U.S. DEPARTMENT OF LABOR

AGENCY FINANCIAL REPORT

FISCAL YEAR 2026

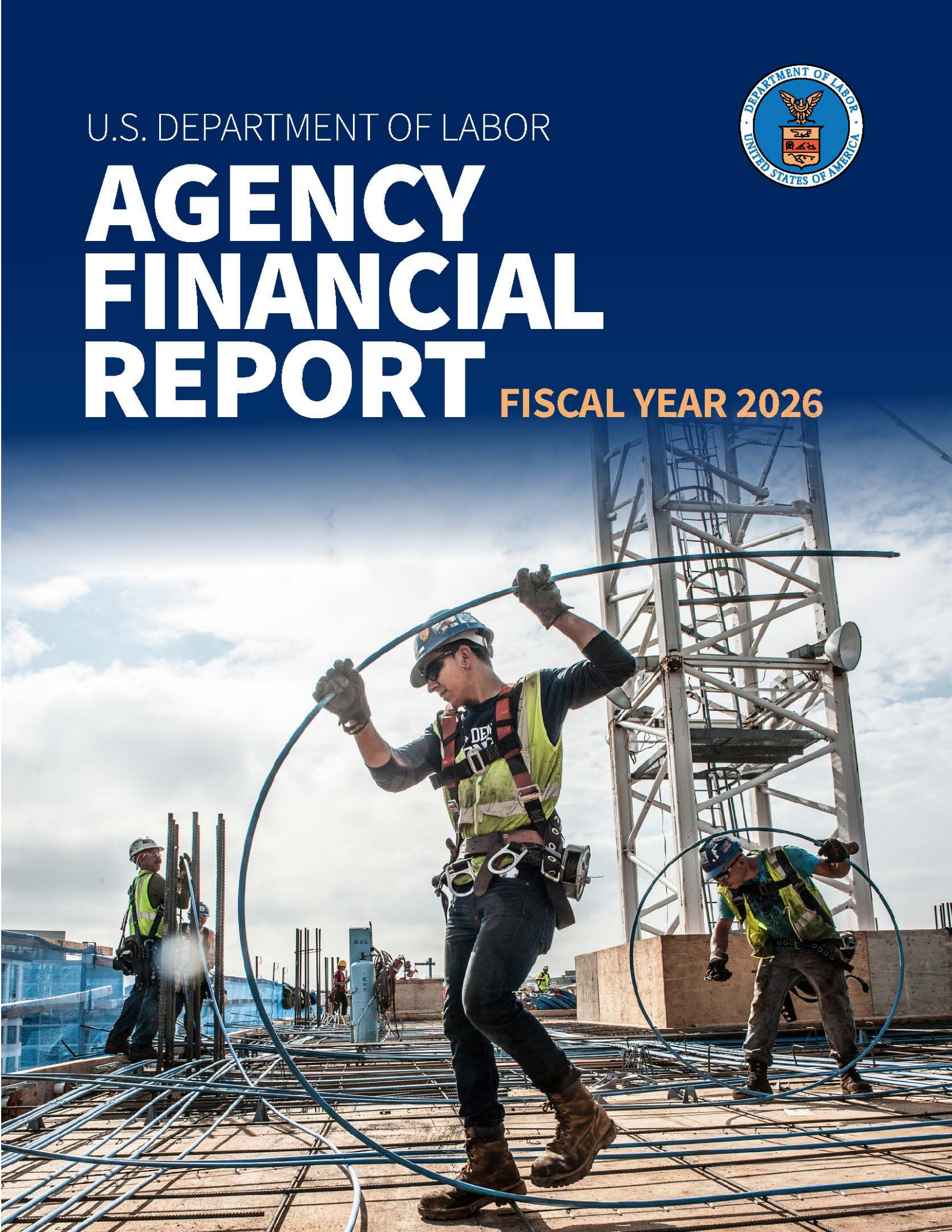


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https://www.dol.gov/general/aboutdol#budget

If you have questions or comments regarding this report, contact:

FinancialPolicy@dol.gov

Or by Postal mail, at:

Office of the Chief Financial Officer (OCFO)
U.S. Department of Labor
200 Constitution Avenue, NW, Room S-4030
Washington, DC 20210
202-693-6800

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Message from the Secretary of Labor

It is the absolute honor of my life to serve as the 31st Secretary of Labor and to lead this great Department. I am grateful to President Trump for the trust and confidence he has placed in me to serve as Secretary.

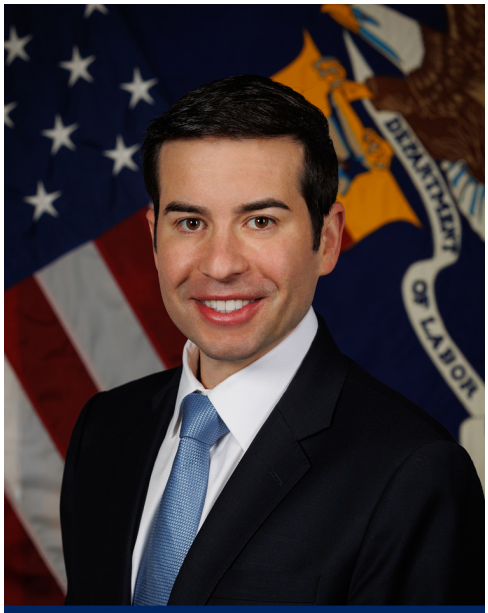
As stewards of taxpayer dollars and federal programs, the Department continues to prove its commitment to President Trump's promise to combat waste, fraud, and abuse. As a member of the White House Task Force to Eliminate Fraud, the Department this year found $22 billion in fraud.

In FY 2026, the Department received an unmodified opinion from an independent audit of our financial statements. This unmodified opinion marks the first for the Department since FY 2020 and reflects disciplined stewardship, stronger coordination with our state partners and a commitment to giving the American people clear, reliable information about how their tax dollars are managed. Further, 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.

For detailed information regarding the audit, please see the *Independent Auditors' Report* section. 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.

We now have the opportunity to consolidate and build on the successes of the first two years of the Trump Administration, which has already seen 1 million private sector jobs created. We are eager to continue building durable pipelines to skilled trades and other careers that provide long-term economic stability for all Americans. My colleagues across the Department and I look forward to another year of continuing to make the President's economic vision a reality by putting American workers first.

KEITH SONDERLING
U.S. Secretary of Labor
November 13, 2026

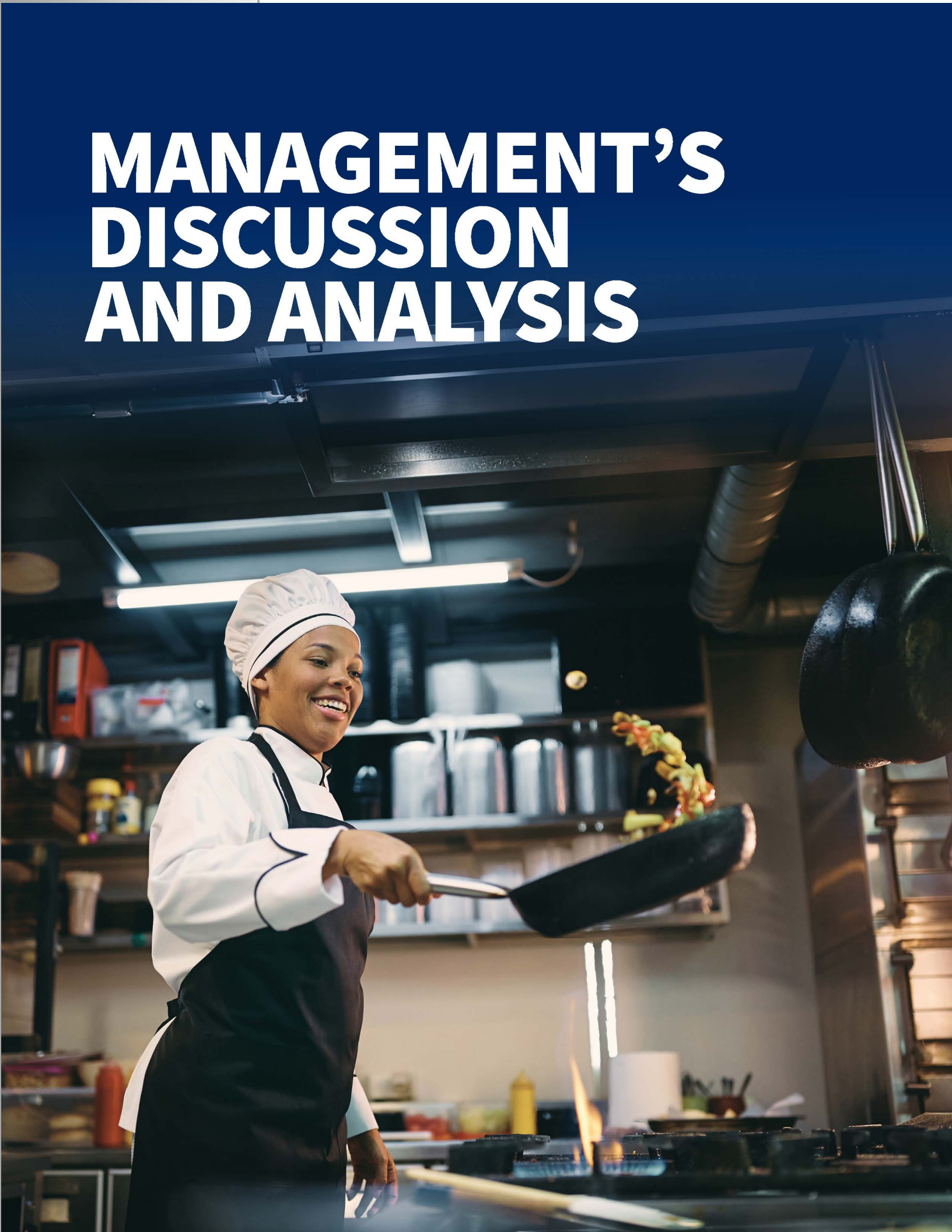


Keith Sonderling
U.S. Secretary of Labor

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."

MANAGEMENT'S DISCUSSION AND ANALYSIS



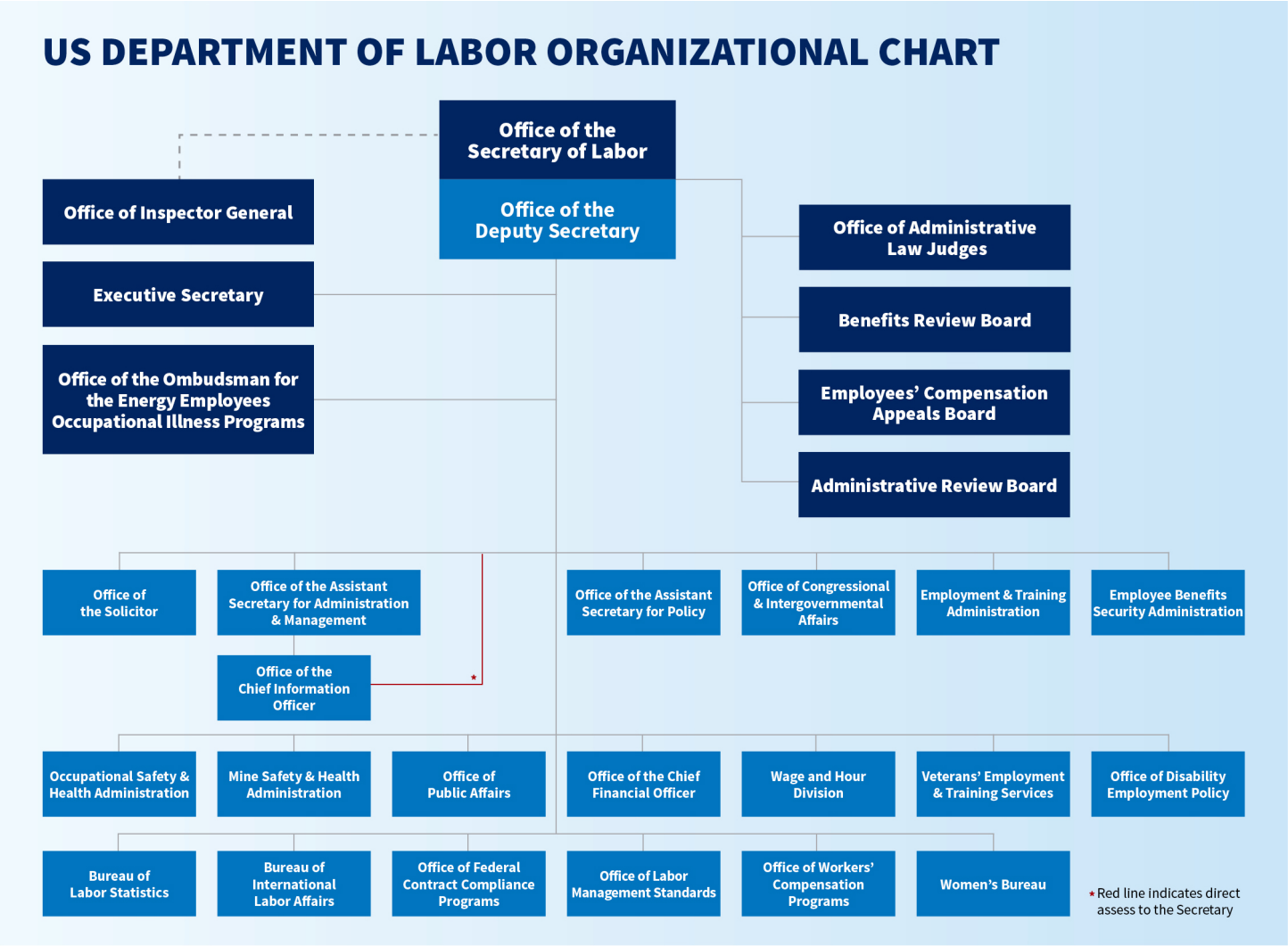
The U.S. Department of Labor's (DOL or the Department) annual Agency Financial Report (AFR) provides financial data and summary performance results that enable the President, Congress, and American people to assess the Department's accomplishments for each fiscal year (October 1 through September 30). This AFR 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 OMB Circular A-136, *Financial Reporting Requirements* (05/29/2026).

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 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 2026 performance results for outcome measures reported under GPRAMA are included in the Annual Performance Report, which is currently scheduled to be published on the DOL's Performance page with the FY 2028 Congressional Budget Justification.

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 Strategic Goal Framework is comprised of three overarching Strategic Goals (Goal 1, 2, and 3) and 13 Strategic Objectives that support 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 DOL subagencies.

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 subagency, and ultimately to the individual performance plans.

Through routine reviews with DOL leadership, 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. The Department tracks and analyzes approximately 500 performance measures. This performance information serves as the basis for budget and management decisions.

Performance Outcomes

The Department's performance in FY 2026 reflects its commitment to advancing the Administration's vision for an American workforce that is Made in America's Golden Age.

A detailed breakdown of DOL's performance results will be found in the FY 2026 Annual Performance Report. Below are a few select highlights:

- Technology improvements sustained timely processing during peak demand, enabling the Department to resolve 97.9% of H-2A employer applications at least 30 days before workers were needed.
- The Department maintained the integrity and reliability of the Nation's critical economic data, with the Bureau of Labor Statistics achieving 100% accuracy and 100% timeliness for key economic indicators relied upon by the Federal Reserve, Internal Revenue Service, and businesses nationwide.
- In March 2026, DOL launched its Safety Champions Program to help small businesses strengthen workplace safety and health programs, generating nationwide engagement with 276 actively participating in the federal program, and 147 referred to State Plan cooperative programs.
- DOL achieved administrative efficiency by shrinking its real estate footprint by 132,965 square feet through space consolidations, exceeding its 110,000-square-foot reduction goal by 33%.

- Efforts to improve employment outcomes for veterans yielded a quarterly median earnings level of $9,800 among Jobs for Veterans State Grants (JVSG) participants.
- The relaunched Payroll Audit Independent Determination (PAID) Program provided good-faith employers a pathway to voluntarily resolve Fair Labor Standards Act (FLSA) and FMLA compliance issues, concluding 95 cases during FY 2026.

Together, these accomplishments demonstrate the Department's commitment to delivering measurable results, strengthening accountability, and using taxpayer resources responsibly. Looking ahead, the Department will continue advancing the Administration's priorities by empowering states and territories, supporting employers, protecting American workers, and building a skilled, competitive workforce that drives sustained economic growth. As the Department advances this work, DOL will focus on engaging stakeholders and the public to raise awareness about our key priorities.

Financial Position and Condition

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. The Department performs monthly analysis of its financial balances to understand the changes and drivers of its balances against the programs and mission of the organization.

