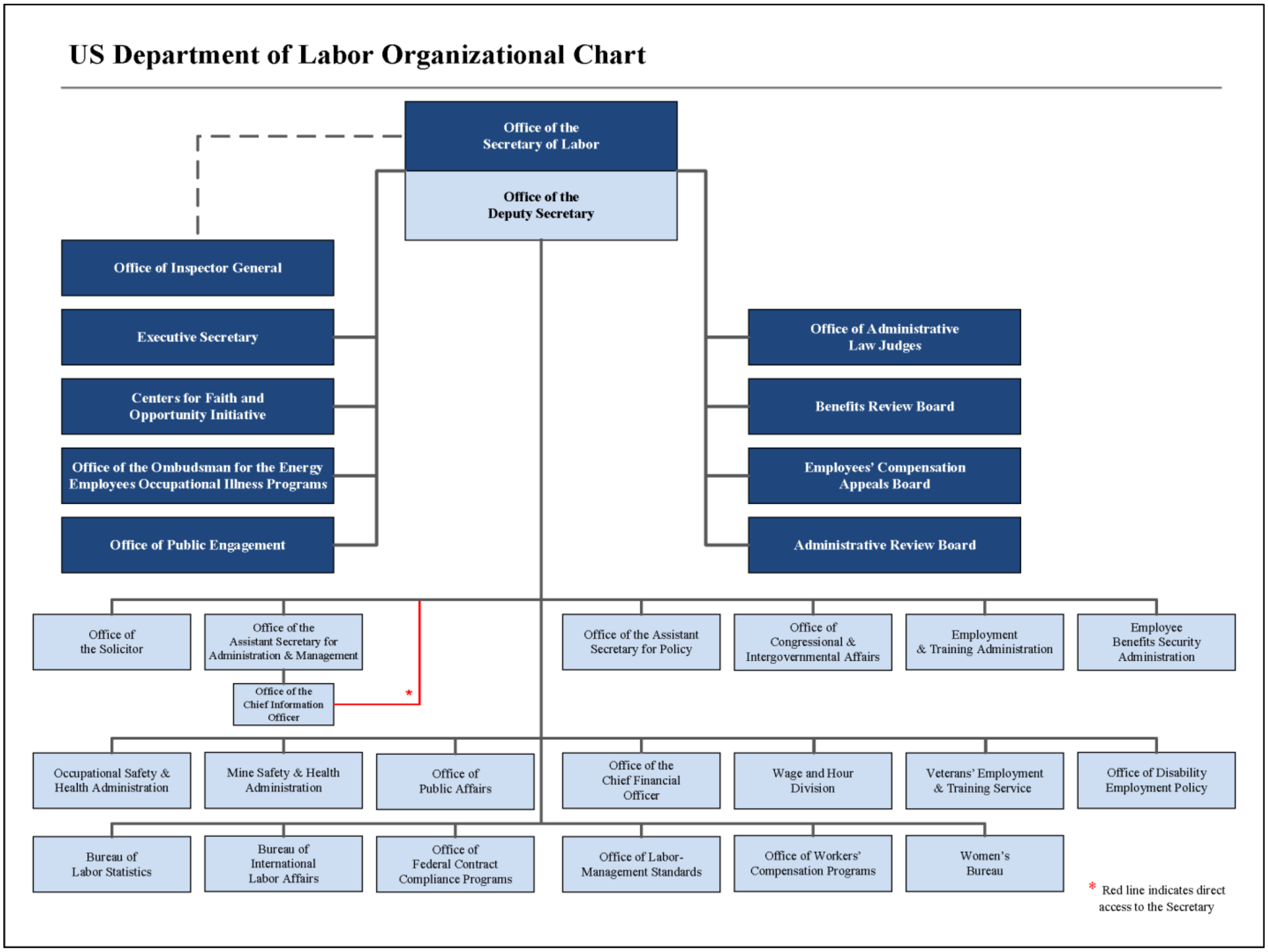
The U.S. Department of Labor's (DOL or the Department) annual Agency Financial Report (AFR) provides fiscal data and summary performance results that enable the President, Congress, and American people to assess the Department's accomplishments for each fiscal year (October 1 through September 30). This report provides an overview of programs, accomplishments, challenges, and management's accountability for the resources entrusted to the Department. The AFR is prepared in accordance with the requirements of Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements* (07/14/2025).

Mission Statement and Organizational Structure

DOL's mission remains as relevant today as at the Department's founding in 1913:

> *"To foster, promote, and develop the welfare of the wage earners, job seekers, and retirees of the United States; improve working conditions; advance opportunities for profitable employment; and assure work-related benefits and rights."*

The Department accomplishes this mission through component agencies and offices that administer various statutes and programs. These programs are carried out through a network of regional offices and smaller field, district, and area offices, as well as through grantees and contractors.



For text links and additional information, visit the Agencies and Programs page on DOL.gov.

Program Performance Overview

Performance Goals, Objectives, and Results

The Department of Labor's (DOL) performance is led with results-driven management through strategic planning and performance reporting, in accordance with the Government Performance and Results Modernization Act of 2010 (GPRAMA). FY 2025 performance results for outcome measures reported under GPRAMA are included in the Annual Performance Report, which was published on the DOL's Performance.gov page on April 3, 2026. Access previous DOL reports for more information.

Performance Management

The Department regularly assesses Departmental and subagency progress in the implementation of the Administration's priorities. The goals laid out in DOL's Strategic Plan are cascaded down to agency management plans for each DOL agency, and ultimately to the individual performance plans. The performance management process is led by the Performance Management Center in the Office of the Assistant Secretary for Administration and Management.

Through routine reviews with the Deputy Secretary, executives assess program performance, both quarterly and year-to-date, against targets established in each subagency's annual agency management plan, as well as the annual strategic reviews with the Office of Management and Budget (OMB). The Department tracks and analyzes approximately 500 performance measures. This performance information serves as the basis for budget and management decisions.

Performance Outcomes

A detailed breakdown of DOL's performance results will be found in the FY 2025 Annual Performance Report.

Highlighted Measures from the FY 2022-2026 Strategic Plan

Measure	FY 2025 Target	FY 2025 Result[1]	Status	Cost Category
Percent of wage-loss claims timely processed within 14 days: claims not requiring further development	92%	95%	Exceeded	Compensation for personal services
Active Apprentices	700,000	702,466	Exceeded	Compensation for personal services

Strategic Goal Framework

The Department's FY 2026-2030 Strategic Plan meets the requirements of the GPRAMA and is the foundation for DOL's performance, planning, and budget activities. DOL's proposed Strategic Goal Framework is comprised of three overarching Strategic Goals (Goal 1, 2, and 3) and 13 Strategic Objectives that support Acting Secretary Sonderling's vision to Put American Workers First and achieve the Department's mission to foster, promote, and develop the welfare of the wage earners, job seekers, and retirees of the United States; improve working conditions; advance opportunities for profitable employment; and assure work-related benefits and rights. The Department's strategic goals and objectives will serve as the performance framework for programs and functions administered by seventeen DOL subagencies, as depicted in the DOL Strategic Goal Framework.

[1] Data from Performance Management Dashboard December 2025 (internal DOL database)

Looking Forward

DOL's work will prioritize making America skilled again, protecting American workers, and restoring government efficiency. Key initiatives will include strengthening the workforce by promoting skilled trade jobs and supporting apprenticeships as viable employment pathways. The Department will be focused on modernizing workforce data and systems to enhance job retention and training effectiveness. In terms of worker protection, the Department will aim to ensure the timely and accurate delivery of unemployment and workers' compensation benefits and reinforce the enforcement of safety and employment standards. Efforts to facilitate lawful temporary employment of foreign workers will be crucial, ensuring American workers' rights are safeguarded. Additionally, the Department will emphasize optimizing internal operations, reducing bureaucratic barriers, enhancing fiscal integrity, and leveraging AI for improved public services. Through these strategic initiatives, the Department will aim to bolster the American workforce's welfare and contribute to sustainable economic growth.

Proposed DOL Strategic Goal Framework

Strategic Goal	Strategic Objectives	Supporting Agencies
1. Making America Skilled Again	1.1 - Strengthen the American workforce by expanding skilled trade jobs and propelling workers into secure, high-need jobs to support the next Golden Age.	Employment and Training Administration (ETA) Veterans' Employment and Training Service (VETS) Office of Disability Employment Policy (ODEP) Women's Bureau (WB) Office of Federal Contractor Compliance Programs
	1.2 - Support apprenticeship as a pathway to employment that meets the needs of the American economy.	Employment and Training Administration (ETA)
2. Protecting American Workers	2.1 - Partner with states to ensure lawful American workers receive timely and accurate unemployment benefits.	Employment and Training Administration (ETA)
	2.2 - Deliver timely and accurate workers' compensation benefits to eligible workers for qualified claims.	Office of Workers' Compensation Programs (OWCP)
	2.3 - Utilize enforcement as necessary, and promote compliance with federal safety, health, labor, and employment protection standards to secure a safe and strong American workforce.	Occupational Safety and Health Administration (OSHA) Mine Safety and Health Administration (MSHA) Wage and Hour Division (WHD) Veterans' Employment and Training Service (VETS)
	2.4 - Ensure access to secure retirement, health and other work-related benefits for American workers and their families.	Employee Benefits Security Administration (EBSA)
	2.5 - Promote labor union transparency and financial integrity in American workplaces.	Office of Labor Management Standards (OLMS)
	2.6 - Strengthen U.S. trade negotiations by addressing unfair labor practices around the world.	Bureau of International Labor Affairs (ILAB)

Strategic Goal	Strategic Objectives	Supporting Agencies
	2.7 - Facilitate lawful temporary employment of foreign workers while safeguarding American workers, employers, and farmers.	Office of Foreign Labor Certification (OFLC) Wage and Hour Division (WHD)
3. Restoring Government Efficiency	3.1 - Serve the American worker through hiring the highest caliber workforce and optimizing internal services.	Office of the Assistant Secretary for Administration and Policy (OASAM)
	3.2 - Reduce bureaucratic overreach and eliminate information silos across DOL Agencies.	Office of the Assistant Secretary for Policy (OASP)
	3.3 - Promote fiscal integrity, efficiency, effectiveness, and optimize AI to safeguard American taxpayers from fraud, waste, and abuse.	Office of the Chief Financial Officer (OCFO)
	3.4 Provide timely, accurate, and relevant information on labor market activity, working conditions, price changes, and productivity in the U.S. economy to support workforce planning and decision-making.	Bureau of Labor Statistics (BLS)

Financial Performance Overview

Sound financial management is an integral part of the Department's efforts to deliver services and administer programs. With the Department's emphasis on internal controls, accurate financial information delivery to key decision makers, and transparent and accountable reporting, the Department's stakeholders can be confident that resources are used efficiently and effectively.

DOL implemented the requirements of OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* (revised July 15, 2016), and the Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* (published September 10, 2014). DOL's internal control program and centralized processes for reporting financial data help to ensure the relevance and reliability of financial performance data, including compliance with *the Digital Accountability and Transparency Act of 2014* (the DATA Act) and Circular A-123's, *Appendix A, Management and Reporting of Data Integrity Risk* (revised June 6, 2018). Through its *Data Quality Plan*, DOL has tailored its control structure to address risks to data quality in Federal spending data and the system of controls that manage such risks. DOL's comprehensive internal control program has the objective of providing, on a continuing basis, reasonable assurance that all financial, non-financial, performance, statistical records, and related reports are reliable. DOL's internal control program helps ensure that appropriate internal controls are in place for financial performance management and that agencies institute sound, effective internal control policies and procedures for financial performance measurement and regular evaluation of their processes. Financial performance is evaluated during comprehensive ongoing financial management reviews and corrective actions are implemented as required to resolve audit findings and increase efficiency. One of these evaluations is DOL's assessment of its internal controls over financial reporting conducted in accordance with the requirements of Appendix A. As a result, management was able to provide reasonable assurance, with the exception of the material weakness, on the effectiveness of its internal controls over reporting as of September 30, 2025. These business processes help to ensure that reported financial performance information is relevant and reliable.

In FY 2025, DOL used managerial cost accounting for costing programs and performance indicator results in accordance with *the Federal Accounting Standards Advisory Board's* (FASAB) *Statement of Federal Financial Accounting Standards* (SFFAS) 4, "*Managerial Cost Accounting Standards and Concepts*," as amended. The statement outlines the standards for Federal entities to provide "reliable and timely information on the full cost of Federal programs, their activities, and outputs." This information can be used to allocate resources and evaluate program performance. Managerial cost accounting directly supports the sections of the AFR that address Net Program Cost in the Statement of Net Cost. Total Net Cost of DOL activities were $89.6 billion for FY 2025.

Analysis of Financial Statements and Stewardship Information

The principal financial statements summarize the Department's financial position, net cost of operations, and changes in net position, and provide information on budgetary resources and social insurance.

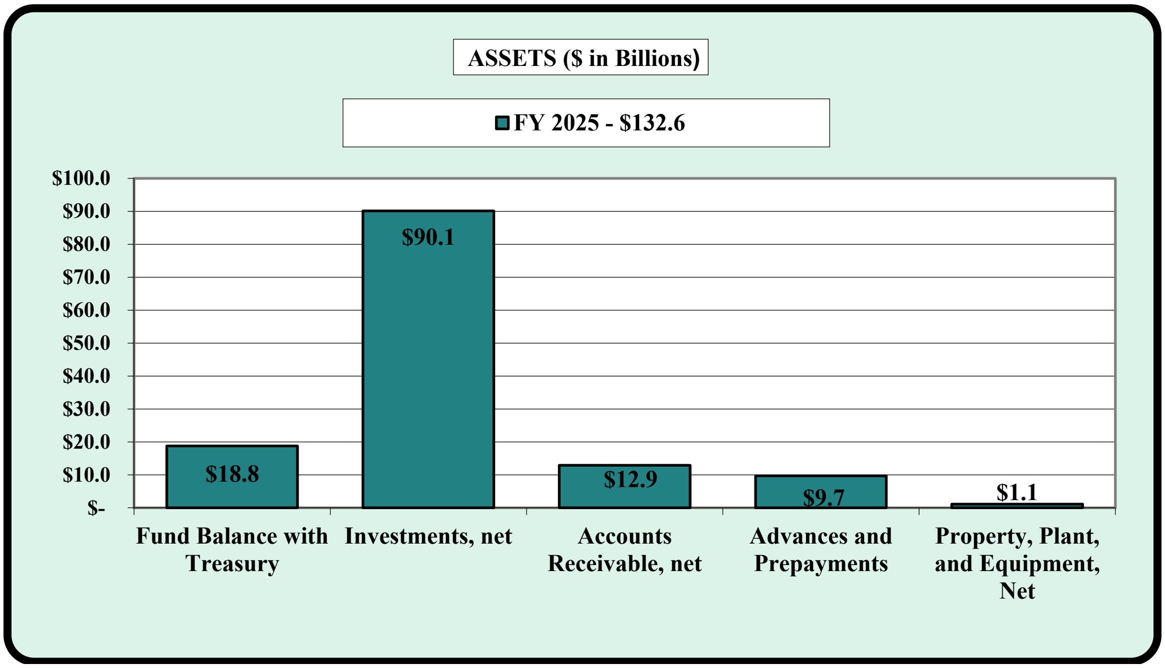
Figure 1: Summary of Selected Financial Data for FY 2025

(Dollars in Billions)	2025
Financial Position	
Total Assets	$ 132.6
Fund Balance with Treasury	18.8
Investments, Net	90.1
Accounts Receivable, Net	12.9
Advances and Prepayments	9.7
Property, Plant, and Equipment, Net	1.1
Total Liabilities	$ 158.1
Debt	28.2
Post-Employment Benefits Payable	8.2
Benefits Due and Payable	9.8
Other Liabilities: Energy Employees Occupational Illness Compensation Benefits	107.3
Remaining Liabilities	4.6
Net Cost of Operations	
Net Cost of Operations	$ 89.6
Income Maintenance	79.6
Employment and Training	7.0
Other	3.0
Budgetary Resources	
Total Budgetary Resources	$ 75.8
New Obligations and Upward Adjustments (Total)	70.5
Appropriations (Discretionary and Mandatory)	59.9
Agency Outlays, Net (Discretionary and Mandatory)	54.2

Financial Position

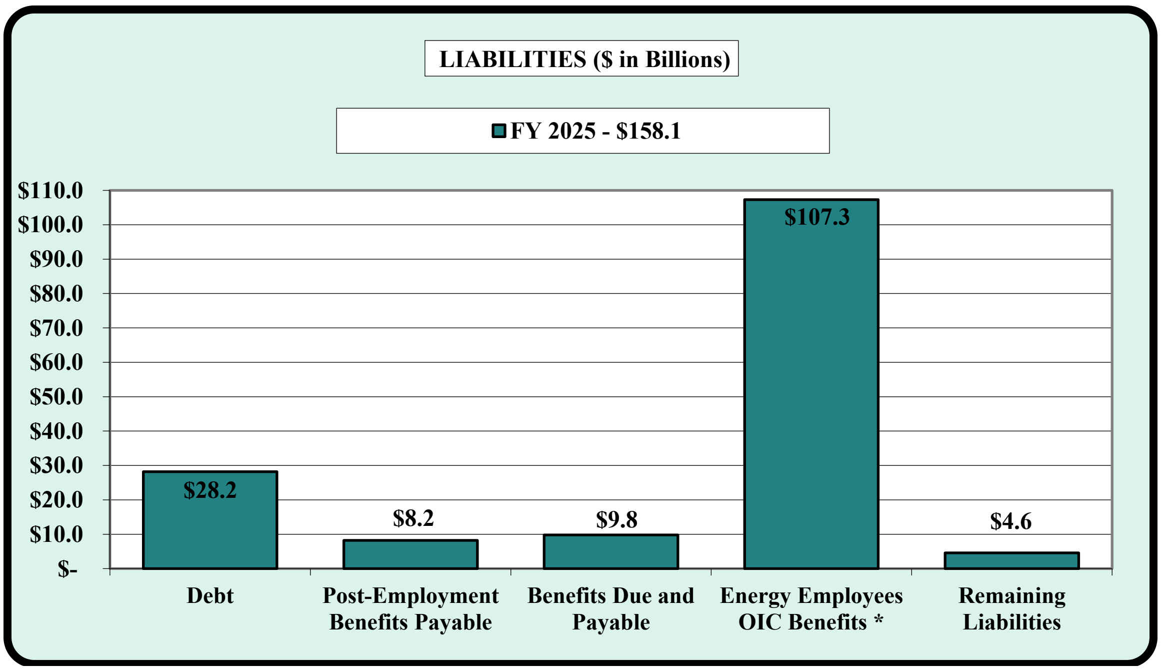
The Department's balance sheet presents DOL's financial position through the identification of agency assets, liabilities, and net position, as shown below. The Department's total assets were $132.6 billion as of the end of FY 2025 (See Figure 2 on the next page for reported Assets by Type for FY 2025). DOL's Fund Balance with Treasury was $18.8 billion. It represents obligated and unobligated balances available to finance DOL's expenditures. Investments, net comprise the largest portion of total assets. DOL's Investments, net, were $90.1 billion. Accounts receivable, net was $12.9 billion. Advances and Prepayments were $9.7 billion. These advances are for unemployment benefit payments to the states.

Figure 2: Assets by Type for FY 2025



The Department's total liabilities were $158.1 billion at the end of FY 2025. The $107.3 billion in Energy Employees Occupational Illness Compensation (EEOIC) benefits comprise the largest component of DOL's total liabilities. DOL records a liability for all unpaid disability benefits as of September 30, 2025. The debt component of $28.2 billion at the end of FY 2025 in DOL's total liabilities relates to advances from U.S. Treasury to the Unemployment Trust Fund and Black Lung Disability Trust Fund.

Figure 3: Liabilities by Type for FY 2025

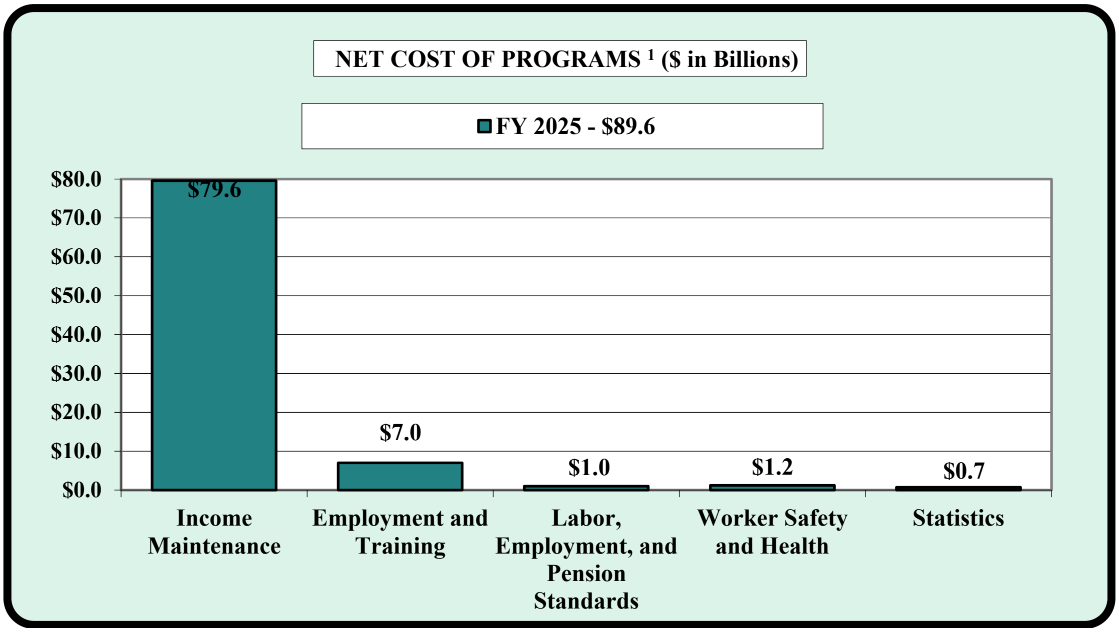


* OIC = Occupational Illness Compensation.

Net Cost of Operations

The Department's net cost of operations for the year ended September 30, 2025 was $89.6 billion.

Figure 4: Net Cost of Operations by Program for FY 2025



[1] The Department's Net Cost of Programs include costs not assigned to specific programs, which were $126.1 million for FY 2025.

Income Maintenance programs continue to comprise the major portion of departmental costs. These programs include unemployment benefits paid to covered individuals who are out of work and seeking employment, as well as payments to individuals who qualify for disability benefits due to injury or illness suffered on the job, and the costs to administer these programs. Income maintenance net costs were $79.6 billion in FY 2025.

Employment and Training programs comprise DOL's second largest cost. These programs are designed to help individuals deal with the loss of a job, identify new occupational opportunities, find training to acquire different skills, start a new job, and make long-term career plans, as well as connect employers to workers with the skills they need. Employment and training costs were $7.0 billion in FY 2025.

<u>Budgetary Resources</u>

The Statement of Budgetary Resources reports the budgetary resources available to DOL to effectively carry out the activities of the Department during FY 2025, as well as the status of these resources at the end of each fiscal year. During FY 2025, total budgetary resources were $75.8 billion.

Social Insurance and the Black Lung Disability Benefit Program

FASAB has classified the Black Lung Disability Benefit Program as a social insurance program that is required to report a Statement of Social Insurance (SOSI) and a Statement of Changes in Social Insurance Amounts (SCSIA) for the Black Lung Disability Trust Fund (BLDTF); these are sustainability financial statements.

The SOSI reports for the projection period (which begins on the September 30 valuation date of the reporting year) for current and new participants (the open group), the open group measure, which is the present value of estimated future coal excise tax income, less the present value of estimated future administrative costs and the actuarial present value of future benefit payments. The SOSI also reports the closed group measure, which is measured in a similar manner, for the current participants only (the closed group). The difference between the open group measure and the closed group measure is the inclusion of new participants that will be added to the rolls after the valuation date; new participants include participants for whom the BLDTF has an adjudicated liability as of September 30 (due to, among other things, bankruptcy of the responsible mine operator) but had not yet been added to the rolls. DOL uses a rolling 25-year projection period that begins on the September 30 valuation date. For the September 30, 2025 valuation date, the rolling 25-year projection period ends September 30, 2050.

For the five years presented in the SOSI, the open group measure at the 2021 measurement date improved overall from a negative $(1.95) billion as of September 30, 2021 to a negative $(573.0) million as of September 30, 2025. The open group measure has primarily been affected by the present value of estimated future coal excise tax income, which depends on, among other things, the business and regulatory environment of the coal industry. Assumptions that, among other things, lead to favorable conditions for energy sources that compete with coal will reduce coal's market share; lower demand for coal will lead to lower collections of excise taxes. Conversely, assumptions that, among other things, lead to unfavorable conditions for energy sources that compete with coal will increase coal's market share; higher demand for coal will lead to higher collections of excise taxes.

Changes due to legislation, regulation, and litigation are factors that affect the business and regulatory environment of the coal industry and its competing industries.

- Based on legislation, the coal excise tax rates have fluctuated year-to-year, between higher rates of $1.10 per ton of underground-mined coal and $0.55 per ton of surface-mined coal sold, with a cap of 4.4 percent of sales price versus lower rates of $0.50 per ton of underground-mined coal and $0.25 per ton of surface-mined coal sold, with a limit of 2.0 percent of sales price.
- The Inflation Reduction Act enacted in August 2022 and the One Big Beautiful Bill Act enacted in July 2025, among other things, provide federal economic incentives (or disincentives) for the coal industry and its competing industries.
- The status of regulatory rule-making and litigation may impact when regulations are implemented.

The timing of these factors, whether DOL is able to obtain timely information, and DOL's deadlines for publishing the financial statements affect the assumptions that DOL uses in its estimates and how the SOSI and its disclosures are recognized and/or presented.

On December 27, 2020, P.L. 116-260, Division EE, Taxpayer Certainty and Disaster Tax Relief Act of 2020, temporarily extended the higher coal excise tax rates for the period January 1, 2021 through December 31, 2021. However, in accordance with the laws in effect as of September 30, 2021, the tax rates reverted to the lower rates on January 1, 2022 and these assumptions were used for the SOSI as of September 30, 2021.

The Inflation Reduction Act (enacted in August 2022) permanently raised the coal excise tax rates to the higher rates on domestic sales of coal on or after October 1, 2022 and these assumptions were used for the SOSI as of September 30, 2022, 2023, 2024, and 2025. The open group measure as of September 30, 2022 improved primarily because of a higher present value of estimated future tax income due to the permanent increase in coal excise tax rates that were immediately effective on October 1, 2022. However, the September 30, 2022 open group measure did not include the effects on coal production of the IRA's sustainable energy federal tax credits and incentives because information about those projections (from the Energy Information Administration's [EIA] Annual Energy Outlook report) was not available until March 2023, after DOL had published its September 30, 2022 SOSI in December 2022.

To prepare the SOSI as of September 30, 2023, DOL used the EIA Annual Energy Outlook report published in March 2023. There was a large decrease in the open group measure between September 30, 2022 and September 30, 2023 primarily because the September 30, 2023 open group measure included the effects of the IRA's sustainable energy federal tax credits and incentives that support, in general, energy industries that compete with the coal industry; as coal production decreases, this in turn, decreases the coal excise tax collections on domestic sales of coal. For the SOSI with a valuation date of September 30, 2023, the lower excise tax collections due to the large decrease in projected coal production offset the IRA's permanent increase in the coal excise tax rates which went into effect on October 1, 2022. For the SOSI with a valuation date of September 30, 2024, the EIA did not publish a 2024 Annual Energy Outlook report so DOL continued to use report published in March 2023; the lower excise tax collections continued due to lower projections on coal production.

P.L. 119-21, the One Big Beautiful Bill Act (OBBBA), was enacted in July 2025. Among other things, the OBBBA terminates multiple energy-related federal tax credits associated with the Green New Deal, expands the use of federal lands for coal leases, and reduces royalties for coal leases on federal lands. In general, the OBBBA ended incentives that supported energy industries that compete with the coal industry. The estimated future excise taxes continued to use, among other things, assumptions based on the EIA Annual Energy Outlook report's projections of coal production; these projections were published on April 8, 2026 and implemented some of the requirements of the OBBBA and assumed that the Greenhouse Gas emissions standards for fossil-fired power plants are repealed and existing coal plants are allowed to continue operation without any modifications to reduce emissions. The SOSI as of September 30, 2025 and the SCSIA for the year then ended, reflect higher coal production projections based on the April 8, 2026 report because DOL's financial statements were not published until after April 2026.

Figure 5: Black Lung Disability Benefit Program - Table of Key Measures for FY 2025 and FY 2024

			Change	
(Dollars in Millions)	**2025**	**2024**	**Amount**	**Percent**
Financial Position				
Total Assets	$ 297.6	$ 290.2	$ 7.4	2.5%
Less: Total Liabilities	(7,157.1)	(6,926.5)	(230.6)	(3.3)%
Net Position (Assets net of Liabilities)	$ (6,859.5)	$ (6,636.3)	$ (223.2)	(3.4)%
Costs and Changes in Net Position				
Net Cost of Operations	$ (381.8)	$ (445.2)	$ 63.4	14.2%
Net Financing Sources	158.6	164.5	(5.9)	(3.6)%
Change in Net Position	$ (223.2)	$ (280.7)	$ 57.5	20.5%
Social Insurance				
Open Group Measure, Beginning of Year	$ (912.7)	$ (527.7)	$ (385.0)	(73.0)%
Open Group Measure, End of Year	$ (573.0)	$ (912.7)	$ 339.8	37.2%
Amount totals may differ due to rounding.				

The increase in total assets of $7.4 million [2.5%] was due to the higher Fund Balance with Treasury (FBWT). The BLDTF FBWT represents immediate needs to cover benefits and other expenses. The decrease in net cost of operations of $63.4 million [14.2%] was due primarily to decreases in costs for benefits and interest. The FY 2025 net financing sources decreased $5.9 million [(3.6)%] from FY 2024 primarily because of an increase in transfers out without reimbursement.

Total liabilities increased $230.6 million [3.3%] at the end of FY 2025. The BLDTF paid maturing debt and interest on September 30, 2025, but borrowed again on that date. The increase in the debt level is important because it demonstrates that although the BLDTF repaid debt of $3.4 billion on September 30, 2025, the debt level increased due to additional borrowing of $3.4 billion and accrued interest of $1.9 billion on the zero-coupon bonds as of September 30, 2025. As presented in the SCSIA, the FY 2025 open group measure increased by $339.8 million primarily because of changes in assumptions about coal excise tax revenues of $344.9 million and changes in assumptions about interest rates of $47.9

million, offset by changes in assumptions about beneficiaries, including costs, number, type, age, and life expectancy of $(30.0) million, and changes in assumptions about administrative costs of $(38.2) million.

In FY 2024, the open group measure decreased by $(385.0) million primarily because of changes in assumptions about coal excise tax revenues of $(154.0) million, changes in assumptions about administrative costs of $(117.8) million, and changes in assumptions about beneficiaries, including costs, number, type, age, and life expectancy of $(90.6) million, offset by the net effect of other changes in assumptions about Federal civilian pay raises for income benefits, medical inflation for medical benefits, and interest rates.

The total of open group measure plus fund assets as of September 30, 2025 represents a projected net cash flow that may be used to liquidate the liabilities of the BLDTF. As of September 30, 2025, the open group measure plus fund assets is $(275.4) million due to an increase in the open group measure of $339.8 million.

The BLDTF continues to have a poor financial condition caused by its existing debt:

- the principal and interest that will mature on September 30, 2026 will be more than $3.8 billion, which will contribute to a higher debt level, and
- the carrying value of the debt as of September 30, 2025 is $7.15 billion, an increase of $269.8 million.

As of September 30, 2025, the fund deficit was $(6.86) billion, a decline in the fund's net position of $223.2 million. The fund's increasing debt burden, together with the excess of BLDTF debt over the open group measure plus fund assets, the increase in the fund deficit, and the continuing poor financial condition of the fund represent risks and conditions with unfavorable effects on the long-term sustainability of the BLDTF. Refer to Notes 1-W, 1-Y, and 21, Required Supplementary Information (RSI), as well as the FY 2024 AFR, for additional information on the SOSI, including the summary section; SCSIA; the Black Lung Disability Benefit Program; its reported activity and balances; and projections and sensitivity analysis in constant dollars through 2050.

Education and Training Programs

Education and training programs are maintained by DOL on behalf of the nation, providing long-term benefits that cannot be measured in traditional financial reports. These programs are created for the general public and are intended to maintain or increase national economic productive capacity. DOL's education and training programs are reported as employment and training expenses in DOL's net cost of operations. Within DOL, the Employment and Training Administration (ETA), including the Office of Job Corps (OJC), and the Veterans' Employment and Training Service (VETS) administer training programs. Below is a discussion of ETA programs. Please refer to the Other Information section for a discussion of VETS programs.

Employment and Training Administration

ETA's total net costs for education and training programs were $6.5 billion, which provided services to nearly 1.4 million participants in FY 2025. These costs consisted of job training programs authorized by the Workforce Innovation and Opportunity Act (WIOA) of 2014, Title V of the Older Americans Act, as amended, the Trade Act of 1974, as amended, the Health Care and Education Reconciliation Act of 2010, the National Apprenticeship Act of 1937, and other legislation.

Within ETA, the OJC also invests in education and training through WIOA's Job Corps training program. OJC's costs in FY 2025 were $2 billion, providing services to over 49,000 participants in primarily residential settings at more than 120 Job Corps centers. The job training programs authorized by WIOA and other legislation are discussed below.

Adult, Dislocated Worker, Youth, and Job Corps Programs
Authorized by the Workforce Innovation and Opportunity Act (WIOA) of 2014

- **WIOA Adult Program** – The WIOA Title I Adult Program helps prepare adult job seekers, particularly those who are low income, for high-paying jobs, through formula grants to states. States use the WIOA funds to provide employment and training services through a network of approximately 2,200 American Job Centers. These services are provided at a level that most effectively meets jobseekers' needs to achieve gainful employment. The program is also designed to assist employer customers in meeting their needs for hiring skilled workers. The WIOA Adult program provides priority of service to recipients of public assistance, individuals who are "basic skills deficient" (including English language-learners), and low-income individuals, to help them enter or re-enter the workforce and gain a pathway to economic stability. The WIOA Adult program, and all job training programs funded by the Department, also provides priority of service for employment and training services to veterans and eligible spouses. ETA's FY 2025 costs through the WIOA Adult programs were $949 million.

- **WIOA Dislocated Worker Program** – The WIOA Dislocated Worker Program funds services to support the reemployment of laid-off workers. The Department allots formula funds to states to operate the Dislocated Worker program. States allocate their Dislocated Worker funds to their local workforce development areas to provide career and training services to individuals who have lost their jobs through no fault of their own, including separating service members, military spouses, and displaced homemakers. Additionally, the program allows for states to reserve up to 25 percent of their Dislocated Worker funds for Rapid Response activities. Rapid Response is a proactive, business-focused, and flexible strategy to assist both growing companies seeking skilled workers and businesses and workers affected by layoffs through coordinated and quickly provided services. The Department also awards National Dislocated Worker Grants to provide employment services and other assistance to workers laid off due to emergencies and major disasters, mass layoffs of at least 50 workers, or circumstances where at least 50 individuals relocate from a disaster area. These specially targeted funds can infuse resources to areas impacted most from plant closings, mass layoffs, or job losses due to natural disasters or military base realignment and closures. ETA's FY 2025 costs for the WIOA Dislocated Worker programs were $1.5 billion.
- **WIOA Youth Programs** – The WIOA Youth Formula Program provides employment, education, and training services to eligible in-school youth, ages 14-21, and eligible out-of-school youth, ages 16-24, who face barriers to employment. The program serves high school dropouts, foster youth, homeless youth, offenders, youth with disabilities, youth with low literacy rates, as well as others who may require additional assistance to complete an educational program and acquire an industry-recognized credential or enter employment. Additionally, the YouthBuild program addresses the challenges faced by unemployed youth and those who left high school prior to graduation by providing them with an opportunity to gain the education and occupational skills that will prepare them for quality employment. ETA's FY 2025 costs for the WIOA Youth and YouthBuild programs was $1.1 billion.
- **Job Corps program** – ETA's Office of Job Corps (OJC) awards contracts to support a system of primarily residential centers providing academic education, career technical training, service-learning, and social skills training for low-income young people. There are more than 120 Job Corps centers including 24 centers that are operated through interagency agreements between DOL and the U.S. Department of Agriculture, Forest Service. OJC's FY 2025 costs for the Job Corps program were $2 billion.
- **Reentry Employment Opportunities programs** – The Reentry Employment Opportunities (REO) programs serve youth (15-17), young adults (18-24), and adults (18+) who are currently or formerly incarcerated, or have had other involvement with the juvenile or adult criminal justice system. The REO programs build evidence on how to best serve individuals who have been incarcerated or have had justice-system contact by testing the effectiveness of service delivery models that support reentry into the workforce. The REO programs also aim to reduce recidivism and promote community safety by increasing positive employment outcomes for the reentry population. REO grants have funded state agencies, national and regional intermediary organizations, local governments, and community-based organizations that provide job placement and training leading to industry-recognized credentials through competitive grants. Core services of REO programs include occupational skills training and work experience, and other services such as tutoring, mentoring, and supportive services. ETA also uses REO funds to administer the Federal Bonding Program, which provides fidelity bonds to employers for the first six months of employment. ETA's FY 2025 costs for the REO programs were $104 million.
- **National programs** – ETA also administers programs authorized by WIOA Title I to serve specific communities, including grants to federally recognized Indian tribes and other Native American governments or non-profit organizations, and to migrant and seasonal farmworker service organizations. The National Farmworker Jobs Program (NFJP) serves low-income migrant and seasonal farm workers. Participants are youth ages 14-24 and adults ages 18 and older. NFJP Career Services and Training participants receive career services and training opportunities. NFJP Housing participants receive permanent and temporary housing services to help them achieve their education and career goals. The Indian and Native American (INA) Program provides training and employment services to American Indians, Alaska Natives, and Native Hawaiians who reside both on and off reservations, including those who are living in urban areas. The program emphasizes training in jobs that are in

high demand in the local economy as well as high demand jobs available outside the local community for individuals who are willing to relocate to obtain employment. ETA's FY 2025 costs for the WIOA National Programs were $147 million.

Community Service Employment for Older Americans (CSEOA) Program

Authorized by the Older Americans Act of 1965, the Senior Community Service Employment Program (SCSEP) is designed to foster individual economic self-sufficiency and promote useful work experience opportunities in the community for unemployed low-income persons (particularly persons who have poor employment prospects) who are age 55 or older, and to increase the number of persons who may benefit from unsubsidized employment in the public and private sectors. ETA's FY 2025 costs for the CSEOA's SCSEP were $350 million.

Trade Adjustment Assistance for Workers Program

The Trade Adjustment Assistance (TAA) Program is a vital part of the workforce development system as it helps workers dislocated by foreign trade to adjust to changing market conditions and shifting skill requirements. Addressing the needs of trade-affected workers is a unique challenge, as they are typically dislocated from relatively outdated-skill, high-wage employment. In many cases, dislocations occur via mass layoffs or plant closures in single-industry regions, which makes finding comparable employment in the same geographic area difficult. Furthermore, many of these jobs are permanently lost from the domestic economy, requiring affected workers to completely retool their skills. TAA provides these affected workers with opportunities to obtain the skills, credentials, resources, and case management support necessary to become reemployed. On July 1, 2022, the termination provision under Section 285(a) of the Trade Act of 1974, as amended, took effect. Until further notice, the Department may not issue any determinations and may not accept any new petitions or requests for reconsideration. ETA's FY 2025 TAA training costs were $28 million.

National Apprenticeship Program

The Office of Apprenticeship (OA) provides direction and national leadership for the National Apprenticeship System nationwide. OA, in collaboration with industry and states, facilitates business, industry, and labor participation in these innovative work-based learning and post-secondary earn-and-learn models that increase business efficiency and provide workers with a solid path to the middle class. ETA's FY 2025 costs in Apprenticeship programs were $291 million.

Program Costs and Outputs

The cost of ETA education and training programs and the participants served are shown in the chart below for FY 2025.

ETA Education and Training Programs
Program Costs (in Millions) and Participants Served (1) (in Thousands)
For FY 2025

	2025	
Program	**Costs**	***Part. Served***
WIOA		
Adult	$949	*253.0*
Dislocated Worker[2]	1,496	*213.1*
Youth[3]	1,104	*130.3*
Job Corps	1,961	*49.7*
Reentry Employment Opportunities Programs[4]	104	*18.5*
National Programs[5]	147	*27.8*
CSEOA		
SCSEP	350	*36.3*
TAA for Workers[7]	28	*1.6*
Apprenticeship	291	*732.7*
Other[6]	95	*48.2*
TOTAL	$6,525	*1,511.2*

(1) Participant numbers are from grantee reports submitted for the Program Year (PY) ending on June 30 of the corresponding fiscal year, unless otherwise noted.
(2) Dislocated Worker programs include the National Dislocated Worker Grants program.
(3) Youth programs include the YouthBuild program.
(4) Reentry Employment Opportunities Programs include the REO-Adult and REO-Youth programs
(5) National Programs include the Native American and Migrant and Seasonal Farmworker programs.
(6) Other includes training programs for highly skilled occupations funded through H1-B fees. The H-1B program added their current grants for future year reporting.
(7) On July 1, 2022, the termination provision under Section 285(a) of the Trade Act of 1974, as amended, took effect.

Program Outcomes

Outcomes for training programs comprising ETA's education and training programs are presented in the Department's Annual Performance Report for FY 2025, available on the DOL website in February 2026 at https://www.dol.gov/general/aboutdol#budget.

Limitations of the Principal Financial Statements

As required by the Government Management Reform Act of 1994 (31 U.S.C. 3515(b)), the principal financial statements report the Department's financial position and results of operations. While the statements have been prepared from the Department's books and records in accordance with U.S. Generally Accepted Accounting Principles (GAAP) for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the realization that they are a component of the U.S. Government, a sovereign entity, and that liabilities reported in the financial statements cannot be liquidated without legislation providing resources to do so.

Financial Management Systems and Strategy

New Core Financial Management System (NCFMS) is the financial system of records for the Department of Labor (DOL). It supports the Office of the Chief Financial Officer's (OCFO) mission to uphold strong financial management principles and accountability by providing timely, accurate, and reliable financial information. As a crucial component supporting DOL's finance, budget and accounting activities, NCFMS plays a pivotal role in facilitating invoicing and payments, budget execution, fixed assets management, accounts receivables, general ledger, and project accounting.

In FY 2025, DOL continued to implement approved enhancements to NCFMS through its established Change Control Process, ensuring the system effectively supports DOL's mission and evolving operational needs. Major accomplishments in FY 2025 included the successful integration of Treasury's G-Invoicing system with NCFMS to support new intragovernmental (IGT) Buy/Sell transactions and performance reporting. This integration brought DOL into compliance with a Treasury mandate requiring federal agencies to adopt G-Invoicing for standardized IGT processing. Additionally, DOL completed the NCFMS User Interface (UI) Framework Modernization Project, aligning the system with modern browser standards, enhancing Section 508 compliance, strengthening cybersecurity defenses, and significantly improving the overall user experience (UX).

In alignment with Executive Order directives and guidance from the Office of Management and Budget (OMB), which require federal agencies to prioritize the use of Treasury's Financial Management Quality Service Management Office (FM QSMO) as the preferred marketplace for financial systems and services, DOL continues to actively collaborate with FM QSMO-led initiatives. As part of this effort, DOL is planning to recompete the current NCFMS Operations and Maintenance (O&M) Support contract, set to expire in September 2026, through the FM QSMO marketplace acquisition process, ensuring continued compliance and alignment with government-wide financial management modernization goals.

Planned activities for FY 2026 include enhancing NCFMS' core accounts payable functionality through upgrades to both the MarkView and Capture software platforms. In coordination with the General Services Administration (GSA), DOL also plans to initiate the NCFMS and Go.Gov integration project to support the transition from the current E2 Travel system, with full implementation targeted by February 2027. Additionally, DOL is evaluating the implementation of Treasury's G-Invoicing 7600EZ and Constructive Order Acceptance (COA) capabilities. In preparation for Treasury's scheduled decommissioning of the XML gateway by September 2026, DOL is also assessing updates to existing system interfaces to transition from XML to the more modern JSON format as required by Treasury.

Management Assurances

Federal Managers' Financial Integrity Act of 1982

The Federal Managers' Financial Integrity Act of 1982 (FMFIA) requires that agencies establish internal controls and financial systems that provide reasonable assurance that the integrity of Federal programs and operations is protected. It requires the agency head to provide an annual assurance statement whether the agency has met this requirement or not.

OMB Circular A-123 provides specific requirements for conducting management's assessment of internal control over reporting and requires the agency head to provide an assurance statement on the effectiveness of internal controls over reporting.

Federal Financial Management Improvement Act of 1996

The Federal Financial Management Improvement Act of 1996 (FFMIA) requires that agencies implement and maintain financial management systems that comply substantially with Federal financial management system requirements, applicable Federal accounting standards, and the United States Government Standard General Ledger at the transaction level. The agency head makes an annual determination whether the financial systems substantially comply with FFMIA.

Federal Managers' Financial Integrity Act of 1982

The Department of Labor management is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act. DOL conducted its assessment of risk and internal control in accordance with OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. Based on the results of the assessment, the Agency can provide reasonable assurance that internal control over operations, reporting, and compliance were operating effectively as of September 30, 2025, except for the following material weakness reported:

1. Improvements Needed in Controls Over Financial Reporting Related to Unemployment Trust Fund (UTF) Balances and Activity

Federal Financial Management Improvement Act of 1996

The Federal Financial Management Improvement Act of 1996 (FFMIA) requires agencies to implement and maintain financial management systems that are substantially in compliance with Federal financial management systems requirements, Federal accounting standards, and the United States Government Standard General Ledger at the transaction level. All DOL financial management systems substantially comply with FFMIA as of September 30, 2025.

Keith Sonderling
Acting Secretary of Labor

David B. Castillo
Chief Financial Officer

Dean a. Heyl

Dean Heyl
Assistant Secretary for Administration and Management

September 11, 2026

Financial Section

Message from the Chief Financial Officer

This FY 2025 Agency Financial Report (AFR) provides detailed financial and high-level performance information to enable the Department's stakeholders and the American public to understand and evaluate our programs. This Report provides a comprehensive, transparent window for the American public into how the Department is utilizing the taxpayer dollars we've been entrusted with and fulfills several statutory requirements, including the Reports Consolidation Act, the Chief Financial Officers Act, the Federal Managers' Financial Integrity Act, and the Government Management Reform Act.

In FY 2025, the independent auditors gave DOL a qualified opinion on our consolidated financial statements. Upon assuming the role of CFO in November 2025, my top priority has been to address the findings raised by the audit and return to an unmodified opinion. More information regarding this audit opinion and our ongoing efforts may be found in *Management's Response* in the *Independent Auditors' Report* of this AFR.

I am honored to be a part of the Department of Labor and to carry out the Administration's mission of putting America First.

David B. Castillo
Chief Financial Officer
September 11, 2026

David B. Castillo
Chief Financial Officer
Department of Labor

OCFO's Mission

"The Office of Chief Financial Officer (OCFO) is responsible for the financial leadership of DOL and its primary duty is to uphold strong financial management and accountability while providing timely, accurate, and reliable financial information and enhancing internal control."

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

Acting Secretary and Inspector General
United States Department of Labor:

Report on the Audit of the Financial Statements

Qualified Opinion on the Consolidated Financial Statements and Opinion on the Sustainability Financial Statements

We have audited the financial statements of the United States (U.S.) Department of Labor (DOL), which comprise the consolidated financial statements and the sustainability financial statements. The consolidated financial statements comprise the consolidated balance sheet as of September 30, 2025, and the related consolidated statements of net cost, and changes in net position, and combined statement of budgetary resources for the year then ended, and the related notes to the consolidated financial statements.

The sustainability financial statements comprise the statements of social insurance as of September 30, 2025, 2024, 2023, 2022, and 2021, the statements of changes in social insurance amounts for the years ended September 30, 2025 and 2024, and the related notes to the sustainability financial statements.

In our opinion, except for the possible effects on the 2025 consolidated financial statements of the matters described in the Basis for Qualified Opinion on the Consolidated Financial Statements and Basis for Opinion on the Sustainability Financial Statements section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the United States Department of Labor as of September 30, 2025, and its net cost, changes in net position, and budgetary resources for the year then ended in accordance with U.S. generally accepted accounting principles.

Also, in our opinion, the accompanying sustainability financial statements present fairly, in all material respects, the United States Department of Labor's social insurance information as of September 30, 2025, 2024, 2023, 2022, and 2021, and its changes in social insurance amounts for the years ended September 30, 2025 and 2024 in accordance with U.S. generally accepted accounting principles.

Basis for Qualified Opinion on the Consolidated Financial Statements and Basis for Opinion on the Sustainability Financial Statements

For the year ended September 30, 2025, DOL reported remaining obligations from the prior year related to the unemployment insurance programs enacted during the COVID-19 pandemic in the amount of $3.5 billion. These remaining obligations are reflected in the unobligated balance from prior year budget authority, net, caption in the combined statement of budgetary resources. DOL also included information related to these obligations in notes 18.A, 18.C, 18.D, and 18.E. We were unable to obtain sufficient appropriate audit evidence about the methodology and certain underlying assumptions used to estimate the balance in fiscal year 2025. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

In addition, DOL reported COVID-19 related unemployment insurance benefit overpayments of $2.9 billion, net of allowance for uncollectible accounts, in the accounts receivable, net (with the public) caption in the consolidated balance sheet as of September 30, 2025. DOL also included information related to the accounts receivable and the allowance for uncollectible accounts in notes 4, 15, 19, and 21. We were unable to obtain sufficient appropriate audit evidence about the methodology and certain underlying assumptions used in developing the estimated components of the related account balances in fiscal year 2025, including the related bad debt and other expenses. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DOL and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated financial statements and audit opinion on the sustainability financial statements.

Emphasis of Matter

As discussed in Notes 1-W and 1-Y to the financial statements, the sustainability financial statements are based on management's assumptions. These sustainability financial statements present the present value of DOL's estimated future income to be received, actuarial present value of future expenditures to be paid, and present value of estimated future administrative costs using a projection period sufficient to illustrate long-term sustainability. The sustainability financial statements are intended to aid users in assessing whether future resources will likely be sufficient to sustain public services and to meet obligations as they come due. The statements of social insurance and changes in social insurance amounts are based on income and benefit formulas in current law and assume that scheduled benefits will continue after any related trust funds are exhausted. The sustainability financial statements are not forecasts or predictions. The sustainability financial statements are not intended to imply that current policy or law is sustainable. In preparing the sustainability financial statements, management considers and selects assumptions and data that it believes provide a reasonable basis to illustrate whether current policy or law is sustainable. Assumptions underlying such sustainability information do not consider changes in policy or all potential future events that could affect future income, future expenditures, and sustainability, for example, implementation of policy changes to avoid trust fund exhaustion or unsustainable debt levels. Because of the large number of factors that affect the sustainability financial statements and the fact that future events and circumstances cannot be estimated with certainty, even if current policy is continued, there will be differences between the estimates in the sustainability financial statements and the actual results, and those differences may be material. Our opinion on the sustainability financial statements is not modified with respect to this matter.

Other Matter - Interactive Data

Management has elected to reference to information on websites or other forms of interactive data outside the *Agency Financial Report* to provide additional information for the users of its financial statements. Such information is not a required part of the financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-02 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DOL's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about DOL's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the *Agency Financial Report*. The other information comprises the Message from the Acting Secretary of Labor, Message from the Chief Financial Officer, and Other Information sections but does not include the financial statements and our auditors' report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2025, we considered DOL's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DOL's internal control. Accordingly, we do not express an opinion on the effectiveness of DOL's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in Exhibits I and II, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in Exhibit I to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Exhibit II to be a significant deficiency.

KPMG

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether DOL's financial statements as of and for the year ended September 30, 2025 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 24-02.

We also performed tests of DOL's compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances in which DOL's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

DOL's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on DOL's responses to the findings identified in our audit and described in Exhibit III. DOL's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DOL's internal control or compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DOL's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, DC
September 11, 2026

Improvements Needed in Controls Over Financial Reporting Related to Unemployment Trust Fund (UTF) Balances and Activity

The United States Department of Labor (DOL) operates the Unemployment Insurance (UI) program which provides benefit payments, including enhanced UI benefits in response to COVID-19, to eligible individuals. Consistent with prior years, the preparation of DOL's financial statements requires management to make certain estimates and assumptions related to the UI programs that affect the reported amounts of assets, liabilities, and obligations as of September 30, 2025, and the associated expenses for the year then ended. These estimates include the UTF obligations of COVID-19 funding, the UTF COVID-19 benefit overpayment receivables, net, and a portion of the UTF expenses, among others.

In fiscal year (FY) 2024, we found management's controls over the estimates related to the obligation of UTF COVID-19 funding and the UTF COVID-19 benefit overpayment accounts receivable were not sufficiently designed and documented to support the methodology, assumptions, and data used to develop these estimates. We also found that management did not have sufficient controls in place over the UTF expenses to ensure that benefit expenses reported in DOL's financial statements were reconciled timely at an appropriate level of precision to the state workforce agencies' (SWA) expense information.

Although DOL developed new policies and procedures in FY 2025 in an effort to remediate the FY 2024 findings, such new procedures were not sufficient to fully address the prior year's findings. The deficiencies noted in FY 2025 continued to increase the risk that material misstatements in DOL's financial statements could occur and not be prevented or detected and corrected in a timely manner. A summary of the specific issues noted follows:

UTF Obligation of COVID-19 Funding

Management did not have sufficient processes and controls in place to properly validate the reasonableness of the methodology and assumptions, and the relevance and reliability of the underlying data used to develop the estimate of the remaining obligated amounts for UTF COVID-19 programs.

This resulted in management's inability to properly support the completeness, existence, and accuracy of the $3.5 billion in remaining obligations reflected in the unobligated balance from prior year authority, net, reported in the combined statement of budgetary resources for the fiscal year ended September 30, 2025, and the related information in notes 18.A, 18.C, 18.D, and 18.E.

UTF COVID-19 Benefit Overpayment Accounts Receivables and Related Allowances

Management did not have sufficient processes and controls in place to validate the relevance and reliability of the data and assumptions used in developing the benefit overpayment accounts receivable estimate and the related allowances. For example, in performing its outreach to SWAs to validate the reliability of the SWA established overpayments, management excluded from their outreach efforts SWAs with a total benefit overpayment accounts receivable of $7 billion.

These matters resulted in management's inability to properly support the completeness, existence, and accuracy of accounts receivable, net, reported in the consolidated balance sheet as of September 30, 2025, and the related information disclosed in notes 4, 15, 19, and 21.

Although management took certain steps in FY 2025 to develop corrective action plans to address prior year findings, the deficiencies related to the UTF obligation of funding and benefit overpayment accounts receivables continued to exist because management was not able to fully complete the analyses and procedures to validate the relevance and reliability of certain assumptions and underlying data used in the estimates.

The following criteria are relevant to the conditions noted above:

> The Government Accountability Office's *Standards for Internal Control in the Federal Government* (the Standards), Section 7.04 states:
>
> Management considers all significant interactions within the entity and with external parties, changes within the entity's internal and external environment, and other internal and external factors to identify risks throughout the entity. Internal risk factors may include the complex nature of an entity's programs, its organizational structure, or the use of new technology in operational processes. External risk factors may include new or amended laws, regulations, or professional standards; economic instability; or potential natural disasters. Management considers these factors at both the entity and transaction levels to comprehensively identify risks that affect defined objectives. Risk identification methods may include qualitative and quantitative ranking activities, forecasting and strategic planning, and consideration of deficiencies identified through audits and other assessments.
>
> Section 10.02 of the Standards states:
>
> Management designs control activities in response to the entity's objectives and risks to achieve an effective internal control system. Control activities are the policies, procedures, techniques, and mechanisms that enforce management's directives to achieve the entity's objectives and address related risks.
>
> Section 13.04 of the Standards states:
>
> Management obtains relevant data from reliable internal and external sources in a timely manner based on the identified information requirements. Relevant data have a logical connection with, or bearing upon, the identified information requirements. Reliable internal and external sources provide data that are reasonably free from error and bias and faithfully represent what they purport to represent. Management evaluates both internal and external sources of data for reliability. Sources of data can be operational, financial, or compliance related. Management obtains data on a timely basis so that they can be used for effective monitoring.

To address the deficiencies noted above, we continue to recommend that the Chief Financial Officer and the Assistant Secretary for Employment and Training:

1. Design and implement sufficient controls over the respective estimates to ensure management's review of the estimates are performed at a sufficient level of detail, and include the review of the methodology, relevance and reliability of the underlying data, and assumptions used to develop the estimates.

2. Maintain documentation of the reviews performed to assess the reasonableness of the methodology, underlying data, and assumptions used to develop the estimates that is sufficiently detailed to evidence the specific items reviewed, analysis performed, and conclusions reached.

Management's Response:

See Exhibit III for management's response.

Auditors' Response

We will conduct follow-up procedures in FY 2026 to determine whether corrective actions have been developed and implemented.

Improvements Needed in Information Technology Segregation of Duties and Access Controls

DOL utilizes information technology (IT) to support its mission and its internal controls over financial reporting. IT systems are comprised of four layers of technology – application, database, operating system, and network. IT general controls (ITGCs) provide the foundation for the integrity of systems including applications and the system software that comprise the general support systems for the major applications. ITGCs, combined with IT application-level and manual controls, are critical to ensure accurate and complete processing of transactions and integrity of stored data. ITGCs address risks arising from IT in the key control areas of access to programs and data, program changes, program acquisition and development, and computer operations.

In FY 2025, we noted certain control deficiencies in the areas of segregation of duties and logical access controls. Specifically, we noted the following:

- Deficiencies in IT Controls Related to Segregation of Duties: For two in-scope financial systems, users with developer access also had access to the production environments.

- Deficiencies in System Access Controls: For three in-scope financial systems, certain users were able to recertify their own system access. In addition, for four in-scope financial systems, certain users who no longer needed system access were not removed in a timely manner.

These deficiencies occurred as a result of ineffective risk assessments and monitoring of the internal control environment. Specifically, DOL did not perform appropriate risk assessments to effectively design and implement segregation of duties controls within the IT systems. Additionally, DOL did not sufficiently monitor the effectiveness of segregation of duties and system access controls that were suitably designed. The deficiencies increase the risk of unauthorized access to information systems or data.

The following criteria are relevant to the conditions noted above.

> The Government Accountability Office’s *Standards for Internal Control in the Federal Government* (the Standards), Section 7.01 states:
>
> Management considers all significant interactions within the entity and with external parties, changes within the entity’s internal and external environment, and other internal and external factors to identify risks throughout the entity. Internal risk factors may include the complex nature of an entity’s programs, its organizational structure, or the use of new technology in operational processes. External risk factors may include new or amended laws, regulations, or professional standards; economic instability; or potential natural disasters. Management considers these factors at both the entity and transaction levels to comprehensively identify risks that affect defined objectives. Risk identification methods may include qualitative and quantitative ranking activities, forecasting and strategic planning, and consideration of deficiencies identified through audits and other assessments.
>
> Section 11.09 of the Standard states:
>
> Management designs control activities over the information technology infrastructure to support the completeness, accuracy, and validity of information processing by information technology. Information technology requires an infrastructure in which to operate, including communication networks for linking information technologies, computing resources for applications to operate, and electricity to power the information technology. An entity’s information technology infrastructure can be complex. It may be shared by different units within the entity or outsourced either to service organizations or to location-independent technology services. Management evaluates the objectives of the entity and related risks in designing control activities for the information technology infrastructure.

Section 11.14 of the Standard states:

Management designs control activities to limit user access to information technology through authorization control activities such as providing a unique user identification or token to authorized users. These control activities may restrict authorized users to the applications or functions commensurate with their assigned responsibilities, supporting an appropriate segregation of duties. Management designs other control activities to promptly update access rights when employees change job functions or leave the entity. Management also designs control activities for access rights when different information technology elements are connected to each other.

Section 12.05 of the Standard states:

Management periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity's objectives or addressing related risks.

Section 16.05 of the Standard states:

Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions. Ongoing monitoring may include automated tools, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions.

To address these deficiencies, we recommend that the Chief Information Officer and Chief Financial Officer:

1. Perform risk assessments to determine the sufficiency of segregation of duties controls over the IT development and production environments.

2. Perform risk assessments to determine the sufficiency of controls related to system access recertification.

3. Develop and implement monitoring controls to ensure compliance with DOL's policies related to segregation of duties and the timely removal of unauthorized users' system access.

Management's Response:

See Exhibit III for management's response.

Auditors' Response

We considered management's partial concurrence with the first finding and continue to believe that while management provided access to the production environment for a developer during a transition for one system, management did not fully document the risks and implement sufficient monitoring controls to detect unauthorized changes to production data and computing resources. We will conduct follow-up procedures in FY 2026 to determine whether corrective actions have been developed and implemented.

U.S. Department of Labor Office of the Chief Financial Officer
Washington, D.C. 20210

MEMORANDUM FOR: LAURA B. NICOLOSI
Assistant Inspector General for Audit

FROM: DAVID B. CASTILLO
Chief Financial Officer

SUBJECT: FY 2025 Independent Auditors' on DOL's Consolidated Financial Statements Report # No. 22-26-002-13-001

Please find the attached management's response to FY 2025 Independent Auditors' on DOL's Consolidated Financial Statements Report # 22-25-002-13-001.

We appreciate the opportunity to provide input and look forward to continued collaboration with the OIG audit team.

Please contact me if you have any questions.

cc: Marek Laco, Acting Assistant Secretary, Employment and Training Administration

Michelle Bebee, Administrator, Unemployment Insurance

Dean Heyl, Assistant Secretary for Administration and

Management Mangala Kuppa, Chief Information Officer

Management's Response
Fiscal Year 2025 Independent Auditors' Report

Improvements Needed in Controls Over Financial Reporting Related to Unemployment Trust Fund (UTF) Balances and Activity

We agree with the finding and that improvements are needed to the Department of Labor's (the Department) controls over the estimates related to the UTF balances and activities. The Department offers the following in response to the two key areas identified in this finding:

UTF Obligation of COVID-19 Funding
With respect to the obligation of COVID-19 funding, management concurs with the finding and notes that the majority of the $3.5 billion in open obligations are primarily due to reporting challenges from the 53 states and territories rather than estimation errors. States record draws from the trust fund for various programs and report expenditures on the monthly ETA-2112 report. When discrepancies occur between reported expenses and draws, undelivered obligations remain open. The Department has made significant efforts to identify and address these reporting issues, reducing the amount by nearly $4 billion in FY 2025.

UTF COVID-19 Benefit Overpayment Accounts Receivables and Related Allowances
During FY 2025, the Department conducted targeted outreach to 25 State Workforce Agencies (SWAs) to obtain data on established overpayments and continued engagement with key states to address reporting limitations. This outreach provided valuable feedback, with most states supplying or confirming overpayment estimates. These efforts represent an important initial step toward improving the estimation methodology. However, the newly implemented policies and procedures were not sufficient to fully resolve deficiencies in the estimation processes related to the Unemployment Trust Fund (UTF) COVID-19 obligations and benefit overpayment accounts receivable.

In FY 2026, DOL plans to continue addressing these findings and align with KPMG's recommendations by enhancing controls over estimation processes, strengthening documentation practices, continuing SWA engagement and data validation, and monitoring materiality thresholds to adjust methodologies accordingly.

Improvements Needed in Information Technology Segregation of Duties and Access Controls

The Office of the Chief Information Officer (OCIO) management acknowledges and generally concurs with the Office of Inspector General's findings and recommendations regarding deficiencies in segregation of duties controls, system access recertification, and the timely removal of separated users' access. OCIO will take the following actions to address the recommendations and reinforce adherence to the DOL Cybersecurity Policy Portfolio (CPP). Corrective actions will be tracked to completion and managed through established remediation governance.

Recommendation 1: Perform risk assessments for segregation of duties between IT development and production environments

Management Response:

OCIO partially concurs with recommendation. For one of the systems identified in the related deficiency, a developer had access to the production environment as a part of a planned and controlled activity. The access was for the explicit purpose of testing during the transition from an on-premises instance to a cloud-based instance to ensure a smooth migration process. Access was revoked promptly upon testing. For the second identified system, OCIO has taken corrective actions by reviewing and revising the developer's access permissions. In addition, OCIO plans to take the following corrective actions:

- For in-scope systems, perform a risk assessment across development, test, staging, and production environments to enforce separation of duties.
- Where applicable, correct privileged role assignments to revoke direct change and publish capabilities in production, where not expressly authorized.
- Institute recurring access reviews (bi-annual) for developers and privileged users to detect and resolve segregation violations.

Planned Completion: FY26 Q2

Recommendation 2: Perform risk assessments for system access recertification controls

Management Response:

OCIO concurs with recommendation. For one of the systems identified in the related deficiency, OCIO would like to acknowledge that although the certifiers may review and certify their own access, they cannot modify their user privileges in the system. Any changes to their accounts require review and approval by their manager or designated approver. OCIO plans to take the following corrective actions:

- For in-scope systems, perform a risk assessment of access recertification processes and workflows to determine whether design and frequency are sufficient, identify gaps (including self-recertification and untimely removals), and design and implement controls to mitigate those risks—such as preventing users from reviewing or reauthorizing their own access.

- Perform independent access reviews of individuals who previously recertified their own access to confirm no unauthorized activities and correct any issues.
- Establish recurring privileged account reviews (bi-annual) to verify access appropriateness and alignment with job responsibilities.

Planned Completion: FY26 Q2

Recommendation 3: Develop and implement monitoring controls to ensure policy compliance

Management Response:

OCIO concurs with recommendation and plan to take the following corrective actions:

- Identify automated and supervisory monitoring solutions to track disablement and deprovisioning against policy timelines, with escalation and remediation for exceptions, to ensure recertification access changes are executed promptly and accurately.
- Update and enforce standard operating procedures to include review and follow up on rejected or stalled access change requests and provide targeted staff training.

Planned Completion: FY26 Q2

OCIO would also like to acknowledge the compensating access controls currently in place for the in-scope systems, as defined and enforced in the DOL Cybersecurity Policy Portfolio (CPP), that include immediate credential expiration for separated users restrictions and timely network access removal pending formal personnel termination; multi-factor authentication for system access; and, periodic account recertifications that identify orphaned or mis-provisioned accounts.

OCIO will provide corrective action status updates through established governance forums and will track all remediation activities to closure in accordance with DOL policy. We appreciate the opportunity to provide input.

Annual Financial Statements

Principal Financial Statements and Notes

Principal Financial Statements Included in this Report

The principal financial statements included in this report were prepared in accordance with the requirements of the Chief Financial Officers Act of 1990 (P.L. 101-576), the Government Management Reform Act of 1994, and Office of Management and Budget's (OMB) Circular A-136, *Financial Reporting Requirements*. The responsibility for the integrity of the financial information included in these statements rests with management of the U.S. Department of Labor (the Department or DOL). The Independent Auditors' Report accompanies the principle financial statements.

The Department's principal financial statements as of and for the year ended September 30, 2025, consist of the following:

- The **Consolidated Balance Sheet**, which presents as of September 30, 2025, those resources owned or managed by DOL that are available to provide future economic benefits (assets); amounts owed by DOL that will require payments from those resources or future resources (liabilities); and residual amounts retained by DOL, comprising the difference (net position).
- The **Consolidated Statement of Net Cost**, which presents the net cost of DOL operations for the year ended September 30, 2025. DOL's net cost of operations includes the gross cost incurred by DOL less any exchange revenue earned from DOL activities. The classification of gross cost and exchange revenue by program and program agency is presented in Note 15 to the consolidated financial statements.
- The **Consolidated Statement of Changes in Net Position**, which presents the change in DOL's net position resulting from the net cost of DOL operations and financing sources for the year ended September 30, 2025.
- The **Combined Statement of Budgetary Resources**, which presents for the year ended September 30, 2025 the (1) budgetary resources available to DOL, (2) net outlays of budgetary resources; and (3) the status of these resources.
- The **Statements of Social Insurance**, which present as of September 30, 2025, 2024, 2023, 2022, and 2021 the net present values of projected cash inflows and outflows for the current participants (closed group), new participants, and current participants and new participants (open group) of the Black Lung Disability Trust Fund (BLDTF).
- The **Statements of Changes in Social Insurance Amounts**, which present the net change in the open group measure of the BLDTF for the years ended September 30, 2025 and 2024, and provide information about the change.
- The **accompanying notes**, which are an integral part of these principal financial statements.

CONSOLIDATED BALANCE SHEET

As of September 30, 2025

(Dollars in Thousands)

	2025
Assets (Note 7)	
Intragovernmental	
Fund Balance with Treasury (Notes 1-C and 2)	$ 18,750,277
Investments, Net (Notes 1-D and 3)	90,093,631
Accounts Receivable, Net (Notes 1-E and 4)	5,571,939
Advances and Prepayments (Notes 1-G and 6)	16,070
Total Intragovernmental	114,431,917
With the Public	
Accounts Receivable, Net (Notes 1-E and 4)	7,370,033
Property, Plant, and Equipment, Net (Notes 1-F and 5)	1,154,286
Advances and Prepayments (Notes 1-G and 6)	9,688,897
Total With the Public	18,213,216
Total Assets	$ 132,645,133
Liabilities (Notes 1-I and 12)	
Intragovernmental	
Accounts Payable	$ 388,908
Debt (Notes 1-J and 8)	28,174,978
Advances From Others and Deferred Revenue (Note 1-K)	2,273,866
Other Liabilities (Notes 1-N.1 and 9)	228,913
Total Intragovernmental	31,066,665
With the Public	
Accounts Payable	225,006
Federal Employee Salary, Leave, and Benefits Payable (Note 1-L.1)	234,576
Post-Employment Benefits Payable (Notes 1-L.2 and 11)	8,211,510
Environmental and Disposal Liabilities	27,927
Benefits Due and Payable (Notes 1-M and 10)	9,817,859
Advances from Others and Deferred Revenue (Note 1-K)	100
Other Liabilities (Note 1-N.2)	
Energy Employees Occupational Illness Compensation Benefits	107,262,947
Accrued Grant Liabilities	1,163,555
Other (Note 9)	92,453
Total With the Public	127,035,933
Total Liabilities	158,102,598
Contingencies (Note 13)	
Net Position (Note 1-R)	
Unexpended Appropriations - Funds From Other Than Dedicated Collections	11,220,409
Total Unexpended Appropriations	11,220,409
Cumulative Results of Operations - Funds From Dedicated Collections (Note 21)	67,887,595
Cumulative Results of Operations - Funds From Other Than Dedicated Collections	(104,565,469)
Total Cumulative Results of Operations	(36,677,874)
Total Net Position	(25,457,465)
Total Liabilities and Net Position	$ 132,645,133

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF NET COST

For the Year Ended September 30, 2025

(Dollars in Thousands)

	2025
Net Cost of Operations (Notes 1-S and 15)	
CROSSCUTTING PROGRAMS	
Income Maintenance	
Gross Costs	$ 83,274,141
Less: Earned Revenue	(3,654,914)
Net Program Costs	79,619,227
Employment and Training	
Gross Costs	7,025,877
Less: Earned Revenue	(25,670)
Net Program Costs	7,000,207
Labor, Employment, and Pension Standards	
Gross Costs	966,436
Less: Earned Revenue	(16,377)
Net Program Costs	950,059
Worker Safety and Health	
Gross Costs	1,174,046
Less: Earned Revenue	(4,918)
Net Program Costs	1,169,128
Statistics	
Gross Costs	766,178
Less: Earned Revenue	(36,914)
Net Program Costs	729,264
Costs Not Assigned to Programs	
Gross Costs Not Assigned to Programs	158,606
Less: Earned Revenue Not Attributable to Programs	(32,554)
Net Costs Not Assigned to Programs	126,052
Net Cost of Operations	$ 89,593,937

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION

For the Year Ended September 30, 2025

(Dollars in Thousands)

	2025		
	Funds From Dedicated Collections (Note 21)	**Funds From Other than Dedicated Collections**	**Total**
Unexpended Appropriations (Note 1-T):			
Beginning Balance	$ -	$ 13,846,853	$ 13,846,853
Appropriations Received (Note 18-F)	$ -	$ 13,668,451	$ 13,668,451
Appropriations Transferred In/Out	-	7,301	7,301
Other Adjustments	-	(6,647,818)	(6,647,818)
Appropriations Used	-	(9,654,378)	(9,654,378)
Net Change in Unexpended Appropriations	$ -	$ (2,626,444)	$ (2,626,444)
Total Unexpended Appropriations	$ -	11,220,409	$ 11,220,409
Cumulative Results of Operations (Notes 1-S and 1-U):			
Beginning Balance	$ 60,174,626	$ (75,186,599)	$ (15,011,973)
Appropriations Used	-	9,654,378	9,654,378
Non-Exchange Revenue (Note 16)	57,961,015	1	57,961,016
Transfers In/Out without Reimbursement (Note 17)	(8,648,294)	8,927,168	278,874
Imputed Financing	5,145	248,068	253,213
Other	-	(219,445)	(219,445)
Net Cost of Operations	(41,604,897)	(47,989,040)	(89,593,937)
Net Change in Cumulative Results of Operations	$ 7,712,969	$ (29,378,870)	$ (21,665,901)
Total Cumulative Results of Operations	$ 67,887,595	$ (104,565,469)	$ (36,677,874)
Net Position	$ 67,887,595	$ (93,345,060)	$ (25,457,465)

The accompanying notes are an integral part of these financial statements.

COMBINED STATEMENT OF BUDGETARY RESOURCES

For the Year Ended September 30, 2025

(Dollars in Thousands)

	2025
Budgetary Resources (Note 18)	
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	$ 5,370,167
Appropriations (Discretionary and Mandatory)	59,937,569
Borrowing Authority (Discretionary and Mandatory)	243,312
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	10,235,942
Total Budgetary Resources	$ 75,786,990
Status Of Budgetary Resources	
New Obligations and Upward Adjustments (Total)	$ 70,483,026
Unobligated Balance, End of Year	
Apportioned, Unexpired Accounts	3,049,087
Exempt from Apportionment, Unexpired Accounts	7,198
Unapportioned, Unexpired Accounts	164,963
Unexpired Unobligated Balance, End of Year	3,221,248
Expired Unobligated Balance, End of Year	2,082,716
Unobligated Balance, End of Year (Total)	5,303,964
Total Budgetary Resources	$ 75,786,990
Outlays, Net	
Outlays, Net (Total) (Discretionary and Mandatory)	$ 55,396,685
Distributed Offsetting Receipts (-)	(1,190,658)
Agency Outlays, Net (Discretionary and Mandatory)	$ 54,206,027

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF SOCIAL INSURANCE

As of September 30, 2025, 2024, 2023, 2022, and 2021

(Dollars in Thousands)

	2025	2024	2023	2022	2021
BLACK LUNG DISABILITY BENEFIT PROGRAM (Notes 1-W and 1-Y)					
Current Participants (Closed Group)					
Present Value of Estimated Future Excise Tax					
Income During the Projection Period	$ 1,377,640	$ 1,332,784	$ 1,338,835	$ 2,381,705	$ 1,139,399
Less the Present Value of Estimated Future Administrative					
Costs During the Projection Period	829,992	904,933	784,171	852,463	831,229
Less the Actuarial Present Value of Future Benefit					
Payments to Disabled Coal Miners and Dependent					
Survivors During the Projection Period	847,651	936,084	849,625	1,056,547	1,287,818
Excess (Deficiency) Of Present Value of Estimated Future Excise Tax					
Income Over (Below) Present Value of Estimated Future					
Administrative Costs And Actuarial Present Value of					
Future Benefit Payments During the Projection Period					
[Closed Group Measure]	(300,003)	(508,233)	(294,961)	472,695	(979,648)
New Participants					
Present Value of Estimated Future Excise Tax					
Income During the Projection Period	1,221,680	1,047,187	1,009,998	1,587,803	1,139,399
Less the Present Value of Estimated Future Administrative					
Costs During the Projection Period	736,030	711,019	591,568	568,308	831,229
Less The Actuarial Present Value of Future Benefit					
Payments to Disabled Coal Miners and Dependent					
Survivors During the Projection Period	758,620	740,682	651,201	700,166	1,280,486
Excess (Deficiency) of Present Value of Estimated Future Excise Tax					
Income Over (Below) Present Value of Estimated Future					
Administrative Costs and Actuarial Present Value of					
Future Benefit Payments During the Projection Period	(272,970)	(404,514)	(232,771)	319,329	(972,316)
Current and New Participants (Open Group)					
Present Value of Estimated Future Excise Tax					
Income During the Projection Period	2,599,320	2,379,971	2,348,833	3,969,508	2,278,798
Less the Present Value of Estimated Future Administrative					
Costs During the Projection Period	1,566,022	1,615,952	1,375,739	1,420,771	1,662,458
Less the Actuarial Present Value of Future Benefit					
Payments to Disabled Coal Miners and Dependent					
Survivors During the Projection Period	1,606,271	1,676,766	1,500,826	1,756,713	2,568,304
Excess (Deficiency) of Present Value of Estimated Future Excise Tax					
Income Over (Below) Present Value of Estimated Future					
Administrative Costs and Actuarial Present Value of					
Future Benefit Payments During the Projection Period					
[Open Group Measure]	$ (572,973)	$ (912,747)	$ (527,732)	$ 792,024	$ (1,951,964)
Trust Fund Net Position Deficit at Start					
Of Projection Period (Note 1-W and 21)	$ (6,859,500)	$ (6,636,295)	$ (6,355,609)	$ (6,261,393)	$ (6,078,761)

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF SOCIAL INSURANCE - Continued
As of September 30, 2025, 2024, 2023, 2022, and 2021
(Dollars in Thousands)

	2025	2024	2023	2022	2021
BLACK LUNG DISABILITY BENEFIT PROGRAM (Notes 1-W and 1-Y)					
Summary Section					
Closed Group Measure	$ (300,003)	$ (508,233)	$ (294,961)	$ 472,695	$ (979,648)
Add: Fund Balance with Treasury and Receivables from					
Benefit Overpayments (Note 21)	297,568	290,172	311,498	304,571	286,868
Total of Closed Group Measure Plus Fund Assets (Note 1-W)	$ (2,435)	$ (218,061)	$ 16,537	$ 777,266	$ (692,780)
Open Group Measure	$ (572,973)	$ (912,747)	$ (527,732)	$ 792,024	$ (1,951,964)
Add: Fund Balance with Treasury and Receivables from					
Benefit Overpayments (Note 21)	297,568	290,172	311,498	304,571	286,868
Total of Open Group measure Plus Fund Assets (Note 1-W)	$ (275,405)	$ (622,575)	$ (216,234)	$ 1,096,595	$ (1,665,096)

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN SOCIAL INSURANCE AMOUNTS

For the Years Ended September 30, 2025 and 2024

(Dollars in Thousands)

	2025	2024
BLACK LUNG DISABILITY BENEFIT PROGRAM (Notes 1-W and 1-Y)		
The Excess (Deficiency) of Present Value of Estimated Future Excise Tax Income Over (Below) Present Value of Estimated Future Administrative Costs and Actuarial Present Value of Future Benefit Payments to Disabled Coal Miners and Dependent Survivors in the Open Group During the Projection Period [Open Group Measure], Beginning of Year	$ (912,747)	$ (527,732)
Changes in The Assumptions about Beneficiaries, Including Costs, Number, Type, Age and Life Expectancy	(30,020)	(90,637)
Changes in Assumptions about Coal Excise Tax Revenues	344,850	(153,974)
Changes in Assumptions about Federal Civilian Pay Raises for Income Benefits	(6,534)	2,501
Changes in Assumptions about Medical Cost Inflation for Medical Benefits	21,764	(12,087)
Changes in Assumptions about Administrative Costs	(38,185)	(117,819)
Changes in Assumptions about Interest Rates	47,899	(12,999)
Net Change In Open Group Measure	339,774	(385,015)
Open Group Measure, End of Year	$ (572,973)	$ (912,747)

The accompanying notes are an integral part of these financial statements.

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The U.S. Department of Labor, DOL or the Department, is a cabinet level agency of the Executive Branch of the United States Government (the Federal Government). DOL was established in 1913 to promote the welfare of the wage earners of the United States. Today the Department's mission remains the same: to foster, promote and develop the welfare of the wage earners, job seekers, and retirees of the United States; improve working conditions; advance opportunities for profitable employment; and assure work-related benefits and rights.

DOL accomplishes this mission through the execution of its congressionally approved budget, operating under four major budget functions: (i) education, training, employment, and social services; (ii) health (protecting workers in their place of employment); (iii) income security; and (iv) veterans benefits and services (veterans employment and training). DOL is organized into program agencies, which administer the various statutes and programs for which the Department is responsible. DOL's program agencies are shown below.

1. Program Agencies

- Employment and Training Administration (ETA)
  - Office of Job Corps (OJC)
- Office of Workers' Compensation Programs (OWCP)
- Occupational Safety and Health Administration (OSHA)
- Bureau of Labor Statistics (BLS)
- Mine Safety and Health Administration (MSHA)
- Employee Benefits Security Administration (EBSA)
- Veterans' Employment and Training Service (VETS)
- Wage and Hour Division (WHD)

Other Program Agencies

- Office of Federal Contract Compliance Programs (OFCCP)
- Office of Labor-Management Standards (OLMS)
- Office of Disability Employment Policy (ODEP)
- Departmental Management (DM)
  - Office of the Secretary
  - Office of the Assistant Secretary for Administration and Management (OASAM)
  - Office of the Assistant Secretary for Policy (OASP)
  - Office of Congressional and Intergovernmental Affairs (OCIA)
  - Bureau of International Labor Affairs (ILAB)
  - Office of the Deputy Secretary
  - Office of Inspector General (OIG)
  - Office of the Solicitor (SOL)
  - Office of Public Affairs (OPA)
  - Office of the Chief Financial Officer (OCFO)
  - Women's Bureau (WB)

The Pension Benefit Guaranty Corporation (PBGC), wholly owned by the Federal Government and whose Board of Directors is chaired by the Secretary of Labor, has been designated as a separate reporting entity for financial statement purposes in compliance with Federal Accounting Standards Advisory Board (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) 47, "Reporting Entity," and related U.S. Department of the Treasury (Treasury or U.S. Treasury) and Office of Management and Budget (OMB) guidance and has been excluded from these financial statements.

2. The Major Programs:

- Income maintenance
- Employment and training
- Labor, employment and pension standards
- Worker safety and health
- Statistics

3. Fund Accounting Structure

DOL's financial activities are accounted for by Federal account symbol, using individual funds and fund accounts within distinct fund types to report to the Treasury's Bureau of the Fiscal Service and to OMB. For financial statement purposes, DOL funds are further classified as funds from dedicated collections, fiduciary funds, and funds from other than dedicated collections, and are discussed below.

Funds from Dedicated Collections

Funds from dedicated collections are financed by specifically identified revenues, which can be supplemented by other financing sources, both of which remain available over time. These revenues and financing sources are required by statute to be used for designated purposes and must be accounted for separately from the Federal Government's general revenues. DOL's funds from dedicated collections are disclosed in Note 21 and are discussed below.

Unemployment Trust Fund (UTF) was established under the authority of Section 904 of the Social Security Act of 1935, as amended, to receive, hold, invest, and disburse monies collected under the Federal Unemployment Tax Act (FUTA), as well as state unemployment taxes collected by the states and transferred to the Fund, and unemployment taxes collected by the Railroad Retirement Board and transferred to the Fund.

P.L. 117-2, section 9901, Coronavirus State and Local Fiscal Recovery Funds (Fiscal Recovery Funds or SLFRF), provided for general funds, in addition to amounts otherwise available, to respond to the public health emergency with respect to the COVID–19 pandemic or its negative economic impacts, including assistance to households, small businesses, and nonprofits, among others. States were required to obligate SLFRF funds by December 31, 2024, expend obligated funds by December 31, 2026, and return unused funds to the Treasury.

Black Lung Disability Trust Fund (BLDTF) was established under Part C of the Black Lung Benefits Act to provide compensation and medical benefits to coal miners who suffer total disability due to pneumoconiosis (black lung disease), and compensation benefits to their dependent survivors for claims filed subsequent to June 30, 1973. Claims filed from the origination of the program until June 30, 1973 are paid by the Special Benefits for Disabled Coal Miners fund. (See Note 1-A.3 – Funds from other than dedicated collections)

Panama Canal Commission Compensation Fund was established to provide for the accumulation of funds provided by the Commission to pay its workers compensation obligations under the Federal Employees' Compensation Act (FECA).

H-1B Funds provide demonstration grants to regional and local entities to provide technical skills training to unemployed and incumbent workers. As authorized by the American Competitiveness and Workforce Improvement Act of 1998, the funds are supported by fees paid by employers petitioning the U.S. Department of Homeland Security (DHS) for visas for foreign workers under the H-1B Program.

The HIRE Vets Medallion Award Fund was established by the Honoring Investments in Recruiting and Employing American Military Veterans Act of 2017 (the HIRE Vets Act) and collects application fees from employer applicants seeking the HIRE Vets Medallion Award. The Medallion is awarded based on criteria that recognizes an employer's efforts to recruit, employ, and retain veterans and provide community and charitable services supporting the veteran community. As authorized by the HIRE Vets Act, the application fees are used to support the Medallion Program.

Fiduciary Funds

Fiduciary funds are used to account for DOL's fiduciary activities, which involve the collection or receipt and subsequent disposition of cash or other assets in which non-Federal entities have an ownership interest that the Department must uphold. Fiduciary assets are not assets of DOL or the Federal Government, and accordingly, are not recognized on the Department's Consolidated Balance Sheet. The fiduciary assets held by DOL and the fiduciary activities related to these assets are disclosed in Note 22 to these financial statements. DOL's four fiduciary funds are discussed below.

Wage and Hour and Public Contracts Restitution Fund a deposit fund established by the Fair Labor Standards Amendments of 1949, receives deposits from employers assessed by the Department for unpaid minimum wages or unpaid overtime compensation owed to employees as a result of labor law violations, and pays these wages directly to the affected employees.

Longshore and Harbor Workers' Compensation Act Trust Fund established under the authority of the Longshore and Harbor Workers' Compensation Act, provides medical benefits, compensation for lost wages, and rehabilitation services for job-related injuries and diseases or death to private sector workers engaged in certain maritime and other employment covered by extensions such as the Defense Base Act. The Act authorizes the Department to assess insurance carriers on behalf of these beneficiaries.

District of Columbia Worker's Compensation Act Trust Fund established under the authority of the District of Columbia Workmen's Compensation Act, provides compensation and medical payments to the District of Columbia employees for work-related injuries or death which occurred prior to July 26, 1982. The Act authorizes the Department to assess insurance carriers on behalf of these beneficiaries.

Davis-Bacon Act Trust Fund established under the Davis-Bacon Act, provides payment for claims relating to violations of the Davis-Bacon Act and Contract Work Hours and Safety Standards Act. The Department investigates violation allegations to determine if Federal contractors owe additional wages to covered employees.

If the Department concludes that a violation has occurred, the Department collects the amount owed from the contracting Federal agency, deposits the funds into an account with the U.S. Treasury, and remits payment to the claimant.

Funds from other than Dedicated Collections

Salaries and Expenses include appropriated funds which are used to carry out the missions and functions of the Department, except where specifically provided for from other departmental funds.

Training and Employment Services provides for a flexible, decentralized system of Federal and local training programs and other services for the economically disadvantaged and others, designed to lead to permanent gains in employment, through grants to states and Federal programs, authorized by the Workforce Innovation and Opportunity Act (WIOA).

Office of Job Corps supports the administration and management of the Job Corps Program, which helps youth ages 16-24 who need and can benefit from intensive education and training services to become more employable, responsible, and productive citizens.

Payments to the Unemployment Trust Fund includes funds appropriated for programs during the COVID-19 pandemic. These programs were authorized under P.L. 116-127, Division D, the Emergency Unemployment Insurance Stabilization and Access Act of 2020 (the EUISA Act); P.L. 116-136, the Coronavirus Aid, Relief, and Economic Security and Access Act of 2020 (the CARES Act), Title II, Subtitle A; P.L. 116-260, Division N, Title II, Subtitle A, Chapter 1, Continued Assistance to Unemployed Workers Act of 2020 (CAUW Act); and P.L. 117-2, American Rescue Plan Act of 2021 (ARP Act). The CARES Act provided for Federally-funded unemployment benefits due to the COVID-19 pandemic, including: Pandemic Unemployment Assistance (PUA); partial reimbursement of benefits paid by States to former employees of governmental entities (e.g., State and municipal governments) and nonprofit organizations; first-week benefits to those States with no waiting week; and Pandemic Emergency Unemployment Compensation (PEUC). The EUISA and CARES Acts also included appropriations to fund grants for unemployment insurance administration and administrative costs for the PUA, first week, and PEUC programs. In general, the CAUW Act and ARP Act extended the pandemic-related Federally-funded unemployment benefits provisions of the EUISA Act and CARES Act.

Short-Time Compensation Program includes funds appropriated under the CARES Act for grants to states for implementing, improving, promoting, and increasing enrollment in the programs; fully funded reimbursement of benefits to States with existing programs under law; partially funded reimbursement of benefits to States under certain agreements; and administrative costs. In general, the CAUW Act and APR Act extended the pandemic-related Federally-funded provisions of the CARES Act.

Federal Pandemic Unemployment Compensation (also known as the Federal Additional Unemployment Compensation), includes funds appropriated under the CARES Act for Federal Pandemic Unemployment Compensation (FPUC) benefits of $600 per week (as an amount in addition to regular unemployment benefits) and administrative costs for the program; the benefit was not payable for any week of unemployment ending after July 31, 2020. The CAUW Act reauthorized the FPUC benefits at $300 per week (as an amount in addition to regular unemployment benefits) for the period after December 26, 2020 but ending on or before March 14, 2021. The ARP Act extended the ending date of the $300 weekly payments to on or before September 6, 2021.

State Unemployment Insurance and Employment Service Operations (SUIESO) includes grants to states for administering the Unemployment Compensation (UC) and Employment Service (ES) Programs. UC Programs provide administrative grants to state agencies which pay unemployment benefits to eligible individuals and collect state unemployment taxes from employers. The ES Program is a nationwide system providing no-fee ES to individuals seeking employment and to employers seeking workers. ES funding allotments for state activities are determined upon a demographically-based funding formula established under the Wagner-Peyser Act, as amended. The CARES Act also provided funds for administrative costs of the PUA, first week, and PEUC programs.

Advances to the Unemployment Trust Fund and Other Funds provides advances to other accounts within the UTF to pay UC whenever the balances in these accounts prove insufficient or whenever reimbursements to certain accounts, as allowed by law, are to be made. This account is authorized to provide loans to the BLDTF to make disability payments whenever the fund balance proves insufficient.

Federal Unemployment Benefits and Allowances provides for payment of benefits, training, job search, relocation allowances, and employment and case management services (and state administrative expenses for all benefits other than Trade Readjustment Allowances, Reemployment TAA, and Alternative TAA) as authorized by the Trade Act of 1974 and subsequent amendments.

Community Service Employment for Older Americans (CSEOA) provides part-time work experience in community service activities to unemployed, low-income persons aged 55 and over.

Federal Employees' Compensation Act Special Benefit Fund provides wage replacement benefits and payment for medical services to covered Federal civilian employees injured on the job, Federal employees and certain other workers who have incurred a work-related illness or injury, and survivors of employees whose death is attributable to a job-related injury. The Fund also provides for vocational rehabilitation of injured employees to facilitate their return to work. Under extensions of FECA, benefits are also paid to certain groups related to war hazards, non-Federal law enforcement officers, Job Corps enrollees, and certain Federally-supported volunteers. Section 10(h) of the amended Longshore and Harbor Workers' Compensation Act and the District of Columbia Worker's Compensation Act authorized payments from the Special Benefit Fund for 50 percent of the annual increase in benefits for compensation and certain related benefits.

Energy Employees Occupational Illness Compensation Fund was established to adjudicate, administer, and pay claims for benefits under the Energy Employees Occupational Illness Compensation Program Act (EEOICPA) of

2000. The Act authorizes compensation payments and the reimbursement of medical expenses to employees of the U.S. Department of Energy (DOE) or of private companies under contract with DOE, who suffer from specified diseases as a result of their work in the nuclear weapons industry. The Act also authorizes compensation to the survivors of these employees under certain circumstances. The Act was amended by the Ronald Reagan National Defense Authorization Act of 2005 to provide coverage to additional claimants. P.L. 117-139, RECA [Radiation Exposure Compensation Act] Extension Act of 2022, 136 STAT. 1258, enacted June 7, 2022, extended the program that compensates individuals who were exposed to radiation from atomic weapons testing or uranium mining or processing and who subsequently developed specified cancers or other medical conditions. P.L. 117-139 terminated the program two years after the law's enactment; only claims postmarked on and before June 10, 2024 were filed and adjudicated. P.L. 119-21, OBBBA, enacted July 4, 2025, reauthorized the RECA program through December 31, 2028.

Special Benefits for Disabled Coal Miners was established under the Federal Coal Mine Safety and Health Act to pay benefits to coal miners disabled from pneumoconiosis and to their widows, and certain other dependents. Part B of the Act assigned processing of claims filed from the origination of the program until June 30, 1973, to the Social Security Administration (SSA), after which time DOL began processing new claims under Part C. SSA continued to administer Part B claims until DOL permanently assumed responsibility effective October 1, 2003.

Working Capital Fund (WCF) maintains and operates a program of centralized services in the national office and the field. The WCF is paid in advance by the agencies, bureaus, and offices for which centralized services are provided at rates which cover the full cost of operations. The WCF may receive funding transferred from DOL funds in accordance with 29 U.S.C. 563 for the acquisition of equipment and the improvement of financial management, information technology, infrastructure technology activities related to support systems and modernization, and other support systems.

General Fund Receipt Accounts, in general, hold non-entity receipts and accounts receivable from DOL activities which by law cannot be deposited into funds under DOL control. The Treasury automatically transfers all fund balances in these receipt accounts to the General Fund of the Treasury at the end of each fiscal year.

Deposit Funds account for monies held by DOL as an agent for others or monies held temporarily by DOL until ownership is determined.

4. Inter-Departmental Relationships

DOL and Treasury are jointly responsible for the operations of the UTF and the BLDTF. DOL is responsible for the administrative oversight and policy direction of the programs financed by these trust funds. Treasury acts as custodian over monies deposited into the funds and also invests amounts in excess of disbursing requirements in Treasury securities on behalf of DOL. DOL consolidates the financial results of the UTF and the BLDTF into these financial statements.

Pursuant to Executive Orders 14242, "Improving Education Outcomes by Empowering Parents, States, and Communities (March 20, 2025)," and 14278, "Preparing Americans for High-Paying Skilled Trade Jobs of the Future (April 23, 2025)," the U.S. Department of Education (ED) and the Department of Labor entered into interagency agreements (IAAs) under the Economy Act for DOL to perform administrative services for ED's Office of Career, Technical, and Adult Education (OCTAE) grant programs. The grants are for adult education and family literacy programs funded under Title II of the Workforce Innovation and Opportunity Act (WIOA) and career and technical education (CTE) programs funded by Strengthening Career and Technical Education for the 21st Century Act (Perkins V). Administrative services include initial set-up of grant obligations; grant migration to GrantSolutions and grant recipient transition to the Payment Management System (both shared services provided to DOL by the U.S. Department of Health and Human Services); recording drawdowns and expenditures; and providing information to assist ED with grant accruals and advance estimates.

No ED appropriations are transferred to DOL; in accordance with the IAA, ED advanced funds to DOL to cover the existing ED grant obligations. ED continues to be responsible for the financial reporting of the grant programs. (See Note 1-K)

B. Basis of Accounting and Presentation

DOL complies with FASAB SFFAS 47, "Reporting Entity," with related guidance from the Treasury Financial Manual (TFM), Volume I, Part 2, Chapter 4700, "Federal Entity Reporting Requirements for the Financial Report of the United States Government," and OMB Circular A-136, "Financial Reporting Requirements," unless otherwise disclosed.

SFFAS 47 and the related guidance required, among other things, that DOL:

(1) be defined as a component reporting entity within the larger governmentwide reporting entity of the Federal Government;
(2) consolidate into its financial statements (as consolidation entities) those entities defined according to (a) SFFAS 47 requirements for administrative assignment based on budgetary and accountability criteria and (b) Treasury determinations;
(3) report as disclosure entities in its financial statements those entities defined according to (a) SFFAS 47 requirements for entities with greater autonomy (than consolidated entities) and (b) Treasury determinations; and
(4) report as related parties in its financial statements those entities defined according to (a) SFFAS 47 requirements for entities with whom DOL has a relationship with significant influence and (b) Treasury determinations.

Entities have been reported in the financial statements and accompanying notes in accordance with SFFAS 47.

These financial statements present the financial position, net cost of operations, changes in net position and budgetary resources of DOL, and estimated and actuarial projections, and changes therein, for the Department's BLDTF of the Black Lung Benefits Program, a social insurance program, in accordance with U.S. Generally Accepted Accounting Principles (U.S. GAAP) and the presentation requirements of OMB Circular A-136; the accompanying notes are an integral part of these financial statements and are prepared in accordance with the same requirements.

To ensure that the Department's financial statements are meaningful, other liabilities as defined by OMB Circular A-136 have been disaggregated on the Consolidated Balance Sheet, e.g., the Energy employees occupational illness compensation benefits, accrued grant liabilities, and other liabilities. Except as described in the following paragraphs, the financial statements have been prepared from the books and records of DOL and include the accounts of all funds of the DOL reporting entity. All inter-fund balances and transactions were eliminated, except in the Statement of Budgetary Resources, which are presented on a combined basis, as required by OMB Circular A-136.

DOL is a party to allocation transfers with other Federal agencies as both a transferring (parent) entity and a receiving (child) entity. Allocation transfers are delegations by one department of its authority to obligate budget authority and outlay funds to another agency as prescribed by law. OMB Circular A-136 requires the parent to report all budgetary and proprietary activity in its financial statements. DOL (parent entity) allocates appropriations to the U.S. Department of Agriculture and the U.S. Department of the Interior (child entities) to provide funds for youth training programs. Accordingly, activity for these allocation accounts is included in the DOL financial statements. DOL (child entity) receives allocated appropriations from the following parent entities for these activities: U.S. Department of State to support international HIV/AIDS relief efforts; the Treasury to support grant activity under the Social Impact Partnerships to Pay for Results Act; and the U.S. Department of Health and Human Services to support implementation of the No Surprises Act. Accordingly, activity for these allocation accounts is excluded from the DOL financial statements.

U.S. GAAP encompasses both accrual and budgetary transactions. Under accrual accounting, revenues are recognized when earned and expenses are recognized when incurred. Budgetary accounting facilitates compliance with legal constraints on, and controls over, the use of Federal funds. These financial statements are different from the financial reports, also prepared by DOL pursuant to OMB directives, used to monitor DOL's use of budgetary resources. In accordance with the requirements of OMB Circular A-136, assets, liabilities, earned revenue, and costs have been classified according to the type of entity with whom the transactions were made. Intragovernmental assets and liabilities are those from or to other Federal entities. Intragovernmental earned revenue represents collections or accruals of revenue from other Federal entities and intragovernmental costs are payments or accruals of costs to other Federal entities.

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

C. Fund Balance with Treasury

DOL's cash receipts and disbursements are processed by the U.S. Treasury. Fund Balance with Treasury, an intragovernmental asset, represents obligated and unobligated balances available to finance allowable expenditures, and restricted balances, including amounts related to expired authority and amounts not available for use by DOL. (See Note 2)

D. Investments, Net

DOL's investments, net, are intragovernmental assets.

Funds from Dedicated Collections

The Federal Government does not set aside assets to pay future benefits or other expenditures associated with DOL's funds from dedicated collections. The cash receipts collected from the public for funds from dedicated collections are deposited in the U.S. Treasury, which uses the cash for general Federal Government purposes. Interest earning Treasury securities are issued to DOL's funds from dedicated collections as evidence of the receipts. These Treasury securities are assets to DOL and liabilities to the U.S. Treasury. Because DOL and the U.S. Treasury are each component reporting entities of the Federal Government, these assets and liabilities offset each other from the standpoint of the Federal Government as a whole. For this reason, they do not represent an asset or a liability in the Federal governmentwide financial statements. Treasury securities provide DOL with authority to draw upon the U.S. Treasury to make future benefit payments or other expenditures. When DOL requires redemption of these securities to make expenditures, the Federal Government finances those expenditures out of accumulated cash balances, by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures, just as the Federal Government finances all other expenditures.

Balances held in the UTF are invested in non-marketable, special issue Treasury securities (certificates of indebtedness and bonds) available for purchase exclusively by Federal Government agencies and trust funds. Special issues are purchased and redeemed at face value (cost), which is equivalent to their net carrying value on the Consolidated Balance Sheet. Interest rates and maturity dates vary. The UTF special issue Treasury bonds may be redeemed, in whole or in part, prior to their maturity date and continue to accrue interest until fully redeemed.