DOL implemented the requirements of OMB Circular A-123, *Management's Responsibility for Internal Control (revised March 10, 2026)* and the Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* (published May 15, 2025)**.** 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)**.** 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 on the effectiveness of its internal controls over reporting as of September 30, 2026. These business processes help to ensure that reported financial performance information is relevant and reliable.

In FY 2026, 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 (SNC). Total Net Cost of DOL activities were $53.8 billion for FY 2026.

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. (See Figure 1).

Figure 1: Summary of Selected Financial Data for FY 2026

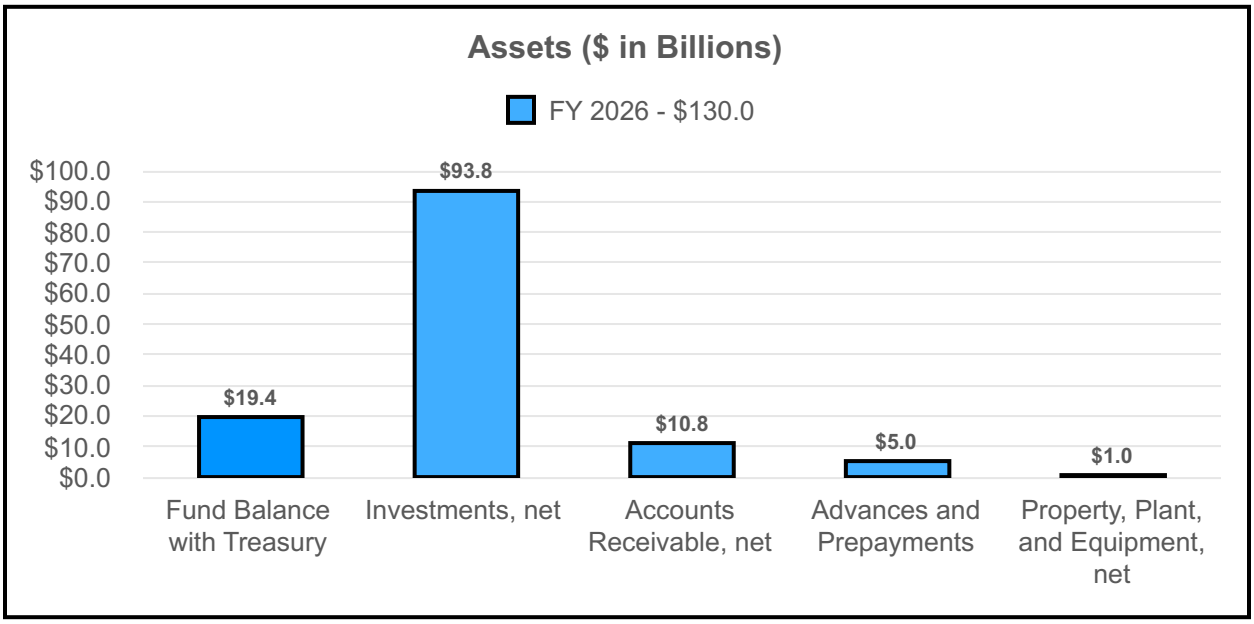
(Dollars in Billions)	2026
Financial Position	
Total Assets	$ 130.0
Fund Balance with Treasury	19.4
Investments, Net	93.8
Accounts Receivable, Net	10.8
Advances and Prepayments	5.0
Property, Plant, and Equipment, Net	1.0
Total Liabilities	$ 143.1
Debt	21.4
Post-Employment Benefits Payable	6.8
Benefits Due and Payable	8.6
Other Liabilities: Energy Employees Occupational Illness Compensation Benefits	100.7
Remaining Liabilities	5.6
Net Cost of Operations	
Net Cost of Operations	$ 53.8
Income Maintenance	44.8
Employment and Training	6.3
Other	2.7
Budgetary Resources	
Total Budgetary Resources	$ 76.5
New Obligations and Upward Adjustments (Total)	71.4
Appropriations (Discretionary and Mandatory)	55.4
Agency Outlays, Net (Discretionary and Mandatory)	53.7

Overall Financial Position

The Department's balance sheet presents DOL's financial position through the identification of agency assets, liabilities, and net position.

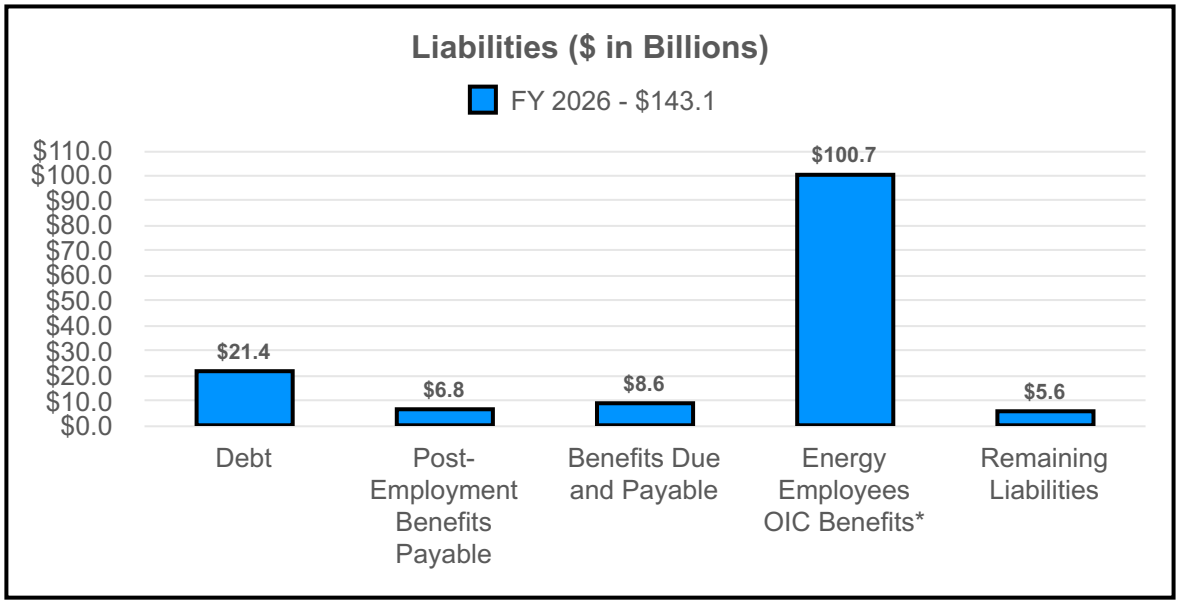
The Department's total assets were $130.0 billion at the end of FY 2026. DOL's Fund Balance with Treasury (FBWT) $19.4 billion at the end of FY 2026. It represents obligated and unobligated balances available to finance DOL's expenditures. Investments, net comprise the largest portion of total assets. DOL's Investments, Net, was $93.8 billion at the end of FY 2026. Accounts receivable, net was $10.8 billion. Advances and Prepayments were $5.0 billion. These advances are for unemployment benefit payments to the states. (See Figure 2 for Assets by Type for FY 2026).

Figure 2: Assets by Type for FY 2026



The Department's total liabilities were $143.1 billion at the end of FY 2026. The $100.7 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, 2026. The debt component of $21.4 billion at the end of FY 2026 in DOL's total liabilities relates to advances from U.S. Treasury to the Unemployment Trust Fund and Black Lung Disability Trust Fund. (See Figure 3 for reported Liabilities by Type on the next page).

Figure 3: Liabilities by Type for FY 2026

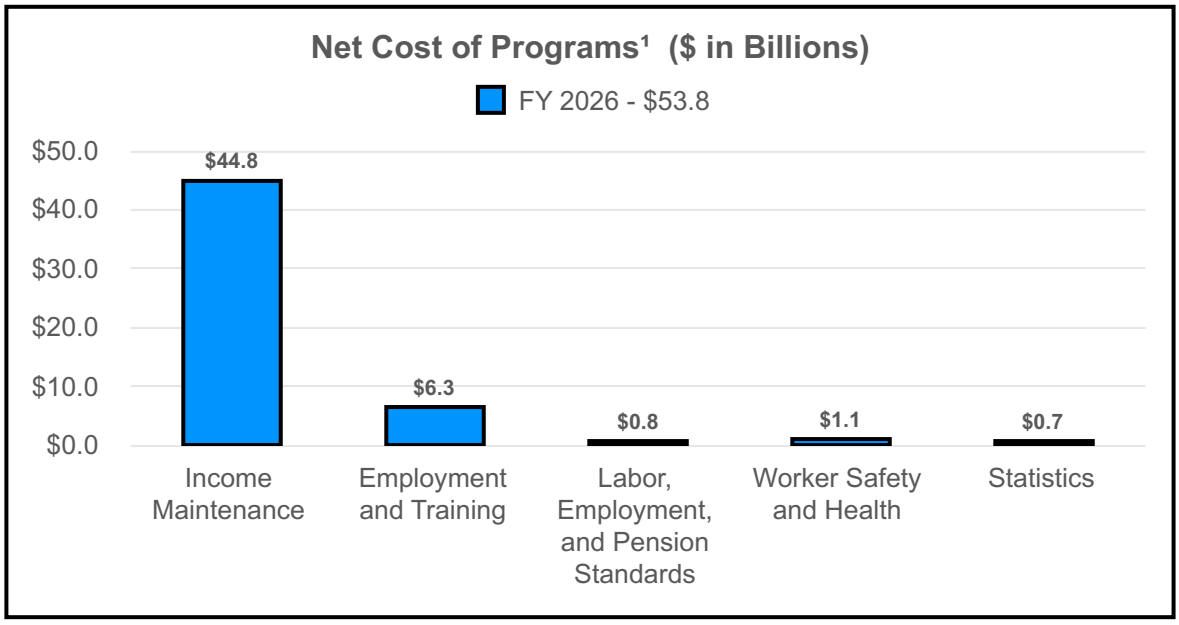


* OIC = Occupational Illness Compensation.

Net Cost of Operations

The Department's net cost of operations for the year ended September 30, 2026 was $53.8 billion.

Figure 4: Net Cost of Operations by Program for FY 2026



[1]The Department's Net Cost of Programs include Costs Not Assigned to Programs, which were $121.2 million for FY 2026.

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 $44.8 billion in FY 2026.

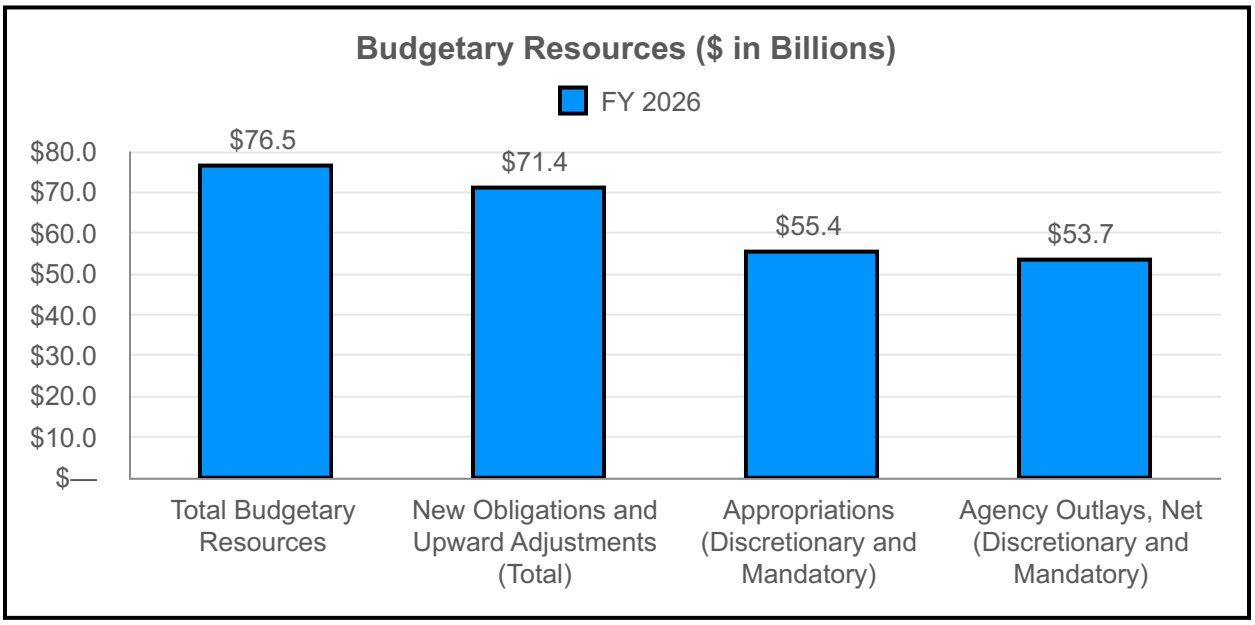
Employment and Training programs comprise DOL's second largest cost. These programs are designed to help individuals deal with the loss of a job, identify new occupational opportunities, find training to acquire different skills, start a new job, and make long-term career plans, as well as connect employers to workers with the skills they need. Employment and training costs were $6.3 billion in FY 2026.

Additional information about Education and Training programs is provided in the Other Information section, Education and Training Programs.

Budgetary Resources

The Statement of Budgetary Resources reports the budgetary resources available to DOL to effectively carry out the activities of the Department during FY 2026, as well as the status of these resources at the end of the fiscal year. During FY 2026, total budgetary resources were $76.5 billion. (See Figure 5).

Figure 5: Budgetary Resources for FY 2026



Trend Analysis of Changes within Principal Financial Statements

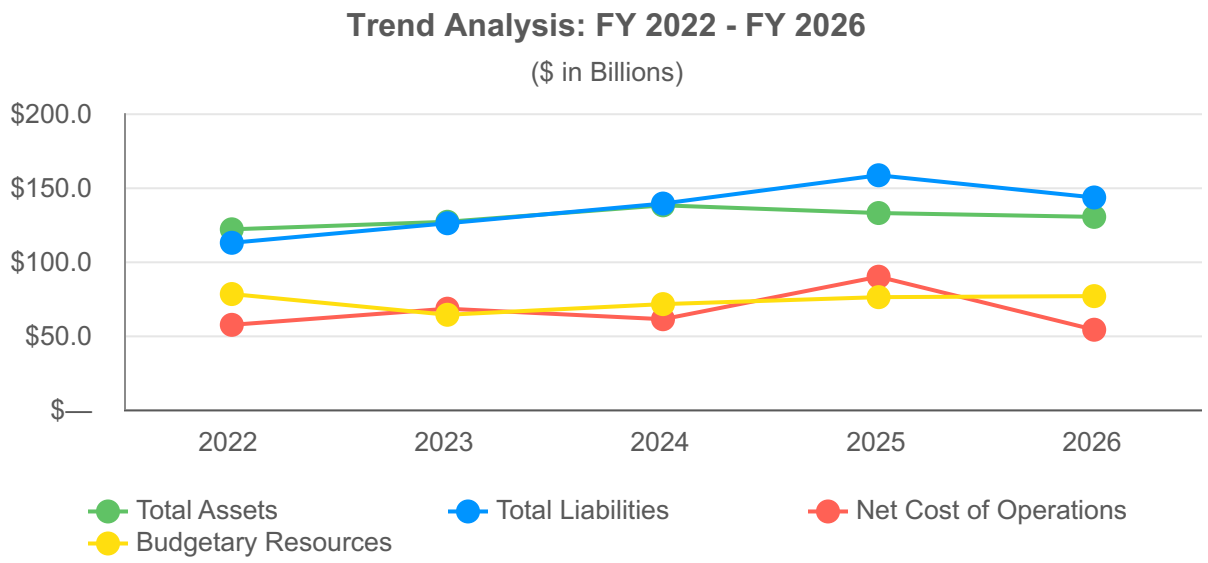
Over the past five years, the Department's continued focus has been on core programs, but with a renewed emphasis on financial stewardship and program effectiveness. With these changes, certain financial line items reflect changes to the Department's financial position.

See Figures 6 and 6.1 for significant changes in the financial statements from FY 2022 through FY 2026, along with the key drivers discussed below.