Balances held in the Panama Canal Commission Compensation Fund are invested in marketable Treasury securities. These investments are stated at amortized costs that equal their net carrying value on the Consolidated Balance Sheet. Discounts and premiums are amortized using the effective interest method. Interest rates and maturity dates vary. Management expects to hold these marketable securities until maturity; therefore, no provision is made in the financial statements for unrealized gains or losses. (See Note 3)

E. Accounts Receivable, Net

Accounts receivable, net consist of intragovernmental amounts due to DOL, as well as amounts with the public. (See Note 4)

1. Intragovernmental accounts receivable

The Federal Employees Compensation (FEC) Account within the UTF provides unemployment compensation to eligible Federal employees (UCFE) and ex-service members (UCX). DOL recognizes as intragovernmental accounts receivable amounts due from other Federal agencies for unreimbursed UCFE and UCX benefits. DOL's FECA

Special Benefit Fund provides workers' compensation benefits to eligible Federal workers on behalf of other Federal agencies. DOL recognizes as intragovernmental accounts receivable amounts due from other Federal agencies to the Special Benefit Fund for unreimbursed FECA benefits.

DOL also has intragovernmental receivables from other Federal agencies for work performed on their behalf under various reimbursable agreements.

2. Accounts receivable with the public

DOL recognizes as accounts receivable (with the public) state unemployment taxes due from covered employers and reimbursements of benefits paid on behalf of other employers. Also recognized as accounts receivable are benefit overpayments made to individuals not entitled to receive the benefit.

DOL recognizes as accounts receivable amounts (with the public) for fines and penalties levied against employers by OSHA, MSHA, EBSA, and WHD and for amounts due from grantees and contractors for grant and contract costs disallowed by ETA and other agencies.

3. Net of an allowance

Accounts receivable are stated net of an allowance for uncollectible accounts. The allowance is estimated based on an aging of account balances, past collection experience, and/or an analysis of outstanding accounts at the end of the year. In general, intragovernmental accounts receivable are considered fully collectible.

F. Property, Plant, and Equipment, Net

The majority of DOL's property, plant, and equipment (PP&E) is general purpose PP&E held by Job Corps centers owned and operated by DOL through a network of contractors. PPE, Net includes right-to-use lease assets recognized in accordance with SFFAS 54, "Leases." Internal use software is considered general purpose PP&E.

DOL's capitalization thresholds for assets with a useful life of 2 years or longer (greater than 24 months for SFFAS 54 right-to-use lease assets) and the related depreciable lives are displayed in the following table.

	Capitalization Threshold	Years
Structures, facilities, and improvements	$500,000	20 - 50
Furniture and equipment	$50,000	2 - 36
Internal-use software	$500,000	2 - 15
Software in development	$500,000	-
Construction-in-progress	$500,000	-
Land	$500,000	-
SFFAS 54 Right-to-use lease assets	$1,000,000	the shorter of lease term or useful life

Internal-use software development costs are capitalized as software in development until the development stage has been completed and successfully tested. Upon completion and testing, they are reclassified as internal-use software and amortized over their estimated useful lives.

PP&E purchases and additions are stated at cost. Normal repairs and maintenance are charged to expense as incurred. PP&E are depreciated or amortized over their estimated useful lives using the straight-line method and are reported net of accumulated depreciation and accumulated amortization.

Leasehold improvements made at Job Corps centers and DOL facilities leased from the General Services Administration (GSA) are capitalized as construction-in-progress until completed. Upon completion, they are reclassified as improvements to leased facilities and amortized over the remaining life of the lease or the useful life of the improvements, whichever is shorter, using the straight-line method of amortization.

Job Corps center construction costs are capitalized as construction-in-progress until completed. Upon completion, they are reclassified as structures, facilities, and improvements and depreciated over their estimated useful lives.

In accordance with SFFAS 54, an embedded lease generally describes a contract or agreement that contains lease component(s) and nonlease components, such as service components, and serves a primary purpose attributable to the nonlease component. DOL elected a transitional accommodation that defers assessments on the portion of the embedded lease contracts that are attributed to right-to-use leases; the transitional period ends September 30, 2025 for embedded lease contracts; assessments for embedded leases will begin in FY 2026 for existing and new/modified contracts.

Lease Categories

DOL categorizes lease activity as follows:

(i) intragovernmental leases, which are leases between DOL and other component reporting entities within the larger governmentwide reporting entity of the Federal Government (as defined by SFFAS 47);

(ii) commercial right-to-use leases, which are leases that are not intragovernmental leases, that have terms greater than 24 months and discounts to present value the future lease payments of one million dollars or more; and

(iii) short-term leases, which are commercial leases that did not meet the criteria in (ii).

Contracts which transfer ownership of the asset at the end of the lease term are treated as purchases, not leases.

For commercial right-to-use leases, the future lease payments are discounted to present value using the Treasury monthly interest rate certification according to the life of lease in order to calculate the right-to-use lease asset and liability.

Treatment of Lease Expenses

DOL treats lease expenses as follows:

1. Intragovernmental lease expenses paid by DOL to a lessor, including lease-related operating costs (e.g., maintenance, utilities, taxes) based on the provisions of the lease agreement;
2. Right-to-use lease payments paid by DOL are allocated according to interest expense and reduction of the lease liability;
3. Short-term lease payments paid by DOL to a lessor based on the provisions of the lease contract;
4. Variable payments based on future performance of the lessee or usage of the underlying asset in leases other than intragovernmental, short-term, and right-to-use lease contracts that transfer ownership; and
5. Amortization of right-to-use lease assets is recognized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Treatment of Accounts Payable and Prepaid Rent for Intragovernmental Leases and Short-term Leases

Intragovernmental lease payments and short-term lease payments are recognized as expenses based on the payment provisions of the contract or agreement and standards regarding recognition of accounts payable and other related amounts. Prepaid rent or a payable for rent due is recognized as an asset or liability, respectively, and an expense is recognized in the appropriate reporting period based on the specifics of the lease provisions. Rental increases, rental decreases, lease incentives, and lease concessions are recognized when incurred as increases/or reductions to lease expense.

Intragovernmental leases are primarily for GSA rent and parking. Commercial right-to-use leases are primarily for information technology and Job Corp Centers facilities. DOL does not engage in activities as a lessor. (See Note 5)

G. Advances and Prepayments

Advances and prepayments consist primarily of advances with the public to states for UI benefit payments and payments made to State Employment Security Agencies (SESA) and to grantees and contractors to provide for future DOL program expenditures. These advance payments with the public are recorded by DOL as an asset, which is reduced when actual expenditures or the accrual of estimated expenditures are recorded by DOL. (See Note 6)

H. Non-entity Assets

Assets held by DOL which are not available to DOL for obligation are considered non-entity assets. DOL holds non-entity assets for the Railroad Retirement Board and for transfer to the U.S. Treasury. (See Note 7)

I. Liabilities

DOL's liabilities are reported as intragovernmental and with the public. Liabilities represent probable amounts to be paid by DOL as a result of past transactions and are recognized when incurred, regardless of whether there are budgetary resources available to pay them. However, the liquidation of these liabilities will consume budgetary resources and cannot be made until available resources have been obligated. For financial reporting purposes, DOL's liabilities are classified as covered by budgetary resources, not covered by budgetary resources, or not requiring budgetary resources.

Liabilities are classified as covered by budgetary resources if budgetary resources are available to pay them. Liabilities are also considered covered by budgetary resources if they are to be funded by permanent indefinite appropriations, which have been enacted and signed into law and are available for use as of the balance sheet date, provided that the resources may be apportioned by OMB without further action by the Congress and without a contingency having to be met first. Liabilities are classified as not covered by budgetary resources if budgetary resources are not available. Liabilities are classified as not requiring budgetary resources if the liabilities have not in the past required and will not in the future require the use of budgetary resources. (See Note 12)

J. Debt

DOL's debt, which are intragovernmental liabilities, consisted of the following:

1. Unemployment Trust Fund Advances from U.S. Treasury

UTF advances from U.S. Treasury outstanding as of September 30, 2025 represent borrowings by the UTF's Federal Unemployment Account (FUA) from the General Fund of the U.S. Treasury pursuant to the authority of Section 1203 of the Social Security Act (SSA) (42 U.S.C. 1323). UTF advances from U.S. Treasury also represent borrowing authority by the UTF's Extended Unemployment Compensation Account (EUCA) from the General Fund of the Treasury pursuant to the authority of Section 905(d) of the SSA (42 USC 1105(d)). The authority for these advances was available in FY 2025 through two partial-year continuing resolutions (P.L.s 118-83 and -158) and a full-year continuing resolution (P.L. 119-4). The FUA's repayable advances bear interest rates of 1.625 and 1.75 percent as of September 30, 2025. The EUCA's repayable advances bear an interest rate of 1.625 percent as of September 30, 2025. The interest rates are equal to the average rate of interest, computed as of the end of the calendar month next preceding the date of such advance, borne by all interest bearing obligations of the United States then forming part of the public debt; except that in cases in which such average rate is not a multiple of one-eighth of 1 percent, the rate of interest shall be the multiple of one-eighth of 1 percent next lower than such average rate in accordance with Section 905(d) and Section 1203 of the Social Security Act.

In general, interest on the repayable advances is due on September 30th of each year or upon the repayment of an advance and is subject to sequestration. Advances are repaid by transfers from the UTF to the General Fund of the U.S. Treasury when the Secretary of the Treasury, in consultation with the Secretary of Labor, has determined that the balances in the UTF allow repayment. (See Note 8)

2. Black Lung Disability Trust Fund Borrowings from U.S. Treasury

The Energy Improvement and Extension Act of 2008 (P.L. 110-343, Division B, section 113), enacted October 3, 2008, authorized restructuring of the BLDTF Advances from U.S. Treasury by the repayment at market value the fund's outstanding repayable advances, using the proceeds from borrowings from Treasury's Bureau of the Fiscal Service and a one-time appropriation. Pursuant to this authority, in FY 2009, the BLDTF borrowed from Treasury $6.496 billion which was structured into 32 discounted instruments with sequential annual September 30th maturities over the 32-year period 2009 through 2040; 15 discounted instruments remain outstanding as of September 30, 2025, bearing interest rates from 4.194 to 4.552 percent. Interest on each instrument accrues until its September 30th maturity date or the instrument's prepayment, whichever occurs first. The payments of principal and interest are to be made from the excise taxes assessed on domestic sales of coal mined in the United States. In the event that the BLDTF cannot repay a discounted instrument when it matures, or make benefit payments or other authorized expenditures, the Act authorizes the issuance of one-year discounted instruments to finance these activities. The BLDTF borrowed on September 30, 2025 (due September 30, 2026) bearing an interest rate of 3.688 percent. (See Note 8)

K. Advances from Others and Deferred Revenue

Advances from others and deferred revenue are amounts received for goods or services to be delivered or performed in the future and reflect amounts that have yet to be earned. Advances from others and deferred revenue are primarily from intragovernmental activity. Included in the intragovernmental activity are Advances from ED pursuant to the IAA for DOL's performance of administrative services. (See Note 1-A.4)

L. Federal Employee Salary, Leave, and Benefits Payable and Post-employment Benefits Payable

These liabilities with the public are (1) Federal employee salary, leave, and benefits payable and (2) Post-employment benefits payable (See Note 11).

1. Federal Employee Salary, Leave, and Benefits Payable

Federal employee salary, leave, and benefits payable includes salaries; wages; funded and unfunded annual leave; funded and unfunded compensatory leave; sick leave; the employer portion of payroll taxes and benefit contributions (excluding intragovernmental amounts such as DOL's contributions to the Thrift Savings Plan); and the employer share of health benefit payments due to benefit carriers.

Unfunded annual and compensatory leave is accrued as leave is earned and paid when leave is taken. The balance of leave earned but not taken is unfunded and will be paid from future funding sources. Sick leave and other types of non-vested leave are expensed as taken.

2. Post-employment Benefits Payable

Post-employment benefits payable is the actuarial liability for future workers' compensation benefits payable by DOL to its employees, to employees of the Panama Canal Commission and to enrollees of the Job Corps, as well as benefits not chargeable to other Federal agencies, which must be paid by DOL's FECA Special Benefit Fund. The liability includes the expected payments for death, disability, medical, and miscellaneous costs for approved compensation cases, as well as a component for incurred but not reported claims. The liability is determined using historical claim data and benefit payment patterns related to injury years to predict the future payments.

The actuarial methodology provides for the effects of inflation and adjusts liability estimates to constant dollars by applying wage inflation factors (cost-of-living adjustments or COLA) and medical inflation factors (consumer price index-medical or CPI-M) to the calculation of projected benefits.

DOL selects the COLA factors and CPI-M factors by averaging over five years the COLA rates and CPI-M rates, respectively. Using averaging renders estimates that reflect trends over five years instead of conditions that exist in one year. The FY 2025 methodology for averaging the COLA rates used OMB-provided rates.

The FY 2025 methodology for averaging the CPI-M rates used OMB-provided rates and information obtained from the Bureau of Labor Statistics public releases for CPI.

The COLAs and CPI-Ms used in the projections for FY 2025 are presented in the table below.

FY	2025 COLA	2025 CPI-M
2026	4.35 %	2.54 %
2027	4.05 %	2.90 %
2028	3.05 %	3.06 %
2029	2.45 %	3.66 %
2030	2.26 %	3.84 %
2031	2.20 %	3.89 %
2032	2.23 %	3.87 %
2033	2.21 %	3.86 %
2034	2.20 %	3.86 %
2035 and thereafter	2.20 %	3.85 %

DOL selects the discount rates by averaging interest rates for the current and prior four years. Using averaging renders estimates that reflect historical trends over five years instead of conditions that exist in one year.

DOL selected the interest rate assumptions whereby projected annual payments were discounted to present value based on interest rate assumptions on the Treasury's Yield Curve for Treasury Nominal Coupon Issues (the TNC Yield Curve) to reflect the average duration of income payments and medical payments. The average durations for income payments and medical payments were 14.6 and 8.6 years, respectively, in FY 2025. Based on averaging the TNC Yield Curves for the current year and the prior four years, the interest rate assumptions for income payments and medical payments were 3.221 and 2.944 percent, respectively, in FY 2025.

The actuarial liability consists of a portion for the projected benefits of Federal agencies (including DOL and the Panama Canal Commission Compensation Fund) that reimburse the fund for their employees' costs as billable costs; the other portion is for projected benefits for non-billable and unreimbursed costs, which are primarily for projected benefits under the War Hazards Compensation Act (WHCA), as amended (42 U.S.C. 1701 et seq.). DOL's actuarial liability includes the non-billable and unreimbursed costs from claims covered by Section 4016, "Eligibility for Workers' Compensation Benefits for Federal Employees Diagnosed with COVID-19," of the ARP Act; however, claims for COVID-19 diagnosed after January 27, 2023 are billable to other Federal agencies.

The National Defense Authorization Act (NDAA) of 2023, P.L. 117-263, enacted December 23, 2022, section 5305, "Fairness for Federal firefighters," amended the FECA and established that certain illnesses and diseases are to be deemed to be proximately caused by employment in federal fire protection activities. DOL has determined that these costs are billable to the Agencies that employ Federal firefighters.

In FY 2025, the methodology for the billable projected liability included, among other things: (1) an algorithmic model that relies on individual case characteristics and benefit payments (the FECA Case Reserve Model [CRM]) and (2) incurred but not reported claims were estimated using the patterns of incurred benefit liabilities in addition to those of payments.

In FY 2025, the methodology for the non-billable WHCA projected liability applied a CRM specific to WHCA claims; the use of a CRM is a methodology similar to the use of the FECA CRM for billable and non-billable (other than WHCA) claims. The results of the non-billable WHCA CRM are incorporated into the loss development triangle approach to allow for development of the WHCA claims on both a paid as well as a case-incurred basis. DOL uses the U.S. Central Command budget, Middle East Current Operations costs, as a relative measure of hazard exposure in projecting future benefits under the WHCA and applies it to both the T4 and non-T4 claims. T4 claims are for mental, emotional or nervous conditions, including post-traumatic stress disorder.

In FY 2025, for the other non-billable non-WHCA projected liability, DOL continued to use the FECA CRM. (See Note 11)

M. Benefits Due and Payable

The financial statements include a liability with the public for unemployment, workers' compensation, and disability benefits due and payable from various DOL funds, as discussed below. (See Note 10)

1. Unemployment Benefits

State Regular and Extended Unemployment Benefits. The UTF provides benefits to unemployed workers who meet state and Federal eligibility requirements. Regular and extended unemployment benefits are paid from state accounts within the UTF, financed primarily by a state unemployment tax on employer payrolls. Fifty percent of the cost of extended unemployment benefits is paid from the Extended Unemployment Compensation Account (EUCA) within the UTF, financed by a Federal unemployment tax on employer payrolls.

P.L. 116-127, Division D, the Emergency Unemployment Insurance Stabilization and Access Act of 2020 (the EUISA Act), enacted March 18, 2020, and P.L. 116-136, the Coronavirus Aid, Relief, and Economic Security Act of 2020 (the CARES Act), Title II, Subtitle A, enacted March 27, 2020, and Subsequent Amendments

The EUISA Act and CARES Act, both enacted in March 2020, provided for, among other things, Federal funding of unemployment assistance and benefits to individuals affected by the COVID-19 pandemic. Statutory weeks of eligibility varied according to the requirements of the relevant sections of the laws. Although the statutory weeks of eligibility have expired for these programs, benefits due and payable as of September 30, 2025 result from activity for the obligations and unpaid expenditures still outstanding as of September 30, 2024.

Subsequent amendments to the EUISA Act and CARES Act were:

(1) P.L. 116-260, Division N, Title II, Subtitle A, Chapter 1, Continued Assistance for Unemployed Workers Act of 2020 (the CAUW Act), enacted December 27, 2020, and

(2) P.L. 117-2, the American Rescue Plan Act of 2021 (the ARP Act), Title IX, Subtitle A, Part 1, Extension of CARES Act Unemployment Provisions, and Part 2, Extension of FFCRA (Families First Coronavirus Response Act/EUISA Act), enacted March 11, 2021.

The CAUW Act, in general, for those programs with ending dates on or before December 31, 2020, extended the ending dates to on or before March 14, 2021. The ARP Act, in general, for those programs with ending dates on or before March 14, 2021, further extended the ending dates to on or before September 6, 2021.

Federal Regular and Extended Unemployment Benefits. (1) the EUISA Act, provided Federal funding of extended benefits for states that met certain requirements and provided for federal matching of the first week of extended benefits for states that met waiting week requirements; and (2) the CARES Act, provided Federal funding for the first week of regular unemployment benefits where a state's laws do not require a waiting week and that participated in certain Federal-state agreements (effective from date of agreement through December 31, 2020). The CAUW and ARP, among other things, extended the ending dates.

Federal Pandemic Emergency Unemployment Benefits. The CARES Act provided Federal funding of Federal pandemic emergency unemployment benefits to individuals who exhausted their regular benefits in those states which participated in certain Federal-state agreements. The benefits were applicable to weeks of benefits that began after the date on which the agreement was entered into and ended on or before December 31, 2020. The CAUW Act and ARP Act, among other things, extended the ending dates.

Federal Pandemic Unemployment Assistance Benefits. The CARES Act provided Federal funding of Federal pandemic unemployment assistance that covered individuals who may not have otherwise qualified for unemployment benefits, such as those that are self-employed, who seek part-time employment, do not have sufficient work history, or otherwise would not qualify for regular unemployment or extended benefits under state or Federal law or Federal PEUC benefits. The benefits were effective for weeks of unemployment that began on or after January 27, 2020 and ended on or before December 31, 2020. The CAUW Act and ARP Act, among other things, extended the ending dates.

Federal Pandemic Unemployment Benefits. The CARES Act provided Federal funding of the Federal pandemic unemployment compensation (FPUC) program, which provided $600 per week as an amount in addition to regular unemployment benefits and temporary pandemic-related unemployment benefits in those states which participated in certain Federal-state agreements. The benefits were applicable to weeks of benefits that began after the date on which the agreement was entered into and ended on or before July 31, 2020. The benefit was not payable for any week of unemployment ending after July 31, 2020. The CAUW Act and ARP Act, among other things, extended the ending dates; the CAUW Act reduced the payments to $300 per week.

Mixed Earner Unemployment Benefits. The CAUW Act provided funding of the mixed earner unemployment compensation (MEUC) program. State participation was optional and participating states must have entered into certain Federal-state agreements. The MEUC program was intended to provide certain self-employed individuals with a $100 weekly supplemental payment in addition to the FPUC supplemental payment and their underlying UI benefit payment for weeks of unemployment that began after December 26, 2020 (or date of Federal-state agreement, if later) and ended on or before March 14, 2021. The ARP Act extended the ending dates. For presentation purposes, the benefits due and payable for the Federal pandemic unemployment benefits include MEUC benefits.

Other Activity

Included in the **Federal Regular and Extended Unemployment Benefits** are extended benefits under the American Reinvestment and Recovery Act of 2009 (the Recovery Act), which provided Federal funding of extended benefits through December 2009. The funding was extended several times and was phased out on January 1, 2014. Although the vast majority of extended benefits activity has ceased, states are still reporting residual transactions related to the program on monthly reports.

Federal Emergency Unemployment Benefits were Emergency Unemployment Compensation (EUC) benefits that were first authorized by the Supplemental Appropriations Act of 2008 and extended by the Recovery Act and other authorizing legislation through January 1, 2014. Although the vast majority of EUC activity has ceased, states are still reporting residual transactions related to the program on monthly reports.

Federal Additional Unemployment Benefits were Federal Additional Unemployment Compensation (FAUC) benefits provided by the Recovery Act for a $25 weekly supplement through December 2009 to individuals who were entitled under state law to otherwise receive any type of UC. These FAUC benefits were extended several times, with phase-out of benefit eligibility by December 2010. Although the vast majority of this FAUC activity has ceased, states are still reporting residual transactions related to the program on monthly reports.

Federal Employees Unemployment Benefits

Unemployment benefits to unemployed Federal workers are paid from the FEC Account within the UTF, which is then reimbursed by the responsible Federal agency.

A liability is recognized for unpaid unemployment benefits applicable to the current period and for benefits paid by states that have not been reimbursed by the fund. DOL also recognizes a liability for Federal employees' unpaid unemployment benefits for existing claims filed during the current period, payable in the subsequent period, to the extent reimbursable by other Federal entities.

2. Federal Employees Disability and 10(h) Benefits

The FECA Special Benefit Fund provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The Fund is reimbursed by other Federal agencies for the FECA benefit payments made on behalf of their workers. The Fund assumes the liability for unreimbursed (non-chargeable) FECA benefits.

The Fund also provides 50 percent of the annual cost-of-living adjustments for pre-1972 compensation cases under the authority of Section 10(h) of the Longshore and Harbor Workers' Compensation Act and the District of Columbia Worker's Compensation Act. A liability for FECA benefits payable by the Special Benefit Fund to the employees of DOL and other Federal agencies and for Section 10(h) benefits is accrued to the extent of unpaid benefits applicable to the current period.

3. Black Lung Disability Benefits

The BLDTF and Special Benefits for Disabled Coal Miners fund provide compensation and medical benefits for eligible coal miners who are totally disabled due to pneumoconiosis (black lung disease). DOL recognizes a liability for disability benefits to the extent of unpaid benefits applicable to the current period.

4. Energy Employees Occupational Illness Compensation Benefits

The Energy Employees Occupational Illness Compensation Fund provides benefits to eligible current or former employees of the DOE and its contractors suffering from designated illnesses incurred as a result of their work with DOE. Benefits are also paid to certain survivors of those employees and contractors, as well as to certain beneficiaries of the Radiation Exposure Compensation Act (RECA). DOL recognizes a liability for disability benefits to the extent of unpaid benefits applicable to the current period.

N. Other Liabilities

DOL's Other liabilities are reported as intragovernmental and with the public.

1. Intragovernmental Other Liabilities

Intragovernmental other liabilities are primarily for accounts receivable, net due to U.S. Treasury that are non-entity assets. (See Notes 1-H, 7 and 9)

2. Other Liabilities with the Public

Other liabilities with the public include liabilities for the Energy employees occupational illness compensation benefits, accrued grant liabilities, and other liabilities.

Energy Employees Occupational Illness Compensation Benefits

The Energy Employees Occupational Illness Compensation Fund, established under the authority of the EEOICPA, provides benefits to eligible current or former employees of DOE and its contractors, or to certain survivors of those employees and contractors, as well as benefits to certain beneficiaries of the Radiation Exposure Compensation Act (RECA). DOL is responsible for adjudicating and administering claims filed under the EEOICPA. Effective July 31, 2001, Part B compensation of $150,000 and payment of medical expenses from the date a claim is filed are available to covered individuals suffering from designated illnesses incurred as a result of their work with DOE.

The Ronald Reagan National Defense Authorization Act of 2005 amended EEOICPA to include Subtitle E – Contractor Employee Compensation. The amended program grants compensation benefits up to $250,000 to covered employees and their families for illness and death arising from exposure to toxic substances at a DOE facility. The amendment also makes it possible for uranium workers as defined under Section 5 of RECA to receive compensation under Part E for illnesses due to toxic substance exposure at a uranium mine or mill covered under that Act.

P.L. 117-139, the RECA Extension Act, enacted June 7, 2022, extended the RECA program for two years until it expired; consequently, only claims postmarked on and before June 10, 2024 were filed and adjudicated. P.L. 119-21, OBBBA, enacted July 4, 2025, among other things, reauthorized RECA. The reauthorization increased the number of compensable illnesses, increased eligible job titles, extended the timeframes for filing claims, and expanded eligible geographic areas.

The National Defense Authorization Act (NDAA) for FY 2024, P.L. 118-31, was enacted on December 22, 2023 and includes section 5501, Amendments to the Energy Employees Occupational Illness Compensation Program Act of 2000, also known as the Beryllium Testing Fairness Act. Section 5501 includes additional methods for establishing beryllium sensitivity under Part B.

The table below presents assumptions used for the compensation liabilities as of September 30, 2025.

Type of Compensation Assumption	2025
Average duration	11.6 years
Interest rate used in discounting	3.020 %

The table below presents assumptions used for the medical liabilities as of September 30, 2025.

Type of Medical Assumption	2025
Average duration	21.4 years
Interest rate used in discounting	3.541 %
Medical inflation in 2026	7.3 %
Medical inflation in 2027	6.7 %
Medical inflation in 2028	6.6 %
Medical inflation in 2029	6.6 %
Medical inflation in 2030	6.6 %
Medical inflation in 2031 and thereafter	6.6 %
Mortality Table	PRI-2012 Male Disabled Retiree

The table below summarizes the compensation and medical liabilities as of September 30, 2025.

Summary of Compensation and Medical Liabilities	2025
Compensation Liability, Undiscounted	$11.6 billion
Medical Liability, Undiscounted	$188.6 billion
Total Compensation and Medical Liability, Undiscounted	$200.2 billion
Compensation Liability, Discounted	$8.6 billion
Medical Liability, Discounted	$98.7 billion
Total Compensation and Medical Liability, Discounted	$107.3 billion

As of September 30, 2025, the sum of compensation and medical liabilities on an undiscounted and discounted basis was $200.2 billion and $107.3 billion, respectively, over a 60-year discounting period.

DOL selects interest rate assumptions by averaging interest rates on the TNC Yield Curves for the current and prior four years. Using averaging renders estimates that reflect historical trends over five years instead of conditions that exist in one year. DOL selected the interest rate assumptions whereby projected payments were discounted to present value based on interest rate assumptions on the TNC Yield Curve to reflect the average duration of compensation payments and medical payments.

The estimated liability includes the estimated compensation and medical payments for approved cases and filed cases pending approval, as well as claims incurred but not yet filed. The actuarial projection methodology provided an estimate of the ultimate number of reported cases as a result of estimating future reported claims from the historical patterns of reported claims and subsequent claim approval rates. Medical payments were derived by estimating an average benefit award per living employee claimant and by applying the Society of Actuaries Private Retirement Plans (PRI) 2012 male disabled retiree mortality tables.

In FY 2026, DOL expanded the pharmacy benefit management program being used in the FECA program to include the claimants covered by the EEOICPA.

Accrued Grant Liabilities

Accrued grant liabilities represent amounts owed to grantees. These grant-related expenses are program costs of DOL's agencies; ETA programs have the largest share of accrued grant liabilities.

Other

Other liabilities with the public include lease liability. Lease liabilities are the commercial right-to-use leases with terms greater than 24 months and discounted future lease payments of one million dollars or more.

For commercial right-to-use leases, the source of the discount rate is the Treasury's Monthly Interest Rate Certification at the inception of the lease and the rate selected is consistent with the lease term.

Over the lease term, lease payments are allocated first to interest expense and then to reduction of the liability.

Lease concessions, such as rent abatements, are included in the lease liability measurement, while lease incentives are excluded. Variable payments, such as operational expenses, are expensed as incurred. Lease liabilities are subsequently reassessed only under limited circumstances and if the changes individually or in the aggregate, are expected to significantly affect the amount of the lease liability since the previous measurement. A lease liability is primarily reduced by principal payments made. The related amortization of the discount on a lease liability is recognized over the life of the lease liability as interest expense. (See Note 9)

O. Employee Health and Life Insurance Benefits

DOL employees are eligible to participate in the contributory Federal Employees Health Benefit Program (FEHBP) and the Federal Employees Group Life Insurance Program (FEGLIP). DOL matches the employee contributions to each program to pay for current benefits. In FY 2025, DOL's matching contributions to the FEHBP and FEGLIP were $156.6 million and $3.4 million, respectively.

P. Other Retirement Benefits

DOL employees eligible to participate in the FEHBP and the FEGLIP may continue to participate in these programs after their retirement. DOL recognizes a current operating expense for the future cost of these other retirement benefits (ORB) at the time the employee's services are rendered. This ORB expense must be financed by the U.S. Office of Personnel Management (OPM). Using cost factors supplied by OPM, DOL recorded ORB imputed costs and imputed financing sources of $124.6 million in FY 2025. (See Note 1-S.1)

Q. Employee Pension Benefits

DOL employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). For employees participating in CSRS, 7.0 percent of their gross earnings is withheld and transferred to the Civil Service Retirement and Disability Fund. DOL contributes an additional 7.0 percent of the employee gross earnings to the Civil Service Retirement and Disability Fund. P.L. 112-96, Section 5001, the "Middle Class Tax Relief and Job Creation Act of 2012," changed the employee and employer contributions for new employees participating in FERS. Employees designated by OPM as FERS Revised Annuity Employees (RAE) were, in general, new employees hired on or after January 1, 2013. The Bipartisan Budget Act of 2013, section 401, further changed the employee and employer contributions for new employees participating in FERS. Employees designated by OPM as FERS Further Revised Annuity Employees (FRAE) were, in general, hired on or after January 1, 2014. The percentages of employee contribution/withholding and DOL contribution under FERS, FERS RAE, and FERS FRAE in FY 2025 are presented in the table below.

The table below provides the FY 2025 employee contributions/withholding and employer/DOL contributions as a percentage of gross earnings under the FERS, FERS RAE, and FERS FRAE programs.

Type of contribution in FY 2025	FERS	FERS RAE	FERS FRAE
Employee contribution/withholding	0.8%	3.1%	4.4%
Employer/DOL contribution	18.4%	16.5%	16.5%

These totals are transferred to the Federal Employees' Retirement Fund. The CSRS and FERS retirement funds are administered by OPM. DOL contributions to the CSRS and FERS are recognized as current operating expenses. FERS participants are also covered under the Federal Insurance Contribution Act (FICA) and are subject to withholdings. DOL makes matching FICA contributions, recognized as current operating expenses. DOL's matching contributions were $167.4 million in FY 2025.

The Thrift Savings Plan (TSP) is a defined contribution retirement savings and investment plan for employees covered by either CSRS or FERS. CSRS participants may contribute up to $23,500 per year of their gross pay to the TSP during calendar year 2025, but there is no departmental matching contribution. FERS participants may contribute up to $23,500 per year of their gross pay to the TSP during calendar year 2025. For calendar year 2025, CSRS and FERS participants aged 50 years or older may also contribute an additional $7,500 each calendar year in "catch-up" contributions ($11,250 per year for ages 60 to 63); there is no departmental matching of "catch-up" contributions for CSRS participants, but for FERS participants, contributions in excess of the calendar year 2025 $23,500 that spill over towards the "catch-up" limit may qualify for departmental matching, up to a maximum of 5 percent of gross pay eligible for total departmental matching. For employees covered under FERS, DOL contributes 1 percent of the employees' gross pay to the TSP. DOL also matches employees' contributions dollar-for-dollar on the first 3 percent of gross pay contributed each pay period and 50 cents on the dollar for the next 2 percent of gross pay contributed, up to a maximum of 5 percent of gross pay eligible for departmental matching. DOL contributions to the TSP are recognized as current operating expenses. Employee and employer contributions to the TSP are transferred to the Federal Retirement Thrift Investment Board (FRTIB), the administrator of the TSP. (See Note 14)

On September 16, 2020, the FRTIB issued a final rule that increased from 3 percent to 5 percent (of basic salary) the automatic employee contributions for employees that began or rejoined Federal service on or after October 1, 2020; the employees may change their contributions at any time. Employees already enrolled in the TSP as of September 30, 2020 were not affected.

DOL recognizes the full cost of providing future CSRS and FERS pension benefits to covered employees at the time the employees' services are rendered. The pension expense recognized in the financial statements equals the service cost for covered DOL employees, less amounts contributed by these employees. Service cost represents the actuarial present value of benefits attributed to services rendered by covered employees during the accounting period.

The measurement of service cost requires the use of actuarial cost methods to determine the percentage of the employees' basic compensation sufficient to fund their projected pension benefit. These percentages (cost factors) are provided by OPM and applied by DOL to the basic annual compensation of covered employees to arrive at the amount of total pension expense to be recognized in DOL's financial statements.

The excess of total pension expense over the amount contributed by the Department and by DOL's employees represents the amount of pension expense which must be financed directly by OPM. DOL recognized an imputed cost and an imputed financing source equal to the excess amount. DOL does not recognize in its financial statements FERS or CSRS assets, accumulated plan benefits, or unfunded liabilities, if any, applicable to its employees. (See Notes 1-S.1 and 14)

R. Net Position

DOL's net position for funds from dedicated collections and funds from other than dedicated collections consist of the following:

1. Unexpended Appropriations - Funds from other than Dedicated Collections

Unexpended appropriations from funds from other than dedicated collections include the unobligated balances and undelivered orders of DOL's appropriated funds. Unobligated balances associated with appropriations that expire at the end of the fiscal year remain available for obligation adjustments, but not new obligations, until those appropriations are cancelled, five years after the appropriations expire. Unexpired multi-year and no-year appropriations remain available to DOL for obligation in future periods.

2. Cumulative Results of Operations

Both funds from dedicated collections and funds from other than dedicated collections have cumulative results of operations. Cumulative results of operations include the accumulated historical difference between expenses consuming budgetary resources and financing sources providing budgetary resources in DOL's trust, revolving, and special funds; liabilities not consuming budgetary resources net of assets not providing budgetary resources; and DOL's net investment in capitalized assets.

S. Net Cost of Operations

1. Operating Costs

Full operating costs are comprised of all direct costs consumed by programs and those indirect costs which can be reasonably assigned or allocated to programs. Full operating costs include goods and services that are received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed by DOL are recognized as imputed costs in the Consolidated Statement of Net Cost and are offset by imputed financing sources in the Consolidated Statement of Changes in Net Position. Such imputed costs relate to OPM-provided employee pensions and other retirement benefits and DHS-provided cybersecurity services. (See Notes 1-P, 1-Q, 1-U.4 and 14). DOL does not recognize in its financial statements the unreimbursed costs of goods and services other than those identified above. Management has determined that there are no material claims to be settled by the Treasury Judgement Fund. (See Note 13)

Full costs are reduced by exchange (earned) revenues to arrive at net program cost. The full and net operating costs of DOL's major programs are presented in the Consolidated Statement of Net Cost and are also reported by program agency and major program. (See Note 15)

2. Earned Revenue

Earned revenues arise from exchange transactions which occur through the provision of goods and services for a price and are deducted from the full cost of DOL's major programs to arrive at net program cost. Earned revenues are recognized by DOL to the extent reimbursements are payable from other Federal agencies and from the public, as a result of costs incurred or services performed on their behalf. Major sources of DOL's earned revenue include reimbursements to the FECA Special Benefit Fund from Federal agencies for the costs of disability compensation and medical care provided to or accrued on behalf of their employees and reimbursements to the UTF from Federal agencies for the cost of unemployment benefits provided to or accrued on behalf of their former employees. (See Note 15)

T. Net Change in Unexpended Appropriations

Funds from other than dedicated collections report the Net change in unexpended appropriations in the Consolidated Statement of Changes in Net Position. The Net change in unexpended appropriations is primarily from Appropriations received and Appropriations used, but other components include other adjustments. DOL receives financing sources through congressional appropriations to support its operations and recognizes these as Appropriations received. Appropriations are considered used as a financing source when goods and services are received or benefits are provided. The other adjustments include rescission, cancellation, sequestration, or return of permanent indefinite authority.

U. Net Change in Cumulative Results of Operations

Both Funds from dedicated collections and Funds from other than dedicated collections report Net change in cumulative results of operations on the Consolidated Statement of Changes in Net Position. The Net change in cumulative results of operations is primarily due to Appropriations used, Non-exchange revenue, and Transfers in/out without reimbursement, but other components are Imputed financing and other changes; these financing sources are offset by the Net cost of operations. (See Note 1-S)

1. Appropriations Used

The Funds from other than dedicated collections report Appropriations used. Appropriations are considered used as a financing source when goods and services are received or benefits are provided.

2. Non-exchange Revenue

Non-exchange revenues are primarily reported by Funds from dedicated collections and arise primarily from the Federal Government's power to demand payments from the public. Non-exchange revenues are recognized by DOL on the Consolidated Statement of Changes in Net Position and include employer taxes, Black Lung Disability Trust Fund excise tax, Interest, and Reimbursement of unemployment benefits and other. (See Note 16)

Employer Taxes

Employer tax revenues are recognized on a modified cash basis, to the extent of cash transferred by the collecting entity to DOL, plus the change in inter-entity balances between the collecting entity and DOL. Inter-entity balances represent revenue received by the collecting entity, net of amounts due to the collecting entity and adjustments made to previous transactions by the collecting entity which have not been transferred to DOL.

Federal and state unemployment taxes represent non-exchange revenues collected from employers based on wages paid to employees in covered employment. Federal unemployment taxes are collected by the Internal Revenue Service and transferred to designated accounts within the UTF. State unemployment taxes are collected by each state and deposited in separate state accounts within the UTF. Among other things, Federal unemployment taxes are used to pay the Federal share of extended unemployment benefits and to provide for Federal and state administrative expenses related to the operation of the UI Program, employment services including veterans' ES, and foreign labor certifications (FLC). Additional Federal collections from states with advances from the fund that have been outstanding for more than two years are used to reduce states' outstanding advance balances. State unemployment taxes are restricted in their use to the payment of unemployment benefits.

Black Lung Disability Trust Fund Excise Tax

Black Lung Disability Trust Fund excise tax revenues are recognized on a modified cash basis, to the extent of warrants posted by Governmentwide Accounting and the Bureau of the Fiscal Service funds into the BLDTF. These taxes are imposed on domestic sales of coal by producers from mines located in United States. The BLDTF excise taxes are used to pay BLDTF benefits and administrative costs and repay BLDTF borrowings from U.S. Treasury for principal and interest as mentioned in Note 1-J.2. The BLDTF excise taxes are restricted to these uses. (See Note 1-W)

Interest

The UTF, Panama Canal Commission Compensation Fund, and Energy Employees Occupational Illness Compensation Fund receive interest on fund investments. In general, the UTF receives interest from states that had accounts with loans payable to the Federal Unemployment Account (FUA) at the end of the prior fiscal year. Interest is also earned on Federal funds in the possession of non-Federal entities. Interest is recognized as non-exchange revenue when earned.

With regard to states that had loans payable to the FUA (SSA Title XII loans), interest accrued during FY 2025 was due on September 30, 2025; the states made timely interest payments.

Interest may also be earned on receivables from states for the return of funding from the Federally-funded unemployment CARES Act programs.

3. Reimbursement of Unemployment Benefits and Other

The UTF receives reimbursements from state and local government entities and non-profit organizations for the cost of unemployment benefits provided to or accrued on behalf of their employees. These reimbursements are recognized as non-exchange revenue when earned. In general, state and municipal government entities and nonprofit organizations reimburse the State accounts for 100 percent of UI benefits paid on behalf of their former employees. Section 2103 of the CARES Act provided for Federal financing so that reimbursements were returned to the governmental entities and non-profit organizations. The program was effective for weeks of unemployment that began on or after March 13, 2020 and ended on or before December 31, 2020. The CAUW Act and ARP Act, among other things, extended the ending dates.

4. Transfers in/out Without Reimbursement

Transfers in/out without reimbursement include transfers from the DHS H-1B Nonimmigrant Petitioner Account to H-1B Funds in ETA and WHD. There are also transfers between DOL entities (from Funds from other than dedicated collections to Funds from dedicated collections) primarily for the administration of the UI Program. (See Note 17)

5. Imputed financing

Imputed financing is primarily reported by Funds from other than dedicated collections. DOL recognizes an imputed financing source for pension and other retirement benefit expenses financed by OPM and DHS-provided cybersecurity services. (See Notes 1-P, 1-Q, 1-S.1 and 14)

V. Custodial Activity

DOL collects and transfers to the General Fund of the U.S. Treasury custodial non-exchange revenues for penalties levied against employers by OSHA, MSHA, WHD, and EBSA for regulatory violations; FECA administrative costs assessed against Federal Government corporations in excess of amounts reserved to finance capital improvements in the FECA Special Benefit Fund; and ETA collections and administrative charges and restitution payments. These collections are not available to the agencies for obligation or expenditure. Penalties and other assessments are recognized as custodial non-exchange revenues when collected or subject to collection. (See Note 20)

W. Significant Assumptions Used in the Statements of Social Insurance and Statements of Changes in Social Insurance Amounts

1. Program Background

The Black Lung Benefits Program provides for compensation, medical, and survivor benefits for eligible coal miners who are totally disabled due to pneumoconiosis (black lung disease) arising out of their coal mine employment and the BLDTF provides benefit payments when no responsible mine operator (RMO) can be assigned the liability or when the liability is adjudicated to the BLDTF, which may occur as a result of, among other things, bankruptcy of the RMO. The OWCP administers the program.

The Federal Coal Mine Health and Safety Act sets black lung benefits at 37.5 percent of the base salary of a Federal employee at level GS-2, Step 1. Black lung disability benefit payments are funded by excise taxes from coal mine operators based on the domestic sale of coal, as are the fund's administrative costs. These taxes are collected by the Internal Revenue Service and transferred to the BLDTF, which was established under the authority of the Black Lung Benefits Revenue Act, and administered by Treasury.

P.L. 110-343, Division B-Energy Improvement and Extension Act of 2008, enacted on October 3, 2008, among other things, restructured the BLDTF debt by refinancing the outstanding high interest rate repayable advances with low interest rate discounted debt instruments similar in form to zero-coupon bonds, plus a one-time appropriation. This Act also allowed that any subsequent debt issued by the BLDTF may be used to make benefit payments, other authorized expenditures, or to repay debt and interest from the initial refinancing. (See Notes 1-J.2 and 8)

2. Significant Assumptions

The significant assumptions used in the projections for the Statements of Social Insurance (SOSI) are the coal excise tax revenue estimates, the tax rate structure, the number of beneficiaries, life expectancy, Federal civilian pay raises, medical cost inflation, and the interest rates used to discount future cash flows. These assumptions affect the amounts reported on the SOSI, summary section, and the SCSIA. The valuation date is September 30 for each year of information presented in the SOSI, including the summary section, and the SCSIA.

Estimated future excise tax income

FY 2021

On December 27, 2020, P.L. 116-260, Division EE, Taxpayer Certainty and Disaster Tax Relief Act of 2020, temporarily extended the increased excise tax rates of $1.10 per ton of underground-mined coal and $0.55 per ton of surface-mined coal sold, with a cap of 4.4 percent of sales price for the period January 1, 2021 through December 31, 2021. In accordance with the laws in effect as of September 30, 2021, the tax rates would revert to $0.50 per ton of underground-mined coal and $0.25 per ton of surface-mined coal sold, with a limit of 2.0 percent sales price on January 1, 2022 and these assumptions were used for the SOSI as of September 30, 2021.

The USCA vacated and remanded the Affordable Clean Energy (ACE) regulation to the Environmental Protection Agency (EPA) on January 19, 2021 and the EPA undertook new rulemaking. Because the U.S. Court of Appeals (USCA) did not expressly reinstate the previous regulation (CPP, the Clean Power Plan), it was Executive Branch policy that neither the ACE nor the CPP regulations apply. After the USCA January 2021 decision, parties petitioned the U.S. Supreme Court (SCOTUS) to overturn the January 2021 USCA decision; in August 2021 the EPA filed an opposing brief. The case was distributed for the September 27, 2021 SCOTUS conference. As of September 30, 2021, the status at SCOTUS was to redistribute the case for conference in October 2021.

To estimate the future excise tax income reported on the SOSI as of September 30, 2021, DOL used Energy Information Administration (EIA) projections that were published in February 2021. To reflect the effects of events after February 2021, management used short-term EIA projections published in September 2021 for the 2021 and 2022 coal production and exports.

FY 2022

On October 29, 2021, SCOTUS granted the petitions for writs of certiorari with regard to the EPA regulation. On February 28, 2022 SCOTUS heard arguments for the case. On June 30, 2022, SCOTUS ruled that the EPA lacked the statutory authority to regulate power plants' carbon emissions according to the system that was required by the CPP. The BLDTF estimates relied, in part, on EIA projections which assume that there is no requirement to reduce CO2 from power plants; this is consistent with the SCOTUS June 30, 2022 ruling and Executive Branch policy that neither the ACE nor the CPP regulations were being enforced as of September 30, 2022.

On August 16, 2022, P.L. 117-169, Inflation Reduction Act of 2022 (IRA), section 13901, effective for domestic sales of coal on or after October 1, 2022, permanently raised the coal excise tax rates to $1.10 per ton of underground-mined coal and $0.55 per ton of surface-mined coal sold, with a cap of 4.4 percent of sales price and these assumptions were used for the SOSI as of September 30, 2022.

To estimate the future excise tax income reported on the SOSI as of September 30, 2022, DOL used EIA projections that were published in March 2022. To reflect the effects of events after March 2022, management used short-term EIA projections published in August 2022 for the 2022 and 2023 coal production and exports.

FY 2023

On March 10, 2023, the EPA resumed enforcement of the ACE regulation and published a final rule with respect to due dates for filing state plans. However, the EPA undertook new rule making to replace the ACE regulation; the Federal Register published the EPA's proposed rule on May 23, 2023. As of September 30, 2023, the final rule to replace the ACE regulation had not been published.

To estimate the future excise tax income reported on the SOSI as of September 30, 2023, DOL used EIA projections that were published in March 2023. These projections included assumptions based on energy-related tax credits and incentives—as authorized by P.L. 117-169, IRA—that support, in general, energy industries that compete with the coal industry; however, the effects of these tax credits and incentives were limited in scope because EIA excluded tax credits and incentives from their models for various reasons (e.g., time constraints and lack of guidance on how the Federal government would implement the tax credits and incentives). To reflect the effects of events after March 2023, management used short-term EIA projections published in September 2023 for the 2023 and 2024 coal production and exports.

FY 2024

The final rule to repeal the ACE regulation was published May 9, 2024 and is effective July 8, 2024. The final rule includes regulation of existing coal-fired steam generating electric power plants. Litigation of the final rule began in May and the USCA denied the motion for an administrative stay and consolidated multiple cases in June. As of September 30, 2024, the USCA ordered the schedule for submitting briefs through October, with final briefs due on November 1, 2024.

To estimate the future excise tax income reported on the SOSI as of September 30, 2024, DOL continued to use EIA projections that were published in March 2023 that reflected limited effects of the IRA and did not reflect the requirements of the ACE rule because the EPA repealed it with the regulations published May 2024. DOL did not adjust the EIA projections to reflect the May 2024 regulations because this rule was under judicial review by the USCA as of September 30, 2024. To adjust the estimates for short-term effects after September 30, 2024, management continued to use short-term EIA projections published in September 2024.

FY 2025

Regarding the May 9, 2024 final rule that was being litigated before the USCA as of September 30, 2024, on April 21, 2025, the EPA filed a motion that the case be held in abeyance, with status reports due every 90 days. On April 25, 2025, the USCA ordered that the case be held in abeyance, with status reports every 90 days beginning July 24, 2025. EPA timely filed the status report on July 24, 2025; as of September 30, 2025, the case continues to be held in abeyance.

The Executive Branch issued an Executive Order (EO) 14261, "Reinvigorating America's Beautiful Clean Coal Industry and Amending Executive Order 14241 (April 8, 2025)." The EO states, "It is a national priority to support the domestic coal industry by removing Federal regulatory barriers that undermine coal production, encouraging the utilization of coal to meet growing domestic energy demands, increasing American coal exports, and ensuring that Federal policy does not discriminate against coal production or coal-fired electricity generation."

On June 17, 2025, the EPA published a proposed rule to repeal all greenhouse gas (GHG) emissions standards for fossil fuel-fired power plants. The EPA also proposed, as an alternative, to repeal a narrower set of requirements that includes, among other things, the emission guidelines for existing fossil fuel-fired steam generating units. The comment period closed August 7, 2025; as of September 30, 2025 EPA continues the rulemaking process.

P.L. 119-21, OBBBA, was enacted on July 4, 2025. Among other things, the OBBBA terminates multiple energy-related federal tax credits associated with the Green New Deal, expands the use of federal lands for coal leases, and reduces royalties for coal leases on federal lands. In general, the OBBBA ended incentives that supported energy industries that compete with the coal industry. The estimated future excise taxes continued to use, among other things, assumptions based on EIA projections of coal production; these projections were published on April 8, 2026. DOL selected the coal production projections which treat the June 2025 proposed rule as a final rule that is implemented. The assumptions for the projections provide that, among other things, the GHG emissions standards for fossil-fired power plants are repealed and existing coal plants are allowed to continue operation without any modifications to reduce emissions. The assumptions for the coal production projections also implemented some of the requirements of the OBBBA enacted on July 4, 2025. The SOSI as of September 30, 2025 and the SCSIA for the year then ended, reflect coal production projections based on the April 8, 2026 report.

To adjust the projections of coal production for short-term effects, management used EIA reports published in July 2026.

Estimated future administrative costs

For the first ten years in the projection period, estimates for future administrative costs are supplied by DOL's Budget Office, based on current year enacted amounts. For the remaining years in the projection period, estimates for future administrative costs are based on the number of projected beneficiaries.

Actuarial future benefit payments to disabled coal miners and dependent survivors

The beneficiary population data is updated from information supplied by the program. The closed group population consists of those who are already participants as of September 30 (the beginning of the projection period); the open group population consists of participants in the closed group, plus new participants who will join during the projection period. New participants include, among others, estimates for participants for whom the BLDTF has an adjudicated liability as of September 30 (due to, among other things, bankruptcy of the RMO), but had not yet been added to the rolls.

In FYs 2021 through 2025, historical program data and a blend of Social Security Administration tables were used to project the life expectancies of the beneficiary population. OMB supplies assumptions for future monthly benefit rate increases based on increases in the Federal pay scale and future medical cost inflation based on increases in the CPI-M, which are used to estimate future benefit costs.

In FY 2021, projections for the number of new participants decreased. Management determined that the number of black lung claims filed (and the number awarded) and the average annual medical cost per miner have decreased since the beginning of the pandemic. In FY 2021, the model assumed these decreases during the pandemic were short-term and that levels would normalize in FY 2022. In FY 2021, refinements to the model included, among other things, a decrease in the average age differential between miner and spouse.

In FY 2022, projections for the number of new participants decreased. Refinements to the model include, among other things, higher average ages of new entrant miners and new entrant widows and a higher average medical payment per miner and growth rate to reflect pre-pandemic levels.

In FY 2023, the BLDTF received $72 million from a mine operator and the fund assumed responsibility for paying basic benefits (monthly disability benefits, medical benefits, and diagnostic expenses) for certain covered active claims and future claims of certain covered classes of claimants; these claims are included in the model's projections. The $72 million receipt was treated as an offset to FY 2023 benefit costs and decreased total benefit costs in FY 2023.

In FY 2023, the DOL reviewed a claim from the U.S. Department of Health and Human Services (HHS), Centers for Medicare and Medicaid Services (CMS), issued to the BLDTF for reimbursement of black lung medical treatments that DOL believes were paid by CMS from October 2018 through February 2021. As of September 30, 2023, CMS and DOL continued negotiating a memorandum of understanding (MOU) with regard to the reimbursement.

In FY 2023, projections for the number of new participants increased. Refinements to the model include, among other things, calculating the average cost of diagnostic pulmonary exams separately from the average annual medical treatment cost per miner and applying different medical inflation rates for diagnostic versus treatment medical costs. The estimated average future medical treatment cost per miner was increased in the model to adjust for future higher treatment expenses, then offset by a decrease in estimated future pharmacy costs.

In FY 2024, the BLDTF received $36 million from a mine operator and the fund assumed responsibility for paying basic benefits (monthly disability benefits, medical benefits, and diagnostic expenses) for certain covered active claims and future claims of certain covered classes of claimants; these claims are included in the model's projections. The $36 million receipt was treated as an offset to FY 2024 benefit costs and decreased total benefit costs in FY 2024.

In FY 2024, CMS and DOL signed an MOU, that included, among other things, which Medicare services and prescriptions would be reimbursed by DOL, policies and procedures for data exchange and reimbursement, and that claims would not cover periods earlier than January 2015. No reimbursement was made to CMS in FY 2024.

In FY 2024, projections for the number of new participants increased. In FY 2024, the model continued to use the same methodology in FY 2023 that estimated medical diagnostic costs separately from medical treatment costs.

In FY 2025, projections for the number of new participants increased. In FY 2025, the estimated average cost for future medical treatment was lowered. On August 6, 2025, the BLDTF made a payment to reimburse CMS for $12.9 million.

For the SOSI with a valuation date as of September 30, 2025, the future income benefit rate (annualized for the fiscal year), increases 1.2 percent in FY 2026, 2.7 percent in FY 2027, 3.6 percent in FYs 2028—2035, 2.5 percent in FY 2036 and 2.0 percent thereafter. For medical treatment, future costs increase 2.3 percent in FY 2026, where 2.3 percent is net of the effect of the CMS payment, and 4.5 percent thereafter. For medical diagnostic exams, future costs are stable in FY 2026 and then increase 3.5 percent in FY 2027 and thereafter.

In FY 2026, DOL expanded the pharmacy benefit management program being used in the FECA program to include the claimants covered by the BLDTF.

Other significant assumptions

Estimated future excise tax income and estimated future administrative costs were allocated to the closed group and new participant populations based on the ratio of each population's future benefit payments to the sum of future benefit payments for both populations.

DOL uses a rolling 25-year projection period that begins on the September 30 valuation date each year; using a 25-year projection period enhances comparability of social insurance information and illustrates the fund's long-term condition and sustainability.

DOL's approach for selecting the interest rate assumptions used to discount projected annual cash flows enhances matching between the timing of cash flows and interest rates and increases comparability. The approach discounts projected annual cash flows to present value based on Treasury rates that reflect the average duration of cash flows.

The table below describes the FY 2025 average duration and discount rates of projected annual cash flows used for the closed group, new participant, and open group populations.

Type of Cash Flow	Average Duration	Discount Rate
Coal excise tax income	11.3 years	4.25%
Administrative costs	12.8 years	4.38%
Income benefit payments	11.3 years	4.25%
Medical benefit payments	11.9 years	4.38%

The table below describes the FY 2024 average duration and discount rates of projected annual cash flows used for the closed group, new participant, and open group populations.

Type of Cash Flow	Average Duration	Discount Rate
Coal excise tax income	11.0 years	3.75%
Administrative costs	12.3 years	3.88%
Income benefit payments	10.9 years	3.75%
Medical benefit payments	11.0 years	3.75%

The table below describes the FY 2023 average duration and discount rates of projected annual cash flows used for the closed group, new participant, and open group populations.

Type of Cash Flow	Average Duration	Discount Rate
Coal excise tax income	10.7 years	4.25%
Administrative costs	12.1 years	4.25%
Income benefit payments	11.0 years	4.25%
Medical benefit payments	12.1 years	4.25%

The table below describes the FY 2022 average duration and discount rates of projected annual cash flows used for the closed group, new participant, and open group populations.

Type of Cash Flow	Average Duration	Discount Rate
Coal excise tax income	11.7 years	3.38%
Administrative costs	11.7 years	3.38%
Income benefit payments	10.7 years	3.25%
Medical benefit payments	11.9 years	3.38%

The table below describes the FY 2021 average duration and discount rates of projected annual cash flows used for the closed group, new participant, and open group populations.

Type of Cash Flow	Average Duration	Discount Rate
Coal excise tax income	11.6 years	1.38%
Administrative costs	11.8 years	1.38%
Income benefit payments	10.8 years	1.38%
Medical benefit payments	12.5 years	1.50%

3. Disclosures for the social insurance financial statements

As presented in the SOSI, the accumulated deficit—of all past disbursements over past cash receipts, including interest on investments—is $(6.86) billion, the amount of the trust fund net position deficit at the start of the projection period, September 30, 2025.

As presented in the SOSI, the closed group measure is calculated by subtracting the closed group outflows for the:

(a) present value of estimated future administrative costs and

(b) actuarial present value of future benefit payments to disabled coal miners and dependent survivors who are current participants (closed group)

from the closed group inflows for the:

(c) present value of estimated future excise tax income during the projection period.

As presented in the SCSIA, as a result of changes in the assumptions above, the FY 2025 open group measure increased by $339.8 million primarily because of changes in assumptions about coal excise tax revenues of $344.9 million and changes in assumptions about interest rates of $47.9 million, offset by changes in assumptions about beneficiaries, including costs, number, type, age, and life expectancy of $(30.0) million, and changes in assumptions about administrative costs of $(38.2) million.

In FY 2024, the open group measure decreased by $(385.0) million primarily because of changes in assumptions about coal excise tax revenues of $(154.0) million, changes in assumptions about administrative costs of $(117.8) million, and changes in assumptions about beneficiaries, including costs, number, type, age, and life expectancy of $(90.6) million, offset by the net effect of other changes in assumptions about Federal civilian pay raises for income benefits, medical inflation for medical benefits, and interest rates. The changes in assumptions about coal excise tax revenues were caused by a decrease in projections of domestic coal production, which in turn would decrease projections of coal excise tax collections.

The projection period illustrates the future long-term condition and sustainability of the fund because it presents the value for open group measure plus fund assets (Fund Balance with Treasury and receivables from benefit overpayments) available to service the fund's debt and interest. As of September 30, 2025, the open group measure plus fund assets is $(275.4) million whereas the BLDTF debt and interest maturing on September 30, 2026 are $3.8 billion and the carrying value of all BLDTF debt as of September 30, 2025 is $7.15 billion.

Subsequent Events

In October, the EPA requested and was granted an extension for filing its October status report. EPA filed a status report on November 24, 2025, and continues to file status reports every three months, with the latest status report filed August 26, 2026; the abeyance continues and EPA's rulemaking process is ongoing.

X. Tax Exempt Status

As an agency of the Federal Government, the Department is exempt from all taxes imposed by any governing body whether it is a Federal, state, commonwealth, local, or foreign government.

Y. Application of Critical Accounting Estimates

The financial statements are based on the selection of accounting policies and the application of significant accounting estimates, some of which require management to make significant assumptions.

Estimates and assumptions affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Included in the significant accounting estimates are management's assumptions about future outlays from the unemployment programs authorized by the CARES Act (as amended) which expired, in general, on or before September 6, 2021. States will continue to submit claims for weeks of unemployment that occurred before the programs expired. These future outlays continued to be obligations in FY 2025, although outlays, downward adjustments, and other adjustments will continue to occur after September 30, 2025. The activity associated with these obligations is reported in the FY 2025 Combined Statement of Budgetary Resources and related notes.

Included in the significant accounting estimates are management's assumptions about overpayment accounts receivable and related allowances for the unemployment programs. Federal law sets out the authority to waive recovery of overpayments of CARES Act unemployment benefits under certain circumstances. The Department issued guidance to state workforce agencies with criteria for waiving overpayments, including criteria for blanket waivers that allow states to waive recovery of overpayments for individuals based on the same set of facts. States have discretion on whether to exercise the waiver authority.

Other assumptions about overpayment accounts receivable also include States' application of finality laws and expiration of the statute of limitations. In FY 2024, DOL issued guidance to defer to a state to apply its finality laws to the CARES Act unemployment programs. In general, a state finality law limits the state's authority to reconsider or redetermine prior determinations or decisions related to unemployment benefits. As a result, a portion of benefit overpayments may be subject to state finality laws; for these benefit overpayments, the state will not need to take retroactive action. DOL will no longer exercise its authority to require retroactive actions for CARES Act unemployment benefits where a state's finality law applies. The application of state finality provisions will not prevent law enforcement agencies from investigating and prosecuting fraud under CARES Act programs.

Generally, the federal statute of limitations for fraud prosecutions is five years under 18 U.S.C. §3282. Federal prosecutions started to become time-barred within five years of the date of activities supporting prosecution for fraud. For fraudulent activities occurring at the beginning of the pandemic and involving the payments of benefits under the regular UI programs and the temporary pandemic UI programs, as early as March 2020, the limitations period for pursuing prosecutions started coming into effect in March 2025.

Estimates and assumptions also affect the amounts reported on the SOSI and the SCSIA. Further, the estimates are based on current conditions that may change in the future. Actual results could differ materially from the estimated amounts. The financial statements include information to assist in understanding the effect of changes in assumptions to the related information.

Z. Other Required Note (Note 24)

Treasury prepares the FY 2025 Financial Report of the U.S. Government (FRUSG) in accordance with OMB Circular A-136 and Treasury regulations, which require that, among other things, the FRUSG report the U.S. Government's Balance Sheet, Statement of Net Cost, and Statement of Operations and Changes in Net Position.

To support Treasury's preparation of the FY 2025 FRUSG, OMB Circular A-136 requires that DOL disclose in a separate note the financial statement line descriptions and amounts from DOL's

- Consolidated Statement of Net Cost for the year ended September 30, 2025 and
- Consolidated Statement of Changes in Net Position for the year ended September 30, 2025

as reclassified financial statement line descriptions and amounts that Treasury will use in the FRUSG compilation process for the governmentwide

- Statement of Net Cost for the year ended September 30, 2025 and
- Statement of Operations and Changes in Net Position for the year ended September 30, 2025.

In making reclassifications for the governmentwide Statement of Net Cost and Statement of Operations and Changes in Net Position for the year ended September 30, 2025, Note 24 presents disaggregated information for the:

- combined funds from dedicated collections;
- eliminations within funds from dedicated collections;
- eliminations within funds from other than dedicated collections;
- eliminations between funds from dedicated collections and other than dedicated collections; and
- as the end result, the reclassified lines.

Note 24 omits reclassification of DOL's Consolidated Balance Sheet as of September 30, 2025 because it conforms to the FY 2025 FRUSG presentation requirements.

AA. Other Significant Accounting Policies

In addition to the increase in activity associated with interagency agreements that is disclosed in Note 1.A.4, below are other significant accounting policies that were implemented in FY 2025. (See Note 1-A.4)

Increase in the Use of Administrative Leave and Terminal Leave

OPM's Deferred Resignation Program (DRP) and Voluntary Early Retirement Authority (VERA). DOL participated in the OPM's DRP and OPM approved DOL for VERA. Among other things, DRP allowed an employee to resign their position effective on or before September 30, 2025, with no expectation of performing work. For employees who participated in DRP, those who were eligible for early retirement could also participate in the VERA program as long as they retired on or before September 30, 2025, or in some cases, would retire before December 31, 2025. In general, the salaries and wages of employees that participated in the DRP and DRP/VERA were charged as administrative leave. For the DFR and VERA participants, accrued annual leave was recorded as accrued terminal leave until payment of the lump sum.

Separated Employees. Some employees who did not participate in the DRP or DRP/VERA programs may have been placed on administrative leave before they were separated.

Payment Justifications

Effective May 19, 2025, pursuant to Executive Order 14222, "Implementing the President's 'Department of Government Efficiency' Cost Efficiency Initiative (signed February 26, 2025)," payment requests submitted in the Treasury's Automated Standard Application for Payments (ASAP.gov) began requiring a justification for each payment. The justification requirements apply to grantees and States, including state draws on its own Unemployment Trust Funds.

NOTE 2 - FUND BALANCE WITH TREASURY

The Status of Fund Balance with Treasury as of September 30, 2025, consisted of the following:

(Dollars in Thousands)	Revolving Funds	Trust Funds	Special Funds	General Funds	Other	Total
Unobligated Balance	$ 292,201	$ 145	$ 58,035	$ 4,953,583	$ -	$ 5,303,964
Obligated Balance not yet Disbursed	137,370	1,108,699	229,119	11,921,042	-	13,396,230
Non-Budgetary Fund Balance with Treasury	-	43,643	-	639	6,582	50,864
Entity Fund Balance with Treasury	429,571	1,152,487	287,154	16,875,264	6,582	18,751,058
Non-Entity Fund Balance with Treasury	-	(781)	-	-	-	(781)
Total Fund Balance with Treasury	$ 429,571	$ 1,151,706	$ 287,154	$ 16,875,264	$ 6,582	$ 18,750,277

Obligated and unobligated balances differ from the amounts reported on the Combined Statement of Budgetary Resources because budgetary balances are supported by amounts other than Fund Balance with Treasury, such as investments. Non-Budgetary Fund Balance with Treasury consists of amounts included in Fund Balance with Treasury but excluded from the Department's budgetary resources, such as sequestered budget authority.

The negative fund balance reported in Non-Entity Trust Funds relates to the UTF and is the result of the timing of processing the investments and redemptions for the Railroad Retirement Board. The investments and redemptions relating to the last business day of the month are not processed until the first day of the next month. This results in a negative cash position for the preceding business day when the disbursements are greater than the receipts to the fund. The same information is applicable to Note 7 as well.

Annual and multi-year budget authority expires at the end of its period of availability. During the first through the fifth expired years, the unobligated balance is unavailable and may be used to adjust obligations and disbursements that were recorded before the budgetary authority expired or to meet a legitimate or bona fide need arising in the fiscal year for which the appropriation was made. The unobligated balance for no-year budget authority may be used to incur obligations indefinitely for the purpose specified by the appropriation act. No-year budget authority unobligated balances, except those specifically exempt, are subject to the annual apportionment and allotment process.

Unobligated Balance as of September 30, 2025 includes $666.7 million of available funds apportioned for use in the subsequent year.

NOTE 3 - INVESTMENTS, NET

Investments, net as of September 30, 2025, consisted of the following:

(Dollars in Thousands)	Face Value	Premium (Discount)	Interest Receivable	Net Value	Market Value
Unemployment Trust Fund					
Non-Marketable					
Special Issue U.S. Treasury Bonds					
3.250% Maturing June 30, 2026	$ 12,906,884	$ -	$ 104,868	$ 13,011,752	$ 12,906,884
3.250% Maturing June 30, 2027	33,061,770	-	268,627	33,330,397	33,061,770
3.250% Maturing June 30, 2028	20,357,482	-	165,405	20,522,887	20,357,482
3.250% Maturing June 30, 2029	6,361,713	-	51,689	6,413,402	6,361,713
3.250% Maturing June 30, 2030	6,361,713	-	51,689	6,413,402	6,361,713
Special Issue Certificate of Indebtedness					
3.250% Maturing June 30, 2026	10,344,890	-	49,740	10,394,630	10,344,890
	$ 89,394,452	$ -	$ 692,018	$ 90,086,470	$ 89,394,452
Panama Canal Commission Compensation Fund					
Marketable					
U.S. Treasury Notes					
2.250% Maturing November 15, 2025	$ 7,119	$ (18)	$ 60	$ 7,161	$ 7,119
Total Investments	$ 89,401,571	$ (18)	$ 692,078	$ 90,093,631	$ 89,401,571
Entity Investments	$ 89,029,673	$ (18)	$ 689,199	$ 89,718,854	$ 89,029,673
Non-Entity Investments	371,898	-	2,879	374,777	371,898
Total Investments	$ 89,401,571	$ (18)	$ 692,078	$ 90,093,631	$ 89,401,571

NOTE 4 - ACCOUNTS RECEIVABLE, NET

Accounts receivable, net as of September 30, 2025, consisted of the following:

(Dollars in Thousands)	Gross Receivables	Allowance	Net Receivables
Entity Intragovernmental Assets			
Due For UCFE and UCX Benefits	$ 139,873	$ -	$ 139,873
Due For Workers' Compensation Benefits	5,416,015	-	5,416,015
Other	16,051	-	16,051
Total Intragovernmental	5,571,939	-	5,571,939
Entity With the Public Assets			
State Unemployment Taxes	2,311,213	(1,178,703)	1,132,510
Due from Reimbursable Employers	722,229	(74,294)	647,935
Benefit Overpayments	40,349,037	(37,060,835)	3,288,202
Settlement Receivable	2,034,174	-	2,034,174
Other	78,022	(1,681)	76,341
Total Entity With the Public	45,494,675	(38,315,513)	7,179,162
Non-Entity with the Public Assets			
Fines and Penalties	261,582	(70,711)	190,871
Total Accounts Receivables with the Public	45,756,257	(38,386,224)	7,370,033
Total Accounts Receivable	$ 51,328,196	$ (38,386,224)	$ 12,941,972

As of September 30, 2025, intragovernment balances due for workers' compensation benefits include $1.7 billion in receivables due from the U.S. Postal Service (USPS). Subsequently, USPS paid all outstanding 2025 balances that were billed. In general, OWCP considers all intra-governmental receivables to be fully collectible. Specific statutory provisions require agencies to reimburse the FECA Special Benefit Fund.

On January 17, 2025, DOL and the Commonwealth of Massachusetts (MA) made an agreement for MA to return $2.0 billion in CARES Act funding for unemployment insurance programs. MA will make payments, plus interest, beginning December 1, 2025 and on December 1 of each year through 2034. On November 28, 2025, DOL received the first payment from MA.

DOL's bad debt expense for the year ended September 30, 2025 was $(6.2) billion.

NOTE 5 - PROPERTY, PLANT, AND EQUIPMENT, NET

Property, plant, and equipment, net as of September 30, 2025, consisted of the following:

(Dollars in Thousands)	Cost	Accumulated Depreciation/ Amortization	Net Book Value
Structures, Facilities, and Improvements			
Structures, Facilities, and Land Improvements	$ 1,698,247	$ (1,028,482)	$ 669,765
Improvements to Leased Facilities	441,595	(345,634)	95,961
Total Structures, Facilities, and Improvements	2,139,842	(1,374,116)	765,726
Furniture and Equipment			
Equipment Held by Contractors	5,255	(5,255)	-
Furniture and Equipment	69,500	(39,586)	29,914
Total Furniture and Equipment	74,755	(44,841)	29,914
Internal-Use Software and Internal-Use Software In Development	289,146	(204,500)	84,646
Construction-In-Progress	112,631	-	112,631
Land	95,271	-	95,271
Right-to-use Lease Assets	94,940	(28,842)	66,098
Total Property, Plant, and Equipment, Net	$ 2,806,585	$ (1,652,299)	$ 1,154,286

Property, plant, and equipment, net reconciliation as of September 30, 2025, consisted of the following:

(Dollars in Thousands)	2025
Balance Beginning of Year, Unadjusted	$ 1,114,505
Capitalized Acquisitions	117,547
Right-to-use Lease Assets	2,451
Amortization of Right-to-use Lease Assets	(14,729)
Dispositions	939
Depreciation Expense	(66,427)
Balance End of Year	$ 1,154,286

Information concerning deferred maintenance and repairs, and estimated land acreage is discussed in unaudited Required Supplementary Information.

NOTE 6 - ADVANCES AND PREPAYMENTS

Advances and prepayments as of September 30, 2025, consisted of the following:

(Dollars in Thousands)	2025
Intragovernmental	
Advances	$ 16,070
With the Public	
Advances to States for UI Benefit Payments	9,646,181
Other	42,716
Total With the Public	9,688,897
Total Advances and Prepayments	$ 9,704,967

NOTE 7 - NON-ENTITY ASSETS

Non-entity assets as of September 30, 2025, consisted of the following:

(Dollars in Thousands)	2025
Intragovernmental	
Fund Balance with Treasury	$ (781)
Investments, Net	374,777
Total Intragovernmental	373,996
With the Public	
Accounts Receivable, Net	190,871
Total Non-Entity Assets	564,867
Total Entity Assets	132,080,266
Total Assets	$ 132,645,133

NOTE 8 - DEBT

Debt as of September 30, 2025, is summarized as follows:

Source of Debt (Dollars in Thousands)	Beginning Balance	Additional Borrowing	Repayment of Debt	Net Borrowing	Interest Change	Ending Balance
Intragovernmental Debt to Treasury						
Unemployment Trust Fund						
Advances from U.S. Treasury	$ 28,530,369	$ -	$ (7,500,000)	$ (7,500,000)	$ (3,290)	$ 21,027,079
Black Lung Disability Trust Fund						
Borrowing from U.S. Treasury	6,878,146	3,399,000	(3,155,688)	243,312	26,441	7,147,899
Total Debt	$ 35,408,515	$ 3,399,000	$ (10,655,688)	$ (7,256,688)	$ 23,151	$ 28,174,978

For the year ended September 30, 2025, interest expense for the UTF was $475.1 million, of which $448.0 million was paid along with $27.1 million in accrued interest through September 30, 2025.

For the year ended September 30, 2025, interest expense for the BLDTF was $287.9 million, of which $261.5 million was paid through September 30, 2025 and $26.4 million in capitalized interest.

In August 2026, the UTF repaid Advances from U.S. Treasury of $5.0 billion for the FUA and $2.0 billion for the EUCA; these borrowings bore interest rates of 1.750 percent and 1.625 percent, respectively.

NOTE 9 - OTHER LIABILITIES

Other liabilities as of September 30, 2025, consisted of the following:

(Dollars in Thousands)	2025
Intragovernmental	
Non-Entity Receivables Due to U.S. Treasury	$ 190,871
Accrued Payroll and Other Liabilities	38,042
Total Intragovernmental	228,913
With the Public	
Accrued Funded Payroll and Leave and Other Liabilities	27,372
Lease Liability	65,081
Total With the Public	92,453
Total Other Liabilities	$ 321,366

As of September 30, 2025, the lease liability totaled $65.1 million, consisting of $21.3 million in funded principal, $43.7 million in unfunded principal, and $0.06 million in unfunded accrued interest. Included in the lease liability is $1.8 million of lease payments that were due in FY 2025 but remained unpaid as of year-end. Because this amount relates to the current reporting period, it is presented within current liabilities and is not included in the schedule of future lease payments below. Pursuant to SFFAS 1, paragraph 86, the amount of other current liabilities that are not covered by budgetary resources for September 30, 2025 is $27.9 million. The following schedule presents the future lease payments due after September 30, 2025 through FY 2060.

(Dollars in Thousands) Fiscal Year	Principal	Interest	Total
2026	$ 11,059	$ 2,607	$ 13,666
2027	10,647	2,135	12,782
2028	6,817	1,663	8,480
2029	5,948	1,387	7,335
2030	4,964	1,140	6,104
2031-35	8,115	3,953	12,068
2036-40	2,624	3,158	5,782
2041-45	3,265	2,518	5,783
2046-50	4,061	1,721	5,782
2051-55	3,337	831	4,168
2056 and after	2,392	248	2,640
Total	$ 63,229	$ 21,361	$ 84,590

NOTE 10 - BENEFITS DUE AND PAYABLE

Benefits due and payable as of September 30, 2025, consisted of the following:

(Dollars in Thousands)	2025
Unemployment Benefits	
State Regular and Extended Unemployment Benefits	$ 4,842,788
Federal Regular and Extended Unemployment Benefits	137,184
Federal Emergency Unemployment Benefits	328,226
Federal Pandemic Emergency Unemployment Benefits	214,727
Federal Pandemic Unemployment Assistance Benefits	1,806,640
Federal Employees Unemployment Benefits	181,036
Federal Pandemic Unemployment Benefits	1,971,693
Federal Additional Unemployment Benefits	25,577
Total Unemployment Benefits Net Program Costs	9,507,871
Other Benefits	
Black Lung Disability Benefits	11,542
Federal Employees Disability and 10(H) Benefits	223,541
Energy Employees Occupational Illness Compensation Benefits	74,905
Total Other Benefits	309,988
Total Benefits Due and Payable	$ 9,817,859

NOTE 11 - POST-EMPLOYMENT BENEFITS PAYABLE

DOL's liability for the future workers' compensation benefits (post-employment benefits payable) as of September 30, 2025, consisted of the following:

(Dollars in Thousands)	**2025**
Projected Gross Liability of the Federal Government	
for Future FECA Benefits	$ 40,650,456
Less: Liabilities Attributed to Other Agencies	
United States Postal Service	(17,477,667)
Department of Homeland Security	(2,665,171)
Department of Veterans Affairs	(2,308,255)
Department of the Navy	(1,467,527)
Department of Justice	(1,726,666)
Department of the Army	(1,127,097)
Department of the Air Force	(1,032,156)
Department of Defense, Other	(740,536)
Department of Transportation	(642,057)
Department of Agriculture	(570,778)
Department of Interior	(470,193)
Department of the Treasury	(452,570)
Tennessee Valley Authority	(215,842)
Social Security Administration	(242,656)
Department of Health and Human Services	(221,265)
Department of Commerce	(125,198)
Department of State	(98,354)
General Services Administration	(81,891)
Department of Energy	(90,204)
Department of Housing and Urban Development	(48,965)
Environmental Protection Agency	(37,259)
Small Business Administration	(27,747)
National Aeronautics and Space Administration	(24,310)
Agency for International Development	(23,094)
Department of Education	(10,391)
Office of Personnel Management	(6,146)
Nuclear Regulatory Commission	(2,178)
National Science Foundation	(1,047)
Other	(501,726)
Liabilities Attributed to Other Agencies	(32,438,946)
Projected Liability of the Department of Labor for Future FECA benefits	$ 8,211,510
FECA Benefits Not Chargeable to Other Federal Agencies	
Payable by DOL's Federal Employees' Compensation Act Special Benefit Fund	$ 8,027,170
FECA Benefits Due to Eligible Workers of DOL and Job Corps Enrollees	158,279
FECA Benefits Due to Eligible Workers of the Panama Canal Commission	26,061
Post-Employment Benefits Payable	$ 8,211,510

NOTE 12 - LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities not covered by budgetary resources as of September 30, 2025, consisted of the following:

(Dollars in Thousands)	2025
Intragovernmental	
Debt	$ 28,174,978
With the Public	
Federal Employee Salary, Leave, and Benefits Payable	154,392
Post-Employment Benefits Payable	8,067,656
Environmental and Disposal Liabilities	27,927
Lease Liability	43,787
Other	20,372
Total With the Public	8,314,134
Total Liabilities Not Covered by Budgetary Resources	36,489,112
Total Liabilities Covered by Budgetary Resources	119,141,647
Total Liabilities Not Requiring Budgetary Resources	2,471,839
Total Liabilities	$ 158,102,598

NOTE 13 - CONTINGENCIES

The Department is involved in various lawsuits incidental to its operations. In the opinion of management, the ultimate resolution of pending litigation will not have a material effect on the Department's financial position.

NOTE 14 - PENSION EXPENSE

Pension expense for the year ended September 30, 2025, consisted of the following:

(Dollars in Thousands)	Employer Contributions	Costs Imputed by OPM	Total Pension Expense
Civil Service Retirement System	$ 1,471	$ 8,211	$ 9,682
Federal Employees' Retirement System	313,599	117,150	430,749
Thrift Savings Plan	80,596	-	80,596
Total Pension Expense	$ 395,666	$ 125,361	$ 521,027

NOTE 15 - NET COST OF OPERATIONS

Note 15 A presents detailed cost and revenue information by program and program agency (responsibility segment) in support of the summary information presented in the Consolidated Statement of Net Cost for the year ended September 30, 2025. Note 15 B presents a further breakdown of this cost and revenue information for DOL's two largest program agencies, ETA and OWCP. (See Notes 1-A.1 and 1-S)

A. Consolidating Statement of Net Cost by Program Agency

Net Cost of Operations by program agency for the year ended September 30, 2025, consisted of the following:

(Dollars in Thousands)	Employment and Training Administration	Office of Workers' Compensation Programs	Office of Job Corps	Occupational Safety and Health Administration	Bureau of Labor Statistics
CROSSCUTTING PROGRAMS					
Income Maintenance					
Gross Costs	$ 50,841,614	$ 32,431,884	$ -	$ -	$ -
Less: Earned Revenue	(434,326)	(3,220,588)	-	-	-
Net Program Costs	50,407,288	29,211,296	-	-	-
Employment and Training					
Gross Costs	4,743,425	-	1,961,860	-	-
Less: Earned Revenue	(24,953)	-	(431)	-	-
Net Program Costs	4,718,472	-	1,961,429	-	-
Labor, Employment and Pension Standards					
Gross Costs	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-
Net Program Costs	-	-	-	-	-
Worker Safety and Health					
Gross Costs	-	-	-	718,815	-
Less: Earned Revenue	-	-	-	(2,987)	-
Net Program Costs	-	-	-	715,828	-
Statistics					
Gross Costs	-	-	-	-	763,974
Less: Earned Revenue	-	-	-	-	(36,914)
Net Program Costs	-	-	-	-	727,060
COSTS NOT ASSIGNED TO PROGRAMS					
Gross Costs Not Assigned to Programs	-	-	-	-	-
Less: Earned Revenue Not Attributable to Programs	-	-	-	-	-
Net Costs Not Assigned to Programs	-	-	-	-	-
Net Cost of Operations	$ 55,125,760	$ 29,211,296	$ 1,961,429	$ 715,828	$ 727,060

A. Consolidating Statement of Net Cost by Program Agency - Continued

(Dollars in Thousands)	Mine Safety and Health Administration	Employee Benefits Security Administration	Veterans' Employment and Training Service	Wage and Hour Division	Other Program Agencies	Total
CROSSCUTTING PROGRAMS						
Income Maintenance						
Gross Costs	$ -	$ -	$ -	$ -	$ 643	$ 83,274,141
Less: Earned Revenue	-	-	-	-	-	(3,654,914)
Net Program Costs	-	-	-	-	643	79,619,227
Employment and Training						
Gross Costs	-	-	316,130	2,549	1,913	7,025,877
Less: Earned Revenue	-	-	(286)	-	-	(25,670)
Net Program Costs	-	-	315,844	2,549	1,913	7,000,207
Labor, Employment and Pension Standards						
Gross Costs	346	245,955	13,156	369,948	337,031	966,436
Less: Earned Revenue	-	(3,466)	(5)	(3,036)	(9,870)	(16,377)
Net Program Costs	346	242,489	13,151	366,912	327,161	950,059
Worker Safety and Health						
Gross Costs	454,784	-	-	-	447	1,174,046
Less: Earned Revenue	(1,931)	-	-	-	-	(4,918)
Net Program Costs	452,853	-	-	-	447	1,169,128
Statistics						
Gross Costs	-	-	-	-	2,204	766,178
Less: Earned Revenue	-	-	-	-	-	(36,914)
Net Program Costs	-	-	-	-	2,204	729,264
COSTS NOT ASSIGNED TO PROGRAMS						
Gross Costs Not Assigned to Programs	-	-	-	-	158,606	158,606
Less: Earned Revenue Not Attributable to Programs	-	-	-	-	(32,554)	(32,554)
Net Costs Not Assigned to Programs	-	-	-	-	126,052	126,052
Net Cost of Operations	$ 453,199	$ 242,489	$ 328,995	$ 369,461	$ 458,420	$ 89,593,937

B. Statement of Net Cost - Employment and Training Administration and Office of Workers' Compensation Programs

Net cost of operations for the year ended September 30, 2025, consisted of the following:

(Dollars in Thousands)	Employment and Training Administration	Office of Workers' Compensation Programs
CROSSCUTTING PROGRAMS		
Income Maintenance		
Benefits	$ 51,599,351	$ 31,643,179
Grants	4,656,566	-
Interest	494,056	287,896
Administrative and Other	(5,908,359)	500,809
Gross Costs	50,841,614	32,431,884
Less: Earned Revenue	(434,326)	(3,220,588)
Net Program Costs	50,407,288	29,211,296
Employment and Training		
Grants	4,360,997	-
Interest	1	-
Administrative and Other	382,427	-
Gross Costs	4,743,425	-
Less: Earned Revenue	(24,953)	-
Net Program Costs	4,718,472	-
Net Cost of Operations	$ 55,125,760	$ 29,211,296

NOTE 16 - NON-EXCHANGE REVENUE

Non-exchange revenue reported on the Consolidated Statement of Changes in Net Position for the year ended September 30, 2025, consisted of the following:

(Dollars in Thousands)	2025
Employer Taxes	
Unemployment Trust Fund	
State Unemployment Taxes	$ 43,348,018
Federal Unemployment Taxes	8,631,678
Total Unemployment Trust Fund	51,979,696
Black Lung Disability Trust Fund Excise Taxes	243,127
Total Employer Taxes	52,222,823
Interest	
Unemployment Trust Fund	3,692,436
Other	3,901
Total Interest	3,696,337
Reimbursement of Unemployment Benefits and Other	2,041,856
Total Non-Exchange Revenue	$ 57,961,016

The FY 2025 balance of $43.3 billion in State unemployment taxes is disaggregated by $38.3 billion and $5.0 billion earned for the current fiscal year and the prior fiscal year, respectively.

NOTE 17 - TRANSFERS IN/OUT WITHOUT REIMBURSEMENT

Transfers from other Federal agencies for the year ended September 30, 2025, consisted of the following:

(Dollars in Thousands)	2025
From H-1B Nonimmigrant Petitioner Account, Department of Homeland Security and Other	$ 278,874
Total Transfers In/Out Without Reimbursement	$ 278,874

The balance of $278.9 million in transfers in/out without reimbursement for the year ended September 30, 2025 reflects the elimination of intra-DOL transfers of $8.7 billion.

NOTE 18 - STATUS OF BUDGETARY RESOURCES

A. Net Adjustment to Unobligated Balance, Brought Forward, October 1

For the year ended September 30, 2025, certain adjustments were made to the balance of unobligated budgetary resources available for the period beginning October 1, 2024. These adjustments include, among other things, downward adjustments to undelivered and delivered orders that were obligated in a prior fiscal year. Other adjustments primarily include the return of COVID-19 funds related to recoveries of indefinite authority from prior fiscal years. The adjustments for the year ended September 30, 2025 are presented below.

(Dollars in Thousands)	2025
Unobligated Balance, Brought Forward from Prior Year	$ 4,912,162
Adjustments to Budgetary Resources Made during Current Year	
Downward Adjustments of Prior Year Undelivered Orders	2,044,124
Downward Adjustments of Prior Year Delivered Orders	4,736,933
Other Adjustments	(6,323,052)
	458,005
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	$ 5,370,167

B. Permanent Indefinite Appropriations

DOL's permanent indefinite appropriations include trust funds, the Federal Pandemic Unemployment Compensation (also known as the Federal Additional Unemployment Compensation), the Panama Canal Commission Compensation Fund, the Energy Employees Occupational Illness Compensation Fund, ETA and WHD H1-B funds, ETA's Advances and Payments to the Unemployment Trust Funds, Short-Time Compensation, and portions of State Unemployment Insurance and Employment Service Operations and Federal Unemployment Benefits and Allowances. These funds are described in Note 1-A.3. For the year ended September 30, 2025, the Department returned indefinite authority to Treasury in the amount of $6.0 billion.

C. Legal Arrangements Affecting Use of Unobligated Balances

Pursuant to public law, the portion of UTF receipts collected in the current year in excess of amounts needed to pay benefits and other valid obligations is classified as temporarily not available as of September 30. Therefore, these excess receipts are reported as a reduction to Appropriations and Unobligated Balances – Exempt from Apportionment in the Combined Statement of Budgetary Resources. Conversely, when obligations exceed receipts in the current year, amounts are drawn from the temporarily unavailable collections to increase current year Appropriations and Unobligated Balances – Exempt from Apportionment on the Combined Statement of Budgetary Resources to cover these obligations. All excess receipts are reported as assets of the UTF and are included in the Consolidated Balance Sheet.

The cumulative amount of excess UTF receipts are denoted as unavailable collections in the Budget of the United States Government. The cumulative amount of these excess receipts for the year ended September 30, 2025, reclassified from unobligated balances to UTF unavailable collections, is presented below.

(Dollars in Thousands)	2025
Unemployment Trust Fund Unavailable Collections, Beginning	$ 74,677,316
Budget Authority from Current Year Appropriations	50,494,774
Less: Obligations	(46,306,097)
Excess of Budget Authority Over Obligations	4,188,677
Unemployment Trust Fund Unavailable Collections, Ending	$ 78,865,993

D. Explanation of Differences between the Combined Statement of Budgetary Resources and the Budget of the United States Government for FY 2024

A reconciliation of total budgetary resources, new obligations and upward adjustments (total) outlays, net, and distributed offsetting receipts, as presented in the Combined Statement of Budgetary Resources for FY 2024, to amounts included in the Budget of the United States Government for the year ended September 30, 2024, is shown below.

(Dollars in Millions)	Total Budgetary Resources	New Obligations and Adjustments (Total)	Distributed Offsetting Receipts	Outlays, Net (Total)
Combined Statement of Budgetary Resources	$ 71,076	$ 66,163	$ (926)	$ 53,923
Pension Benefit Guaranty Corporation (PBGC) reported separately	83,689	21,639	-	11,949
Fiduciary Activities	172	94	-	94
Expired Accounts	(2,369)	(44)	-	-
Other	21	17	-	17
Budget of the United States Government	$ 152,589	$ 87,869	$ (926)	$ 65,983

A reconciliation of total budgetary resources, new obligations and upward adjustments (total) outlays, net, and distributed offsetting receipts, as presented in the Combined Statement of Budgetary Resources for FY 2025, to amounts included in the Budget of the United States Government for the year ended September 30, 2025, is shown below.

(Dollars in Millions)	Total Budgetary Resources	New Obligations and Adjustments (Total)	Distributed Offsetting Receipts	Outlays, Net (Total)
Combined Statement of Budgetary Resources	$ 75,787	$ 70,483	$ (1,191)	$ 55,397
Pension Benefit Guaranty Corporation (PBGC) reported separately	85,443	13,294	-	(3,917)
Fiduciary Activity	169	94	-	95
Expired Accounts	(2,168)	(86)	-	-
Other	-	2	2	2
Budget of the United States Government	$ 159,231	$ 83,787	$ (1,189)	$ 51,577

E. Undelivered Orders

Undelivered orders as of September 30, 2025, consisted of the following:

(Dollars in Thousands)	2025
Intragovernmental	
Undelivered Orders (Paid)	$ 16,070
Undelivered Orders (Unpaid)	610,026
Total Intragovernmental	626,096
With the Public	
Undelivered Orders (Paid)	10,060,898
Undelivered Orders (Unpaid)	11,667,208
Total With the Public	21,728,106
Total Undelivered Orders	$ 22,354,202

F. Appropriations Received

Appropriations from the Consolidated Statement of Changes in Net Position and the Combined Statement of Budgetary Resources are reconciled below for the year ended September 30, 2025.

(Dollars in Thousands)	2025
Appropriations Received, Consolidated Statement of Changes in Net Position	$ 13,668,451
Receipts Recognized as Revenue in Current and Prior Years	
Unemployment Trust Fund	53,805,914
Black Lung Disability Trust Fund	199,530
Other Funds from Dedicated Collections	73,990
Repayment of Debt from Appropriated Receipts	
Unemployment Trust Fund	(7,500,000)
Return of Permanent Indefinite Authority	(218,548)
Reduction for Sequestration, Across the Board Reductions, and Other	(91,768)
	46,269,118
Appropriations, Combined Statement of Budgetary Resources	$ 59,937,569

G. Borrowing Authority

As of September 30, 2025, P.L. 119-4 granted borrowing authority for repayable advances and other debt in the amount of “such sums as may be necessary” to (1) the UTF for advances as authorized by sections 905(d) and 1203 of the Social Security Act and (2) the BLDTF for advances as authorized by section 9501(c) (1) of the Internal Revenue Code of 1986. Although section 9501 of the Internal Revenue Code and P.L. 119-4 use the terminology “advance," the Treasury has interpreted this to mean any debt owed by the BLDTF to the Bureau of the Fiscal Service.

No borrowing authority was exercised for the UTF for the year ended September 30, 2025.

Borrowing authority exercised for the BLDTF in FY 2025 was $3.4 billion; most of the borrowing authority was used to repay debt of $3.2 billion.

NOTE 19 - RECONCILIATION OF NET COST TO NET OUTLAYS

Budgetary and financial accounting information differ. The budgetary basis of accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. The financial accounting information is intended to provide a picture of the government’s financial operations and financial position, so it presents information on the accrual basis of accounting. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The reconciliation of Total Net Outlays, presented on a budgetary basis, and the Net Cost of Operations, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting.

For the year ended September 30, 2025, the analyses below Illustrate this reconciliation by listing the key differences between Net Cost of Operations and Total Net Outlays.

The Accounts Receivable, Net line (intragovernmental) is primarily from offsetting activity in the FECA workers’ compensation program. An increase in the Funded Employment Benefit Contributions Receivable is offset by a larger decrease in the Unfunded FECA Benefit Contributions Receivable for a net decrease in total receivables. When the receivables increase, the accrual basis recognizes a revenue that is not recognized in the budgetary basis as a decrease to net outlays until the receivables are collected, creating a timing difference. When the receivables decrease, the timing difference reverses and is recognized as a decrease to net outlays.

The Accounts Receivable, Net line (with the Public) is primarily for an increase in the allowance for loss on accounts receivable for regular and CARES Act unemployment balances. In the accrual basis of accounting, the loss increases the net cost of operations and reduces the net realizable value of the accounts receivable. In the budgetary basis, the loss on receivables is not recognized until the lower collections will offset net outlays, resulting in a timing difference.

The Advances and Prepayments line (with the public) is primarily related to the regular unemployment benefits and CARES Act unemployment benefits for which DOL advances funds to the states. Although the CARES Act programs ended in September 2021, states continue to adjust their balances. In the accrual basis, the Advances and prepayments are not recognized as expenses in Net cost of operations until the states report the expenses. However, Advances and prepayments were included in the Outlays, net, causing a timing difference. The timing difference reverses when the states report their expenses and/or return the unexpended funds.

The Accounts Payable line (intragovernmental) is related to accrued interest on BLDTF debt and UTF debt owed to Treasury. The accrued interest expense and interest payable increase during the year, but BLDTF interest is not paid until September 30, 2025 for the one-year advance and the maturing zero-coupon bond; other BLDTF zero coupon bonds owed to Treasury do not mature until September 30 of years 2025 through 2040 and continue to accrue interest each year until maturity. As of September 30, 2025, the UTF owes a total of $21.0 billion to Treasury for repayable advances, but does not pay the interest owed until it repays the advance. The accrued interest expense increases the Net cost of operations but is not an outlay until the interest is paid, resulting in a timing difference.

The Benefits Due and Payable line (with the public) is primarily for activity in the unemployment programs, including the CARES Act programs. In the accrual basis, the unpaid benefits costs for the unemployment insurance programs (benefits due and payable) are included in the Net cost of operations as expenses in a prior period, but not yet paid in Outlays, net, causing a timing difference. The timing difference will reverse when the Benefits due and payable line (with the public) decreases and the payments are recognized in Outlays, net.

The line for intra-DOL outlays (intragovernmental) is, for the most part, interest earned from Treasury investments, intra-DOL transfers for unemployment administration costs, and collections from other Federal agencies to the Federal Employees Compensation account to reimburse the UTF for unemployment benefits of former Federal employees. These were offset by allocations of interest income to the States' UTF accounts for UTF investments.

The line for Distributed Offsetting Receipts (intragovernmental) was primarily comprised of transfers between the appropriated funds and the UTF for the administrative costs of the CARES Act pandemic unemployment programs and collections in the UTF Federal Employees Compensation Account.

The line for Distributed Offsetting Receipts (with the public) was primarily comprised of collection of accrued interest receivable on Title XII Loans and interest earned on Cash Management Improvement Act (CMIA) balances.

The Post-Employment Benefits Payable line (with the public) is primarily for an increase in the long-term actuarial liability (and corresponding workers compensation expense) for Federal employees and contractors covered by the Federal Employees' Compensation Act (FECA). In the accrual basis, the expense is reported in the current fiscal year, although Outlays, net may occur over several years, resulting in a timing difference. Refer to Note 1.L.2 for a discussion of the FECA actuarial liability.

The Other liabilities line (intragovernmental) is primarily for advances received from ED pursuant to the IAA for DOL's performance of administrative services. ED advanced funds to DOL on a reimbursable basis to cover the existing ED grant obligations. In the accrual basis, the receipt of funds is treated as a liability until DOL disburses the funds; however, in the budgetary basis, the receipt of funds is treated as an offset to Net Outlays. This causes a timing difference that will reverse when DOL makes disbursements to pay grantees for their reported expenditures.

The Other Liabilities line (with the public) is primarily for an increase in the long-term actuarial liability (and corresponding workers' compensation expense) for workers covered by the Energy Employees Occupational Illness Compensation (EEOIC) Act. In the accrual basis, the expense is reported in the current fiscal year, although Outlays, net may occur over several years, resulting in a timing difference. Refer to Note 1.N.2 for a discussion of the EEOIC actuarial liability.

The Net Cost to Net Outlays reconciliation for the year ended September 30, 2025, consisted of the following:

(Dollars in Thousands)	Intragovernmental	With the Public	Total
NET COST OF OPERATIONS	$ (1,616,868)	$ 91,210,805	$ 89,593,937
Components of Net Cost Not Part of the Budgetary Outlays			
Property, Plant, and Equipment Depreciation Expense	-	(66,427)	(66,427)
Property, Plant, and Equipment Disposals and Revaluations	-	(981)	(981)
Lessee Lease Amortization	-	(14,729)	(14,729)
Increase/(Decrease) in Assets:			
Accounts Receivable, Net	325,551	(5,342,929)	(5,017,378)
Advances and Prepayments	956	(2,870,597)	(2,869,641)
(Increase)/Decrease in Liabilities:			
Accounts Payable	3,821	(92,624)	(88,803)
Debt	(26,441)	-	(26,441)
Lease Liability	-	9,649	9,649
Environmental and Disposal Liabilities	-	(582)	(582)
Benefits Due and Payable	-	744,517	744,517
Federal Employee Salary, Leave, and Benefits Payable	-	(21,082)	(21,082)
Post-Employment Benefits Payable	-	(1,604,512)	(1,604,512)
Other Liabilities	(2,134,987)	(23,288,366)	(25,423,353)
Financing Sources:			
Imputed Cost	(253,213)	-	(253,213)
Total Components of Net Cost Not Part of the Budgetary Outlays	(2,084,313)	(32,548,663)	(34,632,976)
Components of Budgetary Outlays That Are Not Part of Net Operating Cost			
Acquisition of Capital Assets	-	117,810	117,810
Transfers (in)/(out) Without Reimbursement	412	-	412
Total Components of Budgetary Outlays That Are Not Part of Net Operating Cost	412	117,810	118,222
Miscellaneous Items			
Distributed Offsetting Receipts	(396,515)	(794,143)	(1,190,658)
Custodial/Non-Exchange Revenue	1,991	(75,428)	(73,437)
Other Temporary Timing Differences	-	(563)	(563)
Intra-DOL Outlays	391,502	-	391,502
Total Other Reconciling Items	(3,022)	(870,134)	(873,156)
Agency Outlays, Net (Discretionary and Mandatory)			$ 54,206,027

NOTE 20 - CUSTODIAL NON-EXCHANGE REVENUES

Custodial non-exchange revenues for the year ended September 30, 2025, consisted of the following:

(Dollars in Thousands)	Current Fiscal Year	Prior Fiscal Year 2024	Prior Fiscal Year 2023	All Other Prior Fiscal Years	Current Year Collections
Fines, Penalties, Interest and Other Revenue					
Occupational Safety and Health Administration	$ 152,392	$ -	$ -	$ -	$ 152,392
Mine Safety and Health Administration	62,188	(565)	-	-	61,623
Employee Benefits Security Administration	35,033	-	-	-	35,033
Wage and Hour Division	54,029	-	-	998	55,027
Other	5,968	1	(1)	(1)	5,967
Total Fines, Penalties, Interest and Other Revenue	309,610	(564)	(1)	997	310,042
Less: Amounts Collected for Non-Federal Entities	-	-	-	(866)	(866)
Total Amount of Federal Revenues Collected	$ 309,610	$ (564)	$ (1)	$ 131	$ 309,176

Refunds for the year ended September 30, 2025, consisted of the following:

(Dollars in Thousands)	Current Fiscal Year	Prior Fiscal Year 2024	Prior Fiscal Year 2023	All Other Prior Fiscal Years	Current Year Refunds
Refunds					
Occupational Safety and Health Administration	$ 652	$ (1)	$ -	$ -	$ 651
Mine Safety and Health Administration	569	593	104	39	1,305
Employee Benefits Security Administration	320	249	24	1	594
Other	1	-	-	-	1
Total Amount of Refunds	$ 1,542	$ 841	$ 128	$ 40	$ 2,551

NOTE 21 - FUNDS FROM DEDICATED COLLECTIONS

DOL is responsible for the operation of certain funds from dedicated collections. Other funds from dedicated collections include Gifts and Bequests, Panama Canal Commission Compensation Fund, and H-1B Funds. The combined values and consolidated values are the same values.