Figure 6: Summary of Selected Financial Data for Fiscal Years 2022 - 2026

(Dollars in Billions)	2026	2025	2024	2023	2022
Financial Position					
Total Assets	$ 130.0	$ 132.6	$ 137.8	$ 126.7	$ 121.6
Fund Balance with Treasury	19.4	18.8	17.5	21.8	25.3
Investments, Net	93.8	90.1	88.7	82.4	73.9
Accounts Receivable, Net	10.8	12.9	17.9	10.5	10.6
Advances and Prepayments	5.0	9.7	12.6	10.9	10.7
Property, Plant, and Equipment, Net	1.0	1.1	1.1	1.1	1.1
Total Liabilities	$ 143.1	$ 158.1	$ 139.0	$ 125.7	$ 112.5
Debt	21.4	28.2	35.4	38.2	46.1
Post-Employment Benefits Payable	6.8	8.2	6.6	6.5	4.8
Benefits Due and Payable	8.6	9.8	10.6	10.9	11.3
Other Liabilities: Energy Employees Occupational Illness Compensation Benefits	100.7	107.3	84.3	67.8	48.3
Remaining Liabilities	5.6	4.6	2.1	2.3	2.0
Net Cost of Operations					
Net Cost of Operations	$ 53.8	$ 89.6	$ 60.9	$ 68.0	$ 57.1
Income Maintenance	44.8	79.6	51.0	58.2	48.2
Employment and Training	6.3	7.0	6.8	6.8	6.2
Other	2.7	3.0	3.1	3.0	2.7
Budgetary Resources					
Total Budgetary Resources	$ 76.5	$ 75.8	$ 71.1	$ 63.9	$ 77.9
New Obligations and Upward Adjustments (Total)	71.4	70.5	66.2	58.3	70.4
Appropriations (Discretionary and Mandatory)	55.4	59.9	56.2	46.6	43.2
Agency Outlays, Net (Discretionary and Mandatory)	53.7	54.2	53.0	47.3	49.2

Figure 6.1: Trend Analysis: FY 2022 - FY 2026



Trend Analysis: Investments, Net

DOL holds a portfolio of Investments on the balance sheet. The majority of the total Investment portfolio falls under the Unemployment Trust Fund (UTF) – Non-Marketable category and consists of special-issue Treasury securities. The debt that Treasury issues specifically for federal trust funds, such as the UTF, Social Security, and Medicare. Unlike regular Treasury securities (T-bills, notes, and bonds), these are non-marketable: they cannot be bought or sold on the open market and instead function as an internal government accounting mechanism.

The FY 2026 Investments, Net balance of $93.8 billion, is made up primarily of UTF Special Issue Certificates of Indebtedness and U.S. Treasury Bonds of various maturity dates. The FY 2026 balance reflects a 26.9% increase ($19.9 billion) since FY 2022. DOL has increased their Special Issue U.S. Treasury Bond Holdings to invest unemployment-tax revenue that exceeds what's currently needed to pay benefit claims, as required by law. This is due to reduced unemployment levels resulting in lower benefit costs which are further offset by increased monies coming from state and employer contributions as states rebuild unemployment trust fund balances.

Trend Analysis: Intragovernmental Debt to Treasury (Debt)

DOL manages the Unemployment and Black Lung Disability Trust Funds. These debt balances with Treasury help the agency make payments and fluctuate year over year. Over the last five years, the Intragovernmental Debt to Treasury decreased by $24.7 billion or 53.6%. The Department of Labor's Intragovernmental debt has consistently declined, driven almost entirely by the UTF paying down repayable advances as states recover from pandemic-era unemployment demand and rebuild unemployment trust fund balances. The magnitude of the decrease has been substantial and fairly consistent from FY 2022 to FY 2026.

Trend Analysis: Other Liabilities, Energy Employees Occupational Illness Compensation (EEOIC) Benefits

The Department of Labor's Office of Workers' Compensation Programs (OWCP) is responsible for administering federal workers' compensation programs to those who suffer work-related injuries or occupational diseases. They play a pivotal role in providing benefits to nuclear industry workers who develop illnesses related to radiation exposure. The FY 2026 liability for EEOIC Benefits of $100.7 billion accounts for 69.9% of Department liability and has increased by 108.5% since FY 2022. This increase is primarily driven by a combination of higher claim volumes, expanded eligibility criteria, and increased medical costs. This liability has grown over the five-year period. The driver is consistent across all years, as

rising home health care costs, medical expenses, and inflation feed into OWCP's actuarial liability estimates for the EEOIC program.

Social Insurance and 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, 2026 valuation date, the rolling 25-year projection period ends September 30, 2051.

For the five years presented in the SOSI, the open group measure at the 2022 measurement date declined overall from a positive $792.0 million as of September 30, 2022 to a negative $(520.7) million as of September 30, 2026. Over the five-year presentation of the SOSI, the open group measure has primarily been affected by changes in the assumptions about coal excise tax revenues. 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.

- 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 affect the assumptions that DOL uses in its estimates and how the SOSI and its disclosures are recognized and/or presented.

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, 2025, and 2026. 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 implementation of the proposed rule 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 FY 2025 financial statements were published after April 8, 2026.

EPA's rulemaking process to repeal the emissions standards was completed on September 14, 2026 and the final rule was published in the Federal Register on September 17, 2026. Litigation on the final rule began September 17, 2026 in the U.S. Court of Appeals for the District of Columbia Circuit (USCA) and is ongoing as of September 30, 2026. Litigation outcomes continue to cause uncertainty in the business environment of the coal industry. The SOSI as of September 30, 2026 and the SCSIA for the year then ended, continued to use the coal production projections from the April 8, 2026 EIA Annual Energy Outlook report.

Figure 7: Black Lung Disability Benefit Program - Table of Key Measures for FY 2026 and FY 2025

(Dollars in Millions)	2026	2025	Change Amount	Change Percent
Financial Position				
Total Assets	$ 322.5	$ 297.6	$ 24.9	8.4 %
Less: Total Liabilities	(7,392.4)	(7,157.1)	(235.3)	(3.3)%
Net Position (Assets net of Liabilities)	$ (7,069.9)	$ (6,859.5)	$ (210.4)	(3.1)%
Costs and Changes in Net Position				
Net Cost of Operations	$ (409.8)	$ (381.8)	$ (28.0)	(7.3)%
Net Financing Sources	199.4	158.6	40.8	25.7 %
Change in Net Position	$ (210.4)	$ (223.2)	$ 12.8	5.7 %
Social Insurance				
Open Group Measure, Beginning of Year	$ (573.0)	$ (912.7)	$ 339.7	37.2 %
Open Group Measure, End of Year	$ (520.7)	$ (573.0)	$ 52.3	9.1 %

The increase in total assets of $24.9 million [8.4%] was due to the higher Fund Balance with Treasury (FBWT). The BLDTF FBWT represents immediate needs to cover benefits and other expenses. The increase in net cost of operations of $28.0 million [7.3%] was due primarily to increases in benefits expenses. The FY 2026 net financing sources increased $40.8 million [25.7%] from FY 2025 primarily because of an increase in collections of coal excise taxes.

Total liabilities increased $235.3 million [3.3%] at the end of FY 2026. The BLDTF paid maturing debt and interest on September 30, 2026, but borrowed again on that date. The increase in the debt level is important because it demonstrates that although the BLDTF repaid debt of $3.8 billion on September 30, 2026, the debt level increased due

to additional borrowing of $3.75 billion and accrued interest of $3.63 billion on the zero-coupon bonds as of September 30, 2026.

As presented in the SCSIA, the FY 2026 open group measure increased by $52.3 million primarily because of changes in assumptions about beneficiaries, including costs, number, type age, and life expectancy of $187.2 million and changes in assumptions about interest rates of $38.3 million, offset by changes in assumptions about coal excise tax revenues of $(120.3) million and changes in assumptions about administrative costs of $(51.8) million.

In FY 2025, the open group measure increased by $339.8 million primarily because of changes in assumptions about coal excise tax revenues of $344.9 million.

The total of open group measure plus fund assets as of September 30, 2026 represents a projected net cash flow that may be used to liquidate the liabilities of the BLDTF. As of September 30, 2026, the open group measure plus fund assets is $(198.2) million as compared with $(275.4) million as of September 30, 2025; the improvement of $77.2 million is due to the increase in open group measure of $52.3 million and the increase in fund assets of $24.9 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, 2027 will be $4.2 billion, which will contribute to a higher debt level, and
- the carrying value of the debt as of September 30, 2026 is $7.4 billion, an increase of $236.2 million.

As of September 30, 2026, the fund deficit was $(7.1) billion, a decline in the fund's net position of $(210.4) 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 2026 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 2051.

Analysis of Systems, Controls, & Legal Compliance

Limitations of the Principal Financial Statements

As required by the Government Management Reform Act of 1994 (31 USC 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

The New Core Financial Management System (NCFMS) remains the Department of Labor's authoritative financial system of record and continues to advance the Office of the Chief Financial Officer's (OCFO) mission by delivering timely, accurate, and reliable financial information that supports sound financial stewardship and accountability. As the backbone of DOL's financial, budget, and accounting operations, NCFMS enables a full suite of critical activities, ranging from budget execution and invoice processing to accounts receivable, general ledger management, fixed asset accounting, project accounting, and enterprise-wide financial reporting. Through its integrated architecture and adaptable design, the system provides the transparency, precision, and operational efficiency necessary to support DOL's evolving mission and regulatory requirements.

In FY 2026, DOL continued to modernize and strengthen NCFMS through its established Change Control Board process, ensuring that system enhancements align with operational needs and government-wide mandates. As part of this modernization, DOL implemented requirements associated with Executive Order 14222 by embedding invoice justification controls directly within NCFMS. This improvement eliminated the need for a separate invoice review application, improved accountability, and enhanced data integrity through new mandatory justification and approval fields integrated into the workflow. Additionally, DOL deployed MuleSoft integrations to support Treasury's G-Invoicing solution, enabling more efficient management of intragovernmental transactions and reinforcing compliance with federal financial standards. DOL also completed the upgrade to Kofax MarkView 10.4, resolving system issues and ensuring continued reliability of the Department's invoice processing capabilities. NCFMS further demonstrated its operational resilience by supporting all Department of Education grant programs administered throughout DOL and meeting all required statutory timelines.

Consistent with Executive Order directives and guidance from the OMB, DOL continued to collaborate closely with Treasury's Financial Management Quality Service Management Office (FM QSMO) to align NCFMS within the federal marketplace for financial systems and services. As part of this effort, the Department conducted a recompete of the NCFMS Operations and Maintenance Support contract, set to expire on September 30, 2026, through the FM QSMO acquisition framework, reinforcing alignment with government-wide financial modernization and shared service expectations.

Looking ahead to FY 2027, DOL plans to further modernize NCFMS by initiating the integration of Go.gov to support the Department's transition from its current E2 Travel system. Go.gov will serve as the government-standard travel and expense management platform, and DOL is targeting full deployment by April 2027. Concurrently, NCFMS system interfaces will be upgraded from XML to the more modern JSON standard in preparation for Treasury's planned decommissioning of XML services. In accordance with Executive Order 14249, DOL will also enhance its systems to support the Do Not Pay batch match process and Tax Identification Number verification. In addition, the Department is evaluating the implementation of Treasury's G-Invoicing 7600EZ and Constructive Order Acceptance capabilities to further strengthen intragovernmental transaction processing and compliance.

Management Assurances

Federal Managers' Financial Integrity Act of 1982

The 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 (FFMIA) of 1996

The 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 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, 2026.

Federal Financial Management Improvement Act of 1996

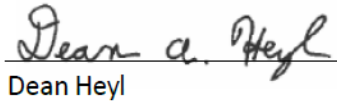
The Federal Financial Management Improvement Act of 1996 (FFMIA) requires agencies to implement and maintain financial management systems that are substantially in compliance with Federal financial management systems requirements, Federal accounting standards, and the United States Government Standard General Ledger at the transaction level. All DOL financial management systems substantially comply with FFMIA as of September 30, 2026.



Keith Sonderling
Secretary of Labor



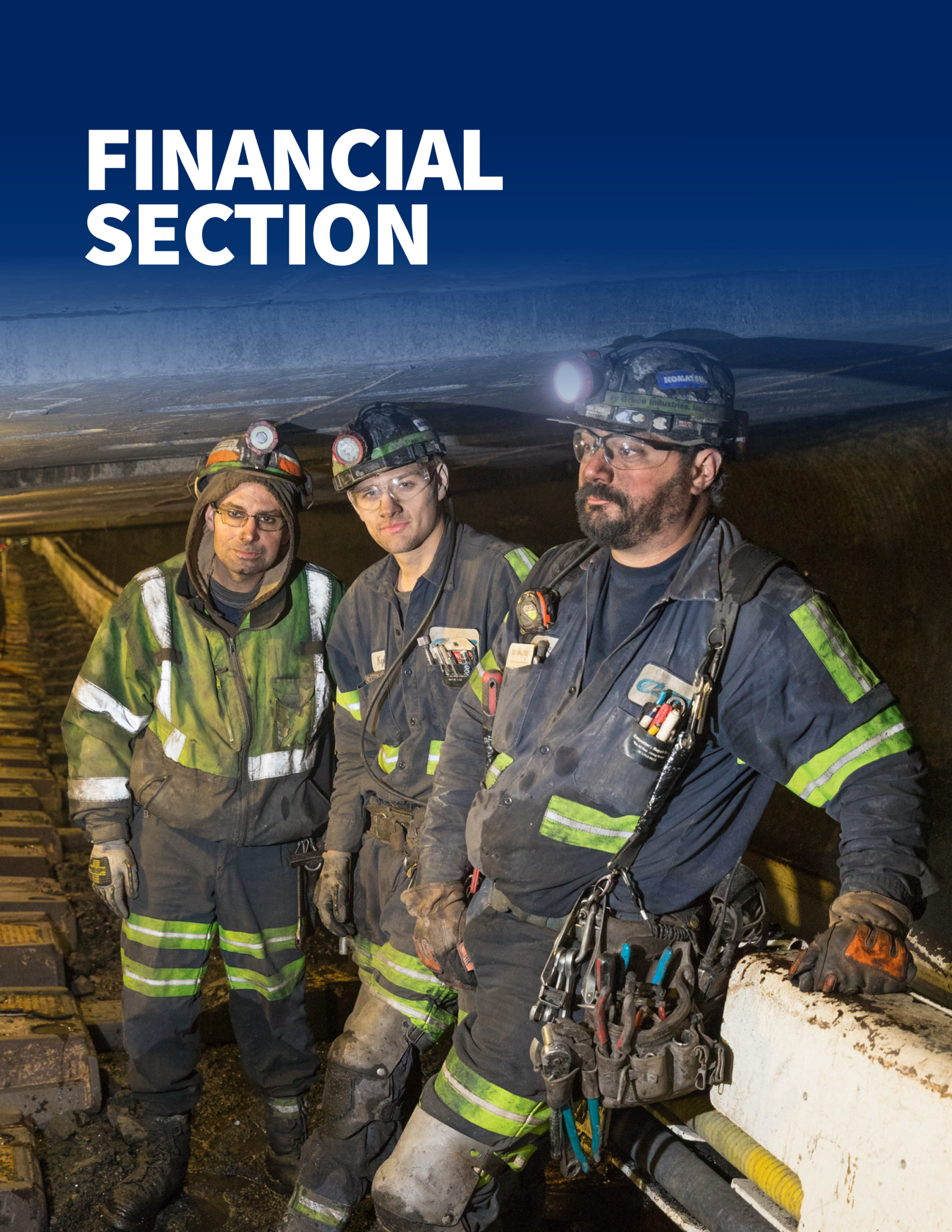
David Castillo
Chief Financial Officer



Dean Heyl
Assistant Secretary for Administration and Management

November 13, 2026

FINANCIAL SECTION

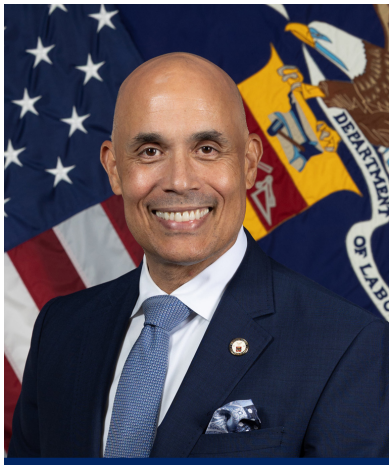


Message from the Chief Financial Officer

I am pleased to present the Department of Labor's (DOL) Fiscal Year (FY) 2026 AFR. The AFR provides financial and high-level program performance information to enable the Department's stakeholders to understand and evaluate our achievements relative to our mission and resources.

The Department continues its commitment to operational excellence, with a focus on providing outstanding service to our customers. This includes providing the public with highlights of our performance and detailed financial information. This report fulfills several statutory requirements, including the Reports Consolidation Act of 2000, the Chief Financial Officers Act, the FMFIA, and the Government Management Reform Act.

The AFR is our fiscal report card to the American people, showing this administration's unwavering commitment to fiscal integrity and respecting your tax dollars. Our goal is simple: eliminate waste, root out fraud, and deliver highly efficient and effective operations that protect taxpayer funds.



David B. Castillo
Chief Financial Officer
Department of Labor

OCFO'S MISSION:
"The Office of the 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."

Advancing Corrective Actions and Tightening Oversight
After five years of modified opinions on our consolidated financial statement, DOL received an unmodified opinion in FY 2026. Upon assuming the role as the Chief Financial Officer, my top priority was to address the findings raised in previous audits and return the Department to a clean audit. We have achieved that goal, and I am incredibly proud of the work done across the Department to deliver this result. More information regarding the FY 2026 audit opinion can be found in the *Independent Auditors' Report* of this AFR.