The financial position of the funds from dedicated collections as of September 30, 2025, consisted of the following:

(Dollars in Thousands)	Unemployment	Black Lung Disability	Other	Total
Assets				
Intragovernmental				
Fund Balance with Treasury	$ 876,240	$ 275,321	$ 287,299	$ 1,438,860
Investments, Net	90,086,470	-	7,161	90,093,631
Accounts Receivable, Net				
Due from Other Federal Agencies For UCFE And UCX Benefits	139,873	-	-	139,873
Other	-	-	22,289	22,289
Total Intragovernmental	91,102,583	275,321	316,749	91,694,653
With the Public				
Accounts Receivable, Net				
State Unemployment Tax	1,132,510	-	-	1,132,510
Due From Reimbursable Employers	647,935	-	-	647,935
Benefit Overpayments	1,734,065	22,247	-	1,756,312
Other	2,109,197	-	-	2,109,197
Property, Plant, and Equipment, Net	-	-	163	163
Advances and Prepayments	9,149,996	-	250	9,150,246
Total With the Public	14,773,703	22,247	413	14,796,363
Total Assets	$ 105,876,286	$ 297,568	$ 317,162	$ 106,491,016
Liabilities				
Intradepartmental and Intragovernmental				
Accounts Payable to DOL Agencies	$ 2,484,749	$ -	$ -	$ 2,484,749
Debt	21,027,079	7,147,899	-	28,174,978
Amounts Held for the Railroad Retirement Board	373,996	-	-	373,996
Other Liabilities	-	-	3,665	3,665
Total Intradepartmental and Intragovernmental	23,885,824	7,147,899	3,665	31,037,388
With the Public				
Accounts Payable	-	-	613	613
Federal Employee Benefits Payable	-	-	3,486	3,486
Post-employment Benefits Payable	-	-	26,061	26,061
Accrued Benefits	7,510,600	9,169	-	7,519,769
Other Liabilities	-	-	16,104	16,104
Total With the Public	7,510,600	9,169	46,264	7,566,033
Total Liabilities	31,396,424	7,157,068	49,929	38,603,421
Net Position				
Cumulative Results of Operations	74,479,862	(6,859,500)	267,233	67,887,595
Total Liabilities and Net Position	$ 105,876,286	$ 297,568	$ 317,162	$ 106,491,016

The net results of operations of the funds from dedicated collections for the year ended September 30, 2025, consisted of the following:

(Dollars in Thousands)	Unemployment	Black Lung Disability	Other	Total
Cost, Net of Earned Revenues				
Benefits	$ (41,211,209)	$ (79,224)	$ 6,788	$ (41,283,645)
Grants	(126,383)	-	(81,635)	(208,018)
Interest	(494,056)	(287,889)	-	(781,945)
Administrative and Other	436,018	(14,699)	(94,582)	326,737
Total Cost, Net of Earned Revenues	(41,395,630)	(381,812)	(169,429)	(41,946,871)
Less: Earned Revenue	341,814	-	160	341,974
Net Cost of Operations	(41,053,816)	(381,812)	(169,269)	(41,604,897)
Cumulative Results of Operations				
Beginning Balance	66,453,886	(6,636,295)	357,035	60,174,626
Non-Exchange Revenue				
Non-Exchange Revenue With the Public				
Employment Taxes	43,348,018	-	-	43,348,018
Interest	834,946	3,572	-	838,518
Reimbursement of Unemployment Benefits And Other	2,041,047	100	-	2,041,147
Total Non-Exchange Revenue With the Public	46,224,011	3,672	-	46,227,683
Intragovernmental Non-Exchange Revenue				
Employment Taxes	8,631,678	-	-	8,631,678
Excise Tax and Customs	-	243,127	-	243,127
Interest	2,857,490	-	330	2,857,820
Reimbursement of Unemployment Benefits and Other	-	-	707	707
Total Intragovernmental Non-Exchange Revenue	11,489,168	243,127	1,037	11,733,332
Total Non-Exchange Revenue	57,713,179	246,799	1,037	57,961,015
Imputed Financing	-	-	5,145	5,145
Transfers-In				
Department of Homeland Security	-	-	295,245	295,245
DOL Entities	99,393	-	160	99,553
Transfers-Out				
Department of Homeland Security	-	-	(221,960)	(221,960)
DOL Entities	(8,732,780)	(88,192)	(160)	(8,821,132)
Total Transfers In/(Out) without Reimbursement	(8,633,387)	(88,192)	73,285	(8,648,294)
Total Cumulative Results of Operations Activity	49,079,792	158,607	79,467	49,317,866
Net Change in Cumulative Results of Operations	8,025,976	(223,205)	(89,802)	7,712,969
Net Position	$ 74,479,862	$ (6,859,500)	$ 267,233	$ 67,887,595

NOTE 22 - FIDUCIARY ACTIVITY

The schedule of fiduciary activity and net assets for the fiduciary funds for the year ended and as of September 30, 2025, consisted of the following:

(Dollars in Thousands)	Wage and Hour and Public Contracts Restitution Fund	Longshore and Harbor Workers' Compensation Act Trust Fund	District of Columbia Workmen's Compensation Act Trust Fund	Davis-Bacon Act Trust Fund	Total Fiduciary Funds
Fiduciary Net Assets, Beginning of Year	$ 201,480	$ 30,641	$ 2,016	$ -	$ 234,137
Assessments	137,267	81,489	3,981	-	222,737
Investment Earnings	-	1,622	100	-	1,722
Administrative and Other Expenses	-	(2,169)	(1)	-	(2,170)
Transfer of Funds	(27,255)	-	-	-	(27,255)
Disbursements to and on Behalf of Beneficiaries	(87,589)	(87,336)	(4,484)	-	(179,409)
Increase (Decrease) in Fiduciary Net Assets	22,423	(6,394)	(404)	-	15,625
Fiduciary Net Assets, End of Year	$ 223,903	$ 24,247	$ 1,612	$ -	$ 249,762
Fiduciary Assets					
Fund Balance with Treasury	$ 218,154	$ 1,878	$ 328	$ 5,207	$ 225,567
Investments in Treasury Securities	-	70,850	2,338	-	73,188
Other Assets	5,749	565	5	-	6,319
Less: Liabilities	-	(49,046)	(1,059)	(5,207)	(55,312)
Total Fiduciary Net Assets	$ 223,903	$ 24,247	$ 1,612	$ -	$ 249,762

The schedule of fiduciary activity and net assets for the fiduciary funds for the year ended and as of September 30, 2024, consisted of the following:

(Dollars in Thousands)	Wage and Hour and Public Contracts Restitution Fund	Longshore and Harbor Workers' Compensation Act Trust Fund	District of Columbia Workmen's Compensation Act Trust Fund	Davis-Bacon Act Trust Fund	Total Fiduciary Funds
Fiduciary Net Assets, Beginning of Year	$ 214,564	$ 32,530	$ 1,565	$ -	$ 248,659
Assessments	109,561	85,367	5,064	-	199,992
Investment Earnings	-	1,966	94	-	2,060
Administrative and Other Expenses	-	(2,175)	33	-	(2,142)
Transfer of Funds	(43,263)	-	-	-	(43,263)
Disbursements to and on Behalf of Beneficiaries	(79,382)	(87,047)	(4,740)	-	(171,169)
Increase (Decrease) in Fiduciary Net Assets	(13,084)	(1,889)	451	-	(14,522)
Fiduciary Net Assets, End of Year	$ 201,480	$ 30,641	$ 2,016	$ -	$ 234,137
Fiduciary Assets					
Fund Balance with Treasury	$ 198,227	$ 1,698	$ 303	$ 5,207	$ 205,435
Investments in Treasury Securities	-	73,752	2,957	-	76,709
Other Assets	3,253	2,206	139	-	5,598
Less: Liabilities	-	(47,015)	(1,383)	(5,207)	(53,605)
Total Fiduciary Net Assets	$ 201,480	$ 30,641	$ 2,016	$ -	$ 234,137

The FY 2025 audits for the Longshore and Harbor Workers' Compensation Act Trust Fund and the District of Columbia Workmen's Compensation Act Trust Fund were completed.

The FY 2025 audits received unmodified opinions and are available on DOL's website.

NOTE 23 - SUBSEQUENT EVENTS

Except for the disclosures that appear in Notes 1-W.3 and below, management has determined that there are no subsequent events requiring accrual or disclosure through September 11, 2026.

On June 25, 2025, DOL received a nationwide preliminary injunction from the U.S. District Court for the Southern District of New York prohibiting the Department from taking any steps to eliminate the Job Corps program, including giving any effect to notices issued on May 29, 2025 terminating the contracts of all contractor-operated Job Corps Centers. Subsequently, the matter was referred to a Magistrate Judge for settlement negotiations. On September 1, 2026, the U.S. District Court for the Southern District of New York entered a stipulation and order of settlement and dismissal of this matter. The Court will dismiss the matter within ten days of entry of the stipulation. On July 25, 2025, the U.S. District Court of the District of Columbia (DDC) issued a Memorandum of Opinion that granted the Plaintiff's Motion for a Preliminary Injunction to stay the Department's decision to terminate the contracts of all contractor-operated Job Corps centers. On August 11, 2026, the U.S. District Court for the District of Columbia entered a stipulation and order of settlement and dismissal of this matter. The Court dismissed the matter with prejudice on August 24, 2026.

On October 28, 2025, the Ohio Supreme Court announced that it would hear a case that could result in the payment of up to $900 million in additional benefits to Ohioans for the Federal Pandemic Unemployment Compensation (FPUC) program. On August 21, 2026, the Ohio Supreme Court ruled in favor of the State. The court dismissed the case as moot and vacated the lower courts' judgments. As such, unless the case is reconsidered by the Ohio Supreme Court or appealed to the US Supreme Court, there is no longer a threat of liability on the part of the Federal Government.

DOL issued Training and Employment Guidance Letter (TEGL) 10-23, Change 2, "Work Authorization Verification in Grant Programs Administered by the Employment and Training Administration," on July 10, 2025. On September 10, 2025, the District court in the District of Rhode Island entered a preliminary injunction (PI) enjoining, among other things, any DOL employee or anyone acting in concert with any DOL employee, from enforcing or implementing TEGL 10-23, Change 2, in the following states: New York, Washington, Rhode Island, Arizona, California, Colorado, Connecticut, Hawaii, Illinois, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New Mexico, Oregon, Vermont, Wisconsin, Delaware, and the District of Columbia. On November 7, 2025, the Federal government filed a protective notice of appeal of the PI to the U.S. Court of Appeals, First District. On December 11, 2025, the First Circuit Court of Appeals voluntarily dismissed the appeal upon consideration of the parties joint stipulation. Other Federal agencies involved in the case are HHS, ED, and DOJ. The case remains pending before the District Court of Rhode Island and the parties have completed summary judgment briefing.

On November 18, 2025, ED and DOL announced two interagency agreements to provide administrative services for select education programs. One agreement is for DOL to provide services supporting elementary and secondary education programs funded under the Elementary and Secondary Education Act, as amended. These ED programs are managed by ED's Office of Elementary and Secondary Education (OESE). The other agreement is for DOL to provide services supporting postsecondary education programs under the Higher Education Act, as amended. These ED programs are managed by ED's Office of Postsecondary Education (OPE).

NOTE 24 - RECLASSIFICATION OF FINANCIAL STATEMENT LINE ITEMS FOR FINANCIAL REPORT COMPILATION PROCESS

To prepare the FRUSG, Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. Standard General Ledger account that appear in the financial statements. Treasury uses the trial balance information reported in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Statement of Net Cost and a Reclassified Statement of Changes in Net Position. Treasury eliminates intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the Financial Report statements. This note shows the DOL's financial statements and the DOL's reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated Financial Report line items. A copy of the 2024 FRUSG can be found here: https://fiscal.treasury.gov/reports-statements/financial-report/current-report.html and a copy of the 2025 Financial Report will be posted to this site as soon as it is released.

The term "intragovernmental" is used in this note to refer to amounts that result from other components of the federal government.

The term "non-federal" is used in this note to refer to Federal Government amounts that result from transactions with non-federal entities. These include transactions with individuals, businesses, non-profit entities, and State, local, and foreign governments.

A. Reclassification of Consolidated Statement of Net Cost to Line Items Used for the Governmentwide Statement of Net Cost for the Year Ended September 30, 2025

(Dollars in thousands)

FY 2025 DOL SNC		Line Items Used to Prepare FY 2025 Governmentwide SNC					
Financial Statement Line	**Amounts**	**Dedicated Collections Combined**	**Dedicated Collections Eliminations**	**Other than Dedicated Collections (with Eliminations)**	**Eliminations Between Dedicated and other than Dedicated**	**Total**	**Reclassified Financial Statement Line**
Gross cost	$ 93,365,284	$ 41,012,458	$ -	$ 50,212,294	$ -	$ 91,224,752	***Non-federal gross costs***
							Federal gross cost
		12,288	-	471,882	-	484,170	Benefit program costs
		5,145	-	248,068	-	253,213	Imputed costs
		132,483	-	384,594	31,024	486,053	Buy/sell costs
		13,121	-	-	-	13,121	Federal securities interest expense
		768,823	-	-	-	768,823	Borrowing and other interest expense
		2,553	-	132,599	-	135,152	Other expenses (without reciprocals)
		934,413	-	*1,237,143*	*31,024*	*2,140,532*	***Total federal gross cost***
Total gross cost	*93,365,284*	*41,946,871*	-	*51,449,437*	*31,024*	*93,365,284*	*Total reclassified gross costs*
Less: earned revenue	3,771,347	4,575	-	9,685	-	14,260	***Non-federal earned revenue***
							Federal earned revenue
		330,600	-	3,232,757	-	3,563,357	Benefit program revenue (exchange)
		-	-	196,101	31,024	165,077	Buy/sell revenue (exchange)
		-	-	22,167	-	22,167	Federal securities interest revenue including associated gains and losses (exchange)
		6,799	-	-	-	6,799	Borrowing and other interest expense
		337,399	-	*3,451,025*	*31,024*	*3,757,400*	***Total federal earned revenue***
Total earned revenue	**3,771,347**	**341,974**	**-**	**3,460,710**	**31,024**	**3,771,660**	*Total reclassified earned revenue*
Net cost of operations	**$ 89,593,937**	**$ 41,604,897**	**$ -**	**$ 47,988,727**	**$ -**	**$ 89,593,624**	**Net cost of operations**

B. Reclassification of Consolidated Statement of Changes in Net Position to Line Items Used for the Governmentwide Statement of Operations and Changes in Net Position for the Year Ended September 30, 2025

(Dollars in thousands)

FY 2025 DOL SCNP		Line Items Used to Prepare FY 2025 Governmentwide SCNP					
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	Other than Dedicated Collections (with Eliminations)	Eliminations Between Dedicated and other than Dedicated Collections	Total	Reclassified Financial Statement Line
Unexpended appropriations							
Unexpended appropriations, beginning balance	$ 13,846,853	$ -	$ -	$ 13,846,853	$ -	$ 13,846,853	Net position, beginning of period (1 of 2)
Appropriations received	13,668,451	-	-	13,668,451	-	13,668,451	Appropriations received as adjusted (rescissions and other adjustments) (1 of 2)
Appropriations transferred in/out	7,301	-	-	7,301	-	7,301	Non-expenditure transfers-in of unexpended appropriations and financing sources (1 of 2)
Other adjustments	(6,647,818)	-	-	(6,647,818)	-	(6,647,818)	Appropriations received as adjusted (rescissions and other adjustments) (2 of 2)
Appropriations used	(9,654,378)	-	-	(9,654,378)	-	(9,654,378)	Appropriations Used
Net Change in unexpended Appropriations	(2,626,444)	-	-	(2,626,444)	-	(2,626,444)	
Total unexpended appropriations	**11,220,409**	-	-	**11,220,409**	-	**11,220,409**	**Total unexpended appropriations**
Cumulative results of operations							
Cumulative results of operations, beginning balance	(15,011,973)	60,174,626	-	(75,186,599)	-	(15,011,973)	Net position, beginning of period (2 of 2)
Appropriations used	9,654,378	-	-	9,654,378	-	9,654,378	Appropriations expended
Non-exchange revenues	57,961,016						***Non-federal non-exchange revenues***
		43,348,018	-	-	-	43,348,018	Unemployment taxes
		2,879,665	-	303,182	-	3,182,847	Other taxes and receipts (1 of 2)
		46,227,683	-	*303,182*	-	*46,530,865*	***Total non-federal non-exchange revenue***
							Federal non-exchange revenue
		2,857,820	-	-	-	2,857,820	Federal securities interest revenue including associated gains and losses (non-exchange)
		8,874,805	-	-	-	8,874,805	Other taxes and receipts
		707	-	-	-	707	Accruals for Entity amounts to be collected in a TAS Other Than the General Fund of the U.S. Government - Nonexchange
		11,733,332	-	-	-	*11,733,332*	***Total federal non-exchange revenue***
Total non-exchange revenues	*57,961,016*	*57,961,015*	-	*303,182*	-	*58,264,197*	*Total reclassified non-exchange revenues*
Transfers in/out without reimbursement	278,874	295,405	160	-	-	295,245	Appropriation of unavailable special or trust fund receipts transfers-in
		(16,120)	(160)	-	-	(15,960)	Appropriation of unavailable special or trust fund receipts transfers-out
		-	-	206,000	206,000	-	Non-expenditure transfers-in of unexpended appropriations and financing sources (2 of 2)
		(206,000)	-	-	(206,000)	-	Non-expenditure transfers-out of unexpended appropriations and financing sources
		99,393	-	8,821,609	8,921,002	-	Expenditure transfers-in of financing sources
		(8,820,972)	-	(100,441)	(8,921,002)	(411)	Expenditure transfers-out of financing sources
Total transfers in/out without reimbursement	*278,874*	*(8,648,294)*	-	*8,927,168*	-	*278,874*	*Total reclassified transfers in/out without reimbursement*
Imputed financing	253,213	5,145	-	248,068	-	253,213	Imputed financing sources
Other	(219,445)	-	-	20,065	-	20,065	Other taxes and receipts (2 of 2)
		-	-	(548,519)	-	(548,519)	Non-entity collections transferred to the General Fund of the U.S. Government
		-	-	5,515	-	5,515	Accrual for non-entity amounts to be collected and transferred to the General Fund of the U.S. Government
Total other	*(219,445)*	-	-	*(522,939)*	-	*(522,939)*	*Total reclassified other*
Net cost of operations	(89,593,937)	(41,604,897)	-	(47,988,727)	-	(89,593,624)	Net cost of operations (+/-)
Net change in cumulative results of operations	(21,665,901)	7,712,969	-	(29,378,870)	-	(21,665,901)	
Total Cumulative results of operations	(36,677,874)	67,887,595	-	(104,565,469)	-	(36,677,874)	Cumulative results of operations
Net position	**$ (25,457,465)**	**$ 67,887,595**	**$ -**	**$ (93,345,060)**	**$ -**	**$ (25,457,465)**	**Net position**

Required Supplementary Information
(Unaudited)

DEFERRED MAINTENANCE AND REPAIRS (DM&R)

DOL reports as general-purpose property, plant and equipment (PP&E), Structures, facilities and improvements on which maintenance and repair activities may be deferred. Over 98.1 percent of these buildings and other structures (based on net book value) are owned by DOL's ETA and located at more than 120 Job Corps centers throughout the United States.

The remaining 1.9 percent is owned by the Department's MSHA. Periodic maintenance is performed to keep these properties in acceptable condition, as determined by DOL management. It is DOL policy to evaluate PP&E regardless of recorded values and the asset management system does not make any distinction between capitalized and non-capitalized PP&E when it comes to maintenance and repairs. Therefore, DM&R estimates reported relate to PP&E, whether capitalized or not or fully depreciated. Management has not noted any PP&E, which is not included in the DM&R estimates reported below.

Defining and Implementing Maintenance and Repairs (M&R) Policies in Practice

Condition assessment surveys are conducted every three years at each property to determine the current condition of buildings and structures (constructed assets) and the estimated maintenance cost to correct deficiencies. The method of assessment used has not changed from previous years. Surveys conducted during years one- and two of the three-year cycle are updated to reflect maintenance and repairs performed and rolled up with current assessments to provide a condition assessment for the entire DOL portfolio of constructed assets. Condition assessment surveys are based on methods and standards consistently applied, including descriptions of the facility condition; standardized condition codes, classifications and categories; estimated costs of maintenance and repair actions and recommended maintenance schedules. As a part of these condition assessment surveys, deficiencies are identified in terms of architectural, mechanical, electrical, structural, and civil areas. Each deficiency is assigned a Facilities Condition Index (FCI) score [(1)] based on classification and categorization.

Deficiencies are estimated using cost estimating software. Each year the software and data are updated to include changes to labor and material costs. DOL evaluates the square foot costs for each of the Job Corps building types. Based on these building types, a review of construction and building cost indices is performed by utilizing the inflation rate published by the industry to update square foot costs for each building type. In FY25, the annual inflation rates per Construction and Building Indices increased 2.2% and 2.5%, respectively. The Material Cost Index showed no change for the year.

Ranking and Prioritizing M&R Activities

Life Safety and Health deficiencies are funded shortly following the condition assessment surveys for correction. The remaining deficiencies are classified, categorized, and assigned an FCI score. In each construction, rehabilitation, and acquisition (CRA) budget, funding is allocated to accomplish the highest priority deficiencies based upon the FCI score and programmatic considerations. These deficiencies are funded for correction, while any remaining deficiencies become candidates for funding in a future CRA budget.
DOL categorizes deficiency costs under four (4) major classification codes. Class I includes critical deficiencies that present imminent life safety and health hazards. Class II are buildings and accessibility code deficiencies. Class III are facility repair, replacement, or maintenance. Class IV are deficiencies which address Job Corps' programmatic needs (e.g. trade changes, expansions, etc.).

The total for Class I is $3.1 million and $0.9 million for funded and unfunded, respectively. The total for Class II is $11.9 million and $59.1 million for funded and unfunded, respectively. Together, the total funded and unfunded is $15.0 million and $60.0 million, respectively. These represent the amounts to correct imminent life safety and health hazards, building code related deficiencies, and accessibility deficiencies.

[(1)] FCI = 1 – (Repair Backlog / Plant Replacement Value). In general, an FCI score closer to 100 percent would indicate a more positive asset condition.

Per FASAB, a betterment is an expenditure having the effect of extending the useful life of an existing asset, increasing its normal rate of output, lowering its operating cost, increasing rather than merely maintaining its efficiency or otherwise adding to the worth of benefits it can yield. A betterment is distinguished from repair or maintenance in that the latter have the effect of merely keeping the asset in its customary state of operating efficiency without the expectation of added future benefits. DOL does not include these costs in the deferred maintenance estimates as they represent activities directed toward modifying the asset to address programmatic needs/improvements.

Deficiency Classification Codes	Funded (in thousands)	Unfunded (in thousands)
Class I	$ 3,057.47	$ 886.40
Class II	11,919.68	59,066.74
Class III	54,687.06	495,038.93
Deferred Maintenance and Repairs Costs (refer to table below)	**69,664.21**	**554,992.07**
Class IV	9,478.10	126,898.11
Total	**$ 79,142.31**	**$ 681,890.18**

Factors Considered in Setting Acceptable Condition

Condition assessment surveys are used to estimate the current plant replacement value and DM&R backlog for each constructed asset. Plant replacement value and repair backlog are used to calculate an FCI score for each building and structure. These FCI scores determine the asset condition and contribute to the overall FCI score for the portfolio. Job Corps and MSHA have set the goal of achieving and maintaining an FCI score of 90 percent or greater for its portfolio of constructed assets (the standard used by the National Association of College and University Business Offices) as a level of acceptable condition for the periods reported. In FY 2025, the portfolio’s aggregate FCI score for 4,755 constructed assets was 91 percent, and DM&R costs to repair identified facility deficiencies are estimated at $624.7 million. Factors considered in determining acceptable condition standards include health and life safety aspects, as well as certain environmental and building code compliance elements. These deficiencies are prioritized and corrected first as they lead to unacceptable conditions.

Deferred Maintenance and Repairs Costs
(Dollars in Thousands)

Asset Category	FY 2025 Ending Balance	FY 2025 Beginning Balance
Funded:		
Structures, Facilities, and Improvements		
Active	$ 69,201	$ 95,244
Inactive	463	466
Subtotal, funded	**69,664**	**95,710**
Unfunded:		
Structures, Facilities, and Improvements		
Active	$ 545,740	$ 518,869
Inactive	9,252	8,509
Subtotal, unfunded	**554,992**	**527,378**
Total	**$ 624,656**	**$ 623,088**

Significant Changes from Prior Year

For reporting purposes, DOL has determined that changes of 10 percent and $25 million between fiscal year beginning and ending balances are significant. The significant decrease of $26 million in Funded/Active assets for structures, facilities and improvements is primarily due to the completion of $16 million worth of previous deficiencies. There were also new steps added to the approval process in FY 2025, thereby decreasing the deferment of the maintenance and repairs. As a result, fewer deficiencies needed to be funded.

LAND

FASAB SFFAS 59, “Accounting and Reporting of Government Land.” SFFAS 59 provides for disclosures of required supplementary information (RSI). Component reporting entities are required to make certain disclosures in RSI for FYs 2022 through 2025; beginning in FY 2026, the disclosures will be reported as basic information in the notes to the consolidated financial statements.

The majority of DOL’s land is used as general-purpose PP&E to operate the Job Corps program. Land is also used as general-purpose PP&E by the Mine Safety and Health Administration (MSHA) to operate its certification and training centers. Land purchases are stated at cost and reported on the Consolidated Balance Sheet as of September 30, 2025. Disclosures are provided as of the end of FY 2025 and the beginning of FY 2026.

SFFAS 59 Accounting and Reporting of Government Land, Estimated Acreage as of September 30, 2025, (October 1, 2025)
With Purpose or Intent at Acquisition as General PP&E and Predominant Use as Operational

Agency	Description	No. of Acres	Explanatory Note
ETA/OJC	Job Corps Centers	3,778.30	1
MSHA	Approval and Certification Center, Triadelphia, WV	95.91	2
MSHA	National MSHA Academy, Beaver, WV	74.12	3
MSHA	Subtotal	170.03	2 and 3
DOL-wide	**Total**	**3,948.33**	1, 2, and 3

Explanatory Notes as of September 30, 2025

Note No.	Description
1	The Office of Job Corps has 70 land holdings totaling 3,778.30 acres located in six Regions across the United States. These land holdings are recorded in the ETA and OJC Set of books in the DOL Fixed Asset Listings. The land holdings are managed by the Division of Facilities and Assets Management. Of the 70 land holdings, six Job Corps Centers have parcels of approximately 613.38 acres of land placed in whole or in parts as GSA Excess Property. It would be anticipated to dispose of these Excess land holdings within the next two years. These properties are active and operational. Subsequent to September 30, 2025, 302.05 acres of the land placed as excess property was disposed by GSA, with net proceeds to the Office of Job Corps of $4.4 million.
2	MSHA Approval and Certification Center (ACC) land is held for operational purposes. The land holds MSHA's facility for Testing equipment and approves and certifies certain mining products for use in underground coal and gassy underground metal and nonmetal mines. The Center performs other technical functions in support of MSHA's programs where engineering, scientific, and technical expertise is provided to other Agency project areas.
3	The National MSHA Academy land is held for operational purposes. The land holds MSHA's central training facility for federal mine inspectors, mine safety professionals from other government agencies, and the mining industry.

SOCIAL INSURANCE PROGRAMS

The Federal Accounting Standards Advisory Board (FASAB) has classified certain government income transfer programs as social insurance programs. Recognizing that these programs have complex characteristics that do not fit traditional accounting models, the FASAB has developed accounting standards for social insurance programs which require the presentation of supplementary information to facilitate the assessment of the program's long-term sustainability.

DOL operates two programs classified under Federal accounting standards as social insurance programs: the UI Program and the Black Lung Disability Benefits Program. Presented below is the supplementary information for the two programs.

Unemployment Insurance Program

The UI Program was created in 1935 to provide income assistance to unemployed workers who lose their jobs generally through no fault of their own, and are unemployed due to a lack of suitable work. The program protects workers during temporary periods of unemployment through the provision of UC benefits. These benefits replace part of the unemployed worker's lost wages and, in so doing, stabilize the economy during recessionary periods by increasing the unemployed worker's purchasing power. The UI program operates counter cyclically, with benefits exceeding tax collections during recessionary periods and UI tax revenues exceeding benefit payments during periods of recovery.

Program Administration and Funding

The UI program is administered through a unique system of Federal-state partnerships, established in Federal law but executed through conforming state laws by state officials. The Federal government provides broad policy guidance and program direction through the oversight of DOL, while program details are established through individual state UI statutes, administered through state UI agencies.

Federal and State Unemployment Taxes

The UI program is financed through the collection of Federal and state unemployment taxes levied on subject employers and deposited in the UTF and Federal appropriations. The UTF was established to account for the receipt, investment, and disbursement of unemployment taxes. Federal unemployment taxes are used to pay for the administrative costs of the UI program, including grants to each state to cover the costs of state UI operations, and to fund the Extended Unemployment Compensation Account within the UTF to pay the Federal share of extended unemployment benefits (extended benefits). Federal unemployment taxes are also used to fund the Federal Unemployment Account within the UTF, to make advances to state UI accounts that are otherwise unable to make benefit payments because the state UI account balance has been exhausted. State UI taxes are used exclusively for the payment of regular UI benefits, as well as the state's share of extended benefits.

Federal Unemployment Taxes

Under the provisions of the Federal Unemployment Tax Act (FUTA), a Federal tax is levied on covered employers, at a current rate of 6.0 percent of the first $7,000 in annual wages paid to each employee. This Federal tax rate is reduced by a credit of up to 5.4 percent, granted to employers paying state UI taxes under conforming state UI statutes. Accordingly, in conforming states, employers pay an effective Federal tax of 0.6 percent; employers in states with advances from the fund may pay a higher effective Federal tax rate because the Federal tax rate credit of 5.4 percent may be decreased in increments of 0.3 percent if a state has had an outstanding advance for more than two years. Additional Federal unemployment taxes collected as a result of the reduced Federal tax rate credit are used to pay down the state's outstanding advance balance. Federal unemployment taxes are collected by the Internal Revenue Service.

State Unemployment Taxes

In addition to the Federal tax, individual states finance the regular UI benefits paid in their UI programs through state tax contributions from subject employers based on the wages of covered employees. (Three states also collect contributions from employees.) Within Federal confines, state tax rates are assigned in accordance with an employer's experience with unemployment. Actual tax rates vary greatly among the states and among individual employers within a state. At a minimum, these rates must be applied to the Federal tax base of $7,000 of each employee's wages; however, states may adopt a higher wage base than the minimum established by FUTA. State UI agencies are responsible for the collection of state unemployment taxes.

Unemployment Trust Fund

Federal and state UI taxes are deposited into designated accounts within the UTF. The UTF was established under the authority of Title IX, Section 904 of the Social Security Act of 1935, as amended, to receive, hold, invest, loan, and disburse Federal and state UI taxes. The U.S. Department of the Treasury acts as custodian over monies deposited into the UTF, investing amounts in excess of disbursing requirements in Treasury securities. The UTF is comprised of the following accounts:

Federal Accounts

The Employment Security Administration Account (ESAA) was established pursuant to Section 901 of the Act. Tax receipts collected under the FUTA are appropriated to the ESAA and used to pay the costs of Federal and state administration of the UI program and veterans' employment services (ES) and 97 percent of the costs of the state ES; and amounts collected due to FUTA credit reductions are transferred to the FUA and are used to pay down balances of state advances that have been outstanding for more than two years. Excess balances in ESAA, as defined under the Act, are transferred to other Federal accounts within the Fund, as described below.

The Federal Unemployment Account (FUA) was established pursuant to Section 904 of the Act. FUA is funded by any excesses from the ESAA as determined in accordance with Section 902 of the Act. Title XII, Section 1201 of the Act authorizes the FUA to loan Federal monies to state accounts that are otherwise unable to make benefit payments because the state UI account balance has been exhausted. With a few exceptions, Title XII loans must be repaid with interest.

The FUA may borrow from the ESAA or EUCA, without interest, or may also receive repayable advances, with interest, from the general fund of the U.S. Treasury when the FUA has a balance insufficient to make advances to the states.

The Extended Unemployment Compensation Account (EUCA) was established pursuant to Section 905 of the Act. EUCA provides for the payment of extended unemployment benefits (extended benefits) authorized under the Federal-State Extended Unemployment Compensation Act of 1970, as amended. Under the EB program, extended benefits are paid to individuals who have exhausted their regular unemployment benefits. In general, these extended benefits are financed 50 percent by State unemployment taxes and 50 percent by FUTA taxes from the EUCA. The EUCA is funded by a percentage of the FUTA tax transferred from the ESAA in accordance with Section 905(b)(1) and (2) of the Act. The EUCA may borrow from the ESAA or the FUA, without interest, or may also receive repayable advances from the General Fund of the U.S. Treasury when the EUCA has a balance insufficient to pay the Federal share of EB. During periods of sustained high unemployment, the EUCA may also receive payments and non-repayable advances from the General Fund of the Treasury to finance temporary emergency unemployment compensation benefits. Emergency unemployment benefits require Congressional authorization.

The Federal Employees Compensation (FEC) Account was established pursuant to Section 909 of the Act. The FEC Account provides funds to States for unemployment compensation benefits paid to eligible former Federal civilian personnel and ex-service members. Generally, benefits paid are reimbursed to the FEC Account by the various Federal agencies. Any additional resources necessary to ensure that the account can make the required payments to States, due to the timing of the benefit payments and subsequent reimbursements, and for the payment of benefits for census workers which are not reimbursed by the agency, will be provided by non-repayable advances from the General Fund of the U.S. Treasury.

State Accounts

Separate state accounts were established for each state and territory depositing monies into the Fund, in accordance with Section 904 of the Act. State unemployment taxes are deposited into these individual accounts and may be used only to pay state unemployment benefits. States may receive repayable advances from the FUA (as Title XII loans) when their balances in the Fund are otherwise insufficient to pay benefits.

Notably, P.L. 117-2, section 9901, Coronavirus State and Local Fiscal Recovery Funds, provided for general funds, in addition to amounts otherwise available, to respond to the public health emergency with respect to the COVID–19 pandemic or its negative economic impacts, including assistance to households, small businesses, and nonprofits, among others. States are required to obligate SLFRF funds by December 31, 2024, expend obligated funds by December 31, 2026, and return unused funds to the Treasury.

Railroad Retirement Accounts

The Railroad UI Account and Railroad UI Administrative Account were established under Section 904 of the Act to provide for a separate UI program for railroad employees. This separate UI program is administered by the Railroad Retirement Board, an agency independent of DOL. DOL is not responsible for the administrative oversight or solvency of the railroad UI system. Receipts from taxes on railroad payrolls are deposited in the Railroad UI Account and the Railroad UI Administrative Account to meet benefit payment and related administrative expenses.

UI Program Benefits

The UI program provides regular and extended benefit payments to eligible unemployed workers. Regular UI program benefits are established under state law, payable for a period not to exceed a maximum duration. In 1970, Federal law began to require states to extend this maximum period of benefit duration by 50 percent during periods of high unemployment. In general, these extended benefits are financed 50 percent from Federal accounts and 50 percent from state accounts.

Regular UI Benefits

The UI program is a cooperative Federal and state program with the federal government providing oversight. Eligibility requirements, as well as benefit amounts and benefit duration are determined under state law. Under state laws, worker eligibility for benefits depends on experience in covered employment during a past base period, which attempts to measure the workers' recent attachment to the labor force. Three factors are common to state eligibility requirements: (1) a minimum duration of recent employment and earnings during a base period prior to unemployment; (2) unemployment not the fault of the unemployed; and (3) availability of the unemployed for work.

Benefit payment amounts under all state laws vary with the worker's base period wage history. Generally, states compute the amount of weekly UI benefits as a percentage of an individual's average weekly base period earnings, within certain minimum and maximum limits. Most states set the duration of UI benefits by the amount of earnings an individual has received during the base period. Currently, most states have established the maximum duration for regular UI benefits at 26 weeks. Regular UI benefits are paid by the state UI agencies from monies drawn down from the state account within the UTF.

Extended UI Benefits

The Federal/State Extended Unemployment Compensation Act of 1970 provides for the extension of the duration of UI benefits during periods of high unemployment. When the insured unemployment level within a state, or in some cases total unemployment, reaches certain specified levels, the state must extend benefit duration by 50 percent, up to a combined maximum of 39 weeks; certain states voluntarily extended the benefit duration up to a combined maximum of 46 weeks. Generally, 50 percent of the cost of extended benefits is paid from the EUCA within the UTF and 50 percent is paid from the state's UTF account.

Emergency UI Benefits

During prolonged periods of high unemployment, Congress may authorize the payment of emergency unemployment benefits to supplement extended benefit payments.

As an example of emergency UI benefits, the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act, as amended, provided for 100 percent federal funding for Federal Pandemic Emergency Unemployment Compensation (PEUC) during the COVID-19 pandemic. During the statutory eligible weeks of unemployment, PEUC provided emergency unemployment benefits to individuals who had exhausted their regular benefits in those states which participated in certain Federal-state agreements. The program applied to weeks of benefits which began after the date on which the Federal-state agreement was entered into and ended on or before September 6, 2021.

Federal UI Benefits

Unemployment benefits to unemployed Federal civilian personnel and ex-service members are paid from the Federal Employees Compensation Account within the UTF. These benefit costs are reimbursed by the responsible Federal agency and are not considered to be social insurance benefits. Federal UC benefits are not included in this discussion of social insurance programs.

The Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974 (the Stafford Act), as amended, authorizes the President to provide benefit assistance to individuals unemployed as a direct result of a major disaster. The Disaster Unemployment Assistance (DUA) program provides financial assistance to individuals whose employment or self-employment has been lost or interrupted as a direct result of a major disaster declared by the President of the United States and who are not eligible for regular UI benefits. DOL oversees the DUA program and coordinates with the Federal Emergency Management Agency (FEMA) to provide the funds to the state UI agencies for payment of DUA benefits and payment of state administration costs under agreements with the Secretary of Labor. DUA program activity occurs as a result of natural disasters such as hurricanes, flooding, and wildfires.

Program Finances and Sustainability

As of September 30, 2025, total assets within the UTF exceeded total liabilities by $74.5 billion. At the present time there is a surplus; any surplus of tax revenues and earnings on these revenues over benefit payment expenses is available to finance benefit payments in future periods when tax revenues may be insufficient. Treasury invests any accumulated surplus in Federal securities. The net value of these securities, including interest receivable, as of September 30, was $90.1 billion. This interest is distributed to eligible state and Federal accounts within the UTF. Interest income from these investments and income from Title XII advances to states during FY 2025 was $834.9 million. Federal and state UI tax and reimbursable revenues of $54.0 billion and regular, extended, emergency, and disaster unemployment benefit payment expense of $41.2 billion were recognized for the year ended September 30, 2025.

As discussed in Note 1-M.1 and disclosed in Note 10 to the consolidated financial statements, DOL recognized a liability for the following unemployment benefits due and payable: State regular and extended unemployment benefits, Federal regular and extended unemployment benefits, Federal emergency unemployment benefits, Federal Pandemic Emergency unemployment benefits, Federal pandemic unemployment assistance benefits, Federal employees' unemployment benefits, Federal pandemic unemployment benefits, and Federal additional unemployment benefits to the extent of unpaid benefits applicable to the current period and for benefits paid by states that have not been reimbursed by the UTF. As disclosed in Note 21, UTF accrued benefits as of September 30, 2025 were $7.5 billion.

During periods of high unemployment, the balances in the FUA and EUCA may become depleted and the FUA and EUCA borrow from the Treasury general fund as repayable Advances from U.S. Treasury. Although the UTF borrowed from the Treasury in FY 2021, the UTF did not borrow in FYs 2022-2025. As of September 30, 2025, the FUA's outstanding advances totaled $15.0 billion at rates of 1.625 and 1.75 percent and the EUCA's outstanding advances totaled $6.0 billion at a rate of 1.625 percent.

In August 2026, the UTF repaid Advances from U.S. Treasury of $5.0 billion for the FUA and $2.0 billion for the EUCA; these borrowings bore interest rates of 1.750 percent and 1.625 percent, respectively.

On January 17, 2025, DOL and the Commonwealth of Massachusetts (MA) made an agreement for MA to return $2.0 billion in CARES Act funding for unemployment insurance programs. MA will make payments, plus interest, beginning December 1, 2025 and on December 1 of each year through 2034. On November 28, 2025, DOL received the first payment from MA.

Subsequent Events

Except for the disclosure below, management has determined that there are no subsequent events requiring accrual or disclosure through September 11, 2026.

On October 28, 2025, the Ohio Supreme Court announced that it would hear a case that could result in the payment of up to $900 million in additional benefits to Ohioans for the Federal Pandemic Unemployment Compensation (FPUC) program. On August 21, 2026, the Ohio Supreme Court ruled in favor of the State. The court dismissed the case as moot and vacated the lower courts' judgments. As such, unless the case is reconsidered by the Ohio Supreme Court or appealed to the US Supreme Court, there is no longer a threat of liability on the part of the Federal Government.

<u>Effect of Projected Cash Inflows and Outflows on the Accumulated Net Assets of the UTF, in Constant Dollars</u>

The ability of the UI program to meet a participant's future benefit payment needs depends on the availability of accumulated taxes and earnings within the UTF. The Department measures the effect of projected benefit payments on the accumulated net assets of the UTF, under an open group scenario, which includes current and future participants in the UI program. Future estimated cash inflows and outflows of the UTF are tracked by the Department for budgetary purposes. These projections allow the Department to monitor the sensitivity of the UI program to differing economic conditions, and to predict the program's sustainability under varying economic assumptions.

The significant assumptions used in the projections include total unemployment rates, civilian labor force levels, percent of unemployed receiving benefits, total wages, distribution of benefit payments by state, state tax rate structures, state taxable wage bases, interest rates on UTF investments, and the Consumer Price Index-Urban (CPI-U) for goods and services. The use of CPI-U factors allows the projections to be presented in constant dollars with FY 2024 as the base year. The valuation date for the projections is September 30, 2025. Cash projections depend on the assumptions used and actual experience may differ materially from the projections.

Presented on the following pages is the effect of projected economic conditions on the net assets of the UTF, in constant dollars, excluding the Federal Employees Compensation Account. Amount totals for the expected economic conditions analysis and the two sensitivity analyses may differ due to rounding.

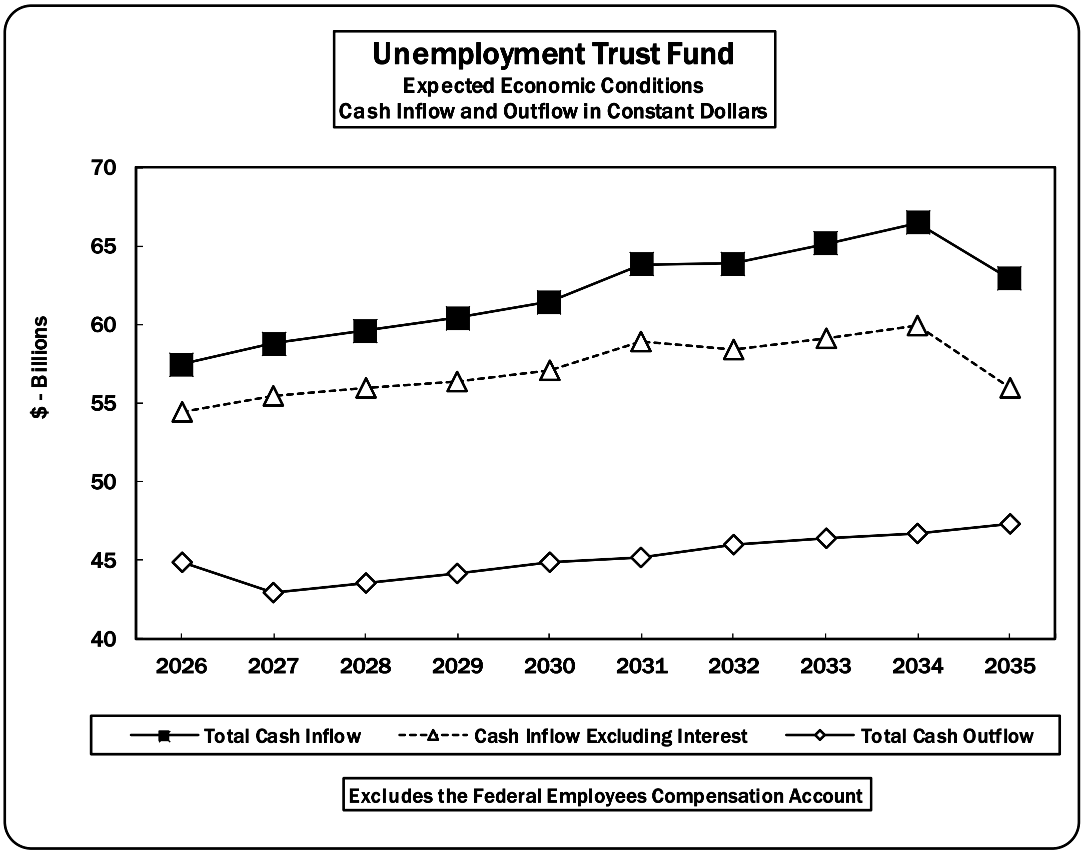
Expected Economic Conditions

Charts I and II graphically depict the effect of expected economic conditions on the UTF, in constant dollars, over the next ten years.

Projected Cash Inflows and Outflows, in Constant Dollars, Under Expected Economic Conditions

Chart I depicts projected cash inflows and outflows of the UTF, in constant dollars, over the next ten years under expected economic conditions. Both cash inflows and cash outflows excluding interest earnings are displayed. Current estimates by the Department are based on expected unemployment of 3.95 percent in FY 2026 and 3.80 percent for the remaining nine years in the ten-year projection period of FY 2026 through FY 2035. Total cash inflow exceeds total cash outflow through the entire projection period. As presented in table (1) Expected Economic Conditions, the net cash inflow (excluding interest) increases from $9.5 billion in FY 2026 to a peak of $13.7 billion in FY 2031 and then to $8.7 billion in FY 2035. During the projection period, state unemployment tax collections remain steady between $44.7 billion and $48.4 billion during the ten-year projection period. The level unemployment rate of 3.7 percent for FYs 2027 through 2035 leads to stable cash flows for total cash inflow (excluding interest) between $54.4 and $60.0 billion, total cash inflows between $57.5 and $66.5 billion, and total cash outflows between $42.9 and $47.3 billion during the ten-year projection period.

Chart I

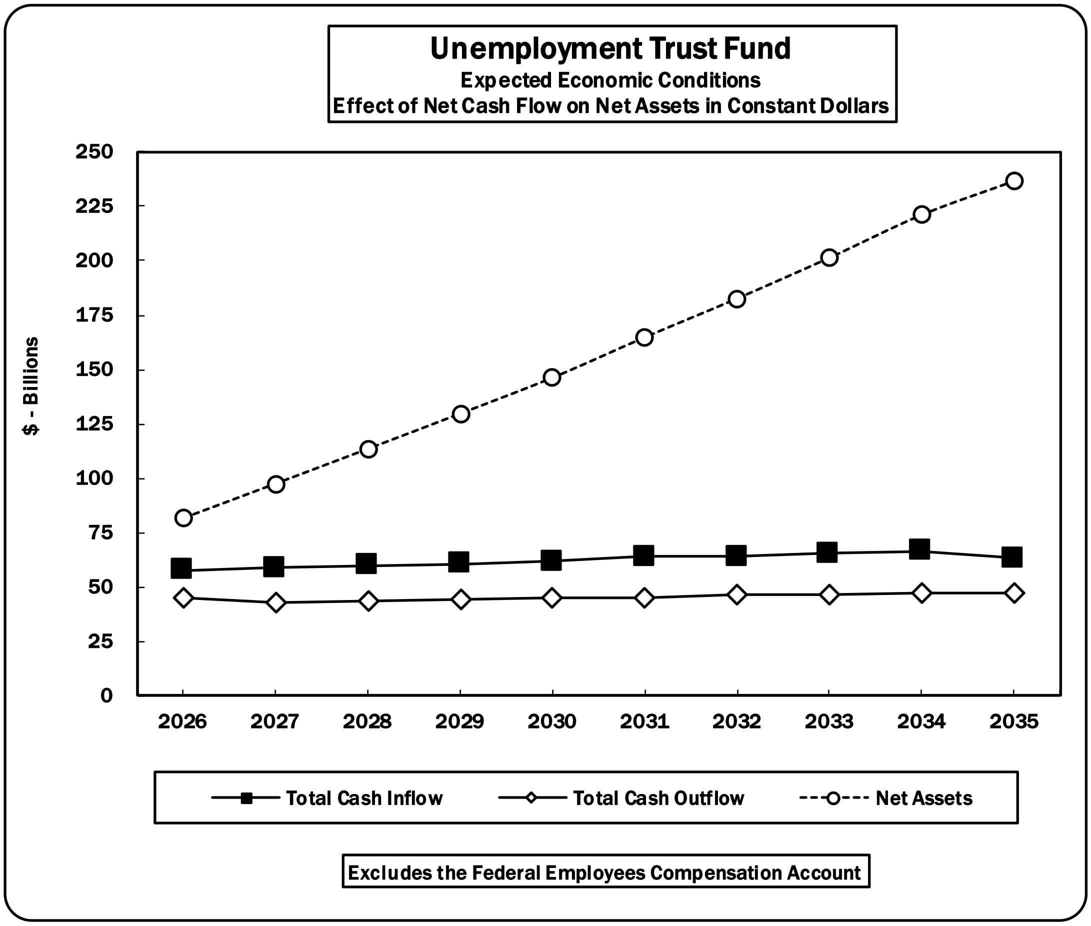


Effect of Expected Cash Flows on UTF Assets in Constant Dollars

Chart II demonstrates the effect of these expected cash inflows and outflows on the net assets of the UTF, in constant dollars, over the ten-year projection period ending September 30, 2035. Yearly projected total cash inflows, including interest earnings, and total cash outflows, including interest payments, are depicted as well as the net effect of these cash flows on UTF assets.