Implementing Administration Priorities
Throughout FY 2026, OCFO and the Department fully implemented several of the President's priority Executive Orders and initiatives, to include:

Executive Order 14247: *Modernizing Payments to and From America's Bank Account*: In a significant initiative to upgrade the nation's financial infrastructure, the OCFO led a collaborative effort with the U.S. Department of the Treasury. This modernization is a major win for the American people, delivering the following key outcomes:

- Eliminating Waste: Streamlining processes to cut unnecessary costs.
- Improving Fiscal Integrity: Enhancing the security and accountability of public funds.
- Modernizing Government Technology: Upgrading systems to be more efficient and resilient.
- Providing Faster, More Reliable Financial Services: Ensuring timely and dependable delivery of payments.

Executive Order 14249: *Protecting America's Bank Account Against Fraud, Waste, and Abuse:* OCFO took decisive action to ensure DOL met the requirements of this EO. As of the end of FY 2026, the DOL has achieved full compliance with the Do Not Pay requirements and has begun implementing processes to ensure that Federal payments are screened through the pre-payment verification process. These enhanced safeguards strengthen the Department's ability to detect and prevent improper payments, reduce the risk of fraud, waste, and abuse, and protect taxpayer resources.

Taking on Risk Effectively and Efficiently
The OCFO has made it a priority to eliminate communication silos across DOL. In partnership with Secretary Sonderling and Assistant Secretary for Administration and Management, DOL revitalized its Enterprise Risk Management Council. The Council provides a forum for agency leadership to come together, share information and best practices, and ensure we are assessing risk consistently. To strengthen our financial management community, OCFO reinstituted the CFO Advisory Council to support the delivery of timely, accurate, and reliable financial information to decision makers.

Looking Ahead
As we look to the future, OCFO will continue to prioritize financial stewardship, innovation, and service excellence. Additionally, OCFO will embark on many key projects in FY 2027.

- OCFO will lead the implementation of Go.gov platform, which will simplify the travel experience while enhancing internal controls through process automation, improved reporting and stronger data.
- OCFO will continue to strengthen controls and oversight at DOL through supporting agencies with training outreach to optimize financial business processes and advance the President's Management Agenda priorities of eliminating waste, ensuring accountability and delivering results.
- OCFO will continue to work closely with the Financial Management Marketplace, administered by the Financial Management Quality Service Management Office, to conduct a comprehensive assessment of potential modernization pathways for a future DOL-wide replacement of our core financial management system, New Core Financial Management System (NCFMS).

I am grateful to the dedicated professionals across OCFO and the Department of Labor for their commitment to excellence and to putting American workers first. Together, we will continue to advance the Department's mission and deliver for the American people.



David B. Castillo
Chief Financial Officer
November 13, 2026

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

Independent Auditors' Report

Secretary and Inspector General
United States Department of Labor:

Report on the Audit of the Financial Statements

Opinions

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, 2026, 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, 2026, 2025, 2024, 2023, and 2022, the statements of changes in social insurance amounts for the years ended September 30, 2026 and 2025, and the related notes to the sustainability financial statements.

In our opinion, 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, 2026, and its net cost and 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, 2026, 2025, 2024, 2023, and 2022, and its changes in social insurance amounts for the years ended September 30, 2026 and 2025 in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

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 audit opinions.

KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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 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, 2026, 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*.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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, 2026 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.

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
November 13, 2026

Annual Financial Statements

Principal Financial Statements and Notes

Principal Financial Statements Included in this Report

The principal financial statements included in this report have been 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 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 principal financial statements.

The Department's principal financial statements as of and for the year ended September 30, 2026, consist of the following:

- The **Consolidated Balance Sheet**, which presents as of September 30, 2026, 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, 2026. DOL's net cost of operations include the gross costs 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, 2026.
- The **Combined Statement of Budgetary Resources**, which presents for the year ended September 30, 2026 the (1) budgetary resources available to DOL, (2) status of these resources, and (3) net outlays of budgetary resources.
- The **Statements of Social Insurance**, which present 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 BLDTF as of September 30, 2026, 2025, 2024, 2023, and 2022.
- 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, 2026 and 2025, 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, 2026

(Dollars in Thousands)

	2026
Assets (Note 7)	
Intragovernmental	
Fund Balance with Treasury (Notes 1-C and 2)	$ 19,372,093
Investments, Net (Notes 1-D and 3)	93,767,591
Accounts Receivable, Net (Notes 1-E and 4)	5,568,713
Advances and Prepayments (Notes 1-G and 6)	25,764
Total Intragovernmental	118,734,161
With the Public	
Accounts Receivable, Net (Notes 1-E and 4)	5,260,656
Property, Plant, and Equipment, Net (Notes 1-F and 5)	978,604
Advances and Prepayments (Notes 1-G and 6)	5,002,117
Total With the Public	11,241,377
Total Assets	$ 129,975,538
Land and Heritage Assets (Notes 1-F and 5)	
Liabilities (Notes 1-I and 12)	
Intragovernmental	
Accounts Payable	$ 374,524
Debt (Notes 1-J and 8)	21,403,321
Advances From Others and Deferred Revenue (Note 1-K)	3,557,638
Other Liabilities (Notes 1-N.1 and 9)	200,677
Total Intragovernmental	25,536,160
With the Public	
Accounts Payable	55,472
Federal Employee Salary, Leave, and Benefits Payable (Note 1-L.1)	182,595
Post-Employment Benefits Payable (Notes 1-L.2 and 11)	6,828,360
Environmental and Disposal Liabilities	29,438
Benefits Due and Payable (Notes 1-M and 10)	8,577,617
Advances from Others and Deferred Revenue (Note 1-K)	54
Other Liabilities (Note 1-N.2 and 9)	
Energy Employees Occupational Illness Compensation Benefits (Note 1-N)	100,720,759
Accrued Grant Liabilities	1,053,720
Other (Note 9)	121,500
Total With the Public	117,569,515
Total Liabilities	143,105,675
Contingencies (Note 13)	
Net Position (Note 1-R)	
Unexpended Appropriations - Funds From Other Than Dedicated Collections	11,024,202
Total Unexpended Appropriations	11,024,202
Cumulative Results of Operations - Funds From Dedicated Collections (Note 21)	74,353,401
Cumulative Results of Operations - Funds From Other Than Dedicated Collections	(98,507,740)
Total Cumulative Results of Operations	(24,154,339)
Total Net Position	(13,130,137)
Total Liabilities and Net Position	$ 129,975,538

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

CONSOLIDATED STATEMENT OF NET COST

For the Fiscal Year Ended September 30, 2026

(Dollars in Thousands)

	2026
Net Cost of Operations (Notes 1-S And 15)	
Crosscutting Programs	
Income Maintenance	
Gross Costs	$ 48,390,552
Less: Earned Revenue	(3,599,551)
Net Program Costs	44,791,001
Employment and Training	
Gross Costs	8,512,728
Less: Earned Revenue	(2,184,859)
Net Program Costs	6,327,869
Labor, Employment, and Pension Standards	
Gross Costs	799,253
Less: Earned Revenue	(11,833)
Net Program Costs	787,420
Worker Safety and Health	
Gross Costs	1,059,157
Less: Earned Revenue	(5,044)
Net Program Costs	1,054,113
Statistics	
Gross Costs	705,677
Less: Earned Revenue	(27,629)
Net Program Costs	678,048
Costs Not Assigned to Programs	
Gross Costs Not Assigned to Programs	150,789
Less: Earned Revenue Not Attributable to Programs	(29,545)
Net Costs Not Assigned to Programs	121,244
Net Cost of Operations	$ 53,759,695

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

CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION

For the Fiscal Year Ended September 30, 2026

(Dollars in Thousands)

	2026		
	Funds From Dedicated Collections (Note 21)	Funds From Other than Dedicated Collections	Total
Unexpended Appropriations (Note 1-T):			
Beginning Balance	$ —	$ 11,220,409	$ 11,220,409
Appropriations Received (Note 18-F)	—	14,540,832	14,540,832
Appropriations Transferred In/Out	—	(6,637)	(6,637)
Other Adjustments	—	(2,015,543)	(2,015,543)
Appropriations Used	—	(12,714,859)	(12,714,859)
Net Change in Unexpended Appropriations	$ —	$ (196,207)	$ (196,207)
Total Unexpended Appropriations	$ —	$ 11,024,202	$ 11,024,202
Cumulative Results of Operations (Notes 1-S and 1-U):			
Beginning Balance	$ 67,887,595	$ (104,565,469)	$ (36,677,874)
Adjustments			
Changes in Accounting Principles (Note 1-B)	—	(95,270)	(95,270)
Beginning Balance, as Adjusted	$ 67,887,595	$ (104,660,739)	$ (36,773,144)
Appropriations Used	—	12,714,859	12,714,859
Non-Exchange Revenue (Note 16)	53,459,846	4,323	53,464,169
Transfers In/Out without Reimbursement (Note 17)	(4,625,933)	4,859,392	233,459
Imputed Financing	3,032	181,081	184,113
Other	—	(218,100)	(218,100)
Net Cost of Operations	(42,371,139)	(11,388,556)	(53,759,695)
Net Change in Cumulative Results of Operations	$ 6,465,806	$ 6,152,999	$ 12,618,805
Total Cumulative Results of Operations	$ 74,353,401	$ (98,507,740)	$ (24,154,339)
Net Position	$ 74,353,401	$ (87,483,538)	$ (13,130,137)

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

COMBINED STATEMENT OF BUDGETARY RESOURCES

For the Fiscal Year Ended September 30, 2026

(Dollars in Thousands)

	2026
Budgetary Resources (Note 18)	
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	$ 9,548,726
Appropriations (Discretionary and Mandatory)	55,363,175
Borrowing Authority (Discretionary and Mandatory)	226,986
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	11,343,378
Total Budgetary Resources	$ 76,482,265
Status of Budgetary Resources	
New Obligations and Upward Adjustments (Total)	$ 71,389,545
Unobligated Balance, End of Year	
Apportioned, Unexpired Accounts	3,578,846
Exempt from Apportionment, Unexpired Accounts	4,680
Unapportioned, Unexpired Accounts	147,455
Unexpired Unobligated Balance, End of Year	3,730,981
Expired Unobligated Balance, End of Year	1,361,739
Unobligated Balance, End of Year (Total)	5,092,720
Total Budgetary Resources	$ 76,482,265
Outlays, Net	
Outlays, Net (Total) (Discretionary and Mandatory)	$ 54,915,335
Distributed Offsetting Receipts (-)	(1,224,550)
Agency Outlays, Net (Discretionary and Mandatory)	$ 53,690,785

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

STATEMENTS OF SOCIAL INSURANCE

As of September 30, 2026, 2025, 2024, 2023, and 2022

(Dollars in Thousands)

	2026	2025	2024	2023	2022
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	$ 1,333,156	$ 1,377,640	$ 1,332,784	$ 1,338,835	$ 2,381,705
Less the Present Value of Estimated Future Administrative					
Costs During the Projection Period	863,278	829,992	904,933	784,171	852,463
Less the Actuarial Present Value of Future Benefit					
Payments to Disabled Coal Miners and Dependent					
Survivors During the Projection Period	761,089	847,651	936,084	849,625	1,056,547
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]	(291,211)	(300,003)	(508,233)	(294,961)	472,695
New Participants					
Present Value of Estimated Future Excise Tax					
Income During the Projection Period	1,005,714	1,221,680	1,047,187	1,009,998	1,587,803
Less the Present Value of Estimated Future Administrative					
Costs During the Projection Period	651,244	736,030	711,019	591,568	568,308
Less The Actuarial Present Value of Future Benefit					
Payments to Disabled Coal Miners and Dependent					
Survivors During the Projection Period	583,960	758,620	740,682	651,201	700,166
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	(229,490)	(272,970)	(404,514)	(232,771)	319,329
Current and New Participants (Open Group)					
Present Value of Estimated Future Excise Tax					
Income During the Projection Period	2,338,870	2,599,320	2,379,971	2,348,833	3,969,508
Less the Present Value of Estimated Future Administrative					
Costs During the Projection Period	1,514,522	1,566,022	1,615,952	1,375,739	1,420,771
Less the Actuarial Present Value of Future Benefit					
Payments to Disabled Coal Miners and Dependent					
Survivors During the Projection Period	1,345,049	1,606,271	1,676,766	1,500,826	1,756,713
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]	$ (520,701)	$ (572,973)	$ (912,747)	$ (527,732)	$ 792,024
Trust Fund Net Position Deficit at Start					
Of Projection Period (Note 1-W and 21)	$ (7,069,897)	$ (6,859,500)	$ (6,636,295)	$ (6,355,609)	$ (6,261,393)

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

STATEMENTS OF SOCIAL INSURANCE - Continued

As of September 30, 2026, 2025, 2024, 2023, and 2022

(Dollars in Thousands)

	2026	2025	2024	2023	2022
BLACK LUNG DISABILITY BENEFIT PROGRAM (Notes 1-W and 1-Y)					
Summary Section					
Closed Group Measure	$ (291,211)	$ (300,003)	$ (508,233)	$ (294,961)	$ 472,695
Add: Fund Balance with Treasury and Receivables from					
Benefit Overpayments (Note 21)	322,501	297,568	290,172	311,498	304,571
Total of Closed Group Measure Plus Fund Assets (Note 1-W)	$ 31,290	$ (2,435)	$ (218,061)	$ 16,537	$ 777,266
Open Group Measure	$ (520,701)	$ (572,973)	$ (912,747)	$ (527,732)	$ 792,024
Add: Fund Balance with Treasury and Receivables from					
Benefit Overpayments (Note 21)	322,501	297,568	290,172	311,498	304,571
Total of Open Group measure Plus Fund Assets (Note 1-W)	$ (198,200)	$ (275,405)	$ (622,575)	$ (216,234)	$ 1,096,595

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

STATEMENTS OF CHANGES IN SOCIAL INSURANCE AMOUNTS

For the Years Ended September 30, 2026 and 2025

(Dollars in Thousands)

	2026	2025
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	$ (572,973)	$ (912,747)
Changes in The Assumptions about Beneficiaries, Including		
Costs, Number, Type, Age and Life Expectancy	187,183	(30,020)
Changes in Assumptions about Coal Excise Tax Revenues	(120,258)	344,850
Changes in Assumptions about Federal Civilian Pay Raises for Income Benefits	3,301	(6,534)
Changes in Assumptions about Medical Cost Inflation for Medical Benefits	(4,513)	21,764
Changes in Assumptions about Administrative Costs	(51,752)	(38,185)
Changes in Assumptions about Interest Rates	38,311	47,899
Net Change In Open Group Measure	52,272	339,774
Open Group Measure, End of Year	$ (520,701)	$ (572,973)

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
- 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 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 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, Coronavirus State and Local Fiscal Recovery Funds (Fiscal Recovery Funds or SLFRF), section 9901, 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. (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 LHWCA 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 DCWCA 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 authorized by the Workforce Innovation and Opportunity Act (WIOA) and other services for the economically disadvantaged and others, designed to lead to permanent gains in employment, through grants to states and other organizations.

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 (FPUC) (also known as the Federal Additional Unemployment Compensation), includes funds appropriated under the CARES Act for 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 also provides 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.

FECA 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 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 on June 7, 2022; only claims postmarked on and before June 10, 2024 were filed and adjudicated. P.L. 119-21, One Big Beautiful Bill Act (OBBBA), was enacted July 4, 2025 and reauthorized the RECA program; claims must be filed by December 31, 2027.

Special Benefits for Disabled Coal Miners was established under the Federal Coal Mine Safety and Health Act (FCMSHA) to pay benefits to coal miners disabled from pneumoconiosis and to their widows, and certain other dependents. Part B of the (FCMSHA) 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 Order (EO)s 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 have entered into interagency agreements (IAAs) as authorized by 20 U.S.C. § 1231(a) and 31 U.S.C. § 1501 and The Economy Act (31 U.S.C. § 1535), which permits Federal agencies to purchase goods or services from other Federal agencies. ED and DOL have appropriately recorded financial transactions consistent with an expenditure transfer carried out under the Economy Act in accordance with OMB Circular A-11. Under the IAAs, DOL provides 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). Under the same authority, ED and DOL also entered into IAAs with the Office of Elementary and Secondary Education (OESE) and the Office of Postsecondary Education (OPE) to provide administrative services for K-12 and post-secondary education grant programs, respectively. Administrative services include recording grant obligations; using GrantSolutions and 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 IAAs, ED advances funds to DOL to cover the ED grant obligations. ED continues to be responsible for the financial reporting of the grant programs. (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. 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.

Effective October 1, 2025, DOL implemented the requirements of SFFAS 59, "Accounting and Reporting of Government Land." Among other things, SFFAS 59 required

- derecognition of land in Property, Plant, and Equipment, net;
- a note reference on the balance sheet that discloses information about land without an asset dollar amount;
- reporting the cumulative effect of a change in accounting principle as an adjustment to the October 1, 2025 beginning balance of net position in accordance with SFFAS 21, "Reporting Correction of Errors and Changes in Accounting Principles, Amendment of SFFAS 7, Accounting for Revenue and Other Financing Sources";
- prospective treatment of land purchases as expenses beginning in FY 2026; and
- reporting acreage and other disclosures as part of basic information in the notes.

In FY 2026, DOL presents its financial statements for a single fiscal year, as of and for the year ended September 30, 2026, except for the Statements of Social Insurance, Statements of Changes in Social Insurance Amounts, and related note 1-W. Similarly, DOL presents for the single fiscal year, selected information in Management's Discussion and Analysis and the Required Supplementary Information for the Combining Statement of Budgetary Resources. (Note 1-AA.)

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: 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. (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. (Note 3)

E. Accounts Receivable, Net

Accounts receivable, net consist of intragovernmental amounts due to DOL, as well as amounts with the public. (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. (Note 1-Y)

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	—
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 ended and assessments for embedded leases began in FY 2026 for existing and new/modified contracts. As of September 30, 2026, there were no embedded lease 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. (Note 5)

As disclosed in Note 1.B, DOL implemented the requirements of SFFAS 59, "Accounting and Reporting of Government Land," effective October 1, 2025. The majority of DOL's land is used as general-purpose PP&E to operate the Job Corps program and 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 treated as expenses on the Statement of Net Cost effective in FY 2026.

29 U.S.C. § 3249 authorizes the Secretary of Labor to purchase, lease, or dispose of real property for the Job Corps program. Criteria for determining excess land are, among other things, unused land that continues to incur maintenance costs and land that is not contiguous with other Job Corps Center campus property. After OJC determines that land is excess property, OJC uses the GSA as the disposal agent. GSA conducts multiple screening efforts to determine interest from Federal, local, state, and nonprofit agencies, but Federal agency interest takes priority. If there is no interest after the screening efforts, then GSA sells the land at public auction, deducts its costs from the proceeds, and sends the net proceeds to DOL; 29 U.S.C. § 3208(g) authorizes DOL to use proceeds from GSA public auctions of OJC land to carry out the Job Corps program.

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. (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. (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. (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, 2026 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 U.S.C. § 1105(d)). The authority for these advances was available in FY 2026 through one partial-year continuing resolution (P.L. 119-37) and a full-year appropriation (P.L. 119-75). The FUA's repayable advances bear interest rates of 1.625 and 1.75 percent as of September 30, 2026. The EUCA's repayable advances bear an interest rate of 1.625 percent as of September 30, 2026. 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. (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; 14 discounted instruments remain outstanding as of September 30, 2026, bearing interest rates from 4.194 to 4.543 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, 2026 (due September 30, 2027) bearing an interest rate of 4.628 percent; the BLDTF paid the interest and principal that were due on September 30, 2026. (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 IAAs for DOL's performance of administrative services. (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. (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 2026 methodology for averaging the COLA rates used OMB-provided rates.

The FY 2026 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 2026 are presented in the table below:

FY	2026 COLA	2026 CPI-M
2027	4.23%	2.78%
2028	3.31%	2.92%
2029	2.71%	3.52%
2030	2.52%	3.71%
2031	2.41%	3.88%
2032	2.31%	3.86%
2033	2.21%	3.86%
2034	2.20%	3.86%
2035	2.20%	3.86%
2036 and thereafter	2.20%	3.86%

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. In FY 2026, the average durations for income payments and medical payments were 14.4 and 7.5 years, respectively. Based on averaging the TNC Yield Curves for the current year and the prior four years, in FY 2026 the interest rate assumptions for income payments and medical payments were 3.857and 3.578 percent, respectively.

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. In FY 2026, the methodology was refined to reflect the ARP Act September 30, 2030 statutory limit for payments.

In FY 2026, 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.

DOL uses the U.S. Central Command budget, Middle East Current Operations costs (the FY 2026 methodology adjusted for the increased war activity post budget), 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 2026, separate estimation methodologies were used for WHCA claims administered directly by OWCP versus WHCA insurance carrier reimbursement cases. Liability for WHCA claims administered directly by OWCP uses the FECA Case Reserve Model (CRM) methodology. Liability for WHCA insurance carrier reimbursement claims is estimated by the Loss Development Method which uses a triangle-based approach. The Loss Development Method utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. Both the FECA CRM and the Loss Development methods use inflation rate assumptions on both past and future indemnity and medical benefits to adjust past data and project forward.

In FY 2026, for the other non-billable non-WHCA projected liability, DOL continued to use the FECA CRM.

The total discounted non-billable liability is $6.6 billion as of September 30, 2026 and reflects higher payments for WHCA cases, refining the methodology for the ARP Act statutory limit, and higher interest rates used for discounting the liabilities. (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. (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 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, 2026 result from activity for the obligations and unpaid expenditures still outstanding as of September 30, 2025.

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 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 for a 100 percent Federal funding of extended benefits through December 2009. This 100 percent Federal funding provision, which was extended several times, 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 ARP Act, Section 4016, "Eligibility for Workers' Compensation Benefits for Federal Employees Diagnosed with COVID-19," mandated that the Fund assume an unreimbursed liability for approved claims of certain covered employees for injuries proximately caused by exposure to COVID-19 while performing official duties during the covered exposure period. Section 4016 claims must be approved on or after March 12, 2021 and cover benefits for disability compensation and medical services and survivor benefits. No benefits or administrative costs related to those benefits may be paid after September 30, 2030. Claims for COVID-19 diagnosed after January 27, 2023 are billable to other Federal agencies.

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

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, 2026:

Type of Compensation Assumption	2026
Average duration	11.5 years
Interest rate used in discounting	3.653 %

The table below presents assumptions used for the medical liabilities as of September 30, 2026:

Type of Medical Assumption	2026
Average duration	21.0 years
Interest rate used in discounting	4.201 %
Medical inflation in 2027	8.1 %
Medical inflation in 2028	6.6 %
Medical inflation in 2029	6.6 %
Medical inflation in 2030	6.6 %
Medical inflation in 2031	6.6 %
Medical inflation in 2032 and thereafter	6.6 %
Mortality Table	PRI-2012 Male Disabled Retiree

The table below summarizes the compensation and medical liabilities as of September 30, 2026:

Summary of Compensation and Medical Liabilities	2026
Compensation Liability, Undiscounted	$11.4 billion
Medical Liability, Undiscounted	$193.7 billion
Total Compensation and Medical Liability, Undiscounted	$205.1 billion
Compensation Liability, Discounted	$8.0 billion
Medical Liability, Discounted	$92.7 billion
Total Compensation and Medical Liability, Discounted	$100.7 billion

As of September 30, 2026, the sum of compensation and medical liabilities on an undiscounted and discounted basis was $205.1 billion and $100.7 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 a five-year average produces estimates based on longer term historical trends instead of conditions that exist in any single year. DOL selects the point on the yield curve that corresponds to the average duration that discounts projected payments to present value. A separate duration is assumed for compensation payments and for 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 the projections as of September 30, 2026, the assumptions for medical inflation rates are based on the average expected unit cost, utilization, and intensity increases for FYs 2027 through 2031. Assumptions for medical inflation rates for FYs 2032 and later are based on longer-term expectations for medical inflation.

During FY 2026, OWCP engaged with a Pharmacy Benefits Administrator that will start administering pharmacy claims in FY 2027, which is expected to result in a one-time reduction in pharmacy claim reimbursement rates during that year.

The discounted total liability as of September 30, 2026 reflects lower medical payments in FY 2026, resulting in lower projections of future medical payments; the one-time reduction in pharmacy claim reimbursement rates in FY 2027; higher discount rates, which have the inverse effect of reducing the discounted value of the liability; offset by higher projections for Part E awards and other factors.

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.

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 FY2026, DOL's matching contributions to the FEHBP and FEGLIP were $142.0 million and $2.9 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 $105.7 million in FY 2026. (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 FY 2026 percentages of employee contribution/withholding and DOL contribution under FERS, FERS RAE, and FERS FRAE are presented in the table below.

Type of contribution in FY 2026	FERS	FERS	FERS
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 FY 2026 matching contributions were $143.7 million.

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 $24,500 per year of their gross pay to the TSP during calendar year 2026, but there is no departmental matching contribution. FERS participants may contribute up to $24,500 per year of their gross pay to the TSP during calendar year 2026. For calendar year 2026, CSRS and FERS participants aged 50 to 59 and 64 years or older may also contribute an additional $8,000 in "catch-up" contributions, respectively. For calendar year 2026, the catch-up contribution limit is $11,250 per year for ages 60 to 63. There is no departmental matching of "catch-up" contributions for CSRS participants. For eligible FERS participants, contributions in excess of the calendar year 2026 $24,500 limit 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. (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. (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 (SNC) and are offset by imputed financing sources in the Consolidated Statement of Changes in Net Position (SCNP). Such imputed costs relate to OPM-provided employee pensions and other retirement benefits. (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. (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. (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. (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. (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. (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 coal sold 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. (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 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 2026 was due on September 30, 2026; 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. (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. (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. (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. (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 2022

On June 30, 2022, the U.S. Supreme Court (SCOTUS) ruled that the Environmental Protection Agency lacked the statutory authority to regulate power plants' carbon emissions according to the system that was required by the Clean Power Plan (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 Affordable Clean Energy (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 and thereafter.

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 became 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 that were 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.

FY 2026

In October 2025, the EPA requested and was granted an extension for filing its October 2025 status report. EPA filed status reports every 90 days, with the most recent report on August 26, 2026 and the next status report due on November 24, 2026; the abeyance continues. EPA's rulemaking process was completed on September 14, 2026 and the final rule was published in the Federal Register on September 17. Litigation on the final rule began September 17, 2026 and is ongoing as of September 30, 2026. To adjust the projections of coal production for short-term effects, management used EIA reports published in August 2026.

The estimated future excise taxes continued to use, among other things, assumptions based on EIA projections of coal production in the report published April 8, 2026. DOL continued to use the coal production projections which treat the June 2025 proposed rule as a final rule that is implemented. This is consistent with the issuance of EPA's final rule on September 14, 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 2022 through 2026, 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 2022, projections for the number of new participants decreased. Refinements to the model included, 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 were 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 included, 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.

In FY 2026, projections for the number of new participants decreased. In FY 2026, management expanded the pharmacy benefit program being used in the FECA program to include the claimants covered by the BLDTF, leading to lower estimated average pharmacy costs.

For the SOSI with a valuation date as of September 30, 2026, the future income benefit rate (annualized for the fiscal year), increases 0.3 percent in FY 2027, 2.5 percent in FY 2028, 3.7 percent in FYs 2029 through 2036, 2.6 percent in FY 2037 and 2.0 percent thereafter. For medical treatment, future costs decrease 17.1 percent in FY 2027, where the 17.1 percent is the decrease in overall average medical cost per claimant, which includes adopting the pharmacy benefit program, and increase 4.5 percent in FY 2028 and thereafter. For medical diagnostic exams, future costs increase 11.2 percent in FY 2027 and increase 3.5 percent in FY 2028 and thereafter.

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 2026 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	11.5 years	4.88%
Administrative costs	12.7 years	5.00%
Income benefit payments	11.0 years	4.88%
Medical benefit payments	11.6 years	4.88%

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	10.6 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%

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 $(7.07) billion, the amount of the trust fund net position deficit at the start of the projection period, September 30, 2026.

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 2026 open group measure increased by $52.3 million primarily because of the changes in the assumptions about beneficiaries, including costs, number, type age, and life expectancy of $187.2 million and changes in assumptions about interest rates of $38.3 million, offset by changes in assumptions about coal excise tax revenues of $(120.3) million and changes in assumptions about administrative costs of $(51.8) million.

In FY 2025, the open group measure increased by $339.8 million primarily because of changes in assumptions about coal excise tax revenues of $344.9 million.

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, 2026, the open group measure plus fund assets is $(198.2) million whereas the BLDTF debt and interest maturing on September 30, 2027 are $4.2 billion and the carrying value of all BDLTF debt as of September 30, 2026 is $7.4 billion.

Subsequent Events

For the litigation which began on September 17, 2026 and was combined with another case on October 1, 2026, through November 3, 2026, the USCA has granted motions for leave to intervene.

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 2026, although outlays, downward adjustments, and other adjustments will continue to occur after September 30, 2026. The activity associated with these obligations is reported in the FY 2026 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. DOL will no longer exercise its authority to require retroactive actions for CARES Act unemployment benefits where a state asserts that its 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.

Change in Accounting Estimate Related to Net Accounts Receivable from Benefit Overpayments

In FY 2026, DOL refined its methodology for estimating the allowance on receivables for benefit overpayments related to COVID-19 era programs. The methodology was updated to rely on historical collection activity of an emergency unemployment program that was first authorized by P.L. 110-252, Title IV, Emergency Unemployment Compensation, enacted June 30, 2008, the EUC08 program. Similar to the COVID-19 era programs, EUC08 was extended numerous times through subsequent legislation. The transition of the COVID-19 programs from positive to negative disbursement activity is an indicator for using the EUC08 historical collection activity as an accounting estimate for the allowance, as compared with the previous methodology, which is based on collections for regular recurring programs.

The refined methodology (applied in FY 2026 and future years) revises the allowance percentage from 91.7 percent to 99.4 percent, a change in accounting estimate of $2.9 billion that is reflected in the allowance, net accounts receivable,

and net position as of September 30, 2026 and the net cost of operations for the year then ended. (Note 1-E.3 and Note 4)

Z. Other Required Note (Note 24)

Treasury prepares the FY 2026 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 2026 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, 2026 and
- Consolidated Statement of Changes in Net Position for the year ended September 30, 2026

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, 2026 and
- Statement of Operations and Changes in Net Position for the year ended September 30, 2026.

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, 2026, 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, 2026 because it conforms to the FY 2026 FRUSG presentation requirements.

AA. Other Conforming Changes

As disclosed in Notes 1-B and 1-F, in FY 2026 DOL implemented FASAB SFFAS 59, "Accounting and Reporting of Government Land," on a prospective basis; DOL made conforming changes to the presentation of the Statement of Changes in Net Position for the year ended September 30, 2026.

In FY 2026, DOL implemented the requirements of SFFAS 64, "Management's Discussion and Analysis: Rescinding and Replacing SFFAS 15," which required changes in presentation and disclosures of the required supplementary information for Management's Discussion and Analysis. In the program performance overview section, DOL highlighted key performance indicators in support of the DOL's strategic plan vision to put American Workers First. In the financial position and condition section, DOL presents, among other things, a trend analysis over five years for total assets, total liabilities, net cost of operations, and budgetary resources; and discussions about investments, intragovernmental debt, and the liability for the Energy Employees Occupational Illness and Compensation Act program.

NOTE 2 - FUND BALANCE WITH TREASURY

The Status of Fund Balance with Treasury as of September 30, 2026, consisted of the following:

(Dollars in Thousands)	Revolving Funds	Trust Funds	Special Funds	General Funds	Other	Total
Unobligated Balance	$ 306,658	$ —	$ 47,894	$ 4,738,168	$ —	$ 5,092,720
Obligated Balance not yet Disbursed	248,686	623,865	167,930	13,163,237	—	14,203,718
Non-Budgetary Fund Balance with Treasury	—	68,692	—	639	8,254	77,585
Entity Fund Balance with Treasury	555,344	692,557	215,824	17,902,044	8,254	19,374,023
Non-Entity Fund Balance with Treasury	—	(1,930)	—	—	—	(1,930)
Total Fund Balance with Treasury	$ 555,344	$ 690,627	$ 215,824	$ 17,902,044	$ 8,254	$ 19,372,093

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 as of September 30, 2026, relates to the UTF and results from the timing of processing the investments and redemptions of UTF. 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 applies to Note 7 "Non-entity Assets" 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 Available as of September 30, 2026 includes $748.0 million of available funds apportioned for use in the subsequent year.