As depicted in Chart II, total cash inflow exceeds total cash outflow in all years in the projection period. The excess of total cash inflow over total cash outflow increases between $12.6 billion and $19.8 billion for FYs 2026 through 2035. As presented in table (1) Expected Economic Conditions, starting at a $68.7 billion fund balance at the beginning of FY 2026, net UTF assets increase $168.1 billion to $236.8 billion fund net assets balance by the end of FY 2035. Chart II depicts the increase in the net assets of the fund.

Chart II



Sensitivity Analyses in Constant Dollars

Charts III (Sensitivity Analysis I) and IV (Sensitivity Analysis II) demonstrate the effect on accumulated UTF assets of projected total cash inflows and total cash outflows of the UTF, in constant dollars, over the ten-year projection period ending September 30, 2035, in two sensitivity analyses. Each sensitivity analysis uses an open group, which includes current and future participants in the UI program. Sensitivity Analysis I assumes higher rates of unemployment and Sensitivity Analysis II assumes even higher rates of unemployment when compared to the expected economic conditions as shown in Charts I and II. Table I below summarizes the unemployment rates for expected conditions, Sensitivity Analysis I, and Sensitivity Analysis II.

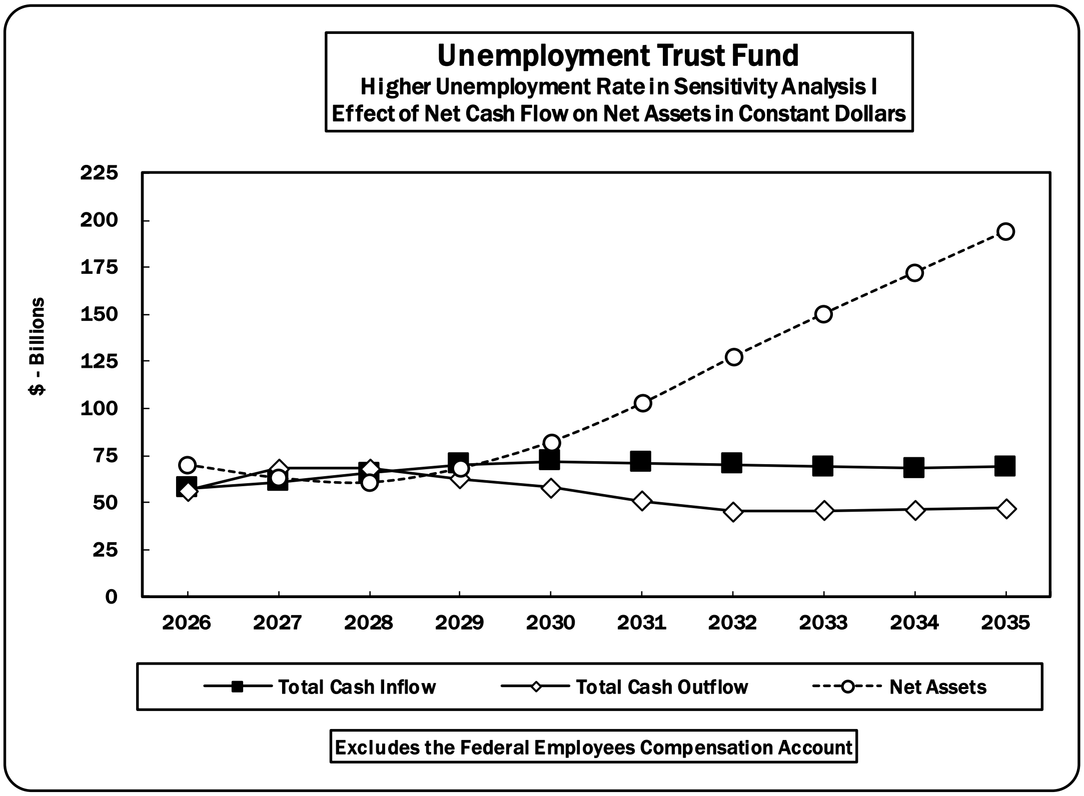
Table I

Total Unemployment Rate for the Ten-Year Period Ending September 30, 2035										
Conditions	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**
Expected	3.95%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%
Sensitivity Analysis I	4.75%	5.78%	5.99%	5.52%	5.04%	4.34%	3.75%	3.70%	3.70%	3.70%
Sensitivity Analysis II	5.77%	9.27%	9.62%	8.94%	8.07%	7.38%	6.16%	5.28%	4.59%	3.85%

Effect on UTF Assets, in Constant Dollars, in Sensitivity Analysis I

In this sensitivity analysis, which utilizes gradually increasing unemployment rates of 4.75 percent beginning in FY 2026, reaching a high of 5.99 percent in FY 2028, then gradually decreasing to 3.75 percent in FY 2032 and stabilizing at 3.70 percent in FYs 2033 through 2035. As presented in table (2) Sensitivity Analysis I Higher Unemployment Rate, there is a net cash inflow in FY 2026, net cash outflows in FYs 2027 and 2028, and then net cash inflows again in FYs 2029 through 2035. Chart III depicts the cross-over point where cash outflow exceeds cash inflow for the second and third years and cash inflow exceeds cash outflow afterward. Starting at a $68.7 billion fund balance at the beginning of FY 2026, net UTF assets first increase by $1.2 billion in FY 2026, then decrease by $6.9 billion and $2.5 billion in FYs 2027 and 2028, respectively. Net UTF assets increase in FYs 2029 through 2035 and the largest increase occurs in FY 2032 for $24.7 billion and remain as increases to net UTF assets through FY 2035. Chart III depicts the change in net assets of $125.5 billion from $68.7 billion at the beginning of FY 2026 to $194.2 billion at the end of FY 2035.

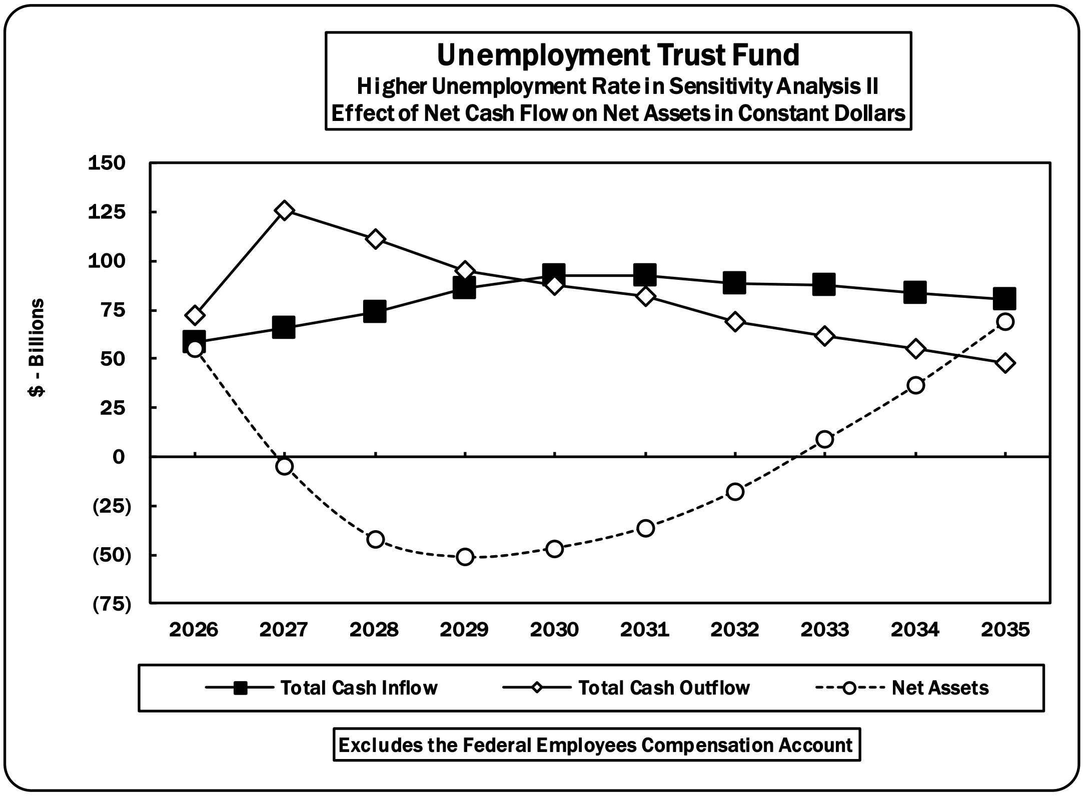
Chart III



Effect on UTF Assets, in Constant Dollars, in Sensitivity Analysis II

In this sensitivity analysis, as presented in the table (3) Sensitivity Analysis II Higher Unemployment Rate, net cash outflows are projected in FYs 2026 through 2029 by amounts between $(9.4) billion and $(59.9) billion, but inflows exceed outflows in FYs 2030 through 2035 by amounts between $4.6 billion and $32.7 billion. Net cash inflows are reestablished in FY 2030 and peak in FY 2035 with a decrease in the unemployment rate to 3.85 percent in FY 2035. Chart IV depicts the cross-over points where outflows exceed inflows until FY 2030 and inflows exceed outflows until FY 2035. The fund net assets decrease about $120.3 billion from a $68.7 billion fund balance at the beginning of FY 2026 to a $(51.6) billion fund net assets deficit in FY 2029. Chart IV depicts the low point in the fund's financial position at a fund net assets deficit of $(51.6) billion in FY 2029 and then the steadily decreasing fund net assets deficit through 2032 before reestablishing a net assets surplus in FY 2033. At the end of the projection period of Sensitivity Analysis II, the fund net assets surplus is $69.2 billion. There is a difference of $167.6 billion in net assets between expected economic conditions net assets of $236.8 billion in FY 2035 and sensitivity analysis II fund net assets of $69.2 billion in FY 2035.

Chart IV



The example of expected economic conditions and two sensitivity analyses, in constant dollars, demonstrate the counter cyclical nature of the UI program, which experiences net cash inflows during periods of low unemployment that are depleted by net cash outflows during periods of increased unemployment. During the expected conditions and two sensitivity analyses, state accounts without sufficient reserve balances to absorb negative cash flows are forced to obtain advances from the FUA in order to meet benefit payment requirements. Advances to states also deplete the FUA, which borrows from the ESAA and the EUCA until they are depleted. The FUA then requires advances from the General Fund of the U.S. Treasury to provide borrowings to states. (See following discussion of solvency measures for state UI programs.)

U.S. DEPARTMENT OF LABOR
SUPPLEMENTARY SOCIAL INSURANCE INFORMATION IN CONSTANT DOLLARS
CASH INFLOW AND OUTFLOW OF THE
UNEMPLOYMENT TRUST FUND EXCLUDING THE FEDERAL EMPLOYEES COMPENSATION ACCOUNT
FOR THE TEN-YEAR PERIOD ENDING SEPTEMBER 30, 2035
(1) EXPECTED ECONOMIC CONDITIONS

(Dollars in millions)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Balance, start of year	$ 68,746	$ 81,328	$ 97,230	$ 113,294	$ 129,534	$ 146,106	$ 164,735	$ 182,639	$ 201,436	$ 221,193
Cash inflow										
State unemployment taxes	44,708	45,500	45,665	45,745	46,056	46,796	47,132	47,647	48,129	48,374
Federal unemployment taxes	8,932	9,228	9,597	9,988	10,329	11,635	11,006	11,315	11,629	7,396
Interest on loans	699	646	575	492	403	284	167	63	11	-
Deposits by the Railroad Retirement Boa	44	49	77	170	253	216	139	130	185	226
Total cash inflow excluding interest	54,386	55,426	55,917	56,398	57,044	58,934	58,447	59,158	59,957	55,999
Interest on Federal securities	3,091	3,345	3,665	3,991	4,376	4,893	5,430	5,968	6,516	6,913
Total cash inflow	57,477	58,771	59,582	60,389	61,420	63,827	63,877	65,126	66,473	62,912
Cash outflow										
State unemployment benefits	39,807	38,283	39,095	39,891	40,687	41,060	41,850	42,228	42,633	43,246
State administrative costs	4,046	3,789	3,771	3,749	3,732	3,708	3,692	3,669	3,651	3,629
Federal administrative costs	278	277	276	276	276	274	275	274	273	272
Interest on tax refunds	16	16	17	17	18	20	19	20	20	13
Interest on advances	636	383	234	82	-	-	-	-	-	-
Railroad Retirement Board withdrawals	112	121	125	134	135	136	137	138	139	140
Total cash outflow	44,895	42,869	43,518	44,149	44,848	45,198	45,973	46,329	46,716	47,300
Excess of total cash inflow excluding interest over total cash outflow	9,491	12,557	12,399	12,249	12,196	13,736	12,474	12,829	13,241	8,699
Excess of total cash inflow over total cash outflow	12,582	15,902	16,064	16,240	16,572	18,629	17,904	18,797	19,757	15,612
Balance, end of year	$ 81,328	$ 97,230	$ 113,294	$ 129,534	$ 146,106	$ 164,735	$ 182,639	$ 201,436	$ 221,193	$ 236,805
Total unemployment rate	3.95%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%

U.S. DEPARTMENT OF LABOR
SUPPLEMENTARY SOCIAL INSURANCE INFORMATION IN CONSTANT DOLLARS
CASH INFLOW AND OUTFLOW OF THE
UNEMPLOYMENT TRUST FUND EXCLUDING THE FEDERAL EMPLOYEES COMPENSATION ACCOUNT
FOR THE TEN-YEAR PERIOD ENDING SEPTEMBER 30, 2035
(2) SENSITIVITY ANALYSIS I HIGHER UNEMPLOYMENT RATE

(Dollars in millions)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Balance, start of year	$ 68,746	$ 69,902	$ 62,964	$ 60,470	$ 68,012	$ 82,113	$ 102,531	$ 127,228	$ 150,264	$ 172,272
Cash inflow										
State unemployment taxes	44,818	48,376	51,926	55,522	57,031	56,446	54,607	52,413	51,067	50,934
Federal unemployment taxes	8,821	9,012	10,115	11,155	11,274	10,798	11,248	11,612	11,644	11,949
General revenue appropriation	-	9	-	-	-	-	-	-	-	-
Interest on loans	721	788	849	821	716	599	451	295	154	43
Deposits by the Railroad Retirement Boa	44	49	77	170	253	216	139	130	185	226
Total cash inflow excluding interest	54,407	58,237	62,970	67,671	69,277	68,062	66,448	64,453	63,053	63,155
Interest on Federal securities	2,967	2,694	2,427	2,371	2,599	3,045	3,658	4,334	5,018	5,654
Total cash inflow	57,374	60,931	65,397	70,042	71,876	71,107	70,106	68,787	68,071	68,809
Cash outflow										
State unemployment benefits	51,001	62,922	62,992	57,731	53,175	46,297	41,217	41,650	41,980	42,799
State administrative costs	4,156	4,045	4,049	3,965	3,882	3,779	3,700	3,669	3,651	3,629
Federal administrative costs	278	277	276	276	276	274	275	274	273	272
Interest on tax refunds	15	16	18	19	20	19	20	20	20	21
Interest on advances	656	488	431	375	287	184	60	-	-	-
Railroad Retirement Board withdrawals	112	121	125	134	135	136	137	138	139	140
Total cash outflow	56,218	67,869	67,891	62,500	57,775	50,689	45,409	45,751	46,063	46,861
Excess (deficiency) of total cash inflow excluding interest over (under) total cash outflow	(1,811)	(9,632)	(4,921)	5,171	11,502	17,373	21,039	18,702	16,990	16,294
Excess (deficiency) of total cash inflow over (under) total cash outflow	1,156	(6,938)	(2,494)	7,542	14,101	20,418	24,697	23,036	22,008	21,948
Balance, end of year	$ 69,902	$ 62,964	$ 60,470	$ 68,012	$ 82,113	$ 102,531	$ 127,228	$ 150,264	$ 172,272	$ 194,220
Total unemployment rate	4.75%	5.78%	5.99%	5.52%	5.04%	4.34%	3.75%	3.70%	3.70%	3.70%

U.S. DEPARTMENT OF LABOR
SUPPLEMENTARY SOCIAL INSURANCE INFORMATION IN CONSTANT DOLLARS
CASH INFLOW AND OUTFLOW OF THE
UNEMPLOYMENT TRUST FUND EXCLUDING THE FEDERAL EMPLOYEES COMPENSATION ACCOUNT
FOR THE TEN-YEAR PERIOD ENDING SEPTEMBER 30, 2035
(3) SENSITIVITY ANALYSIS II HIGHER UNEMPLOYMENT RATE

(Dollars in millions)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Balance, start of year	$ 68,746	$ 55,298	$ (4,643)	$ (42,207)	$ (51,566)	$ (46,918)	$ (36,360)	$ (17,593)	$ 8,641	$ 36,502
Cash inflow										
State unemployment taxes	46,103	53,035	60,200	69,811	73,885	71,747	67,648	66,567	63,004	60,182
Federal unemployment taxes	8,855	9,520	10,439	12,356	14,446	16,622	16,404	17,383	16,140	15,961
General revenue appropriation	17	50	15	-	-	-	-	-	-	-
Interest on loans	765	1,252	2,124	2,671	2,806	2,774	2,541	2,122	1,674	1,196
Deposits by the Railroad Retirement Boa	44	49	77	170	253	216	139	130	185	226
Total cash inflow excluding interest	55,787	63,909	72,858	85,011	91,393	91,362	86,735	86,205	81,006	77,568
Interest on Federal securities	2,734	1,869	1,179	1,003	1,052	1,219	1,451	1,933	2,392	2,980
Total cash inflow	58,521	65,778	74,037	86,014	92,445	92,581	88,186	88,138	83,398	80,548
Cash outflow										
State unemployment benefits	66,564	119,614	104,737	88,165	80,660	75,113	62,869	55,839	50,077	42,875
State administrative costs	4,315	4,637	4,564	4,360	4,219	4,106	3,947	3,828	3,739	3,642
Federal administrative costs	278	277	276	276	276	274	275	274	273	272
Interest on tax refunds	15	17	18	22	25	29	29	30	28	28
Interest on advances	685	1,053	1,881	2,416	2,482	2,365	2,162	1,795	1,281	891
Railroad Retirement Board withdrawals	112	121	125	134	135	136	137	138	139	140
Total cash outflow	71,969	125,719	111,601	95,373	87,797	82,023	69,419	61,904	55,537	47,848
Excess (deficiency) of total cash inflow excluding interest over (under) total cash outflow	(16,182)	(61,810)	(38,743)	(10,362)	3,596	9,339	17,316	24,301	25,469	29,720
Excess (deficiency) of total cash inflow over (under) total cash outflow	(13,448)	(59,941)	(37,564)	(9,359)	4,648	10,558	18,767	26,234	27,861	32,700
Balance, end of year	$ 55,298	$ (4,643)	$ (42,207)	$ (51,566)	$ (46,918)	$ (36,360)	$ (17,593)	$ 8,641	$ 36,502	$ 69,202
Total unemployment rate	5.77%	9.27%	9.62%	8.94%	8.07%	7.38%	6.16%	5.28%	4.59%	3.85%

*States with Minimally Solvent UTF Account Balances

Each state's accumulated UTF net assets or reserve balance should provide a defined level of benefit payments over a defined period. To be minimally solvent, a state's reserve balance should provide for one year's projected benefit payment needs based on the highest levels of benefit payments experienced by the state over the last twenty years. A ratio of 1.00 or greater indicates that the state UTF account balance is minimally solvent. States below this level are vulnerable to exhausting their funds in a recession. States exhausting their reserve balance must borrow funds from either the FUA or private markets to make benefit payments. As of September 30, 2025, the FUA and EUCA outstanding advances were $15.0 billion and $6.0 billion, respectively.

Chart V presents the state by state results of this analysis at September 30, 2025 in descending order by ratio. As the chart below illustrates, 32 state UTF accounts plus the accounts of the District of Columbia, Puerto Rico, and the Virgin Islands were below the minimal solvency ratio of 1.00 at September 30, 2025. Some states borrow from the FUA and then issue bonds to repay their FUA borrowings; the ratios do not reflect a state's debt to bondholders.

Chart V

States that are Minimally Solvent	Ratio
Alaska	2.42
Oregon	2.42
Wyoming	2.25
Maine	1.91
South Dakota	1.74
Kansas	1.69
Montana	1.57
Iowa	1.53
Idaho	1.46
Nebraska	1.32
North Carolina	1.26
Mississippi	1.25
Utah	1.18
Alabama	1.15
South Carolina	1.11
Arkansas	1.08
Maryland	1.07
North Dakota	1.03

States that are Not Minimally Solvent	Ratio
Vermont	0.97
Puerto Rico	0.93
Arizona	0.92
New Hampshire	0.92
Rhode Island	0.91
West Virginia	0.84
Oklahoma	0.83
Louisiana	0.82
Florida	0.81
Nevada	0.81
Wisconsin	0.79
Indiana	0.77
Tennessee	0.77
Delaware	0.75
District of Columbia	0.73
Virginia	0.72
Missouri	0.71
Kentucky	0.69

States that are Not Minimally Solvent	Ratio
Hawaii	0.64
Washington	0.61
New Mexico	0.58
Georgia	0.55
Michigan	0.52
Ohio	0.46
Colorado	0.43
New Jersey	0.41
Massachusetts	0.35
Minnesota	0.30
Illinois	0.27
Pennsylvania	0.25
New York	0.10
Connecticut	0.09
Texas	0.09
Virgin Islands	0.00
California	0.00

*Includes the District of Columbia, Commonwealth of Puerto Rico, and the Virgin Islands.

Black Lung Disability Benefit Program

The Black Lung Disability Benefit Program provides for compensation, medical, and survivor benefits for eligible coal miners who are totally disabled due to pneumoconiosis (black lung disease) arising out of their coal mine employment and the Black Lung Disability Trust Fund (BLDTF) provides benefit payments when no responsible mine operator can be assigned the liability or when the liability is adjudicated to the BLDTF, which may occur as a result of, among other things, bankruptcy of the Responsible Mine Operator (RMO). Other information about the BLDTF and social insurance reporting is also presented in Financial Performance Overview section of the Management's Discussion and Analysis and Notes 1-W and 1-Y of the financial statements.

Program Administration

The Federal Coal Mine Health and Safety Act sets Black Lung benefits at 37.5 percent of the base salary of a Federal employee at level GS-2, Step 1. Black Lung Disability Benefit payments are funded by excise taxes from coal mine operators based on the domestic sale of coal, as are the program's administrative costs. These taxes are collected by the Internal Revenue Service and transferred to the BLDTF, which was established under the authority of the Black Lung Benefits Revenue Act and administered by the U.S. Department of the Treasury (Treasury).

Program Finances and Sustainability

Enacted on August 16, 2022, the Inflation Reduction Act of 2022, P.L. 117-169, section 13901, permanently raised the coal excise tax rates effective for domestic sales of coal on or after October 1, 2022: $1.10 per ton of underground-mined coal and $0.55 per ton of surface-mined coal sold, with a cap of 4.4 percent of sales price; these assumptions were used for the required supplementary information as of September 30, 2025.

P.L. 119-21, the One Big Beautiful Bill Act (OBBBA), was enacted in July 2025. The estimated future excise taxes use, among other things, assumptions based on the Energy Information Administration's Annual Energy Outlook report, projections of coal production; these projections were published on April 8, 2026 and implemented some of the requirements of the OBBBA and assumed that the Greenhouse Gas emissions standards for fossil-fired power plants are repealed and existing coal plants are allowed to continue operation without any modifications to reduce emissions. DOL selected the coal production projections that reflect the OBBBA because the OBBBA was effective as of September 30, 2025 and DOL published its FY 2025 Agency Financial Report after the April 2026 report became available. To adjust the projections of coal production for short-term effects, management continued to use EIA reports published in July 2026.

As of September 30, 2025, total liabilities of the BLDTF exceeded assets by $6.86 billion. This net position deficit represents the accumulated shortfall of excise taxes necessary to meet benefit payments, administrative costs, and interest expense incurred prior to and subsequent to the debt refinancing pursuant to P.L. 110-343. Prior to enactment of P.L. 110-343, this shortfall was funded by repayable advances to the BLDTF, which were repayable with interest. Pursuant to P.L. 110-343, any shortfall will be financed with discounted debt instruments with a maturity date of one year and bear interest at the Treasury 1-year rate. Outstanding debt as of September 30, 2025 was $7.15 billion, bearing interest rates ranging from 3.688 percent to 4.50 percent. (See Notes 1-J.2 and 8)

Excise tax revenues of $243.1 million, benefit payment expense of $79.2 million, and interest expense of $287.9 million were recognized for the year ended September 30, 2025. The interest expense is accrued and capitalized to the principal of the debt until the debt reaches its face value at the time of maturity. On September 30, 2025 the BLDTF issued debt in the amount of $3.4 billion, bearing interest at 3.688 percent and maturing on September 30, 2026. At September 30, 2025, there were 16 debt instruments with a total carrying value of $7.15 billion and a total face value at maturity of $8.8 billion. Of these 16 debt instruments, 15 are from the October 2008 refinancing authorized by P.L. 110-343 and have staggered maturities of September 30 for years 2026 through 2040 and one is a one-year debt instrument that was issued on September 30, 2025 and matures on September 30, 2026. (See Notes 1-J.2, 8, and 21)

In FY 2024, the U.S. Department of Health and Human Services (HHS), Centers for Medicare and Medicaid Services (CMS) and DOL signed a memorandum of understanding for the BLDTF's reimbursement to CMS of black lung medical treatments paid by CMS. In FY 2025, the BLDTF reimbursed CMS $12.9 million.

In FY 2026, DOL expanded the pharmacy benefit management program being used in the FECA program to include the claimants covered by the BLDTF.

Subsequent Events

Except for the disclosure in Note 1-W.3, as of September 11, 2026 management has determined that there are no subsequent events requiring disclosure for the social insurance financial statements or required supplementary information.

Projected Cash Inflows and Outflows, in Constant Dollars, for the Open Group

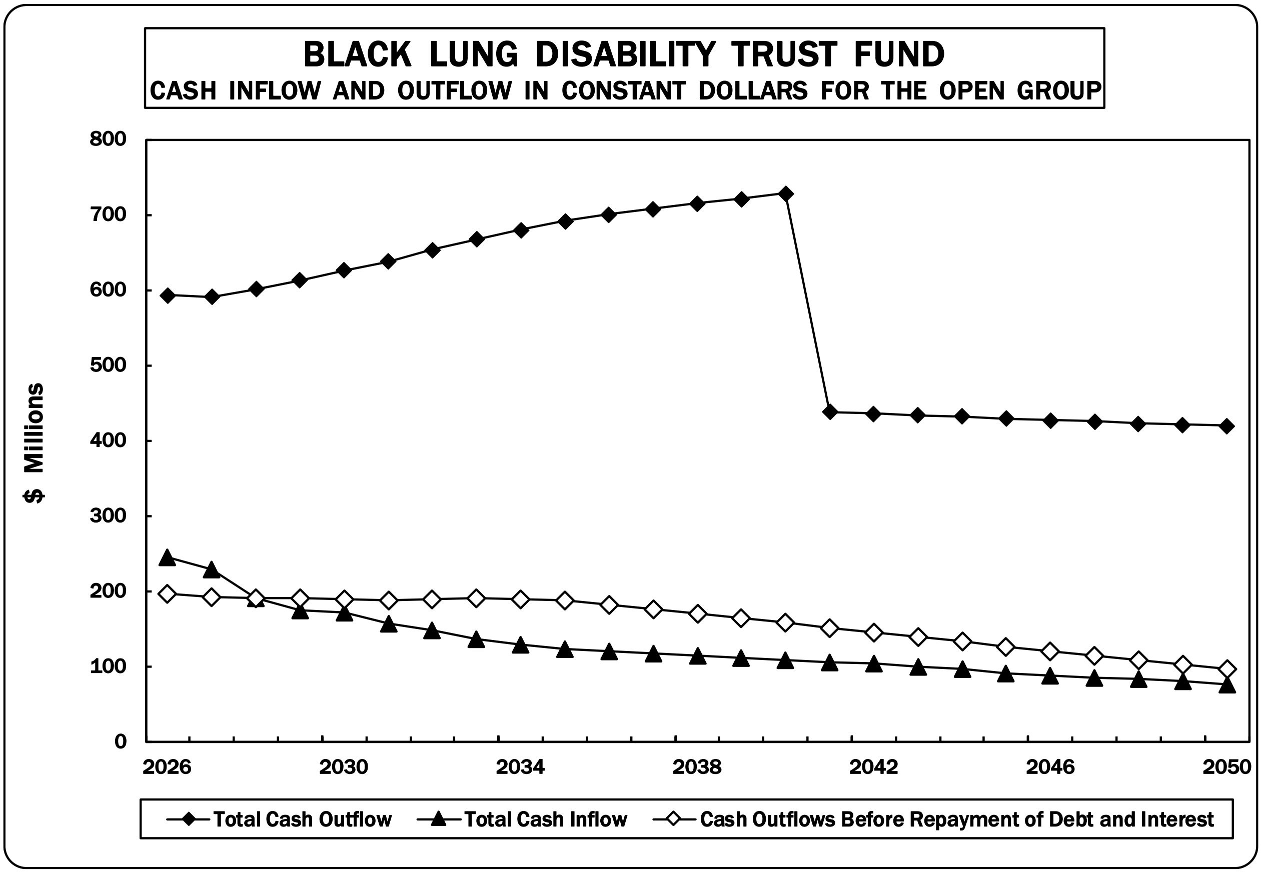
The significant assumptions used in the projections, in constant dollars, are the coal excise tax revenue estimates, tax rate structure, number of beneficiaries, life expectancy, Federal civilian pay raises, medical cost inflation, interest rate on new debt issued by the BLDTF, and the CPI-U for goods and services. The use of CPI-U factors allows the projections to be presented in constant dollars with FY 2025 as the base year. In FY 2025, the source of the CPI-U factors was OMB. The valuation date for the projections is September 30, 2025.

DOL's projection period is a rolling 25-year period beginning on the valuation date. The 25-year projection period ends on September 30, 2050. In FY 2025, projections for the number of new participants increased. In FY 2025, DOL's methodology continued to estimate diagnostic medical costs separately from medical treatment costs.

The projections, in constant dollars for the open group, made over the 25-year period ending September 30, 2050, indicate that cash inflows from excise taxes will exceed cash outflows for benefit payments and administrative expenses for only two years in the projection period (FYs 2026 and 2027) and the cash outflows for benefit payments and administrative expenses will exceed cash inflows from excise taxes in all other fiscal years through FY 2050. Chart I demonstrates the cross-over point at FY 2028 where cash outflows for benefit payments and administrative expenses—which are the cash outflows before repayment of debt and interest—exceed cash inflows from excise taxes. Cumulative net cash outflows before repayment of debt and interest are projected as $806.5 million by FY 2050. Furthermore, when payments from the BLDTF's maturing debt are added to the net cash outflows, the BLDTF's net cash outflows after payments on maturing debt are projected to reach $11.0 billion by the end of FY 2050, resulting in a projected deficit of $14.4 billion at September 30, 2050. Cash projections depend on the assumptions used and actual experience may differ materially from the projections. (See Chart I and Table I of this section)

The net present value of future projected benefit payments and other cash inflow and outflow activities for the closed group and the open group together with the fund's deficit positions as of September 30, 2025, 2024, 2023, 2022, and 2021 are presented in the SOSI.

Chart I

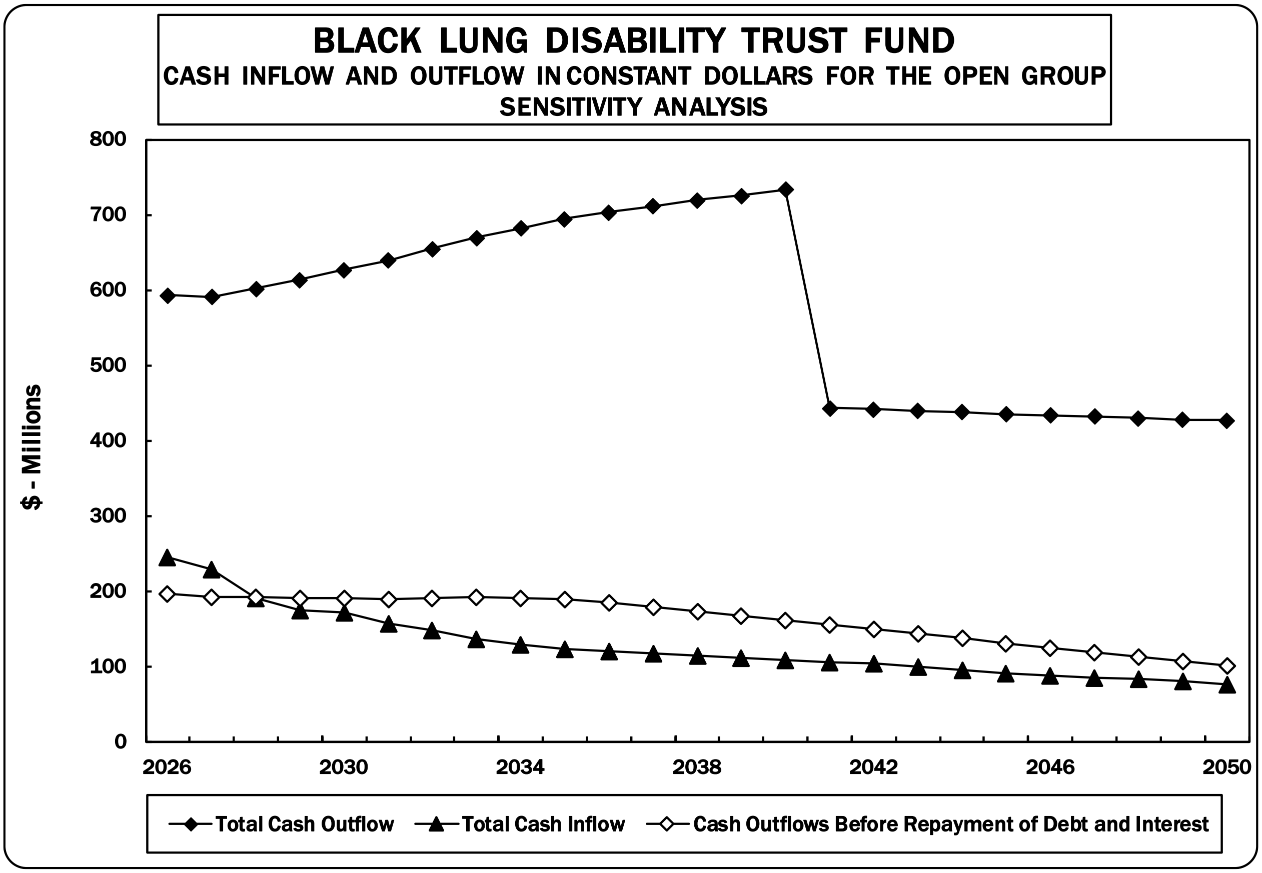


<u>Projected Cash Inflows and Outflows with Sensitivity Analysis, in Constant Dollars, for the Open Group</u>

For the projected cash inflows and outflows with sensitivity analysis, in constant dollars for the open group, the significant assumption for medical cost inflation was increased 1.00 percent for each year in the projection period. For the sensitivity analysis, the other significant assumptions (coal excise tax revenue estimates, tax rate structure, number of beneficiaries, life expectancy, Federal civilian pay raises, interest rate on new debt issued by the BLDTF, and CPI-U for goods and services) were left unchanged.

These projections with sensitivity analysis, in constant dollars for the open group, made over the 25-year period ending September 30, 2050, indicate that cash inflows from excise taxes will exceed cash outflows for benefit payments and administrative expenses for only two years in the projection period (FYs 2026 and 2027). Cumulative net cash outflows before repayment of debt and interest would be projected to reach $885.0 million by the year 2050. Furthermore, when payments from the BLDTF's maturing debt are added to the net cash outflows before repayment of debt and interest, the BLDTF's net cash outflows after payments on maturing debt would be projected to reach $11.1 billion by the end of the year 2050, and would result in a projected deficit of $14.5 billion at September 30, 2050. Cash projections depend on the assumptions used and actual experience may differ materially from the projections. (See Chart II and Table II of this section)

Chart II



Closed Group, New Participants, and Open Group with Sensitivity Analysis

For the closed group, new participants, and open group with sensitivity analysis, we modified the significant assumptions as described above (see Projected Cash Inflows and Outflows with Sensitivity Analysis, in Constant Dollars for the Open Group) for the medical cost inflation but the other significant assumptions were left unchanged.

For the Sensitivity Analysis, the changes that we made in the assumptions as described above (see Projected Cash Inflows and Outflows with Sensitivity Analysis, in Constant Dollars for the Open Group) had the following effects (in thousands of dollars):

(a) In the SOSI, for the closed group:

(1) the present value of estimated future excise tax income during the projection period would decrease $51,987 from $1,377,640 to $1,325,653;

(2) the present value of estimated future administrative costs during the projection period would decrease $31,321 from $829,992 to $798,671;

(3) the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period would increase $8,152 from $847,651 to $855,803; and

(4) the closed group measure would decrease $28,818 from $(300,003) to $(328,821).

(b) In the SOSI, for the new participants:

(1) the present value of estimated future excise tax income during the projection period would increase $51,987 from $1,221,680 to $1,273,667;

(2) the present value of estimated future administrative costs during the projection period would increase $31,321 from $736,030 to $767,351;

(3) the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period would increase $48,033 from $758,620 to $806,653; and

(4) the excess (deficiency) of present value of estimated future excise tax income over (below) present value of estimated future administrative costs and actuarial present value of future benefit payments during the projection period would decrease $27,367 from $(272,970) to $(300,337).

(c) In the SOSI, for the open group:

(1) the present value of estimated future excise tax income during the projection period of $2,599,320 would remain unchanged;

(2) the present value of estimated future administrative costs during the projection period of $1,566,022 would remain unchanged;

(3) the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period would increase $56,185 from $1,606,271 to $1,662,456; and

(4) the open group measure would decrease $56,185 from $(572,973) to $(629,158).

(d) In the SOSI, the trust fund net position deficit at start of the projection period of $(6,859,500) would remain unchanged.

(e) In the SOSI Summary Section, for the closed group:

(1) the closed group measure would decrease $28,818 from $(300,003) to $(328,821);

(2) the Fund Balance with Treasury and receivables from benefit overpayments of $297,568 would remain unchanged; and

(3) the total of closed group measure plus fund assets would decrease $28,818 from $(2,435) to $(31,253).

(f) In the SOSI Summary Section, for the open group:

(1) the open group measure would decrease $56,185 from $(572,973) to $(629,158);

(2) the Fund Balance with Treasury and receivables from benefit overpayments of $297,568 would remain unchanged; and

(3) the total of open group measure plus fund assets would decrease $56,185 from $(275,405) to $(331,590).

Cash projections depend on the assumptions used and actual experience may differ materially from the projections.

Table I

U.S. DEPARTMENT OF LABOR

SUPPLEMENTARY SOCIAL INSURANCE INFORMATION

CASH INFLOW AND OUTFLOW OF THE BLACK LUNG DISABILITY TRUST FUND IN CONSTANT DOLLARS

FOR THE 25-YEAR PERIOD ENDING SEPTEMBER 30, 2050

OPEN GROUP

(Dollars in thousands)	2026	2027	2028	2029	2030	2031 - 2050	Total
Balance, start of year	$ (4,924,410)	$ (5,149,601)	$ (5,391,116)	$ (5,685,086)	$ (6,009,642)	$ (6,352,853)	$ (4,924,410)
Cash inflow							
Excise taxes	244,750	228,723	190,008	173,850	171,136	2,170,015	3,178,482
Total cash inflow	244,750	228,723	190,008	173,850	171,136	2,170,015	3,178,482
Cash outflow							
Disabled coal miners benefits	112,241	109,860	108,173	106,346	104,577	1,439,238	1,980,435
Administrative costs	83,687	81,973	82,761	83,523	84,410	1,588,212	2,004,566
Cash outflows before repayment of debt and interest	195,928	191,833	190,934	189,869	188,987	3,027,450	3,985,001
Cash inflow over cash outflow (cash outflow over cash inflow) before repayment of debt and interest	48,822	36,890	(926)	(16,019)	(17,851)	(857,435)	(806,519)
Maturity of obligations refinanced October 2008	274,658	280,045	284,651	288,283	291,675	2,977,805	4,397,117
Interest on annual borrowings	122,723	118,858	125,952	134,904	145,462	5,181,930	5,829,829
Total cash outflow	593,309	590,736	601,537	613,056	626,124	11,187,185	14,211,947
Total cash outflow over total cash inflow	(348,559)	(362,013)	(411,529)	(439,206)	(454,988)	(9,017,170)	(11,033,465)
Reduction of debt refinanced October 2008	123,368	120,498	117,559	114,650	111,777	946,452	1,534,304
Balance, end of year	$ (5,149,601)	$ (5,391,116)	$ (5,685,086)	$ (6,009,642)	$ (6,352,853)	$ (14,423,571)	$ (14,423,571)

Table II

U.S. DEPARTMENT OF LABOR

SUPPLEMENTARY SOCIAL INSURANCE INFORMATION SENSITIVITY ANALYSIS

CASH INFLOW AND OUTFLOW OF THE BLACK LUNG DISABILITY TRUST FUND IN CONSTANT DOLLARS

FOR THE 25-YEAR PERIOD ENDING SEPTEMBER 30, 2050

OPEN GROUP

(Dollars in thousands)	2026	2027	2028	2029	2030	2031 - 2050	Total
Balance, start of year	$ (4,924,410)	$ (5,149,601)	$ (5,391,446)	$ (5,686,089)	$ (6,011,671)	$ (6,356,271)	$ (4,924,410)
Cash inflow							
Excise taxes	244,750	228,723	190,008	173,850	171,136	2,170,015	3,178,482
Total cash inflow	244,750	228,723	190,008	173,850	171,136	2,170,015	3,178,482
Cash outflow							
Disabled coal miners benefits	112,241	110,190	108,836	107,341	105,903	1,514,418	2,058,929
Administrative costs	83,687	81,973	82,761	83,523	84,410	1,588,212	2,004,566
Cash outflows before repayment of debt and interest	195,928	192,163	191,597	190,864	190,313	3,102,630	4,063,495
Cash inflow over cash outflow (cash outflow over cash inflow) before repayment of debt and interest	48,822	36,560	(1,589)	(17,014)	(19,177)	(932,615)	(885,013)
Maturity of obligations refinanced October 2008	274,658	280,045	284,651	288,283	291,675	2,977,805	4,397,117
Interest on annual borrowings	122,723	118,858	125,962	134,935	145,525	5,204,065	5,852,068
Total cash outflow	593,309	591,066	602,210	614,082	627,513	11,284,500	14,312,680
Total cash outflow over total cash inflow	(348,559)	(362,343)	(412,202)	(440,232)	(456,377)	(9,114,485)	(11,134,198)
Reduction of debt refinanced October 2008	123,368	120,498	117,559	114,650	111,777	946,452	1,534,304
Balance, end of year	$ (5,149,601)	$ (5,391,446)	$ (5,686,089)	$ (6,011,671)	$ (6,356,271)	$ (14,524,304)	$ (14,524,304)

COMBINING STATEMENT OF BUDGETARY RESOURCES

The principal Combined Statement of Budgetary Resources presents the budgetary resources available to DOL and net outlays of budgetary resources for the year ended September 30, 2025; and the status of these resources for the year ended September 30, 2025. Presented on the following pages is the disaggregation of this combined information for each of the Department's major budget agencies.

Included in the Combining Statement of Budgetary Resources for the year ended September 30, 2025 are management's significant accounting estimates about future outlays from the unemployment programs authorized by the CARES Act (as amended) which expired, in general, on or before September 6, 2021. However, states will continue to submit claims for weeks of unemployment that occurred before the programs expired. These outlays are obligations for the year ended September 30, 2025.

COMBINING STATEMENT OF BUDGETARY RESOURCES

For the Year Ended September 30, 2025

(Dollars in thousands)	Employment and Training Administration	Office of Workers' Compensation Programs	Office of Job Corps	Occupational Safety and Health Administration	Bureau of Labor Statistics
BUDGETARY RESOURCES					
Unobligated Balance from prior year Budget Authority, Net (Discretionary and Mandatory)	$ 3,050,557	$ 477,756	$ 1,195,524	$ 15,721	$ 7,765
Appropriations (discretionary and mandatory)	50,907,483	4,321,040	1,708,280	639,359	635,952
Borrowing Authority (Discretionary and Mandatory)	-	243,312	-	-	-
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	6,052,001	3,023,841	982	2,980	102,968
Total Budgetary Resources	$ 60,010,041	$ 8,065,949	$ 2,904,786	$ 658,060	$ 746,685
STATUS OF BUDGETARY RESOURCES					
New Obligations and Upward Adjustments (Total)	$ 56,985,037	$ 7,902,041	$ 1,412,173	$ 637,783	$ 742,158
Unobligated Balance, End of Year					
Apportioned, Unexpired Accounts	1,283,463	126,485	1,201,194	6,187	282
Exempt from Apportionment, Unexpired Accounts	-	7,053	-	-	-
Unapportioned, Unexpired Accounts	62,778	27,851	10,637	-	-
Unexpired Unobligated Balance, End of Year	1,346,241	161,389	1,211,831	6,187	282
Expired Unobligated Balance, End of Year	1,678,763	2,519	280,782	14,090	4,245
Unobligated Balance, End of Year (Total)	3,025,004	163,908	1,492,613	20,277	4,527
Total Budgetary Resources	$ 60,010,041	$ 8,065,949	$ 2,904,786	$ 658,060	$ 746,685
OUTLAYS, NET					
Outlays, Net (Total) (Discretionary and Mandatory)	$ 45,637,432	$ 4,878,498	$ 1,681,051	$ 628,011	$ 691,703
Distributed Offsetting Receipts (-)	(1,170,255)	(19,900)	-	-	-
Agency Outlays, Net (Discretionary and Mandatory)	$ 44,467,177	$ 4,858,598	$ 1,681,051	$ 628,011	$ 691,703

COMBINING STATEMENT OF BUDGETARY RESOURCES - Continued
For the Year Ended September 30, 2025

(Dollars in thousands)	Mine Safety and Health Administration	Employee Benefits Security Administration	Veterans' Employment and Training Service	Wage and Hour Division	Other Program Agencies	TOTAL
BUDGETARY RESOURCES						
Unobligated Balance from prior year Budget Authority, Net (Discretionary and Mandatory)	$ 6,797	$ 11,416	$ 22,779	$ 28,162	$ 553,690	$ 5,370,167
Appropriations (discretionary and mandatory)	387,816	191,100	65,501	309,474	771,564	59,937,569
Borrowing Authority (Discretionary and Mandatory)	-	-	-	-	-	243,312
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	1,917	6,278	269,961	3,000	772,014	10,235,942
Total Budgetary Resources	$ 396,530	$ 208,794	$ 358,241	$ 340,636	$ 2,097,268	$ 75,786,990
STATUS OF BUDGETARY RESOURCES						
New Obligations and Upward Adjustments (Total)	$ 389,572	$ 198,148	$ 335,451	$ 318,596	$ 1,562,067	$ 70,483,026
Unobligated Balance, End of Year						
Apportioned, Unexpired Accounts	838	1,183	39	18,232	411,184	3,049,087
Exempt from Apportionment, Unexpired Accounts	-	-	-	-	145	7,198
Unapportioned, Unexpired Accounts	-	849	-	3,269	59,579	164,963
Unexpired Unobligated Balance, End of Year	838	2,032	39	21,501	470,908	3,221,248
Expired Unobligated Balance, End of Year	6,120	8,614	22,751	539	64,293	2,082,716
Unobligated Balance, End of Year (Total)	6,958	10,646	22,790	22,040	535,201	5,303,964
Total Budgetary Resources	$ 396,530	$ 208,794	$ 358,241	$ 340,636	$ 2,097,268	$ 75,786,990
OUTLAYS, NET						
Outlays, Net (Total) (Discretionary and Mandatory)	$ 384,861	$ 193,066	$ 51,011	$ 314,426	$ 936,626	$ 55,396,685
Distributed Offsetting Receipts (-)	-	-	-	-	(503)	(1,190,658)
Agency Outlays, Net (Discretionary and Mandatory)	$ 384,861	$ 193,066	$ 51,011	$ 314,426	$ 936,123	$ 54,206,027

Other Information

TOP MANAGEMENT AND PERFORMANCE CHALLENGES FACING THE U.S. DEPARTMENT OF LABOR

Office of Inspector General

Visit the Office of Inspector General's website to view the Top Management and Performance Challenges.

CHALLENGE: Reducing Unemployment Insurance Improper Payments

Background

The unemployment insurance (UI) program is a joint federal-state program with each state[1] administering a separate UI program under its own laws while following uniform guidelines established by federal law. The UI program provides benefits to eligible workers who are unemployed through no fault of their own and meet other state eligibility requirements. UI benefits are typically funded by state employer taxes, with administrative costs covered by the federal government. However, during emergencies, enhanced UI benefits are generally funded federally. The U.S. Department of Labor's (Department or DOL) Employment and Training Administration (ETA) is responsible for providing UI program direction and oversight.

As outlined on our UI oversight webpage, for over 20 years, the Office of Inspector General (OIG) has reported on weaknesses in the Department's ability to measure, report, and reduce UI program-related improper payments. The UI program has experienced some of the highest improper payment rates across the federal government, with an estimated rate above 10 percent[2] for 18 of the last 21 years.[3] This challenge is underscored by the Department's reporting over the last 4 years of historically high improper payment rates, including fraud, in the UI program. Specifically, the Department reported an estimated improper payment rate of 18.71 percent for Fiscal Year (FY) 2021 and 21.52 percent for FY 2022. Based on our audit and investigative work, the actual improper payment rate for these periods was likely higher. In our Payment Integrity Information Act compliance reports, we reported that the estimated improper payment rate for FY 2023 and FY 2024 was 14.83 and 14.41 percent, respectively. However, these estimated improper payment rates remain above pre-pandemic levels and continue to fall short of federal requirements.

[1] When pertaining to UI, this Top Management and Performance Challenges report uses "state" or "state workforce agency" to refer to the administrative body that administers the program within the state, district, or territory. For the 50 states, as well as the U.S. Virgin Islands, the Commonwealth of Puerto Rico, and the District of Columbia, that administrative body is a state workforce agency. There are, therefore, 53 state workforce agencies that signed agreements with the Department to administer pandemic-related UI programs under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act also provided certain UI benefits to American Samoa, the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia, Guam, the Marshall Islands, and the Republic of Palau, provided they signed an agreement with the Department.
[2] To fully comply with the Payment Integrity Information Act of 2019, agencies must report an improper payment rate of less than 10 percent for each program and activity for which an estimate was published.
[3] UI improper payments data for FY 2004 through FY 2024 as reported to the Office of Management and Budget.