NOTE 3 - INVESTMENTS, NET

Investments, net as of September 30, 2026, 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, 2027	$ 37,741,975	$ —	$ 306,654	$ 38,048,629	$ 37,741,975
3.250% Maturing June 30, 2028	31,236,453	—	253,796	31,490,249	31,236,453
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					
3.375% Maturing June 30, 2027	11,344,650	—	52,525	11,397,175	11,344,650
	$ 93,046,504	$ —	$ 716,353	$ 93,762,857	$ 93,046,504
Panama Canal Commission Compensation Fund					
Marketable					
U.S. Treasury Notes					
2.000% Maturing November 15, 2026	$ 4,708	$ (9)	$ 35	$ 4,734	$ 4,708
Total Investments	$ 93,051,212	$ (9)	$ 716,388	$ 93,767,591	$ 93,051,212
Entity Investments	$ 92,755,683	$ (9)	$ 714,113	$ 93,469,787	$ 92,755,683
Non-Entity Investments	$ 295,529	$ —	$ 2,275	$ 297,804	$ 295,529
Total Investments	$ 93,051,212	$ (9)	$ 716,388	$ 93,767,591	$ 93,051,212

NOTE 4 - ACCOUNTS RECEIVABLE, NET

Accounts receivable, net as of September 30, 2026, consisted of the following:

(Dollars in Thousands)	Gross Receivables	Allowance	Net Receivables
Entity Intragovernmental Assets			
Due For UCFE and UCX Benefits	$ 119,701	$ —	$ 119,701
Due For Workers' Compensation Benefits	5,435,840	—	5,435,840
Other	13,172	—	13,172
Total Intragovernmental	5,568,713	—	5,568,713
Entity With the Public Assets			
State Unemployment Taxes	2,563,244	(1,313,953)	1,249,291
Due from Reimbursable Employers	1,377,825	(109,538)	1,268,287
Benefit Overpayments	31,531,420	(30,972,427)	558,993
Settlement Receivable	1,830,756	—	1,830,756
Other	179,780	(1,681)	178,099
Total Entity With the Public	37,483,025	(32,397,599)	5,085,426
Non-Entity With the Public Assets			
Fines and Penalties	239,240	(64,010)	175,230
Total Accounts Receivables with the Public	37,722,265	(32,461,609)	5,260,656
Total Accounts Receivable	$ 43,290,978	$ (32,461,609)	$ 10,829,369

As of September 30, 2026, intragovernmental receivables for workers' compensation benefits due from the U.S. Postal Service (USPS) were $1.7 billion. Subsequently, USPS paid all outstanding FY 2026 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 Commonwealth of Massachusetts (MA) made an agreement for MA to return $2.0 billion in CARES Act funding for unemployment insurance programs. On November 28, 2025, DOL received the first payment from MA. MA will make payments plus interest by December 1, each year through 2034.

DOL's bad debt expense for the year ended September 30, 2026 was $2.7 billion. Note 1-Y describes the refined accounting estimate for the allowance on benefit overpayments from the COVID-19 era programs.

NOTE 5 - PROPERTY, PLANT, AND EQUIPMENT, NET

Property, plant, and equipment, net as of September 30, 2026, consisted of the following:

(Dollars in Thousands)	Cost	Accumulated Depreciation / Amortization	Net Book Value
Structures, Facilities, and Improvements			
Structures, Facilities, and Land Improvements	$ 1,673,503	$ (1,054,069)	$ 619,434
Improvements to Leased Facilities	452,481	(352,555)	99,926
Total Structures, Facilities, and Improvements	2,125,984	(1,406,624)	719,360
Furniture and Equipment			
Equipment Held by Contractors	5,219	(5,219)	—
Furniture and Equipment	72,220	(47,236)	24,984
Total Furniture and Equipment	77,439	(52,455)	24,984
Internal-Use Software and Internal-Use Software In Development	290,089	(211,865)	78,224
Construction-In-Progress	100,976	—	100,976
Right-to-use Lease Assets	98,068	(43,008)	55,060
Total Property, Plant, and Equipment, Net	$ 2,692,556	$ (1,713,952)	$ 978,604

Property, plant, and equipment, net reconciliation as of September 30, 2026 consisted of the following:

(Dollars in Thousands)	2026
Beginning Balance of Year, Unadjusted	$ 1,154,286
Effects of Implementation of SFFAS 59	(95,270)
Beginning Balance of Year, Adjusted	1,059,016
Capitalized Acquisitions	84,404
Right-to-use Lease Assets	3,127
Amortization of Right-to-use Lease Assets	(14,166)
Dispositions	(77,940)
Depreciation Expense	(75,837)
Balance End of Year	$ 978,604

Information concerning deferred maintenance and repairs is discussed in unaudited Required Supplementary Information.

Estimated Acreage by Predominant Use as of September 30, 2026, consisted of the following:

The majority of DOL's land is used as general-purpose PP&E to operate the Job Corps program. The OJC has 68 land holdings, totaling 3,476.25 acres, located in six regions across the United States. These land holdings are managed by the Division of Facilities and Asset Management. Of the 68 land holdings, two Job Corps centers have parcels of approximately 311.27 acres of land that have been placed, in whole or in part, as GSA excess property. These excess land holdings are expected to be disposed of within the next two years. These properties are active and operational. MSHA has two land holdings, totaling 170.03 for its Approval and Certification Center and its National Mine Health and Safety Academy. The National Mine Health and Safety Academy serves as MSHA's central training facility for federal mine inspectors, mine safety professionals from other government agencies, and the mining industry. The Approval and Certification Center tests equipment and approves and certifies certain mining products for use in underground coal mines and gassy underground metal and nonmetal mines. The Center also performs other technical functions in support of MSHA's programs, providing engineering, scientific, and technical expertise to other agency project areas.

NOTE 6 - ADVANCES AND PREPAYMENTS

Advances and prepayments as of September 30, 2026 consisted of the following:

(Dollars in Thousands)	2026
Intragovernmental	
Advances	$ 25,764
With the Public	
Advances to States for UI Benefit Payments	4,965,811
Other	36,306
Total With the Public	5,002,117
Total Advances and Prepayments	$ 5,027,881

NOTE 7 - NON-ENTITY ASSETS

Non-entity assets as of September 30, 2026, consisted of the following:

(Dollars in Thousands)	2026
Intragovernmental	
Fund Balance with Treasury	$ (1,930)
Investments, Net	297,804
Total Intragovernmental	295,874
With the Public	
Accounts Receivable, Net	175,230
Total Non-Entity Assets	471,104
Total Entity Assets	129,504,434
Total Assets	$ 129,975,538

NOTE 8 - DEBT

Debt as of September 30, 2026, 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	$ 21,027,079	$ —	$ (7,000,000)	$ (7,000,000)	$ (7,863)	$ 14,019,216
Black Lung Disability Trust Fund						
Borrowing from U.S. Treasury	7,147,899	3,752,000	(3,525,014)	226,986	9,220	7,384,105
Total Debt	$ 28,174,978	$ 3,752,000	$ (10,525,014)	$ (6,773,014)	$ 1,357	$ 21,403,321

For the year ended September 30, 2026, interest expense for the UTF was $337.1 million, of which $317.9 million was paid along with $19.2 million in accrued interest through September 30, 2026.

For the year ended September 30, 2026, interest expense for the BLDTF was $289.1 million, of which $279.9 million was paid through September 30, 2026 and $9.2 million was capitalized interest.

NOTE 9 - OTHER LIABILITIES

Other liabilities as of September 30, 2026, consisted of the following:

(Dollars in Thousands)	2026
Intragovernmental	
Non-Entity Receivables Due to U.S. Treasury	$ 175,230
Accrued Payroll and Other Liabilities	25,447
Total Intragovernmental	200,677
With the Public	
Accrued Funded Payroll and Leave and Other Liabilities	66,323
Lessee Lease Liability	55,177
Total With the Public	121,500
Total Other Liabilities	$ 322,177

As of September 30, 2026, the lessee lease liability totaled $54.6 million, consisting of $18.8 million in funded principal, $35.8 million in unfunded principal, and $16.3 million in unfunded accrued interest. Included in the lessee lease liability is $0.5 million of lease payments that were due in FY 2026 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 as of September 30, 2026 were $18.3 million.

The following schedule presents the future lease payments due after September 30, 2026 through FY 2060.

(Dollars in Thousands)			
Fiscal Year	**Principal**	**Interest**	**Total**
2027	$ 11,202	$ 2,253	$ 13,455
2028	7,412	1,743	9,155
2029	6,567	1,441	8,008
2030	5,604	1,169	6,773
2031	4,003	959	4,962
2032-36	4,627	3,673	8,300
2037-41	2,741	3,041	5,782
2042-46	3,410	2,372	5,782
2047-51	4,243	1,540	5,783
2052-56	2,904	693	3,597
2057 and after	1,900	153	2,053
Total	$ 54,613	$ 19,037	$ 73,650

NOTE 10 - BENEFITS DUE AND PAYABLE

Benefits due and payable as of September 30, 2026, consisted of the following:

(Dollars in Thousands)	2026
Unemployment Benefits	
State Regular and Extended Unemployment Benefits	$ 6,472,387
Federal Regular and Extended Unemployment Benefits	54,304
Federal Emergency Unemployment Benefits	326,763
Federal Pandemic Emergency Unemployment Benefits	71,158
Federal Pandemic Unemployment Assistance Benefits	231,160
Federal Employees Unemployment Benefits	167,148
Federal Pandemic Unemployment Benefits	890,488
Federal Additional Unemployment Benefits	25,627
Total Unemployment Benefits Net Program Costs	8,239,035
Other Benefits	
Black Lung Disability Benefits	10,356
Federal Employees Disability and 10(H) Benefits	249,118
Energy Employees Occupational Illness Compensation Benefits	79,108
Total Other Benefits	338,582
Total Benefits Due and Payable	$ 8,577,617

NOTE 11 - POST–EMPLOYMENT BENEFITS PAYABLE

DOL's liability for the future workers' compensation benefits (post-employment benefits payable) as of September 30, 2026, consisted of the following:

(Dollars in Thousands)	2026
Projected Gross Liability of the Federal Government	
for Future FECA Benefits	$ 36,952,004
Less: Liabilities Attributed to Other Agencies	
United States Postal Service	(16,458,896)
Department of Homeland Security	(2,523,591)
Department of Veterans Affairs	(2,134,317)
Department of the Navy	(1,290,114)
Department of Justice	(1,611,070)
Department of the Army	(1,011,326)
Department of the Air Force	(933,545)
Department of War, Other	(670,034)
Department of Transportation	(585,001)
Department of Agriculture	(509,383)
Department of the Interior	(410,300)
Department of the Treasury	(401,753)
Tennessee Valley Authority	(184,100)
Social Security Administration	(231,525)
Department of Health and Human Services	(196,023)
Department of Commerce	(110,224)
Department of State	(92,918)
General Services Administration	(72,112)
Department of Energy	(81,222)
Department of Housing and Urban Development	(42,094)
Environmental Protection Agency	(35,679)
Small Business Administration	(24,467)
National Aeronautics and Space Administration	(20,724)
Agency for International Development	(20,699)
Department of Education	(8,780)
Office of Personnel Management	(5,319)
Nuclear Regulatory Commission	(2,009)
National Science Foundation	(1,041)
Other	(455,378)
Liabilities Attributed to Other Agencies	$ (30,123,644)
Projected Liability of the Department of Labor for Future FECA benefits	$ 6,828,360
FECA Benefits Not Chargeable to Other Federal Agencies Payable by	
DOL's Federal Employees' Compensation Act Special Benefit Fund	$ 6,645,906
FECA Benefits Due to Eligible Workers of DOL and Job Corps Enrollees	159,431
FECA Benefits Due to Eligible Workers of the Panama Canal Commission	23,023
Post-Employment Benefits Payable	$ 6,828,360

NOTE 12 - LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities not covered by budgetary resources as of September 30, 2026, consisted of the following:

(Dollars in Thousands)	2026
Intragovernmental	
Debt	$ 21,403,321
With the Public	
Federal Employee and Benefits Payable	118,017
Post-Employment Benefits Payable	6,526,692
Environmental and Disposal Liabilities	29,438
Lessee Lease Liability	35,850
Other	11,799
Total With the Public	6,721,796
Total Liabilities Not Covered by Budgetary Resources	28,125,117
Total Liabilities Covered by Budgetary Resources	111,238,965
Total Liabilities Not Requiring Budgetary Resources	3,741,593
Total Liabilities	$ 143,105,675

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, 2026, consisted of the following:

(Dollars in Thousands)	Employer Contributions	Costs Imputed by OPM	Total Pension Expense
Civil Service Retirement System	$ 796	$ 3,736	$ 4,532
Federal Employees' Retirement System	263,281	74,721	338,002
Thrift Savings Plan	68,709	—	68,709
Total Pension Expense	$ 332,786	$ 78,457	$ 411,243

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, 2026. Note 15 B presents a further breakdown of this cost and revenue information for DOL's two largest program agencies, ETA and OWCP. (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, 2026, 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	$ 47,883,660	$ 558,556	$ —	$ —	$ —
Less: Earned Revenue	(431,352)	(3,220,643)	—	—	—
Net Program Costs	47,452,308	(2,662,087)	—	—	—
Employment and Training					
Gross Costs	6,605,566	—	1,634,731	—	—
Less: Earned Revenue	(2,180,197)	—	(4,434)	—	—
Net Program Costs	4,425,369	—	1,630,297	—	—
Labor, Employment, and Pension Standards					
Gross Costs	—	—	—	—	—
Less: Earned Revenue	—	—	—	—	—
Net Program Costs	—	—	—	—	—
Worker Safety and Health					
Gross Costs	—	—	—	657,248	—
Less: Earned Revenue	—	—	—	(3,318)	—
Net Program Costs	—	—	—	653,930	—
Statistics					
Gross Costs	—	—	—	—	703,691
Less: Earned Revenue	—	—	—	—	(27,612)
Net Program Costs	—	—	—	—	676,079
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	$ 51,877,677	$ (2,662,087)	$ 1,630,297	$ 653,930	$ 676,079

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	$ —	$ —	$ —	$ —	$ (51,664)	$ 48,390,552
Less: Earned Revenue	—	—	—	—	52,444	(3,599,551)
Net Program Costs	—	—	—	—	780	44,791,001
Employment and Training						
Gross Costs	—	—	268,663	2,323	1,445	8,512,728
Less: Earned Revenue	—	—	(200)	(21)	(7)	(2,184,859)
Net Program Costs	—	—	268,463	2,302	1,438	6,327,869
Labor, Employment, and Pension Standards						
Gross Costs	290	226,681	11,194	336,851	224,237	799,253
Less: Earned Revenue	—	(9,584)	—	(169)	(2,080)	(11,833)
Net Program Costs	290	217,097	11,194	336,682	222,157	787,420
Worker Safety and Health						
Gross Costs	401,573	—	—	—	336	1,059,157
Less: Earned Revenue	(1,724)	—	—	—	(2)	(5,044)
Net Program Costs	399,849	—	—	—	334	1,054,113
Statistics						
Gross Costs	—	—	—	—	1,986	705,677
Less: Earned Revenue	—	—	—	—	(17)	(27,629)
Net Program Costs	—	—	—	—	1,969	678,048
Costs Not Assigned to Programs						
Gross Costs Not Assigned to Programs	—	—	—	—	150,789	150,789
Less: Earned Revenue Not Attributable to Programs	—	—	—	—	(29,545)	(29,545)
Net Costs Not Assigned to Programs	—	—	—	—	121,244	121,244
Net Cost of Operations	$ 400,139	$ 217,097	$ 279,657	$ 338,984	$ 347,922	$ 53,759,695

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, 2026, consisted of the following:

(Dollars in Thousands)	Employment and Training Administration	Office of Workers' Compensation Programs
CROSSCUTTING PROGRAMS		
Income maintenance		
Benefits	$ 47,495,842	$ (213,838)
Grants	3,997,209	—
Interest	358,340	289,121
Administrative and Other	(3,967,731)	483,273
Gross Costs	47,883,660	558,556
Less: Earned Revenue	(431,352)	(3,220,643)
Net Program Costs	47,452,308	(2,662,087)
Employment and training		
Grants	6,316,457	—
Interest	3	—
Administrative and Other	289,106	—
Gross Costs	6,605,566	—
Less: Earned Revenue	(2,180,197)	—
Net Program Costs	4,425,369	—
Net Cost of Operations	$ 51,877,677	$ (2,662,087)

NOTE 16 - NON-EXCHANGE REVENUE

Non-exchange revenue reported on the Consolidated Statement of Changes in Net Position for the year ended September 30, 2026, consisted of the following:

(Dollars in Thousands)	2026
Employer Taxes	
Unemployment Trust Fund	
State Unemployment Taxes	$ 38,017,664
Federal Unemployment Taxes	8,370,240
Total Unemployment Trust Fund	46,387,904
Black Lung Disability Trust Fund Excise Taxes	281,509
Total Employer Taxes	46,669,413
Interest	
Unemployment Trust Fund	3,716,200
Other	3,064
Total Interest	3,719,264
Reimbursement of Unemployment Benefits and Other	3,075,492
Total Non-Exchange Revenue	$ 53,464,169

The FY 2026 balance of $38.0 billion in state unemployment taxes is disaggregated by $32.6 billion and $5.4 billion earned for the current fiscal year and prior fiscal year, respectively.