WHAT IS AN IMPROPER PAYMENT?

A payment is improper if it should not have been made or was to the wrong recipient.

*

Examples include overpayments and underpayments.

*

An improper payment can be unintentional or intentional.

*

Intentional improper payments are more commonly referred to as financial fraud.

The long-standing challenge with UI improper payments can be further exacerbated in times of crisis, including natural disasters and economic downturns.[4] The COVID-19 pandemic exposed and magnified long-standing vulnerabilities—such as outdated information technology (IT) systems, staffing shortages, and inadequate fraud prevention. Although DOL and states have implemented several reforms, these weaknesses continue to pose risks and highlight the need for long-term solutions to safeguard the UI program. These are not just historical problems—they are critical lessons for the future.

In a December 2024 joint audit report issued by DOL-OIG and the U.S. Small Business Administration (SBA) OIG, we found data sharing and matching between ETA and SBA could mitigate the risk of fraudulent UI benefit payments and SBA disbursements. Both OIGs found data matching worked as a tool to identify potential fraud. Without systemic improvements—such as data sharing and matching between federal agencies—the UI program remains vulnerable to high improper payment rates, including fraud, and is not adequately equipped to respond to the next national emergency.

Challenge for the Department

The Department continues to face challenges in ensuring UI improper payments are reduced—first and foremost through prevention. When prevention fails, timely and accurate detection and reporting—as well as recovery of funds, as practicable—become essential. Furthermore, the Department should ensure that states' finality laws do not negatively impact their abilities to protect the integrity of the UI program. If sufficient action to course correct is not taken, improper payments within the UI program will likely remain high.

Improper payments have largely resulted from four primary causes. First, some claimants fail to demonstrate that they meet their states' requirements for searching for new jobs (work search).[5] Second, some claimants continue to claim UI benefits after returning to work or misreport earnings (benefit year earnings). Third, some employers, or their third-party administrators, fail to provide prompt and adequate information about why individuals left their employment (employee

[4] Examples include hurricanes, the Great Recession, and the COVID-19 pandemic. For instance, we identified over $100 million in potential improper payments related to UI program benefits in response to the devastating impact of Hurricanes Katrina and Rita in 2005. States also did not detect an estimated $6.5 billion in improper payments from the UI funding provided by the American Recovery and Reinvestment Act of 2009.

[5] The Middle Class Tax Relief and Job Creation Act of 2012 requires that individuals receiving UI benefits must be able to work, available to work, and actively seeking work, as a condition of eligibility for regular compensation for any week. Accordingly, states generally require unemployed workers to demonstrate they were actively seeking work. Work search overpayments occur when states pay UI claimants who do not comply with a state's required work search activities.

separation). Fourth, individuals and criminal groups intentionally commit deceptive acts related to the payment or collection of UI benefits.[6]

Prevention

One key challenge in preventing improper payments is ensuring UI benefits are paid to only those individuals eligible under program requirements. Accurate initial determinations of eligibility are critical to ensuring benefits are issued correctly. States struggle to accurately determine eligibility and identify sophisticated fraud schemes due to factors such as limited staff and outdated IT systems.

Our audit work confirmed staffing and system capability issues remain persistent challenges that undermine the integrity of the UI program. In over 80 percent of our pandemic-related UI audits, we identified staffing shortages and outdated IT systems as contributing factors for the issues found. For example, in our November 2024 audit report on states' use of staffing, we found ETA, with Office of Management and Budget approval, allowed states to temporarily suspend the Benefit Accuracy Measurement (BAM) program[7] and reassign BAM program staff to claims processing. Of the six state workforce agencies (SWA) we selected to audit, five considered their staffing levels insufficient to process the volume of initial UI claims received. According to ETA's FY 2024 Unemployment Insurance Integrity Strategic Plan (Strategic Plan), states continued to face significant challenges with staff turnover and outdated IT systems.

Detection

Over the past 5 years, we have continued to identify internal control weaknesses in the UI program that lead to improper payments, including fraud. Currently, states face ever-evolving fraud schemes, including those by malicious cyber-enabled[8] bad actors and criminal enterprises, which can overwhelm state systems. Our work identified that the pandemic turned UI benefits into a lucrative target for criminals who continue to focus on the program and adapt their tactics to exploit systemic weaknesses.

Fraud risk to the UI program did not end with the pandemic. For example, in FY 2024, fraud rates in some states, such as New York and Rhode Island, remained at over 20 percent—equating to more than $1 in every $5 paid to fraudsters.[9] ETA's Strategic Plan reported underfunding and outdated technology have limited states' responsiveness. The Strategic Plan also reported states worked to combat relentless fraud schemes—such as cyberattacks, claims filed with stolen identities, and spoofing of state UI websites to steal personally identifiable information—that circumvent many prevention and detection tools.

Establishing a data analytics capability with a dedicated team of data scientists at the federal level would allow ETA to monitor and analyze UI claims data on an ongoing basis. ETA would then be able to identify high-risk areas across multiple states and quickly flag potentially fraudulent claims to refer to the OIG for investigation and states for further action. These early detection flags could help prevent losses due to fraud. For example, in our September 2023 alert memorandum on the incorporation of data analytics capability to improve UI program oversight, our investigators,

[6] ETA has included fraud as an element of the leading causes rather than as a separate cause. For Program Year 2024, ETA reported the top three causes for overpayments resulted in more than $3.7 billion in overpayments. For this same period, over $1.8 billion in improper payments was attributable to fraud. Overpayments, a subset of improper payments, constitute the majority of improper payments.

[7] BAM provides the basis for assessing the accuracy of UI payments, a process from which the estimated annual improper payment rate is derived.

[8] Per Executive Order 13984, issued January 19, 2021, "the term 'malicious cyber-enabled activities' refers to activities, other than those authorized by or in accordance with United States law that seek to compromise or impair the confidentiality, integrity, or availability of computer, information, or communications systems, networks, physical or virtual infrastructure controlled by computers or information systems, or information resident thereon."

[9] Based on publicly reported data from ETA's 2024 Improper Payments 1-Year Data

auditors, and data scientists collaboratively reported a cumulative $46.9 billion in potentially fraudulent UI benefits paid from March 2020 to April 2022 in six high-risk areas, involving claims with Social Security numbers (SSN):

- filed in multiple states,
- of deceased persons,
- used to file UI claims with suspicious email accounts,
- of federal prisoners,
- belonging to individuals under 14 years of age, and
- belonging to individuals 100 years of age or older.

We shared our claimant data and methodology for identifying claimants in the six high-risk areas with ETA. ETA subsequently transmitted the claimant data associated with potentially fraudulent UI claims to 53 SWAs and Guam with instructions and requirements on investigations and due process. Our August and September 2025 audit work in three of the six high-risk areas—UI claims filed in multiple states, using deceased persons SSNs, and using suspicious email accounts—found that many states confirmed some UI benefits paid were fraudulent. However, ETA did not monitor nor require states to report the results of research or investigations of potentially fraudulent UI claims, which would have assisted ETA in identifying high-risk areas for UI fraud.

Since June 2020, the OIG has been the leading federal entity collecting pandemic-related UI claimant data from states nationwide, performing risk assessments, and identifying high-risk areas. These efforts should not be left to the OIG's independent oversight. As the oversight agency with programmatic responsibility for UI programs, ETA is responsible for establishing a routine program integrity function. With the support of the Chief Financial Officer as the designated anti-fraud entity, ETA needs to: (1) perform its own data analytics and risk assessments, (2) identify high-risk areas, and (3) update its UI Fraud Risk Profile.

Furthermore, our investigators have identified crimes related to UI fraud both throughout the United States and by foreign bad actors, resulting in the conviction of over 1,700 criminals since April 2020. Notable recent cases include a criminal organization involved in murder and narcotics trafficking, former federal and state employees targeting UI funds, and federal and state inmates committing fraud. Additionally, the OIG is collaborating with foreign government partners to seek prosecution or seizure of assets abroad in relation to UI fraud schemes.

Reporting

States' incomplete and inaccurate reporting has consistently undermined oversight of the UI program. In our May 2021 report on Coronavirus Aid, Relief, and Economic Security (CARES) Act implementation, we found that, during the first 6 months of the CARES Act, states did not complete required reporting for nonfraudulent and fraudulent overpayments. In FY 2021, this, in part, resulted in the Department receiving its first qualified opinion on its consolidated financial statements in 25 years. Most recently, in November 2024, for the fourth consecutive year, we issued a qualified opinion on the Department's consolidated financial statements and reported a material weakness related to the UI program.

In August 2022, we issued an alert memorandum concluding ETA needs to ensure SWAs report activities related to CARES Act UI programs. Specifically, we reported some states continued to fail to submit quarterly ETA 227 (Overpayment Detection and Recovery Activity) reports to ETA or inaccurately reported zero activity for overpayments in CARES Act UI programs. In August and September 2025, we issued the following four reports: UI claims filed in multiple states, UI claims filed using deceased persons SSNs, UI claims filed using suspicious email accounts, and pandemic UI overpayment recovery waivers. In each audit, we found that many states still had not completed required reporting on UI overpayments, including fraud. The lack of accurate state performance information hinders Congress' and ETA's ability to assess state activities, identify program weaknesses, and improve future temporary programs. Accurate and complete reporting is critical not only for oversight of past programs, but also to ensure accountability in future emergency benefit programs.

To meet improper payment reporting requirements, ETA uses the BAM program. BAM is designed to identify systemic errors, determine their root causes, and estimate the improper payment rates using random weekly samples of UI claims. However, BAM may not accurately reflect the true rate or causes of improper payments because it relies on statistical sampling and complex, inconsistently applied criteria. Our September 2021 report on the need for more consistent state requirements concluded the agency was unable to consistently reduce overpayments mainly because states had varying Work Search laws and requirements, with some more stringent than others. ETA acknowledged that states with more stringent work search requirements tended to have higher Work Search overpayment rates. The OIG plans to assess ETA's use of the BAM system as a tool to: (1) measure the accuracy of states' paid and denied claims and (2) identify root causes to reduce improper payments in UI programs.

Recovery

Recovering UI overpayments is a key component of program integrity and is essential to protecting both state UI trust funds and federal funding. To ensure accountability, overpayment recovery must be given the same level of priority as fraud prevention and detection. States are responsible for recovering UI overpayments promptly and efficiently and must make every possible effort to recover fraudulent overpayments using all available resources. ETA is responsible for overseeing and monitoring state recovery efforts to ensure compliance with federal requirements.

For example, as stated in the OIG's March 2023 congressional testimony, we estimated states may have paid $191 billion improperly during the COVID-19 pandemic period, including $76 billion in fraudulent benefits. ETA and individual states continue to face the daunting task of recovering these overpayments. From April 1, 2020, to September 30, 2025, states have reported recovering approximately $10 billion in improperly paid UI program funds, including $2 billion that was fraudulently obtained.[10] It is notable that the statute of limitations for many pandemic-related UI fraud cases has begun to expire. Further, as time passes, it will be increasingly difficult to investigate and close the cases that are still within statute.

We are also concerned that the ability of SWAs to recover pandemic-related UI overpayments is negatively affected by the waiver authority granted by the CARES Act, including blanket waivers that allow states to waive the recovery of multiple claimants' overpayments at once using a single set of facts instead of on a case-by-case basis. In September 2025, we reported ETA's guidance and oversight did not ensure states waived recovery of only eligible overpayments for the three key pandemic-related UI programs[11] from March 2020 through June 2023. Specifically, we estimated the recovery of more than $240 million—including $65 million in fraud—was improperly waived by Michigan and Massachusetts, two of the states that reported the highest dollar amount of overpayment recoveries waived.

Impact of State Finality Laws on Detection and Recovery of UI Overpayments

In December 2023, ETA issued Unemployment Insurance Program Letter No. 05-24, which authorized SWAs to apply state finality laws that limit the length of time to reconsider a prior determination made on CARES Act-funded UI claims. The OIG is concerned that, by applying state finality laws to pandemic-related UI claims, states will not have an incentive to identify and report overpayments and fraud, or to re-examine improper decisions to waive the recovery of overpayments. We emphasized this concern in the following five 2025 audit reports: federal UI improper payments recovery needs improvements, UI claims filed in multiple states, UI claims filed using deceased persons SSNs, UI claims filed using suspicious email accounts, and pandemic UI overpayment recovery waivers. This may hinder the recovery of overpayments and the detection of fraud. For example, the OIG's August and September 2025 audit work in three high-risk areas—UI claims filed in multiple states, using deceased persons SSNs, and using suspicious email accounts—found several

[10] This recovery amount includes benefits paid under regular UI, Federal Pandemic Unemployment Compensation, Pandemic Unemployment Assistance, Pandemic Emergency Unemployment Compensation, and Mixed Earners Unemployment Compensation. Some of these recoveries may apply to overpayments made after September 6, 2021, when the pandemic period ended.

[11] The CARES Act established three key new UI programs: Pandemic Unemployment Assistance, Federal Pandemic Unemployment Compensation, and Pandemic Emergency Unemployment Compensation.

states had backlogs of UI claims to review for establishment and reporting of fraudulent overpayments. However, if the period for reconsideration has elapsed, the SWAs are not required to conduct the reviews necessary to determine if the benefits were properly paid or were instead overpayments, including fraudulent overpayments.

The application of finality laws contributes to unrecoverable debt owed to the federal government and taxpayers. Also, allowing states to use finality laws reinforces the need for robust initial oversight and controls to prevent and detect improper payments in state UI programs. Improper payment recovery activities are crucial for maintaining the integrity of the unemployment benefits system and public trust in these programs.

Department's Progress

The Department has emphasized its progress addressing challenges in the UI program. In April 2024, the Department published Building Resilience: A Plan for Transforming Unemployment Insurance to revamp the UI program. According to DOL, this plan represents a more complete account of activities and strategies underway, as well as those being pursued by the Department—along with recommendations for necessary legislative action. The plan is structured around DOL's key action areas:

- adequately funding UI administration,
- delivering high-quality customer service,
- building resilient and responsive state IT systems,
- bolstering state UI programs against fraud,
- ensuring access to robust benefits and services,
- rebuilding and stabilizing the long-term funding of state UI benefits, and
- strengthening reemployment and connections to suitable work.

As part of efforts to bolster state UI programs against fraud, the Department made a nationwide tool available for states to strengthen identity verification. In addition, the Department is supporting states through anti-fraud strategies such as the UI Integrity Center, which partnered with the U.S. Department of the Treasury's Bureau of the Fiscal Service to provide states access to the Do Not Pay system. The Do Not Pay system helps states support eligibility determinations and provides analytics services for agencies. Also, as of June 2025, 41 states were either connected to or establishing a connection to the Social Security Administration's Prisoner Update Processing System to help identify UI claims filed with incarcerated individuals' SSNs. In July 2025, the Department issued Unemployment Insurance Program Letter No. 13-25 emphasizing the role of data analytics in identifying potentially fraudulent activity and requiring financial institutions to stop suspicious payments and withhold affected funds.

Further, on August 29, 2025, DOL issued a proposed rule requesting public comments by September 29, 2025, to require the regular disclosure of confidential state unemployment compensation claims data to federal officials for UI program oversight activities, including audits. This rule will grant the OIG access to information needed to ensure proper oversight and identify and address fraud in the UI program. In the interim, ETA required the sharing of state UI data as a condition of fraud prevention grants to provide such access through 2025, and issued guidance supporting additional grants that would provide access for potentially the next 2 to 5 years. On May 22, 2025, the Department terminated these pandemic-funded grants. In June 2025, ETA amended the FY 2025 non-pandemic grants, including the base UI administrative grants. These grant amendments included the addition of terms and conditions to provide the OIG direct access to state UI information through December 2025. Furthermore, non-pandemic grants for FY 2026 include the same provision, extending OIG data access through December 2026.

Having awarded the last grants under the American Rescue Plan Act of 2021 as of September 2023, DOL began rescinding portions of unspent grant funds in 2025. ETA awarded grants totaling $780 million to 52 SWAs to prevent and detect fraud, promote access, ensure timely benefit payments, and reduce backlogs.[12] The Department is currently undergoing a comprehensive review of SWAs' uses of American Rescue Plan Act funding.

To support the Department's UI program transformation efforts, the OIG continues to provide independent oversight to identify opportunities for greater government efficiency and cost savings. For example, in June 2025—in response to an OIG recommendation from our September 2023 audit on the need for ETA to develop a plan to reconcile and return funds unused by states for a temporary UI program—the Department returned more than $4.4 billion in unspent pandemic-related UI funds to American taxpayers via the U.S. Department of the Treasury's General Fund.

Despite the many improvements made by the Department over the last few years, we remain concerned that the UI program is not sufficiently prepared for the next national emergency.

What Remains to Be Done

It is crucial that the Department take proactive steps to improve improper payment prevention, detection, reporting, and recovery. These improvements are essential in ordinary circumstances, and their importance escalates during emergencies.

For the UI program, the Department needs to:

- Continue to work with states to modernize their UI program systems, upgrade their technological capabilities, and leverage technology and automated solutions to protect federal benefits from improper payments, including fraud.
- Issue guidance amending DOL's interpretation of its regulations governing disclosure of UI information (20 C.F.R. § 603.5 and § 603.6(a)) to require SWAs to disclose UI data to the OIG on an ongoing basis for all purposes authorized under the Inspector General Act of 1978, as amended, including audits, evaluations, and investigations. This needs to be done by the end of 2026, when FY 2026 grants to states begin to expire and the OIG's direct access to state UI information could again be impeded.
- Obtain access to state UI data and wage records and develop a data analytics capability at the federal level to regularly monitor the data to proactively detect and prevent improper payments, including fraud, and to identify trends and emerging issues that could negatively impact the UI program.
- Implement OIG recommendations on reporting, including by:
  - assisting states with claims, overpayment, and fraud reporting to create clear and accurate information; then, using the overpayment and fraud reporting to prioritize and assist states with fraud detection and recovery;
  - designing and implementing controls over certain UI program estimates to ensure management's review of the estimates are performed and documented at a sufficient level of detail; and
  - designing and implementing controls to timely reconcile state monthly financial summary reports to the Department's financial statements and determine the appropriate accounting treatment for adjustments.
- Issue guidance to the states on procedures and requirements for:
  - accessing the $265 million in Temporary Full Federal Funding of the First Week of Compensable Regular Unemployment for States with No Waiting Week (TFFF) program funds reserved for states' unpaid TFFF expenditures, and
  - reconciling TFFF accounts and returning any remaining, unused TFFF funds.
- Determine the proper disposition of excess Emergency Unemployment Relief for Governmental Entities and Nonprofit Organizations program funds and take necessary actions, including recovery of questioned costs of up to $24 million.

[12] The American Rescue Plan Act of 2021 initially allotted $2 billion to UI initiatives; however, $1 billion was rescinded by the Fiscal Responsibility Act of 2023.

CHALLENGE: Protecting the Safety and Health of Workers

Background

Federal law requires that U.S. employers provide safe and healthy workplaces for their employees. Failure to keep workplaces free of known safety and health hazards can lead to injuries, illnesses, fatalities, and serious legal consequences. The Federal Mine Safety and Health Act of 1977 and the Occupational Safety and Health Act of 1970 are federal laws administered by, respectively, the Mine Safety and Health Administration (MSHA) and the Occupational Safety and Health Administration (OSHA) to keep employees safe and healthy at work. MSHA is responsible for the safety and health of more than 327,000 miners who work at nearly 13,000 mines, and OSHA is responsible for the safety and health of approximately 144 million workers employed at more than 11.6 million worksites.

Challenge for the Department

MSHA and OSHA face significant challenges in completing their mandates to ensure the protection of American workers' safety and health, particularly in high-risk industries such as underground and surface mining, health care, meat packing, agriculture, construction, fishing, forestry, and manufacturing.

Specifically, MSHA is challenged with the following:

- completing mandatory inspections,
- writing violations and verifying operators abated hazards timely,
- protecting miners from exposure to high silica levels, and
- reducing the number of powered haulage[13] and machinery accidents.

OSHA is challenged with the following:

- employers' reporting of injuries and illnesses,
- inspecting enough worksites with limited inspectors, and
- addressing workplace violence.

In October 2023, the OIG reported MSHA had not completed mandatory inspections mostly due to the elimination of inspection requirements when a mine was initially inaccessible by an inspector. This led to MSHA not inspecting 176 mines for at least 2—and, in some cases, 4—consecutive years. In November 2024, the OIG issued an alert memorandum on miner safety and health notifying leadership that MSHA had failed to sufficiently identify its own jurisdiction and had never conducted mandatory mine inspections in at least three U.S. territories[14] where mining activity has occurred.

In these October 2023 and November 2024 products, the OIG also found MSHA was not maintaining accurate mine statuses in its systems, which impacts how many inspections MSHA conducts at a mine. If a mine is put in the wrong status, it might not receive the number of inspections required by the Federal Mine Safety and Health Act of 1977. Additionally, these products noted MSHA inaccurately reported a 100 percent completion rate for mandatory inspections. Further, we are seeing a similar contradiction again in its FY 2026 budget request, as MSHA stated it anticipates completing 100 percent of mandatory inspections in FY 2026. However, the budget request indicated MSHA will not be able to meet its obligations under the Federal Mine Safety and Health Act of 1977—including inspections—in the U.S. territories under its jurisdiction until FY 2027. Without completing inspections in the territories in FY 2026, MSHA cannot achieve a 100 percent completion rate for its mandatory inspections.

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[13] Powered haulage is the use of motorized equipment to move materials, people, and equipment in mining operations. This includes vehicles like haul trucks, front-end loaders, and forklifts, as well as belt conveyors and vertical lifts.
[14] The three territories are American Samoa, Guam, and the Commonwealth of the Mariana Islands—collectively, the Pacific Territories.

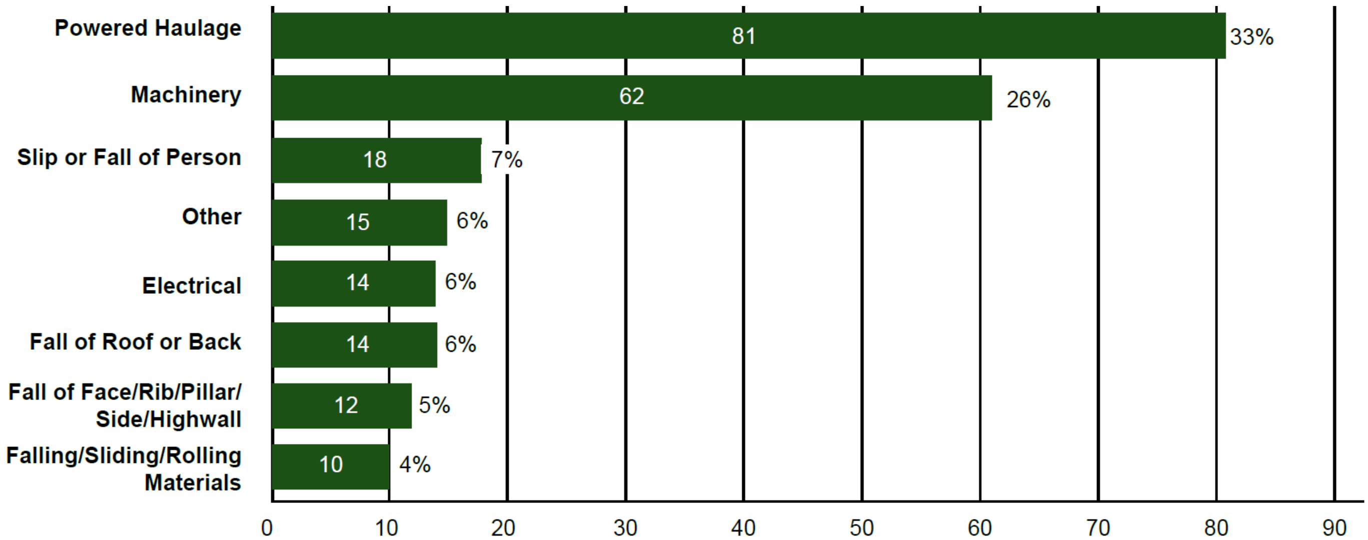
During mandatory inspections and other activities, MSHA inspectors write violations to mine operators who do not comply with the Federal Mine Safety and Health Act of 1977 or MSHA regulations. However, in March 2021 we reported MSHA did not properly manage its violations process, which jeopardizes MSHA's mission to maintain miner safety. We found thousands of violations written by MSHA inspectors did not comply with the Federal Mine Safety and Health Act and MSHA requirements, including more than 2,000 violations that were vacated without sufficient justification. We also found inspectors inappropriately extended operators' due dates for the convenience of MSHA—such as when inspectors were unable to return to a mine on a timely basis—or for reasons that did not appear reasonable (e.g., extending even though an operator said it had already abated the hazard). The unjustified decisions to vacate violations and grant extensions to operators are both long-standing issues for MSHA and were previously identified during the agency's own internal reviews of mining disasters that occurred from 2001 through 2010.[15] We also reported that, nearly a third of the time, MSHA inspectors failed to verify operators abated hazards by MSHA's due date—potentially exposing miners to hazards longer than necessary. These issues are compounded by MSHA's failure to fully implement our 2019 recommendations to improve MSHA's pre-assessment conferencing program, in which mine operators can challenge violations they feel MSHA inspectors did not write correctly.

The OIG is also focused on MSHA's efforts to better protect miners from exposure to respirable crystalline silica—a carcinogen and contributing cause of black lung disease—in coal mines. In our November 2020 audit on MSHA's needed improvements to protect coal miners from silica, we reported MSHA's silica exposure limit has remained unchanged for over 50 years, putting miners at risk of developing life-threatening health problems. On April 18, 2024, MSHA issued a final rule intended to lower miner exposure to silica dust. However, implementation of this rule has been delayed due to a temporary court order, which potentially leaves miners susceptible to higher levels of exposure. The OIG is also monitoring MSHA's progress to close a related audit recommendation. In our November 2020 report, we recommended MSHA enhance its sampling program to increase the frequency of inspector samples where needed, such as through implementation of a risk-based approach. While MSHA agreed to study this recommendation and determine the necessity of increasing the frequency of inspector sampling by November 2021, it has yet to provide the results of that study or any corrective actions.

Additionally, MSHA must make the reduction of powered haulage and machinery accidents a top priority. These accidents have accounted for more than half of all mine fatalities since 2018 (see Figure 1).

[15] MSHA Internal Review Reports for the No. 5 Mine, Jim Walter Resources; Sago Mine; Aracoma Alma Mine #1; Darby Mine No. 1; and Upper Big Branch Mine-South, available at: https://www.msha.gov/data-reports/mine-disaster-investigations-2000

Figure 1: Number and Percentage of Top 8 Classes of Mining Fatalities, Calendar Years 2018–2025



Source: MSHA's Accident Injuries public dataset, as of September 19, 2025

Regarding OSHA, the agency has limited ability to focus inspection and compliance efforts where they are most needed because it has not effectively enforced its mandatory illness and injury reporting requirements for employers. Our September 2023 audit identified that, on average, between 2016 and 2020,[16] 59 percent of establishments in all industries failed to report their mandatory annual injury and illness data to OSHA. Additionally, OSHA could not identify if an establishment met the criteria for mandatory reporting. Therefore, OSHA could neither proactively remind specific establishments that they must report, nor effectively cite employers for non-compliance. Employer under- and non-reporting continues to be a challenge for OSHA and results in an incomplete view of workplace injury and illness.

With a decrease in federal inspectors—from 846 in February 2024 to 736 in June 2025—OSHA is challenged in reaching the nation's 11.6 million worksites. This challenge could compound due to staff attrition and other reductions. As we have reported since 2022, a lack of available inspectors can lead to fewer inspections, diminished enforcement in high-risk industries and, ultimately, greater risk of fatalities, injuries, or compromised health for workers. OSHA anticipates in 2026 it, along with its state partners, will have approximately 1,720 inspectors covering 144 million workers. This translates to about 1 inspector for every 84,000 workers.

[16] At the time of our fieldwork, Calendar Year 2021 data for the "Summary of Work-Related Injuries and Illnesses" form was not available.

Further, OSHA could enhance its efforts to address workplace violence, which may include taking regulatory action. Although fatalities due to workplace violence decreased from 849 in 2022 to 740 in 2023, workplace violence remains a top five leading cause of death for our nation's workers. Because OSHA does not have a workplace violence standard, it relies on the Occupational Safety and Health Act's General Duty Clause for enforcement. We plan to perform an upcoming audit to determine the effectiveness of the General Duty Clause in OSHA's enforcement efforts, including workplace violence.

Department's Progress

MSHA published its final rule on respirable crystalline silica on April 18, 2024, lowering the permissible exposure limit to 50 micrograms per cubic meter of air (µg/m3) for a full shift, calculated as an 8-hour time-weighted average for all miners. This rule is designed to lower miners' exposure to respirable crystalline silica and improve respiratory protection. However, before MSHA's silica final rule went into effect, several industry groups filed a request to block the rule's implementation. On April 11, 2025, the United States Court of Appeals for the Eighth Circuit issued an order staying the compliance deadlines for this rule until the court completes a review of the request. Accordingly, MSHA temporarily paused enforcement of the requirements in the silica final rule until the litigation is concluded.

MSHA continues its initiative to lower powered haulage accidents through guidance on preventing accidents and meeting with mine personnel to emphasize best safety practices and training. In addition, MSHA published a final rule on January 19, 2024, requiring mine operators to have written safety programs for surface mobile equipment (excluding belt conveyors) at surface mines and surface areas of underground mines. This final rule is a positive mitigating step, especially when paired with prevention outreach. MSHA officials noted that both machinery and powered haulage accidents were trending downward, with injuries in these categories approaching historic lows in 2025.

OSHA finalized a new injury and illness reporting rule that went into effect on January 1, 2024. The rule revises the injury and illness reporting requirements for employers by adding a new category of workplace—establishments with 100 or more employees in industries designated as very high-risk. Specifically, the rule requires: (1) continued annual submission of the "Summary of Work-Related Injuries and Illnesses" (300A) form, (2) new annual submission of the "Log of Work-Related Injuries and Illnesses" (300) form, and (3) new submission of the "Injury and Illness Incident Report" (301) form, which provides details on the injuries and illnesses suffered at these workplaces.

To support implementation of this reporting rule, OSHA advised it updated the data collection capabilities of its Injury Tracking Application. This included developing a methodology and applications to collect, process, and analyze individual case reports of establishment-specific occupational injury and illness data from establishments with 100 or more employees in certain high-risk industries nationwide. OSHA conducted an initial analysis of the data, assigned occupation codes to individual cases, developed guidance materials for data users, and began initial steps to categorize data. In the second year of data collection following the newly effective rule, OSHA received over 370,000 Form 300A submissions and over 732,000 Form 300 and 301 records from approximately 60,000 establishments, as of April 2025.

What Remains to Be Done

To improve the safety and health of miners, MSHA needs to:

- Improve the internal control system for the mandatory inspections program.
- Improve internal controls related to its violation process.
- Implement its silica final rule once the temporary court order is resolved and enhance its sampling program to increase the frequency of inspector samples where needed.

To protect the safety and health of workers, OSHA needs to:

- Complete its initiatives to improve employer reporting of severe injuries and illnesses.
- Consider actions to address and prevent workplace violence.

CHALLENGE: Enhancing Grant Management to Maximize Workforce Outcomes

Background

ETA manages programs that provide U.S. workers with job training services to enhance their employment opportunities primarily through state and local workforce development systems. For FY 2025, Congress enacted $3.9 billion to operate a system of education, skill-based training, and employment services for U.S. workers including low-income and dislocated workers, as well as at-risk and out-of-school youth. For FY 2026, the President's Budget requests $2.9 billion to establish the Make America Skilled Again grant, which consolidates multiple existing workforce development programs into a single grant program. These programs include:

- Adult Employment and Training Activities,
- Youth Activities,
- Dislocated Worker Employment and Training Activities,
- Dislocated Worker National Reserve,
- Indian and Native American Programs,
- National Farmworker Jobs Program,
- Reentry Employment Opportunities,
- Apprenticeship Program,
- Workforce Data Quality Initiative, and
- YouthBuild.

Additionally, through a partnership with the U.S. Department of Education (ED), DOL has begun to take on an expanded role in administering ED's adult education and family literacy programs, as well as career and technical education programs.

Challenge for the Department

The Department could face challenges—as can arise with new program development—as DOL transitions to the consolidated Make America Skilled Again grant program and takes on expanded responsibilities through its partnership with ED. The FY 2026 consolidation of workforce grants eliminates program-level funding detail as individual programs are no longer assigned specific budgets and reflects a funding reduction from previous years. Also, navigating shared program management with ED may present operational challenges for ETA. As identified in previous audits, ETA is challenged in effectively managing its grant portfolio. The OIG has consistently found issues associated with grant oversight, performance results, and ensuring grant funds are used effectively to achieve outcomes. Effective management of grants awarded under the new Make America Skilled Again grant program will be critical to ensuring these training investments are used efficiently to help U.S. workers succeed in the labor market.

In March 2022, we issued an advisory report that highlighted three areas of concern where our body of work over the previous decade identified weaknesses in DOL's management of its workforce development grants: (1) awarding grants, (2) reviewing grant recipients' use of funds, and (3) measuring grant recipients' performance. Although DOL has addressed many of the related recommendations from our prior reports, we continue to identify weaknesses related to ETA's grant management in these areas.

We conducted audits in New Jersey and New York to assess whether ETA grant recipients and subrecipients used grant funds for the intended purposes during the COVID-19 pandemic. Our September 2023 report on New Jersey found ETA did not ensure grant recipients effectively: (1) used over $100 million to serve the intended population, (2) enrolled eligible individuals in the grant program, and (3) complied with federal requirements when paying $168,460 for services. In addition, statutory grant subrecipients did not have a system in place to account for $6.9 million in grant funding, to include how it was spent.

Further, our September 2025 report on New York identified similar grant oversight issues. Specifically, ETA did not ensure grant recipients and subrecipients used grant funds for the intended purposes during the COVID-19 pandemic, resulting in grant recipients and their subrecipients not: (1) accurately reporting the level of enrollment and serving eligible participants; (2) awarding contracts in compliance with federal regulations; (3) maintaining proper documentation to support claimed costs; and (4) avoiding conflicts of interest in executing the terms of the grant. As a result, we identified a total of $25.4 million in questioned costs associated with contractual services as well as payroll and non-payroll costs. Additionally, as part of this series, the OIG has audit work in progress focused on ETA grants in Texas.

In our work on ETA's administration of Disaster National Dislocated Worker Grants (DWG) published in October 2024, we reported on the DWG awarded under the Additional Supplemental Appropriations for Disaster Relief Act, 2019. We found ETA needs to strengthen its controls over how DWG grant recipients and subrecipients: (1) coordinate with the Federal Emergency Management Agency (FEMA), (2) document participant eligibility, (3) receive timely grant funds to prevent future work stoppages, and (4) use grant funds. In total, we identified questioned costs of $926,513 consisting of $909,240 for ineligible participants and $17,273 in costs not allocable to the grant.

ETA grant management issues are not restricted to its workforce development programs. In our August 2025 audit report, we identified that ETA did not effectively monitor grants awarded under the American Rescue Plan Act of 2021 to ensure they demonstrated measurable improvements. Specifically, we found ETA awarded $20.7 million in funding for 16 projects that failed to provide evidence in their grant applications that the unemployment benefit access issues they proposed to address existed in their state. We also found grant recipients did not report complete and accurate information—such as reporting on the outcome metrics required by their grant agreements—and failed to achieve project goals, resulting in $2.8 million in questioned costs. Additionally, ETA's rollout and design of the grants was inefficient and duplicative of another grant program. Enhanced coordination could have better informed grant projects, mitigated duplication of efforts, and increased project effectiveness.

Department's Progress

ETA has taken actions to improve grant oversight of its Disaster National Dislocated Worker program. Our January 2021 audit of the Disaster DWG program found ETA needed to ensure timely community restoration, expedited disaster relief assistance, and efficient use of grant funds for maximum employment outcomes. In March 2020, ETA issued its Training and Employment Guidance Letter No. 12-19 to update the documents grant recipients need to collect and maintain to support eligibility for DWG participants. In addition, in June 2022, ETA issued Training and Employment Guidance Letter No. 16-21, which emphasizes the importance of quickly beginning services to support post-disaster employment and economic recovery. It clarifies that self-attestation is acceptable for determining eligibility and that follow-up efforts are expected to obtain supporting documentation. The guidance also provides additional information on allowable cleanup and recovery activities.

In our October 2024 audit of ETA's administration of DWG, we found ETA had not previously established written interagency agreements with FEMA to formalize collaboration efforts in disaster recovery. In response to that audit, FEMA and ETA signed a memorandum of understanding in December 2024 that outlines how both agencies will cooperate in carrying out their respective responsibilities for: (1) providing disaster information to the public and (2) supporting disaster recovery efforts. ETA also stated it will continue to stress to grant recipients the requirement to directly notify FEMA of their work to ensure coordination with emergency management agencies.

Another example of improved grant oversight is ETA's issuance of its first conflict-of-interest policy. ETA had not established conflict-of-interest policies to mitigate the risk of grant recipients and their employees operating in a way that may call into question whether their actions, judgment, or decision-making can be unbiased. In May 2024, ETA updated its standard grant terms and conditions template for ETA grants to require grant recipients and subrecipients of federal assistance to have a written policy in place on conflicts of interest, including organizational conflicts of interest. ETA now requires the recipients' policies to include the process the grant recipient or subrecipient will take to identify, avoid, remove, and remedy conflicts of interest.

What Remains to Be Done

The Department needs to continue to:

- Manage its grant portfolio more effectively by having sufficient controls to ensure proposals submitted by grant applicants meet all solicitation requirements and grant program objectives.
- Establish performance goals and metrics that appropriately measure grant recipient performance against grant and program objectives using reliable and accurate data.
- Improve and strengthen its processes to assess risk and review grant recipients' and subrecipients' use of funds to ensure funds are used efficiently and as intended to meet program goals.
- Develop a desk aid and train Federal Project Officers in its use to consider differences in adult, youth, and dislocated worker programs within states; use average ranges to identify program variation; and include cross-state comparisons to assist with risk assessments.

CHALLENGE: Maintaining the Integrity of Foreign Labor Certification Programs

Background

Foreign labor certification programs permit U.S. employers to hire foreign workers on a temporary or permanent basis to fill jobs essential to the U.S. economy. These programs are designed to assure that the admission of foreign workers into the United States on a permanent or temporary basis will not adversely affect the job opportunities, wages, and working conditions of U.S. workers.

The programs involve a number of agencies within the Department, as well as state workforce agencies, U.S. Citizenship and Immigration Services, and the U.S. Department of State. The Immigration and Nationality Act and related laws assign specific responsibilities to the U.S. Secretary of Labor for employment-based immigration and temporary nonimmigrant programs.

The Department's responsibilities include certifying whether able, willing, and qualified U.S. workers are available for jobs and whether there would be any adverse impacts on similarly employed U.S. workers if labor certifications allowing admission of foreign workers were granted. To carry out these responsibilities, the Secretary has delegated to ETA's Office of Foreign Labor Certification the processing of prevailing wage[17] determinations and reviewing permanent labor certification program (PERM), H-1B, H-2A, and H-2B employer applications. In addition, the Department's Wage and Hour Division conducts civil investigations of Foreign Labor Certifications (FLC) to enforce certain worker protections that involve wages, working conditions, and similarly employed U.S. workers not being adversely affected in terms of working conditions and other employment benefits as a direct result of employment of foreign workers.

Challenge for the Department

The Department's primary challenge in ensuring the integrity of FLC programs is approving applications for all four FLC programs based on employers' attestations. Such attestations are the main criteria—meaning, employers agree to the conditions of employment without providing supporting documentation to validate their agreements. For example, a farmer may apply and state that, due to a lack of appropriate skilled local labor, a farm needs 50 foreign laborers for the upcoming season. Among other attestations, the farmer attests that the farm: (1) needs all those workers, (2) will pay the proper wage, and (3) will provide proper working conditions.

The Department is reliant on an employer's attestation that a given application meets its requirements for impacts on U.S. workers. For instance, employers self-attest whether they meet the requirements to determine if there is actually local labor available, or if hiring a foreign worker might otherwise adversely affect wages and working conditions of similarly employed U.S. workers. In addition, DOL must balance a thorough review of FLC visa applications with the need to timely process these applications to meet workforce demands.

Additionally, OIG investigations continue to reveal FLC program integrity challenges. Over the last 12 years, the OIG, along with other federal partners, have conducted 204 criminal investigations related to fraud in FLC programs (see Table).

[17] The prevailing wage rate is defined as the average wage paid to similarly employed workers in a specific occupation in the area of intended employment. For more details, visit DOL's webpage on "Prevailing Wage Information and Resources."

Table: Breakdown of the OIG's Criminal Investigations Related to FLC Programs, 2013–Present

FLC Program	Number of Investigations	Percentage of Investigations
H-1B	85	42%
H-2A	34	17%
H-2B	48	23%
PERM	28	14%
Other (e.g., multiple programs)	9	4%
Total	**204**	**100%**

Source: OIG investigations data

These investigations have shown FLC programs to be susceptible to significant fraud and abuse by perpetrators, including immigration agents, attorneys, labor brokers, employers, and organized criminal enterprises. For example, in one recent OIG investigation, an employer was sentenced to 18 months in prison and ordered to pay more than $1.1 million in restitution for fraudulently placing H-2B workers in jobs not approved by DOL and for exploiting workers by paying them significantly less than the wages required under the H-2B program. Additionally, a United States-based company agreed to pay a $9.25 million settlement agreement with the United States Attorney's Office in the Southern District of Ohio for claiming to recruit foreign nationals through the H-1B and PERM programs. The settlement was in response to criminal fraud and civil False Claims Act allegations related to submitting false applications and causing false statements to be made to government officials while recruiting nurses, physical therapists, and other healthcare professionals.

Significantly, OIG investigations also uncovered illegal activities of employers misusing FLC programs to engage in human trafficking—with victims being exploited for employers' economic gain. For example, in an ongoing OIG investigation, 19 individuals have pled guilty and 15 individuals have been sentenced to date as part of a federal racketeering conspiracy, which victimized agricultural workers admitted to the United States under the H-2A temporary visa program. The coercive means in this scheme included: (1) confiscating the workers' passports; (2) subjecting the workers to crowded, unsanitary, and degrading living conditions; and (3) isolating the workers and limiting their ability to interact with anyone other than employees.

As outlined in a September 2022 press release, another OIG investigation of a H-2A farm labor contractor resulted in the operator receiving a 118-month sentence for a pattern of racketeering activity that included fraud in foreign labor contracting. The scheme's conspirators used various coercive tactics such as: (1) imposing debts on workers; (2) harboring workers in the United States after their visas had expired; (3) threatening workers with arrest and deportation if they failed to comply with company demands; (4) confiscating workers' passports; and (5) subjecting workers to crowded, unsanitary, and degrading living conditions.

Each of the four FLC programs have unique rules, some resulting in specific integrity challenges. For instance, in our February 2025 audit report on improvements that can be made to the H-2A program, we found the number of H-2A post-adjudication audits ETA performed represented a small portion of the universe of H-2A applications certified. Also, we recommended that ETA enhance its current post-adjudication procedures to: (1) include obtaining sufficient evidence of payment of wages and expenses and (2) have analysts provide a rationale and obtain evidence to document how they determine employers' compliance with the program requirements. Since ETA conducts these post-adjudication audits to enhance the integrity of the H-2A program, our findings are concerning and more could be done to improve the program.

The H-1B visa program—which allows U.S. employers to temporarily hire foreign workers in specialty occupations such as software engineers, software developers, or systems analysts—has significant vulnerabilities. OIG investigations have shown the H-1B visa program is susceptible to considerable fraud and abuse. One reason for this is the statutory requirement that the Department certify H-1B Labor Condition Applications within a short 7-day window unless it determines the applications to be "incomplete or obviously inaccurate."[18] The OIG continues to investigate and discover various fraud schemes within the H-1B program, including labor leasing,[19] benching of foreign workers,[20] and wage kickbacks.[21] In addition, the Wage and Hour Division is generally limited by statute[22] to conducting investigations of alleged H-1B violations only when a complaint has been filed. That puts tremendous pressure on and increases the risk for vulnerable individuals as foreign workers are generally reluctant to file complaints in fear of retaliation and losing their jobs.

The H-2B program—which allows U.S. employers to hire foreign workers for temporary or seasonal non-agricultural jobs—has seen rising demand while the availability of visas remains limited. The increase in applications impacts DOL's ability to process applications in a timely manner. Application processing delays tend to occur in advance of the peak spring and summer hiring seasons when application levels and employer workforce demands spike. These increases can temporarily overload FLC's case processing resources and increase the risk of delays. DOL is challenged to balance a thorough review of H-2B visa applications with the need to timely process these applications to meet workforce demands. Based on our September 2018 audit report on H-2B application processing, DOL implemented corrective actions in the H-2B program to address application processing delays. The OIG is currently working on an audit to determine if processing times have improved.

PERM—which allows employers to hire foreign workers on a permanent basis in the United States—is another program that predominantly relies on attestations to verify whether employers are complying with its qualifying criteria. Once PERM visa applications are certified, unlike the H-2A and H-2B programs, ETA does not review applications to validate the integrity of employers' attestations. Furthermore, the Wage and Hour Division does not have investigatory authority in the PERM program and does not conduct follow-up investigations to verify whether the foreign workers are still working for the employers indicated in the original application.

The Department continues to have limited authority over the H-1B and PERM programs, which challenges the goal of protecting the welfare of the nation's workforce. The Immigration and Nationality Act limits DOL's ability to deny H-1B applications and to investigate potential violations. Further, the PERM program is persistently vulnerable to employers not complying with its qualifying criteria since it has limited authority to enforce compliance. Therefore, both the PERM and H-1B programs remain prone to fraud.

[18] 8 U.S.C. § 1182(n) and (t)

[19] Labor leasing is when workers are provided to a third party that usually offers limited or no benefits to the workers and for a limited time.

[20] Benching of foreign workers is when employers, during a period of low productivity or otherwise slow business, refuse to pay foreign workers their wages, also known as "benching" them.

[21] A wage kickback is an illegal and fraudulent scheme in which an employer requires an H-1B worker to pay back or return a portion of their earned wages, often under threat of job loss or other reprisals. This scheme can also involve third-party staffing firms that place workers at client sites. The end result is workers being paid below the advertised Labor Condition Application prevailing wage. In the case of third-party staffing firms, this arrangement does not meet the employer-employee relationship required by U.S. Citizenship and Immigration Services. Further, if the anticipated job at the petitioning employer fails to materialize, H-1B workers are often used by these staffing firms to improperly work other jobs, often falling well outside their area of specialized skills or knowledge.

[22] Under the Immigration and Nationality Act, before the Secretary may investigate an employer of H-1B workers, the Secretary must either: (a) have already found an employer to have willfully failed to meet the statutory requirements or (b) receive specific credible information from a known source likely to have knowledge of an employer's non-compliance or willful violations.

Department's Progress

On June 23, 2025, the Department temporarily established the Office of Immigration Policy. The office will work in collaboration with all relevant agency heads with respect to oversight, strategic planning, and management related to immigration. The Office of Immigration Policy's responsibilities, among others, include:

- monitoring the administration of foreign labor certification activities and developing customer-centered policies—in consultation with the Assistant Secretary for ETA—to: (1) improve access to employment-based visa programs, (2) optimize program performance, and (3) ensure use of the latest technologies to improve service delivery and continuity of operations, and
- overseeing coordination with and between other relevant federal agencies, including the U.S. Departments of Homeland Security, State, and Agriculture.

Also, as of June 2025, ETA plans to update its H-2A Risk-Based Audit Selection Standard Operating Procedures to include reasoning for the quantity of audits selected and risk factors for each group of post-adjudication selections. Additionally, ETA plans to enhance and implement its H-2A post-adjudication guidance. Specifically, the guidance will: (1) include appropriate documentation to use when initiating audits and (2) update the H-2A Post-Certification Audit Procedures to reflect current procedures performed within the Foreign Labor Application Gateway (FLAG) H-2A Case Processing Module.

Further, as of June 2023, ETA transitioned the PERM application process to the FLAG system. Now employers can electronically file applications and upload documents into FLAG for all FLC programs. According to DOL, the FLAG system improves customer service, modernizes the administration of FLC programs, and enhances data sharing between the Department and state workforce agencies.

Lastly, in many of its past budgets, the Department has requested authorization through its annual budget formulation process to establish and retain fees to cover the operating costs for FLC programs. This proposal aligns DOL with the funding structures used by the U.S. Departments of Homeland Security and State to finance their application processing activities related to these programs. Having a similar model for foreign labor certifications at DOL would eliminate the need for congressional appropriations and create a funding structure responsive to market conditions.

What Remains to Be Done

For all FLC programs, the Department needs to:

- Continue to refer all potentially criminal violations to the OIG in a timely manner.
- Enhance the reporting and application of suspensions and debarments government-wide when employers are found culpable of abusing the programs.
- Pursue statutory and regulatory authority to strengthen its ability to debar employers who abuse these programs.

For the H-1B visa program, the Department needs to:

- Take action to protect U.S. workers from any adverse effects on wages and working conditions caused by employing H-1B visa holders.[23]
- Seek statutory authority to verify the accuracy of information provided on H-1B labor condition applications.

For the H-2B visa program, the Department needs to:

- Continue its efforts to ensure applications are processed in time to hire foreign workers by employers' dates of need while also ensuring the review process protects the interests of U.S. workers.

[23] As required of the U.S. Departments of Labor and Homeland Security, according to Executive Order 13940, issued on August 3, 2020.

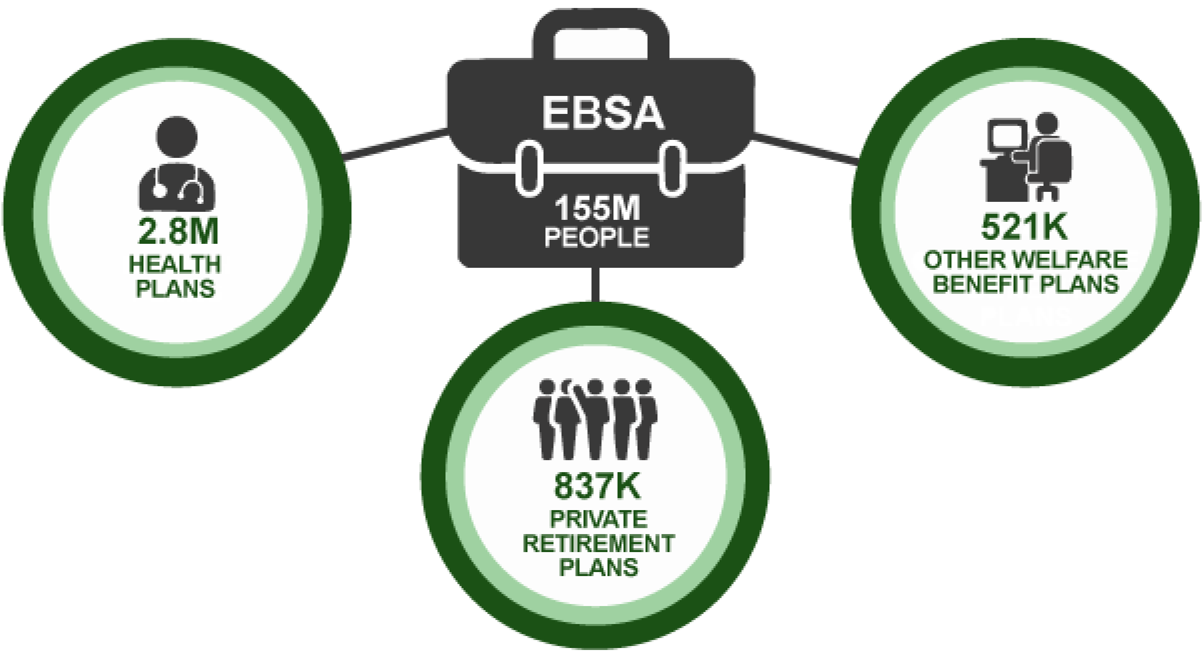
For the PERM visa program, the Department needs to:

- Perform post-adjudication reviews to validate the integrity of employers' attestations once applications have been certified since the majority of the applications are submitted for review without documentation to prove or support employers' attestations.
- Investigate whether PERM workers are still working for the employers designated in the applications.

CHALLENGE: Protecting Retirement, Health, and Other Benefit Plans for Workers, Retirees, and Their Families

Background

The Employee Benefits Security Administration (EBSA) protects the integrity of pension, health, and other employee benefit plans of about 155 million workers, retirees, and their families under the Employee Retirement Income Security Act of 1974 (ERISA).[24] The agency's responsibilities include enforcement authority over approximately 2.8 million health plans, 837,000 private retirement plans, and 521,000 other welfare benefit plans, totaling approximately $14.6 trillion in assets. It also has interpretive and regulatory responsibilities for about $16.8 trillion in Individual Retirement Accounts.

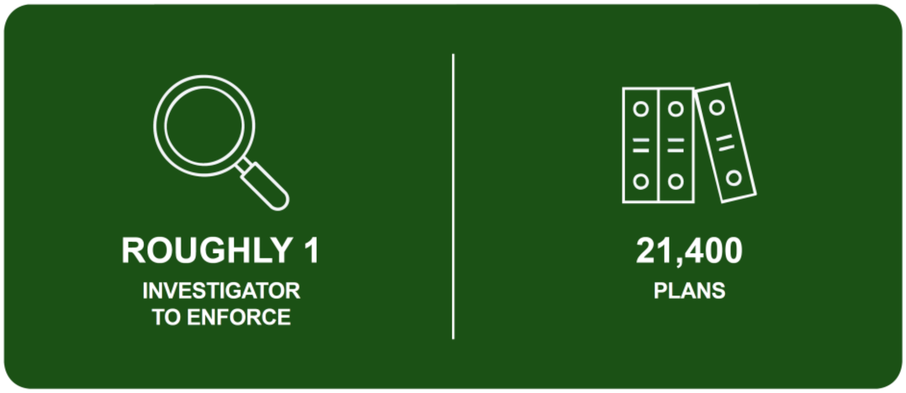


Additionally, EBSA provides oversight of the federal government's Thrift Savings Plan (TSP), the largest defined contribution retirement plan in the United States, with nearly 7.27 million participants and over $1 trillion in assets according to EBSA as of October 2025.

Challenge for the Department

EBSA faces the challenge of how to allocate limited resources in a way that will maximize its efforts. EBSA indicated that with roughly 1 investigator for every 21,400 plans, EBSA cannot audit even a fraction of ERISA-covered plans in a given year.

[24] ERISA is a federal law that sets minimum standards for most voluntarily established retirement and health plans in private industry to protect individuals in these plans.



Further, these staffing levels significantly impact EBSA's enforcement program, including its ability to quickly adapt to fast-paced market conditions, new and emerging retirement investment options, and regulatory changes. Recent regulatory changes affecting ERISA-covered plans include:

- Congress' creation of a new class of plan sponsor (pooled plan providers) in 2019;
- the Consolidated Appropriations Act of 2021's comprehensive amendments to ERISA, which translated into fundamental changes to laws governing:
    - surprise medical bills,
    - price transparency,
    - fee disclosure,
    - prescription drug coverage reporting,
    - air ambulance reporting, and
    - parity in the provision of mental health and substance use disorder benefits; and
- requirements mandated by the SECURE 2.0 Act of 2022 (e.g., establishing new reporting and disclosure provisions for retirement plans).

EBSA also faces the challenge of ensuring private-sector group health plans—which cover approximately 134.7 million current and former workers and their families—comply with federal health insurance regulations. This includes the Mental Health Parity and Addiction Equity Act of 2008, which requires most plans and health insurance companies to cover mental health and substance use disorder benefits in parity with the way they cover benefits for physical health. This is critical as workers suffering from mental health and substance use disorder conditions could have limited resources to access and pay for care when benefits have been improperly denied or limited. In our February 2025 audit report, we identified that EBSA's efforts to enforce the group health plan requirements of Part 7 of ERISA could improve if the agency: (1) had additional authority to make employers comply (e.g., levying fines and penalties), (2) used all of its available tools, (3) established procedures to use the tools at their disposal, and (4) had sufficient resources to investigate ERISA violations.

EBSA is further challenged because it has no statutory authority to force certain plans to conduct full-scope audits, which provide significantly stronger assurances than limited-scope audits. Past OIG work revealed that approximately $3 trillion in pension assets—including an estimated $800 billion to $1.1 trillion in hard-to-value alternative investments—received only limited-scope audits. According to EBSA, the pension asset amount increased to $6.2 trillion as of 2023. Independent public accountants performing these limited-scope audits generally were not required to audit investment information already certified by certain banks or insurance carriers, which meant the independent public accountants expressed "no opinion" on the valuation of these assets.

Because limited-scope audits provide little to no confirmation regarding the actual existence or value of plan assets, they deliver weak assurance to plan participants while putting retirement plan assets at great risk. According to EBSA, more than 85 percent of plan audits are limited-scope audits. Though this percentage has increased only slightly over the last 10 years, it is markedly higher than in the early 2000s, when closer to half of plan audits were limited-scope.

Additionally, EBSA has limited legal authority to enforce its oversight of over $1 trillion in TSP assets and to compel the Federal Retirement Thrift Investment Board (the Board), which administers the TSP, to act on EBSA's recommendations, including significant recommendations related to cybersecurity. While EBSA has worked with the Board to improve the TSP's cybersecurity posture, a significant portion of the TSP's infrastructure was recently transferred to an outside third-party vendor. Accordingly, EBSA may need to take additional action to ensure TSP assets, accounts, and data are adequately protected. Due to the threat cybersecurity breaches pose to the TSP and potentially trillions of dollars in other ERISA-covered retirement plan assets—and due to the technical expertise required to assess plan security—this is a crucial management challenge as well.

Department's Progress

EBSA is currently reviewing plans for compliance, which include using a service provider approach to correct violations. In addition, to address cybersecurity risks, EBSA developed a red flag analysis tool and investigative plan to identify vulnerabilities to cyberattacks. EBSA also issued extensive guidance aimed at improving cybersecurity in private retirement plans and routinely includes cybersecurity inquiries as part of its investigations of ERISA-covered plans, such as retirement plans. It has also been working with TSP staff to conduct joint cybersecurity reviews, which have strengthened the TSP's cybersecurity posture.

What Remains to Be Done

Regarding the challenge of protecting retirement, health, and other benefit plans for workers, retirees, and their families, EBSA needs to:

- Continue to explore options to maximize the impact of its constrained resources to carry out the type and number of investigations, audits, reviews, and compliance assistance activities necessary to best protect workers' pensions, health, and other benefits.
- Effectively protect federal employees' retirement assets by seeking amendments to the Federal Employees' Retirement System Act of 1986 that would broaden its enforcement authority and thus compel the Board to implement its audit recommendations regarding the TSP.
- Continue to pursue legislative repeal of the limited-scope audit exemption for meaningful oversight and greater protection of the trillion-plus dollars' worth of assets in retirement plans. Limited-scope audits, as opposed to full-scope audits, offer participants weak assurance of plan asset values. With the proliferation of pension plan assets subject only to limited-scope audits, retirement investments are at much greater risk of loss in value.

CHALLENGE: Providing a Safe, Secure, and Healthy Learning Environment at Job Corps Centers

Background

The Job Corps program provides academic, job, and social skills training—as well as room and board—to its students at more than 120 Job Corps centers across the country. The program is responsible for the safety, security, and health of its on-campus population. The Department's FY 2026 budget proposes to execute an orderly shutdown of the Job Corps program, ending all services provided through Job Corps centers nationwide. The OIG is monitoring litigation related to this proposal and the Department's plans for addressing the needs of the individuals served by this program—youth ages 16 to 24 who are low-income and have a barrier to education and employment—moving forward.

Challenge for the Department

The Job Corps program has historically faced challenges in maintaining a safe, secure, and healthy learning environment for its students and staff. In our February 2015 and March 2017 audits, we found a wide range of safety and security issues at Job Corps centers, including security staff shortages, failure to report and investigate serious student misconduct (such as drug abuse and assaults), and downgrading incidents of violence to lesser infractions.

In Program Year 2024, Job Corps centers reported more than 1,400 on-campus assaults[25]—or approximately 4.7 assaults per 100 students—slightly higher than what was reported in Program Year 2022. Preventing on-campus violence and other potentially criminal behavior remains a significant challenge for Job Corps centers.

In addition to physical security protocols, part of establishing a safe, secure, and healthy learning environment entails Job Corps considering how the program can better serve students facing difficulties, such as those attributed to mental health challenges and substance abuse, which frequently occur in tandem. In a March 2021 audit, we found center personnel frequently attributed student and staff safety issues to mental health challenges or substance abuse, or both. Moreover, the number of students experiencing these issues has steadily increased over time.

The use of fentanyl and other dangerous drugs is also a concern. In Program Year 2022, six Job Corps students died of suspected unintentional drug overdoses, including three on campus. The OIG continues to monitor various safety initiatives and actions taken by Job Corps to keep students and staff safe.

Department's Progress

In response to our audits, Job Corps has taken steps to improve center safety and security by establishing stronger internal controls and security measures, which included the installation of security cameras, perimeter fencing, and better lighting at centers.

Job Corps has also been performing an ongoing assessment of centers for safety and security risks to allow it to prioritize and address those risks. It is seeking to align its center security standards with the standards of college campuses, which include installing video surveillance, access control, and emergency notification systems. Job Corps officials indicated the program is seeing fewer security-related incidents, while its center entry screening process has been successful in catching students who attempt to bring unauthorized goods, including weapons, on campus.

[25] Job Corps defines an assault as "taking a physical action with the intent to cause immediate bodily harm to another person unless taken in immediate response to another person taking such an action with the intent to prevent its continuation."

To help prevent opioid overdoses, Job Corps developed an emergency response strategy in 2023 requiring that Narcan[26] and other life-saving devices be readily available on campus. Additionally, it requires all staff and students to be trained in how to identify an opioid overdose and administer Narcan.

What Remains to Be Done

To advance health, safety, and security measures for its students and staff on-site at its centers should center operations continue, Job Corps needs to:

- Ensure existing policies and procedures are periodically reviewed and monitored for compliance.
- Ensure center operators and regional office personnel fully enforce Job Corps safety and security policies to improve campus security and control violence.

To inform agency decision-making and assess the impact of proposed, planned, and implemented security reforms, Job Corps needs to continue to:

- Timely identify and remediate non-compliance.

CHALLENGE: Managing Medical Benefits in the Office of Workers' Compensation Programs

Background

The Department's Office of Workers' Compensation Programs (OWCP) provides compensation and medical benefits to workers for employment-related injuries or occupational diseases. During FY 2024, OWCP paid medical benefits in the amounts of $843 million under the Federal Employees' Compensation Act (FECA) and approximately $1.52 billion for home and residential[27] health care under the Energy Employees Occupational Illness Compensation Program Act (Energy).

Challenge for the Department

OWCP is challenged to address the inherent high risk of fraud, waste, and abuse as it manages medical benefits in its workers' compensation programs. This challenge includes effectively managing the use and cost of pharmaceuticals in the FECA program. In the Energy program, similar to agencies DOL-wide, OWCP is hampered by flat budgets and rising costs that reduce available resources. Other challenges relate to ensuring timely claims processing and determining the necessity and appropriateness of home and residential health care costs.

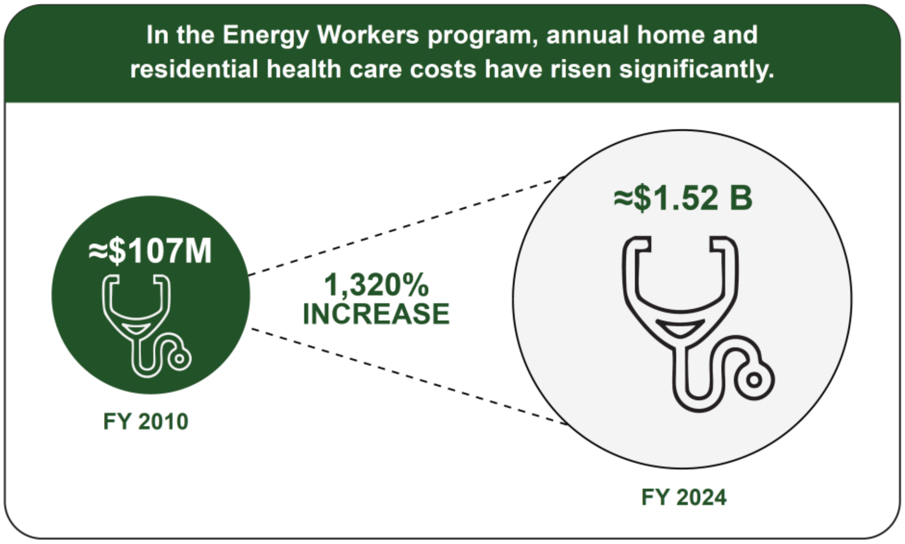
Our audit work in the FECA program has identified numerous concerns with OWCP's management of pharmaceuticals. Most recently, in March 2023, we reported OWCP did not effectively manage pharmaceutical spending in the FECA program from FY 2015 through FY 2020. We found OWCP did not pay the best available prices for prescription drugs, which resulted in up to $321 million in excess spending during the audit period. We also found OWCP did not timely identify and address emerging issues, which resulted in OWCP spending hundreds of millions of dollars on drugs that may not have been necessary or appropriate for FECA claimants.

For the Energy program, in May 2024, we reported OWCP could enhance its medical claims processing. For example, we found OWCP did not use complete information to measure and publicly report how long it took to make claims decisions, from start to finish. This distorted the perception of how long claimants waited for decisions needed to receive compensation and medical expense coverage. Our analyses showed wait times for final decisions increased from an

[26] Narcan (generic Naloxone) is a lifesaving emergency treatment that can reverse the effects of an opioid overdose if administered quickly.

[27] Home and residential health care includes medically appropriate care from qualified providers either in the home or in an authorized facility (e.g., nursing or assisted living facilities, hospice).

average of 182 days in FY 2018 to 207 days in FY 2022, even though the volume of final decisions dropped. In addition, annual home and residential health care costs have risen from almost $107 million in FY 2010 to approximately $1.52 billion in FY 2024. With an aging claimant population and a significant increase in OWCP spending for home and residential health care costs, there is a higher risk of improper payments and misuse of public funds.

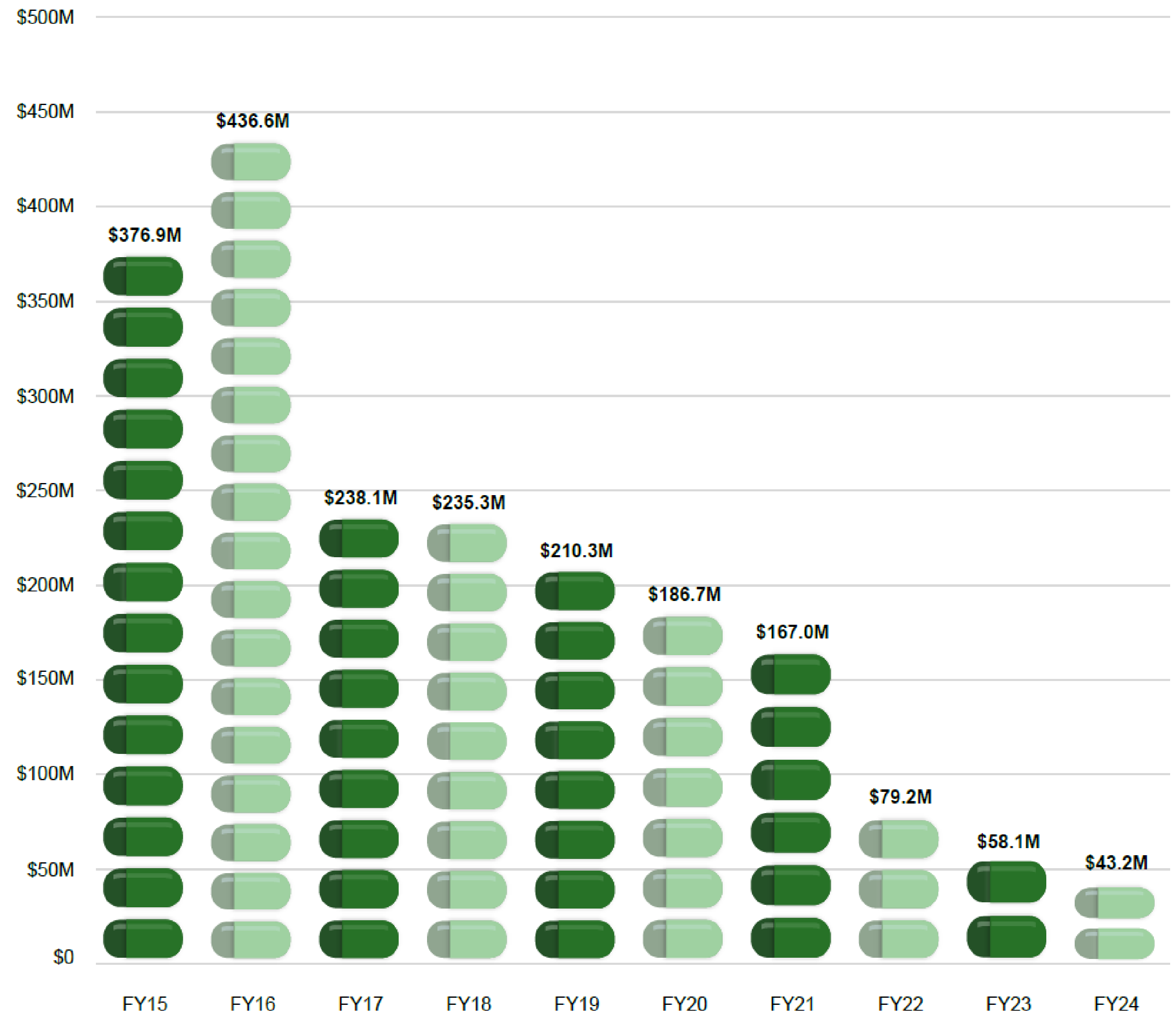


Department's Progress

OWCP has addressed all of the OIG's prior audit recommendations to improve its management of pharmaceuticals in the FECA program. In addition to strengthening controls over compounded drugs and opioids, OWCP improved the capability of its Program Integrity Unit to proactively identify potential fraud through the use of data analytics and data science. Most significantly, in 2021, OWCP contracted with a pharmacy benefit manager[28] that is responsible for pharmaceutical transactions, including pricing for prescription drugs. These actions have resulted in a significant reduction to overall pharmaceutical spending—from over $436 million in FY 2016 to approximately $43 million in FY 2024 (see Figure 2).

[28] Pharmacy benefit managers are third-party administrators of prescription drug programs, primarily responsible for: (1) developing and maintaining formularies, which include an approved listing of prescriptions; (2) negotiating discounts and rebates with drug manufacturers; and (3) processing and paying prescription drug claims.

Figure 2: FECA Pharmaceutical Spending, FY 2015–FY 2024



Source: OIG analysis of FY 2017–FY 2024 FECA pharmaceutical data as of April 10, 2025; Data for FY 2015–FY 2016 provided by OWCP

For the Energy program, OWCP is working to improve the timeliness of its claims processing. In addition, OWCP continues to analyze and audit home and residential health care billing practices in the Energy program so it can revise billing rules and policies when it uncovers abusive practices.

In 2023, OWCP contracted with another pharmacy benefit manager to cover pharmaceutical transactions for both the Energy and Black Lung programs. In 2025, OWCP plans to award a comprehensive contract for pharmacy benefit services—covering prescription drugs, durable medical equipment, and diagnostic services—for all four of its programs: FECA, Energy, Black Lung, and Longshore.

What Remains to Be Done

To more effectively manage medical benefits in its workers' compensation programs, OWCP needs to:

- Determine the best practices insurance providers and other federal, state, and local agencies have adopted to successfully manage medical costs and identify those that might be most suitable for its own programs.
- Expand its use of data analytics to monitor medical costs and identify risks, trends, and emerging issues before they become critical issues.
- Monitor closely the performance of its pharmacy benefit services contractor(s) to ensure appropriate prices and savings.

For the FECA program, OWCP needs to continue to:

- Analyze and monitor FECA costs to promptly detect and address problems given the high risk of fraud and abuse related to prescription payments.
- Evaluate alternate pricing methodologies and other sources regularly and update its pricing methodology as appropriate to ensure competitive prices.
- Monitor the effectiveness and implementation of policy and process changes related to claimant prescriptions.

For the Energy program, OWCP needs to:

- Regularly analyze home and residential health care billings for unethical practices and refer instances involving potential fraud or abuse to the OIG for further investigation.

CHALLENGE: Managing and Securing Data and Information Systems

Background

The Department and its program agencies depend on reliable and secure IT systems to perform their mission critical functions. These systems maintain critical and sensitive data related to financial activities, enforcement actions, job training services, pensions, welfare benefits, and worker safety and health. In FY 2025, DOL invested an estimated $762 million in IT to implement services and functions needed to safeguard the U.S. workforce.

Challenge for the Department

The Department continues to be challenged in securing and managing data and information systems, particularly in the following areas: (1) maintaining an effective information security program, (2) providing effective oversight of third-party IT systems and services, and (3) IT governance.

DOL remains challenged to adequately implement information security controls and technology tools required to manage and monitor IT security. In our 2025 audit of DOL's information security program,[29] the Department's IT security program was assessed overall as not effective according to the CyberScope rating.[30] This rating is based on the Department's challenges implementing cybersecurity governance, identifying security weaknesses, and recovering from incidents.

[29] Under the Federal Information Security Modernization Act of 2014 (FISMA), the OIG is required to perform annual independent evaluations of the Department's information security program and practices.
[30] CyberScope, operated by the U.S. Department of Homeland Security on behalf of the Office of Management and Budget, is a web-based application designed to streamline IT security reporting for federal agencies. It gathers and standardizes data from federal agencies to support FISMA compliance. The rating of "not effective" was based on a calculated score of the individually assessed maturity levels for the FY 2025 Core Inspector General Metrics and Supplemental Metrics.

As DOL becomes increasingly reliant on contracted systems and services to meet its mission requirements, DOL continues to be challenged in providing effective oversight of these third-party IT resources. Effective oversight demands specialized expertise along with greater diligence and coordination across multiple mission teams. Our audits continue to identify weaknesses in DOL's oversight of its third-party IT systems and services, including contracted cloud systems and DOL's partially serviced systems.

In addition, we have renewed our past concerns about the Department's IT governance. The Department's Office of the Chief Information Officer has experienced significant staffing changes. Future audit work will evaluate the impact of these staffing changes on the Department's ability to provide the governance and oversight required to sufficiently secure DOL's data and information systems.

Department's Progress

In an effort to better manage resources and projects by modernizing, securing, and consolidating IT, DOL previously reorganized and continues to manage some of its IT resources and capabilities within a shared services environment under the Office of the Assistant Secretary for Administration and Management. This effort included realigning information processes and personnel.

What Remains to Be Done

The Department needs to improve its governance and management over DOL agencies' IT and systems. To improve the security of its information systems, the Department needs to:

- Strengthen its oversight through the implementation of information security policies, procedures, and controls.
- Focus on recurring information security deficiencies.
- Ensure the implementation of security requirements with its third-party cloud systems and IT services.

Summary of Financial Statement Audit and Management Assurances

The tables provide a summary of DOL's FY 2025 financial statement audit and its management assurances.

Summary of Financial Statement Audit					
Audit Opinion	Modified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Improvements Needed in Controls Over Financial Reporting Related to Unemployment Trust Fund (UTF) Balances and Activity	1	0	0	0	1
Total Material Weaknesses	1	0	0	0	1

Summary of Management Assurances						
Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Improvements Needed in Controls Over Financial Reporting Related to Unemployment Trust Fund (UTF) Balances and Activity	1	0	0	0	0	1
Total Material Weaknesses	1	0	0	0	0	1
Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0
Conformance with Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance	Systems conform to financial management system requirements					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Non-Conformances	0	0	0	0	0	0
Compliance with Federal Financial Management Improvement Act (FFMIA)						
	Agency			Auditor		
1. System Requirements	No lack of substantial compliance noted			No lack of substantial compliance noted		
2. Accounting Standards	No lack of substantial compliance noted			No lack of substantial compliance noted		
3. United States Standard General Ledger (USSGL) at Transaction Level	No lack of substantial compliance noted			No lack of substantial compliance noted		

Payment Integrity

The Payment Integrity Information Act (PIIA) of 2019 (3/02/2020) requires Federal agencies to identify and reduce improper payments (IP) and report annually on their efforts according to guidance promulgated by the Office of Management and Budget (OMB): OMB Circular A-123 Appendix C (3/05/2021) and OMB Circular A-136 (7/14/2025). For FY 2025 reporting, OMB indicated in A-136 that "*Each Executive Branch agency must complete the Annual Data Call issued by OMB and provide a link to PaymentAccuracy.gov in their AFR or PAR. The Data Call helps to fulfill reporting requirements under the Payment Integrity Information Act of 2019 (Pub. L. No. 116-117) (PIIA) and provides the public with comprehensive improper payment data and information on PaymentAccuracy.gov.*" All applicable reporting requirements, including details regarding the Federal-State Unemployment Insurance program's internal recovery audit program have been reported to OMB in the Annual Data Call and OMB reporting may be found at *PaymentAccuracy.gov*. DOL programs did not use a "recovery audit contractor" and therefor received no recommendations to report.

PIIA requires Federal Agencies to conduct IP risk assessments for each program with annual outlays greater than $10M at least once every three years to determine what programs may be determined "susceptible to significant IP", and to publish estimates for all programs determined "susceptible". At DOL, two programs have been determined susceptible for FY 2025: Federal-State Unemployment Insurance program (UI) and the Federal Employees' Compensation Act program (FECA). Reporting for both is provided below and in OMB reporting on *PaymentAccuracy.gov*.

Unemployment Insurance Program Integrity

UI IP SUMMARY

Fiscal Year	Outlays Amount ($M)	IP Amount ($M)	Payment Accuracy Rate	IP Rate
2022	$85,235.60	$18,342.70	77.80%	21.52%
2023	$28,149.28	$4,173.98	83.53%	14.83%
2024	$35,196.61	$5,073.24	84.05%	14.41%
2025	$37,679.47	$4,952.59	85.14%	13.14%

NOTE: Payment Accuracy Rate plus IP Rate may not equal 100% due to Unknown Payments per M-21-19.

UI is designated as "high-priority" under OMB guidance. UI provides temporary partial wage replacement for eligible unemployed workers who become unemployed through no fault of their own and meet certain other eligibility requirements under Federal and state law. Each of the 53 state UI agencies[1] administer a UI program under state UI law and in conformity and compliance with Federal law. These state UI agencies are responsible for reviewing all applications, collecting state UI taxes, determining eligibility, establishing weekly benefit amounts, making all benefit payments, and preventing IP. UI is a weekly benefit, and eligibility is determined for each week claimed.

DOL bases the Federal-State UI IP estimates on results of the Benefit Accuracy Measurement (BAM) survey, which examines a nationwide statistically valid sample of payments made in the three largest permanently authorized unemployment compensation programs: State UI program, Unemployment Compensation for Federal Employees (UCFE), and Unemployment Compensation for Ex-service members (UCX). The BAM sample does not include payments made under episodic programs such as Extended Benefits (EB) and temporary programs like the Emergency Unemployment Compensation (EUC) program and the UI-related programs created by the Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES Act), including Pandemic Unemployment Assistance (PUA), Pandemic Emergency Unemployment Compensation (PEUC), Federal Pandemic Unemployment Compensation (FPUC), and Mixed-Earners Unemployment Compensation (MEUC) programs. As a result, the $37,679.47M in reported outlays for 2025 includes $37,393.95M in outlays from the regular Federal-State UI program and $285.52M in outlays from the UCFE and UCX programs.

[1] The 53 "state UI agencies" are the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, and the U.S. Virgin Islands. *See* 26 USC 3306(j)(1).

The period of benefits coverage for all pandemic-related UI programs, including PUA, PEUC, FPUC, and MEUC, expired in law on 9/06/2021, though about half of the states opted to end administration of some or all pandemic-related UI programs in summer 2021. During the reporting period, some states continued to work backlogs, adjudicate and pay benefits where appropriate for weeks occurring prior to the program end dates, resolve appeals, and determine and collect overpaid benefits under these temporary programs. Several pandemic-related UI programs report negative outlays, which is due to states' ongoing overpayment recovery efforts. As discussed in prior years, since the total outlays for the PEUC and PUA pandemic-related programs were less than $10,000,000, no data is reported for these programs for publication on Paymentaccuracy.gov. Negative outlays were not used to artificially reduce normal UI program reported outlays nor impact IP estimates.

The PUA program was determined "susceptible" in FY 2021. DOL submitted a Sampling and Estimation Methodology Plan (S&EMP) for estimating the PUA program's IP rate and amount to the Office of Management and Budget (OMB) on 6/30/2022. FY 2023 Payment Integrity reporting for PUA covered the full life of the weeks of eligibility of the program from its beginning through its expiration in law on 09/06/2021 (though many states terminated the program earlier). Because the program is expired in law and no longer active, no further payment integrity action is possible, nor is it possible to provide an updated IP rate under the S&EMP. Consistent with the prior year's Agency Financial Report and reporting on Paymentaccruacy.gov, DOL determined that no further annual payment integrity reporting is possible. However, in its 2023 and 2024 PIIA compliance Reports, DOL-OIG recommended reporting on PUA. If DOL were to do so, it would result in reporting consisting almost entirely of "NA" responses since the program has expired. To address DOL-OIG's concern and to be transparent in sharing information, DOL notes that the FY 2025 PUA outlays were negative $237.35M. DOL could only apply the previously estimated 18.53% IP rate, which was developed for the life of the PUA program, to any PUA outlays – however this cannot be applied to negative outlays.

In addition to estimating the UI IP rate, ETA produces data from the BAM survey identifying the top root causes of IP. The top root causes of UI IP for 2025 PIIA reporting (7/01/2024 through 6/30/2025), were Work Search, Benefit Year Earnings (BYE), and Separation Issues. The UI IP rate and amount will be published on PaymentAccuracy.gov and a historic summary is provided in the chart above. The UI program's reduction target for FY 2025 was 14.25% which was nearly met with the current estimated IP plus Unknown Payment rate of 14.86%. The Federal-State UI program's reduction target for FY 2026 is decreased to 9.99%.

Corrective Actions

Protecting American workers by reducing fraud, waste, and abuse in the UI system is a top priority for ETA. To achieve this objective, ETA's vision for improving the UI system is centered around three elements: Repair, Reform, and Overhaul.

- Repair represents a reminder to states about the existing obligations within the UI program and holding states accountable for UI program performance.
- Reform focuses on meaningful policy and operational changes that will promote integrity and timeliness within the UI system. This includes aligning UI modernization with America's Talent Strategy[2] to maximize efficiency and effectiveness in propelling American workers into high-wage careers, upholding the dignity of hard work, and delivering the talent businesses need to power the nation's economic resurgence.
- Overhaul emphasizes transformative and innovative changes that will fundamentally enhance the UI system and bring it into the modern economy.

Strengthening UI program integrity and reducing IP requires dedicated focus, strong processes, and a system-wide commitment. ETA strongly encourages states to use a multi-layered approach to combatting fraud, which requires states to adopt an array of strategies and tools to more effectively identify potentially fraudulent activity and prevent IP. ID verification is a critical component to the states' multi-layered approach and ETA is supporting states in strengthening UI program integrity by investing in enhancements to ID verification services. ETA and state UI agencies also continue to work collaboratively with the Department's Office of Inspector General (OIG) and refer cases of UI fraud, waste, abuse, mismanagement, and misconduct to the Department's OIG for investigation and prosecution.

ETA's FY 2025 efforts included providing guidance and technical assistance to support states in combatting fraud, reducing IP based on the top root causes of UI IP, and recovering benefits that were overpaid. ETA also continued investing in the

[2] America's Talent Strategy: Building the Workforce for the Golden Age.

development of new, and enhancement of existing, tools, datasets, and resources and made these available to aid states in more quickly identifying potential IP and fraud.

Furthermore, ETA develops, updates, oversees, and communicates UI antifraud strategies and program integrity controls through its robust and dynamic UI Integrity Strategic Plan. The UI Integrity Strategic Plan provides a detailed accounting of ETA's FY 2025 actions and is not made publicly available because it contains confidential or proprietary information regarding the Department's UI fraud risk mitigation and IP reduction activities to strengthen UI program integrity.

Payment integrity information and IP estimation plans for UI can be found at:
https://oui.doleta.gov/unemploy/improp_pay.asp

Recovery of UI Overpayments

ETA is committed to providing states with tools and resources to enhance UI overpayment recovery efforts.

With oversight from ETA, each state is responsible for promoting and maintaining UI program integrity through prevention, detection, investigation, establishment, and recovery of IP. States identify and establish overpayments for recovery using methods such as cross-matching and data analytics.

Federal law requires that states use certain recovery methods to collect benefit overpayments, including:

- Benefit Offsets, Cross Program Offsets, and Interstate Reciprocal Offsets (Social Security Act, Section 303(g), or 42 USC 503(g)); and
- Interception of Federal tax refunds under the Treasury Offset Program (TOP) ((Social Security Act, Section 303(m), or 42 USC 503(m)).

State UI laws may provide additional overpayment recovery actions, such as voluntary payment plans, wage garnishments, interception of state tax refunds, etc. ETA requires states to report on overpayment detection and recovery activities quarterly, including information on actual amounts of UI overpayments established and recovered.

Overpayment recovery is critical to protect both state UI trust funds and federal funds. ETA has reminded states that overpayment recovery must be given the same priority as fraud prevention and detection activities. ETA also strongly recommends states use additional overpayment recovery activities, where allowed by state law, as part of an effective overpayment recovery operation.

Federal Employee's Compensation Act Program Payment Integrity

FECA IP SUMMARY

Fiscal Year	Outlays Amount ($M)	IP Amount ($M)	Payment Accuracy Rate	IP Rate
2022	$2,923.31	$88.46	96.86%	3.03%
2023	$3,263.28	$79.48	97.56%	2.44%
2024	$3,625.11	$84.91	97.66%	2.34%
2025	$3,954.92	$109.76	97.22%	2.78%

The Office of Workers' Compensation (OWCP) - Federal Employees' Compensation Act (FECA) program provides workers' compensation coverage to more than 2.5 million Federal and postal workers around the world for employment-related injuries and occupational diseases. FECA is committed to reducing IP by focusing on identifying questionable medical billing practices and implementing improved policies to reduce areas of vulnerabilities.

The IP rate component for non-fraudulent FECA payments was derived by random sampling with replacement. The sample sizes used (504 compensation payments and 504 medical payments, for a total of 1,008 payments) were selected and validated by the OWCP statistician to assure a 90% confidence interval with a precision of 2.5%. Each sampled payment was closely examined in accordance with program standards to determine whether it was proper. The absolute values of any IP found in the sample were totaled and projected to a dollar amount that represents the IP rate for the entire population. The extent of fraudulent payments is based on averaging actual restitution amounts and is reported in the OMB DataCall, which may be found at: *PaymentAccuracy.gov*. While the FECA program's IP rate increased this year, the IP rate for current payments (both medical and compensation) actually decreased. The increase was due to the dollar amount of fraud restitution payments, which was significantly higher than in prior years. However, this does not represent an increase in current fraudulent activity within the program in FY 2025 - it is due to one very large judgement this year in a case involving compound drug activity from 2014-2017.

Because total estimated IP for FY 2025 exceeds OMB's $100M threshold (due largely to the fraud restitution judgement noted above), we anticipate FECA may be designated "high priority" in FY 2026. The FECA program's IP reduction target for FY 2026 is 3.05%.

The FECA IP Estimation methodology may be found at:
https://www.dol.gov/sites/dolgov/files/OCFO/media/reports/2018/20180626IPMETHODOLOGY.pdf

Corrective Actions

FECA's Program Integrity Unit (PIU) identifies potential fraud through different types of audit procedures and utilizes standard data analytic protocols to evaluate the effectiveness of existing program controls. The PIU analyzes medical bill and compensation payments to verify proper payments are disbursed; reviews medical billing to help ensure the service for which reimbursement is sought was performed as described, necessary, appropriate and properly billed in accordance with accepted industry standards; reviews current program controls; makes recommendations for new controls; collaborates with the OIG community and Department of Justice when identifying civil false claims and prosecuting fraud; and works with the OIG community to reduce payment of inappropriate or inaccurately submitted claims and pursue recovery of funds for overpayments due to erroneous billing actions.


HELP FIGHT
FRAUD
WASTE
ABUSE
IT'S YOUR MONEY!
Office of Inspector General
U.S. Department of Labor
Misuse of U.S. Department of Labor Funds
Violations of Federal Procurement Regulations
Federal Workers' Compensation Fraud
Falsification or Forgery of Official Documents
Unemployment Insurance Fraud
Visa Certification Fraud
If you suspect wrongdoing involving
U.S. Department of Labor programs or operations,
contact the OIG Hotline
800.347.3756
www.oig.dol.gov
See website for confidentiality and whistleblower information
Scan Here to
Report Fraud, Waste & Abuse Now!

Veterans' Employment and Training Service (VETS)

VETS administers four major programs to meet the employment and training needs of transitioning service members, veterans, and eligible military spouses, especially those with significant barriers to employment, and connect employers across the country with work-ready veterans. VETS' mission is to prepare America's veterans, service members, and military spouses for meaningful careers, provide them with employment resources and expertise, protect their employment rights, and promote their employment opportunities. Below is more information on VETS' four major program activities, costs and outputs.

Program Activities

Transition Assistance Program (TAP)

TAP, authorized under 10 U.S.C. § 1144, is for transitioning service members and their spouses. The program is a cooperative effort among VETS; the U.S. Departments of Defense, Homeland Security, Veterans Affairs, and Education; and the U.S. Small Business Administration. VETS offers three workshops as well as additional career support services under the TAP umbrella. The workshops include the mandatory one-day Employment Fundamentals of Career Transition (EFCT), which is a foundational workshop on employment preparation. The two additional workshops are the two-day DOL Employment Workshop (DOLEW), and the two-day DOL Career and Credential Exploration (C2E) workshop. The DOLEW provides a deeper dive into topics covered during the EFCT. The C2E workshop provides personalized career-development assessments to guide participants through a variety of career explorations. VETS also offers two new transition workshops: (1) Transition Employment Assistance for Military Spouses (TEAMS), and (2) Wounded Warrior and Caregiver Employment Workshop (WWCEW).

VETS also offers one pilot, the Off-Base Transition Training (OBTT) and one program, the Employment Navigator (EN) and Partnership Program (ENPP). OBTT offers veterans and military spouses the chance to participate in DOL employment-related workshops typically only available for service members and spouses on military installations. ENPP provides one-on-one career assistance to interested transitioning service members, and their spouses, at select military installations worldwide.

Jobs for Veterans State Grants (JVSG)

In accordance with 38 U.S.C. Chapter 41, JVSG provides funding to 54 states and U.S. territories for Disabled Veterans' Outreach Program (DVOP) specialists, Local Veterans' Employment Representative (LVER) staff, and Consolidated DVOP/LVER (CODL) positions located in American Job Centers and other locations. DVOP specialists provide intensive services to veterans with qualifying employment barriers, including disabled veterans and other eligible populations. LVER staff promotes the hiring of veterans in communities through outreach activities that build relationships with local employers and provide training to workforce center staff to facilitate the provision of services to veterans. CODL positions perform the functions of both DVOP specialists and LVER staff.

Homeless Veterans' Reintegration Program (HVRP)

- Authorized under 38 U.S.C. § 2021, 2021A, and 2023, the HVRP is the only federal grant program to focus exclusively on competitive employment for veterans experiencing or at risk of homelessness designed to enable them to obtain high-quality career outcomes. HVRP awards funds to eligible entities through a competitive grant process outlined in an annual Funding Opportunity Announcement. In addition to the primary HVRP grants, funding also serves specific subsets of the homeless or at risk of homelessness veteran population:

- The **Homeless Women Veterans and Homeless Veterans with Children Program** specifically targets services to expedite the reintegration of homeless women veterans and homeless veterans with children into the labor force.

- The **Incarcerated Veterans' Transition Program** provides employment services to justice-involved veterans and veterans transitioning from certain institutions that are at risk of becoming homeless.
- **Stand Down Grants** assist veterans experiencing or at risk of homelessness by providing a wide range of employment, social, and health services. VETS awards these noncompetitive grants on a first-come, first-served basis, subject to the availability of federal funding, to support one-day or multi-day events. The critical services provided at these events are often the catalyst that enables those individuals to reenter the workforce.

Federal Administration, including compliance programs consisting of the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), Veterans' Preference (VP), and federal contractor reporting under 38 U.S.C. § 4212

VETS is responsible for administering USERRA, 38 U.S.C. § 4301-4335, which protects civilian job rights and benefits for active service members, veterans, and National Guard and Reserve members. USERRA also prohibits discrimination in employment against any current or prospective employee due in part to those individuals' past, present, or future military service, status, or obligations, or individuals' participation in any proceeding(s) covered by USERRA. VETS is also responsible for conducting outreach to inform persons entitled to rights and benefits under USERRA and employers of the rights, benefits, and obligations of such persons and such employers under USERRA, 38 U.S.C. § 4333. Additionally, under the Veterans' Employment Opportunities Act (5 U.S.C. § 3330a-3330c), VETS is responsible for investigating claims alleging a Federal agency's failure to apply VP in hiring or during a reduction-in-force and claims from veterans alleging a lack of access to a Federal agency's covered employment opportunities. VETS also administers the reporting requirements for veterans' employment emphasis under federal contracts, 38 U.S.C. § 4212. In support of federal contractor reporting requirements, VETS collects and processes reports and provides technical assistance to employers and representatives of employers who are required to submit reports annually to the Department of Labor on the number of their employees, and new employees hired who meet the definition under 38 U.S.C. § 4212 as qualified covered veterans.

Program Costs and Outputs

The full cost of VETS programs is presented in the Consolidated Statement of Net Cost. The costs of VETS programs, and the participants served, are presented below by major program.

VETS Employment and Training
Program Costs and Participants Served
(in Thousands)
For FY 2025

	2025	
Program	Cost	Part. Served
TAP[1]	$ 41,183	214.5
JVSG[2],[3]	185,711	42.2
HVRP[4]	70,805	15.9
USERRA[5]	18,145	35.9
TOTAL [6],[7]	**$ 315,844**	**308.5**

(1) Source: TAP participants served includes participants from all instructor-led TAP courses, OBTT, and ENPP from October 1st through September 30th of the corresponding fiscal year.

(2) Source: Workforce Integrated Performance System (WIPS) JVSG participants served count from July 1st through June 30th of the corresponding fiscal year.

(3) The total number of JVSG participants served for FY 2025 does not include data from Colorado or Oklahoma due to reporting delays.

(4) Source: Quarterly Performance Reports total number of HVRP participants served from July 1st of the previous fiscal year through June 30th of the corresponding fiscal year.

(5) USERRA participants served include the unique cases opened for USERRA and VP, a count of all individuals who received Compliance Assistance under USERRA and VP, participants served through the National Call Center for VETS Compliance programs, and federal contractors provided technical assistance to comply with 38 U.S.C. § 4212 reporting requirements.

(6) Total costs for labor, employment, and pension standards are not reported.

(7) Total costs reflect administrative costs.

Program Outcomes

Outcomes for the VETS programs will be presented in the Department's Annual Performance Report for FY 2025, available in February 2026 on the DOL website at: https://www.dol.gov/general/aboutdol#budget.

Civil Monetary Penalty Inflation Adjustment

The Federal Civil Penalties Inflation Adjustment Act Improvement Act of 2015 (the 2015 Act), as amended, requires agencies to make regular and consistent inflationary adjustment of civil monetary penalties to maintain their deterrent effect. To improve compliance with the 2015 Act, agencies are required to publish annual inflation adjustments in the Federal Register, and should report annually in their Agency Financial Report.

Grants Programs

The summary table below describes the Department's grant and cooperative agreement awards (awards) and balances for which closeout has not yet occurred but for which the period of performance has exceeded two years prior to September 30, 2025. This includes awards with zero dollar and undisbursed balances, as reported in the U.S. Department of Health and Human Services (HHS) Payment Management System (PMS) as of September 30, 2025.

Description	Awards with Zero Dollar and Undisbursed Balances as reported in PMS*							
	2-3 Years (FY 2023)		4-5 Years (FY 2021 -2022)		More than 5 Years (FY 2020 and Before)		Total	
	Awards	Amount	Awards	Amount	Awards	Amount	Awards	Amount
Total Zero Dollar Balances	7	-	28	-	140	-	175	-
Total Undisbursed Balances	6	$ 1,650,431	5	$ 838,959	94	$ 10,900,707	105	$ 13,390,097
Total Zero Dollar and Undisbursed Balances	**13**	**$ 1,650,431**	**33**	**$ 838,959**	**234**	**$ 10,900,707**	**280**	**$ 13,390,097**

*The expiration age is calculated based on the FY 2025 reporting date.

The number of awards that remain open after two years has decreased by 28 percent compared to FY 2024. The primary reason these awards are still open is the disconnection between grants management and payment systems. The majority of these awards have been administratively closed out in the Department's Financial Management System once the required work associated with the awards has been completed. The Department is collaborating with HHS to accelerate the closeout process for awards in PMS that have already passed their period of performance.

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Veterans' Employment and Training Service www.dol.gov/vets/
Wage and Hour Division www.dol.gov/whd/
Women's Bureau www.dol.gov/wb/

DOL Regulations and Enforcement

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Acronyms

ACE	Affordable Clean Energy
AFR	Agency Financial Report
ARP Act	American Rescue Plan Act
BLDTF	Black Lung Disability Trust Fund
BLS	Bureau of Labor Statistics
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CAUW Act	Continued Assistance for Unemployed Workers Act
COLA	Cost of Living Allowance/Adjustment
CPI-M	Consumer Price Index-Medical
CPI-U	Consumer Price Index-Urban
CSEOA	Community Service Employment for Older Americans
CSRS	Civil Service Retirement System
DHS	U.S. Department of Homeland Security
DM&R	Deferred Maintenance and Repairs
DOE	U.S. Department of Energy
DOL	U.S. Department of Labor
EB	Extended Benefits
EBSA	Employee Benefits Security Administration
ED	U.S. Department of Education
EEOICPA	Energy Employees Occupational Illness Compensation Program Act
EIA	U.S. Energy Information Administration
EPA	U.S. Environmental Protection Agency
ERISA Act	Employee Retirement Income Security Act
ES	Employment Service
ESAA	Employment Security Administration Account
ETA	Employment and Training Administration
EUCA	Extended Unemployment Compensation Account
EUISA	Emergency Unemployment Insurance Stabilization and Access Act
FASAB	Federal Accounting Standards Advisory Board

FCI	Facilities Condition Index
FEC	Federal Employees Compensation
FECA	Federal Employees' Compensation Act
FERS	Federal Employees Retirement System
FFMIA	Federal Financial Management Improvement Act
FLC	Foreign Labor Certification
FLSA	Fair Labor Standards Act
FMFIA	Federal Managers' Financial Integrity Act
FPUC	Federal Pandemic Unemployment Compensation
FRAE	Further Revised Annuity Employees
FRUSG	Financial Report of the U.S. Government
FUA	Federal Unemployment Account
FUTA	Federal Unemployment Tax Act
GAAP	Generally Accepted Accounting Principles
GSA	U.S. General Services Administration
HVRP	Homeless Veterans' Reintegration Program
IAAs	Interagency agreement
JVSG	Jobs for Veterans State Grants
MEUC	Mixed Earner Unemployment Compensation
MEWA	Multiple Employer Welfare Arrangement
MOU	Memorandum of Understanding
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
OJC	Office of Job Corps
OMB	Office of Management and Budget
OPM	U.S. Office of Personnel Management
OSHA	Occupational Safety and Health Administration
OWCP	Office of Workers' Compensation Programs
PERM	Permanent Labor Certification Program

PEUC	Pandemic Emergency Unemployment Compensation
PP&E	Property, Plant, and Equipment
PUA	Pandemic Unemployment Assistance
RAE	Revised Annuity Employees
RECA	Radiation Exposure Compensation Act
REO	Reentry Employment Opportunities
RMO	Responsible Mine Operator
SCNP	Statement of Changes in Net Position
SCSEP	Senior Community Service Employment Program
SCSIA	Statements of Changes in Social Insurance Amounts
SFFAS	Statement of Federal Financial Accounting Standards
SNC	Statement of Net Cost
SOSI	Statements of Social Insurance
SSA	U.S. Social Security Administration / Social Security Act
TAA	Trade Adjustment Assistance
TAP	Transition Assistance Program
TSP	Thrift Savings Plan
UC	Unemployment Compensation
UCFE	Unemployment Compensation for Federal Employees
UCX	Unemployment Compensation for Ex-Service Members
UI	Unemployment Insurance
USCA	U.S. Court of Appeals
USERRA	Uniformed Services Employment and Reemployment Rights Act
UTF	Unemployment Trust Fund
VETS	Veterans' Employment and Training Service
VP	Veterans' Preference
WHD	Wage and Hour Division
WIOA	Workforce Innovation and Opportunity Act

UNITED STATES DEPARTMENT OF LABOR

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