NOTE 17 - TRANSFERS IN/OUT WITHOUT REIMBURSEMENT

Transfers from other Federal agencies for the year ended September 30, 2026, consisted of the following:

(Dollars in Thousands)	2026
From H-1B Nonimmigrant Petitioner Account, Department of Homeland Security and Other	$ 233,314
From Assets Transferred Out	145
Total Transfers In/Out Without Reimbursement	$ 233,459

The balance of $233.4 million in transfers in/out without reimbursement for FY 2026 reflects the elimination of intra-DOL transfers of $4.7 billion.

NOTE 18 - STATUS OF BUDGETARY RESOURCES

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

For the year ended September 30, 2026, certain adjustments were made to the balance of unobligated budgetary resources available for the period beginning October 1, 2025. These adjustments include, among other things, downward adjustments to undelivered and delivered orders that were obligated in a prior fiscal year. The adjustments for the year ended September 30, 2026 are presented below.

(Dollars in Thousands)	2026
Unobligated Balance, Brought Forward from Prior Year	$ 5,303,964
Adjustments to Budgetary Resources Made during Current Year	
Downward Adjustments of Prior Year Undelivered Orders	2,527,177
Downward Adjustments of Prior Year Delivered Orders	3,512,033
Other Adjustments	(1,794,448)
	4,244,762
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	$ 9,548,726

B. Permanent Indefinite Appropriations

DOL's permanent indefinite appropriations include trust funds, the FPUC (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. As of September 30, 2026 the Department returned indefinite authority to Treasury in the amount of $1.3 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, 2026 reclassified from unobligated balances to UTF unavailable collections is presented below.

(Dollars in Thousands)	2026
Unemployment Trust Fund Unavailable Collections, Beginning	$ 78,865,993
Budget Authority from Current Year Appropriations	46,208,016
Less: Obligations	(40,765,895)
Excess (Deficit) of Budget Authority Over Obligations	5,442,121
Unemployment Trust Fund Unavailable Collections, Ending	$ 84,308,114

D. Explanation of Differences between the Combined Statement of Budgetary Resources and the Budget of the United States Government for FY 2025

The Budget of the United States Government with actual amounts for the year ended September 30, 2026, has not been published as of the issue date of the FY 2026 Combined Statement of Budgetary Resources. The actual amounts will be published on the FY 2027 United States budget in February 2027.

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 Upward 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, 2026 consisted of the following:

(Dollars in Thousands)	2026
Intragovernmental	
Undelivered Orders (Paid)	$ 25,764
Undelivered Orders (Unpaid)	184,638
Total Intragovernmental	210,402
With the Public	
Undelivered Orders (Paid)	5,515,150
Undelivered Orders (Unpaid)	12,503,461
Total With the Public	18,018,611
Total Undelivered Orders	$ 18,229,013

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, 2026.

(Dollars in Thousands)	2026
Appropriations Received, Consolidated Statement of Changes in Net Position	$ 14,540,832
Receipts Recognized as Revenue in Current and Prior Years	
Unemployment Trust Fund	47,765,710
Black Lung Disability Trust Fund	258,390
Other Funds from Dedicated Collections	34,342
Repayment of Debt from Appropriated Receipts	
Unemployment Trust Fund	(7,000,000)
Return of Permanent Indefinite Authority	(216,740)
Reduction for Sequestration, Across the Board Reductions, and Other	(19,359)
	40,822,343
Appropriations, Combined Statement of Budgetary Resources	$ 55,363,175

G. Borrowing Authority

As of September 30, 2026, P.L. 119-37 and 119-75 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. 118-47 use the terminology “advance," the Treasury has interpreted this to mean any debt owed by the BLDTF to the Bureau of the Fiscal Service.

Borrowing authority exercised for the BLDTF in FY 2026 was $3.8 billion; most of the borrowing authority was used to repay debt of $3.5 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 Fiscal Year Ended September 30, 2026, 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 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 reported their expenses and/or returned the unexpended funds.

The Accounts Payable line (intragovernmental) is related to accrued interest on BLDTF debt owed to Treasury. The accrued interest expense and interest payable increase during the year, but BLDTF interest is not paid until September 30, 2026 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 2026 through 2040 and continue to accrue interest each year until maturity. As of September 30, 2026, the UTF owes a total of $14.0 billion to Treasury for repayable advances, but does not pay the interest owed until it repays the advance.

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 FEC 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 FEC 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 a change in the long-term actuarial liability (and corresponding workers compensation expense) for Federal employees and contractors covered by the 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 EEOICPA. 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, 2026, consisted of the following:

(Dollars in Thousands)	Intragovernmental	With the Public	Total
NET COST OF OPERATIONS	$ (4,014,117)	$ 57,773,812	$ 53,759,695
Components of Net Cost Not Part of the Budgetary Outlays			
Property, Plant, and Equipment Depreciation Expense	—	(75,837)	(75,837)
Property, Plant, and Equipment Disposals and Revaluations	—	(12,978)	(12,978)
Lessee Lease Amortization	—	(14,166)	(14,166)
Increase/(Decrease) in Assets:			
Accounts Receivable, Net	(3,226)	(2,830,696)	(2,833,922)
Advances and Prepayments	9,694	(4,686,781)	(4,677,087)
(Increase)/Decrease in Liabilities:			
Accounts Payable	(55,874)	169,533	113,659
Debt	(9,221)	—	(9,221)
Lessee Lease Liability	—	9,884	9,884
Environmental and Disposal Liabilities	—	(1,511)	(1,511)
Benefits Due and Payable	—	1,240,242	1,240,242
Federal Employee Benefits Payable	—	51,981	51,981
Post-Employment Benefits Payable	—	1,383,150	1,383,150
Other Liabilities	(1,277,524)	6,627,204	5,349,679
Financing Sources:			
Imputed Cost	(184,113)	—	(184,113)
Total Components of Net Cost Not Part of the Budgetary Outlays	(1,520,264)	1,860,025	339,761
Components of Net Cost That Are Not Part of Net Operating Cost			
Acquisition of Capital Assets	—	21,084	21,084
Transfers in/out Without Reimbursement	412	—	412
Total Components of Net Cost That Are Not Part of Net Operating Cost	412	21,084	21,495
Miscellaneous Items			
Distributed Offsetting Receipts	(550,950)	(673,600)	(1,224,550)
Custodial/Non-Exchange Revenue	9,247	(104,097)	(94,850)
Other Temporary Timing Differences	2,499	339,403	341,902
Intra-DOL Outlays	547,332	—	547,332
Total Other Reconciling Items	8,128	(438,294)	(430,166)
Agency Outlays, Net (Discretionary and Mandatory)			$ 53,690,785

NOTE 20 - CUSTODIAL NON-EXCHANGE REVENUES

Custodial non-exchange revenues for the year ended September 30, 2026, consisted of the following:

(Dollars in Thousands)	Current Fiscal Year	Prior Fiscal Year 2025	Prior Fiscal Year 2024	All Other Prior Fiscal Years	Current Year Collections
Fines, Penalties, Interest and Other Revenue					
Occupational Safety and Health Administration	$ 95,634	$ (1)	$ (1)	$ —	$ 95,632
Mine Safety and Health Administration	46,778	(2)	(2)	(3)	46,771
Employee Benefits Security Administration	25,538	—	—	787	26,325
Wage and Hour Division	29,543	—	2	1,052	30,597
Other	1,235	1	(1)	—	1,235
Total Fines, Penalties, Interest and Other Revenue	198,728	(2)	(2)	1,836	200,560
Less: Amounts Collected for Non-Federal Entities	—	—	—	(890)	(890)
Total Amount of Federal Revenues Collected	$ 198,728	$ (2)	$ (2)	$ 946	$ 199,670

Refunds for the year ended September 30, 2026, consisted of the following:

(Dollars in Thousands)	Current Fiscal Year	Prior Fiscal Year 2025	Prior Fiscal Year 2024	All Other Prior Fiscal Years	Current Year Refunds
Refunds					
Occupational Safety and Health Administration	$ 448	$ —	$ —	$ —	$ 448
Mine Safety and Health Administration	543	420	(1)	84	1,046
Employee Benefits Security Administration	229	303	6	2	540
Other	1	—	—	—	1
Total Amount of Refunds	$ 1,221	$ 723	$ 5	$ 86	$ 2,035

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, 2026, consisted of the following:

(Dollars in Thousands)	Unemployment	Black Lung Disability	Other	Total
Assets				
Intragovernmental				
Fund Balance with Treasury	$ 389,947	$ 300,680	$ 215,824	$ 906,451
Investments, Net	93,762,857	—	4,734	93,767,591
Accounts Receivable, Net				
Due from Other Federal Agencies For UCFE And UCX Benefits	119,701	—	—	119,701
Other	—	—	22,446	22,446
Total Intragovernmental	94,272,505	300,680	243,004	94,816,189
With the Public				
Accounts Receivable, Net				
State Unemployment Tax	1,249,291	—	—	1,249,291
Due From Reimbursable Employers	1,268,287	—	—	1,268,287
Benefit Overpayments	435,628	8,663	—	444,291
Other	2,004,092	13,158	48	2,017,298
Property, Plant, and Equipment, Net	—	—	163	163
Advances and Prepayments	4,779,807	—	145	4,779,952
Total With the Public	9,737,105	21,821	356	9,759,282
Total Assets	$ 104,009,610	$ 322,501	$ 243,360	$ 104,575,471
Liabilities				
Intradepartmental and Intragovernmental				
Accounts Payable to DOL Agencies	$ 1,148,381	$ —	$ —	$ 1,148,381
Debt	14,019,216	7,384,105	—	21,403,321
Amounts Held for the Railroad Retirement Board	295,875	—	—	295,875
Other Liabilities	—	—	3,471	3,471
Total Intradepartmental and Intragovernmental	15,463,472	7,384,105	3,471	22,851,048
With the Public				
Accounts Payable	—	—	65	65
Federal Employee Benefits Payable	—	—	2,399	2,399
Post-employment Benefits Payable	—	—	23,023	23,023
Accrued Benefits	7,322,920	8,293	—	7,331,213
Other Liabilities	—	—	14,322	14,322
Total With the Public	7,322,920	8,293	39,809	7,371,022
Total Liabilities	22,786,392	7,392,398	43,280	30,222,070
Net Position				
Cumulative Results of Operations	81,223,218	(7,069,897)	200,080	74,353,401
Total Liabilities and Net Position	$ 104,009,610	$ 322,501	$ 243,360	$ 104,575,471

The net results of operations of the funds from dedicated collections for the year ended September 30, 2026, consisted of the following:

(Dollars in Thousands)	Unemployment	Black Lung Disability	Other	Total
Cost, Net of Earned Revenues				
Benefits	$ (42,089,498)	$ (119,648)	$ —	$ (42,209,146)
Grants	(14,137)	—	(49,849)	(63,986)
Interest	(358,337)	(289,112)	—	(647,449)
Administrative and Other	188,076	(1,070)	(51,659)	135,347
Total Cost, Net of Earned Revenues	(42,273,896)	(409,830)	(101,508)	(42,785,234)
Less: Earned Revenue	413,899	—	196	414,095
Net Cost of Operations	(41,859,997)	(409,830)	(101,312)	(42,371,139)
Cumulative Results of Operations				
Beginning Balance	74,479,862	(6,859,500)	267,233	67,887,595
Non-Exchange Revenue				
Non-Exchange Revenue With the Public				
Employment Taxes	38,017,664	—	—	38,017,664
Interest	741,075	2,877	—	743,952
Reimbursement of Unemployment Benefits And Other	3,073,906	53	—	3,073,959
Total Non-Exchange Revenue With the Public	41,832,645	2,930	—	41,835,575
Intragovernmental Non-Exchange Revenue				
Employment Taxes	8,370,240	—	—	8,370,240
Excise Tax and Customs	—	281,509	—	281,509
Interest	2,975,125	—	187	2,975,312
Reimbursement of Unemployment Benefits and Other	—	—	(2,790)	(2,790)
Total Intragovernmental Non-Exchange Revenue	11,345,365	281,509	(2,603)	11,624,271
Total Non-Exchange Revenue	53,178,010	284,439	(2,603)	53,459,846
Imputed Financing	—	—	3,032	3,032
Transfers-In				
Department of Homeland Security	—	—	247,040	247,040
DOL Entities	130,242	—	198	130,440
Transfers-Out				
Department of Homeland Security	—	—	(213,168)	(213,168)
DOL Entities	(4,704,899)	(85,006)	(340)	(4,790,245)
Total Transfers In/(Out) without Reimbursement	(4,574,657)	(85,006)	33,730	(4,625,933)
Total Cumulative Results of Operations Activity	48,603,353	199,433	34,159	48,836,945
Net Change in Cumulative Results of Operations	6,743,356	(210,397)	(67,153)	6,465,806
Net Position	$ 81,223,218	$ (7,069,897)	$ 200,080	$ 74,353,401

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, 2026, 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	$ 223,903	$ 24,247	$ 1,612	$ —	$ 249,762
Assessments	90,855	82,133	4,115	—	177,103
Investment Earnings	—	1,281	80	—	1,361
Administrative and Other Expenses	—	(2,280)	127	—	(2,153)
Transfer of Funds	(13,799)	—	—	—	(13,799)
Disbursements to and on Behalf of Beneficiaries	(44,108)	(79,335)	(4,233)	—	(127,676)
Increase (Decrease) in Fiduciary Net Assets	32,948	1,799	89	—	34,836
Fiduciary Net Assets, End of Year	$ 256,851	$ 26,046	$ 1,701	$ —	$ 284,598
Fiduciary Assets					
Fund Balance with Treasury	$ 248,235	$ 2,326	$ 85	$ 5,207	$ 255,853
Investments in Treasury Securities	—	73,778	2,711	—	76,489
Other Assets	8,616	616	6	—	9,238
Less: Liabilities	—	(50,674)	(1,101)	(5,207)	(56,982)
Total Fiduciary Net Assets	$ 256,851	$ 26,046	$ 1,701	$ —	$ 284,598

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

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 November 13, 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 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. On August 31, 2026, the appellant filed a motion for reconsideration and the court denied the motion on October 27, 2026. As such, unless the case is appealed to the U.S. Supreme Court, there is no longer a threat of liability on the part of the Federal government.

On October 9, 2026, certain states and state labor and workforce agencies filed suit against the United States of America—acting through DOL and the Secretary of Labor—and assert, among other things, breach of contract on certain grant agreements authorized by P.L. 117-2, the American Rescue Plan Act. At this early stage, DOL has not ascertained potential outcomes, losses, or range of losses from this litigation.

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 Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Statement of Net Cost and a Reclassified Statement of Net 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 FY 2026 FRUSG will be posted to https://fiscal.treasury.gov/resources/reports-statements as soon as it is released.

The term "Intragovernmental" is used in this note to refer to amounts that result from activity with 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, tribal, and foreign governments.

A. Reclassification of Consolidated Statement of Net Cost to Line Items Used for the Government-wide Statement of Net Cost for the Year Ended September 30, 2026

FY 2026 DOL SNC		Line Items Used to Prepare FY 2026 Government-wide SNC					
(Dollars in Thousands)							
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
							Non-federal gross costs
Gross cost	$ 59,618,156	$ 41,982,074	$ —	$ 15,805,928	$ —	$ 57,788,002	Non-federal gross cost
							Federal gross cost
		10,332	—	392,170	746	401,756	Benefit program costs
		3,032	—	181,081	—	184,113	Imputed costs
		150,836	—	350,689	10,397	491,128	Buy/sell costs
		10,915	—	—	—	10,915	Federal securities interest expense
		626,225	—	—	—	626,225	Borrowing and other interest expense
		1,820	—	114,197	—	116,017	Other expenses (without reciprocals)
		803,160	—	*1,038,137*	*11,143*	*1,830,154*	***Total federal gross cost***
Total gross cost	*59,618,156*	*42,785,234*	—	*16,844,065*	*11,143*	*59,618,156*	*Total reclassified gross costs*
Less earned revenue	5,858,461						
		3,895	—	10,953	—	14,848	***Non-federal earned revenue***
							Federal earned revenue
		405,569	—	3,184,407	746	3,589,230	Benefit program revenue (exchange)
		—	—	2,245,560	10,397	2,235,163	Buy/sell revenue (exchange)
		—	—	15,248	—	15,248	Federal securities interest revenue including associated gains and losses (exchange)
		4,631	—	—	—	*4,631*	***Borrowing and other interest expense***
		410,200	—	*5,445,215*	*11,143*	*5,844,272*	*Total federal earned revenue*
Total earned revenue	**5,858,461**	**414,095**	**—**	**5,456,168**	**11,143**	**5,859,120**	**Total reclassified earned revenue**
Net cost of operations	**$ 53,759,695**	**$ 42,371,139**	**$ —**	**$ 11,387,897**	**$ —**	**$ 53,759,036**	**Net cost of operations**

B. Reclassification of Consolidated Statement of Changes in Net Position to Line Items Used for the Government-wide Statement of Operations and Changes in Net Position for the Year Ended September 30, 2026

FY 2026 DOL SCNP		Line Items Used to Prepare FY 2026 Government-wide SCNP					
(Dollars in Thousands)							
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations Between Dedicated and Other than Dedicated	Total	Reclassified Financial Statement Line
Unexpended appropriations							
Unexpended appropriations, beginning balance	$11,220,409	$ —	$ —	$ 11,220,409	$ —	$ 11,220,409	Net position, beginning of period (1 of 2)
Appropriations received	14,540,832	—	—	14,540,832	—	14,540,832	Appropriations received as adjusted (rescissions and other adjustments) (1 of 2)
Appropriations transferred in/out	(6,637)	—	—	(6,637)	—	(6,637)	Non-expenditure transfers-in of unexpended appropriations and financing sources
Other adjustments	(2,015,543)	—	—	(2,015,543)	—	(2,015,543)	Appropriations received as adjusted (rescissions and other adjustments) (2 of 2)
Appropriations used	(12,714,859)	—	—	(12,714,859)	—	(12,714,859)	Appropriations Used
Net Change in unexpended Appropriations	(196,207)	—	—	(196,207)	—	(196,207)	
Total unexpended appropriations	**11,024,202**	**—**	**—**	**11,024,202**	**—**	**11,024,202**	**Total unexpended appropriations**
Cumulative results of operations							
Cumulative results of operations, beginning balance	(36,677,874)	67,887,595	—	(104,565,469)	—	(36,677,874)	Net position, beginning of period (2 of 2)
Changes in accounting principles	(95,270)	—	—	(95,270)	—	(95,270)	Changes in accounting principles
Beginning balance, as adjusted	(36,773,144)	67,887,595	—	(104,660,739)	—	(36,773,144)	
Appropriations used	12,714,859	—	—	12,714,859	—	12,714,859	Appropriations expended
Non-exchange revenues	53,464,169						***Non-federal non-exchange revenues***
		38,017,664	—	—	—	38,017,664	Unemployment taxes
		3,817,911	—	202,264	—	4,020,175	Other taxes and receipts (1 of 2)
		41,835,575	—	*202,264*	—	*42,037,839*	***Total non-federal non-exchange revenue***
							Federal non-exchange revenue
		2,975,312	—	—	—	2,975,312	Federal securities interest revenue including associated gains and losses (non-exchange)
		8,651,749	—	—	—	8,651,749	Other taxes and receipts
		(2,790)	—	—	—	(2,790)	Accruals for Entity amounts to be collected in a TAS Other Than the General Fund of the U.S. Government - Non-exchange
		11,624,271	—	—	—	*11,624,271*	***Total federal non-exchange revenue***
Total non-exchange revenues	*53,464,169*	*53,459,846*	—	*202,264*	—	*53,662,110*	Total reclassified non-exchange revenues
Transfers in/out without reimbursement	233,459	247,238	196	—	—	247,042	Appropriation of unavailable special or trust fund receipts transfers-in
		(13,368)	(196)	—	—	(13,172)	Appropriation of unavailable special or trust fund receipts transfers-out
		—	—	199,998	199,998	—	Non-expenditure transfers-in of unexpended appropriations and financing sources
		(199,998)	—	—	(199,998)	—	Non-expenditure transfers-out of unexpended appropriations and financing sources
		130,243	—	4,529,418	4,659,661	—	Expenditure transfers-in of financing sources
		(4,789,903)	—	129,831	(4,659,661)	(411)	Expenditure transfers-out of financing sources
		—	—	145	145	—	Non-expenditure transfer-in of financing sources - capital transfers (RC 11)
		(145)	—	—	(145)	—	Non-expenditure transfers-out of financing sources - capital transfers (RC 11)
Total transfers in/out without reimbursement	*233,459*	*(4,625,933)*	—	*4,859,392*	—	*233,459*	Total transfers in/out without reimbursement
Imputed financing	184,113	3,032	—	181,081	—	184,113	Imputed financing sources
Other	(218,100)	—	—	5,846	—	5,846	Other taxes and receipts (2 of 2)
		—	—	(439,077)	—	(439,077)	Non-entity collections transferred to the General Fund of the U.S. Government
		—	—	16,531	—	16,531	Accrual for non-entity amounts to be collected and transferred to the General Fund of the U.S. Government
Total other	*(218,100)*	—	—	*(416,700)*	—	*(416,700)*	Total other
Net cost of operations	(53,759,695)	(42,371,139)	—	(11,387,897)	—	(53,759,036)	Net cost of operations (+/-)
Net change in cumulative results of operations	12,618,805	6,465,806	—	6,152,999	—	12,618,805	
Total Cumulative results of operations	(24,154,339)	74,353,401	—	(98,507,740)	—	(24,154,339)	Cumulative results of operations
Net position	**$(13,130,137**	**$74,353,401**	**$ —**	**$ (87,483,538)**	**$ —**	**$ (13,130,137)**	**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 one hundred twenty-one (121) 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.

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

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 FY2026, the annual inflation rates per Construction, Building, and Material Cost Indices increased 4.2%, 6.3%, and 12.5%, respectively.

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 is also considered critical deficiencies but does not represent imminent life safety and health hazards. Class III are non-critical deficiencies which address facility repair, replacement, or maintenance. Class IV are non-critical deficiencies which address programmatic needs (i.e. betterments).

The total for Class I is $3.7 million and $0.4 million for funded and unfunded, respectively. The total for Class II is $14.1 million and $61.2 million for funded and unfunded, respectively. Together, the total funded and unfunded is $17.8 million and $61.6 million, respectively, which is the minimum maintenance and repair amount needed to ensure that mission critical facilities remain mission capable.

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. In FY 2026, betterments had an estimated cost of $142.3 million. DOL does not include these costs in the deferred maintenance estimates as they represent activities directed toward expanding on the capacity of the asset to address programmatic needs/improvements.

Deficiency Classification Codes:	Funded (in thousands)	Unfunded (in thousands)
Class I	$ 3,722.68	$ 374.88
Class II	$ 14,126.99	$ 61,202.50
Class III	$ 50,255.02	$ 525,962.82
Class IV	$ 93.75	$ 142,209.34
Total	**$ 68,198.44**	**$ 729,749.53**

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 2026, the portfolio's aggregate FCI score for 4,693 constructed assets was 92 percent, and DM&R costs to return the portfolio to an acceptable condition are estimated at $655.6 million as adjusted for SFFAS 42, Deferred Maintenance and Repairs: *Amending Statements of Federal Financial Accounting Standards 6, 14, 29, and 32*. 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 2026 Ending Balance	FY 2026 Beginning Balance
Funded:		
Structures, facilities and improvements		
Active	$ 67,695	$ 69,201
Inactive	410	463
Subtotal, funded	**$ 68,105**	**69,664**
Unfunded:		
Structures, facilities and improvements		
Active	$ 583,098	545,740
Inactive	4,442	9,252
Subtotal, unfunded	**$ 587,540**	**554,992**
Total	**$ 655,645**	**$ 624,656**

For reporting purposes, DOL has determined that changes of 10 percent and $25 million between fiscal year beginning and ending balances are significant. Management has determined that the FY 2026 increase of $30.99 million in deficiency costs is not significant because it does not meet the 10% threshold.

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 FUA 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 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 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.

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 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 and an active search 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 FEC 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, 2026, total assets within the UTF exceeded total liabilities by $81.2 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, 2026 was $93.8 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 2026 was $3.7 billion. Federal and state UI tax and reimbursable revenues of $49.5 billion and regular, extended, emergency, and disaster unemployment benefit payment expense of $42.1 billion were recognized for the year ended September 30, 2026.

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, 2026 were $7.3 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 2022-2026. As of September 30, 2026, the FUA's outstanding advances totaled $10.0 billion at rates of 1.625 and 1.75 percent and the EUCA's outstanding advances totaled $4.0 billion at a rate of 1.625 percent.

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. FY 2026 accrued interest for this agreement is $170.7 million.

Subsequent Events

Except for the disclosure below, management has determined that there are no subsequent events requiring accrual or disclosure through November 13, 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 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. On August 31, 2026, the appellant filed a motion for reconsideration and the court denied the motion on October 27, 2026. As such, unless the case is appealed to the U.S. Supreme Court, there is no longer a threat of liability on the part of the Federal Government.

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

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 2026 as the base year. The valuation date for the projections is September 30, 2026. 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 FEC Account. Amount totals for the expected economic conditions analysis and the two sensitivity analyses may differ due to rounding.

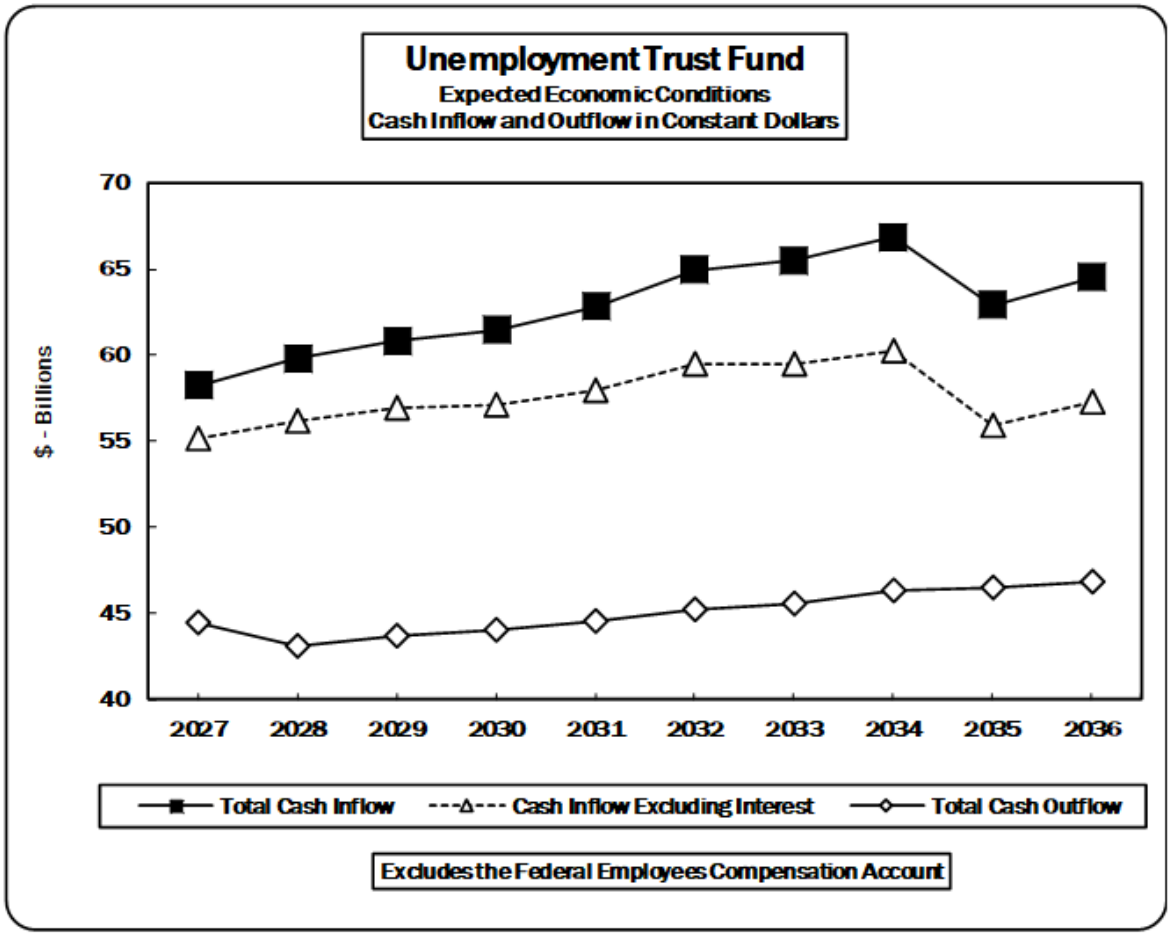
Expected Economic Conditions

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 3.85 percent in FY 2027 and 3.70 percent for the remaining nine years in the ten-year projection period of FY 2027 through FY 2036. 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 $10.7 billion in FY 2027 to a peak of $14.3 billion in FY 2032 and then to $10.4 billion in FY 2036. During the projection period, state unemployment tax collections remain steady between $45.5 billion and $49.9 billion during the ten-year projection period. The level unemployment rate of 3.7 percent for FYs 2028 through 2036 leads to stable cash flows for total cash inflow (excluding interest) between $55.1 and $60.2 billion, total cash inflows between $58.3 and $66.8 billion, and total cash outflows between $43.1 and $46.85 billion during the ten-year projection period.

Chart I



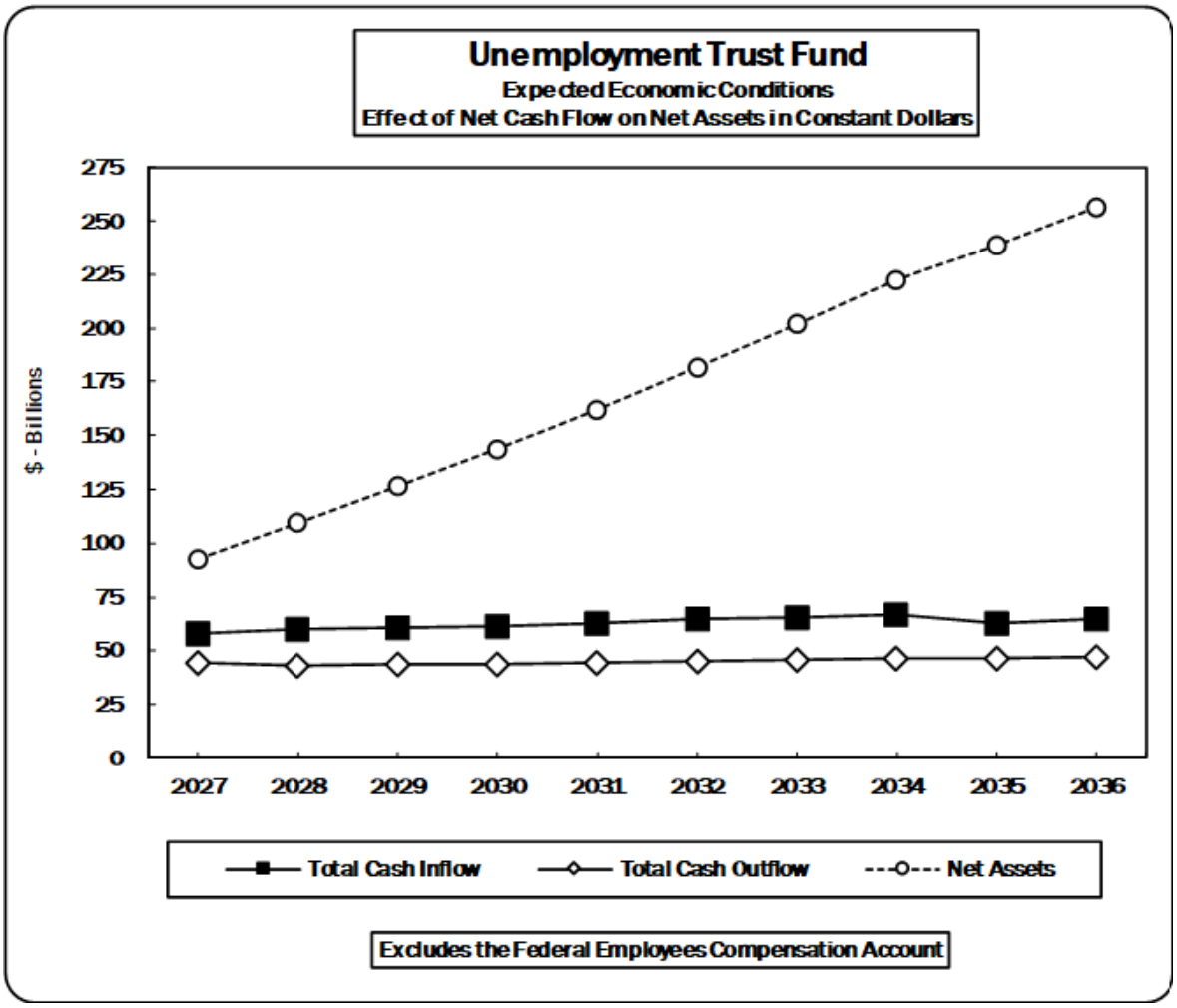
Effect of Expected Cash Flows on UTF Assets in Constant Dollars

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, 2036. 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 $13.8 billion and $120.5 billion for FYs 2027 through 2036. As presented in table (1) Expected Economic Conditions, starting at a $78.9 billion fund balance at the beginning of FY 2027, net UTF assets increase $177.6 billion to $256.5 billion fund net assets balance by the end of FY 2036. 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, 2036, 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.

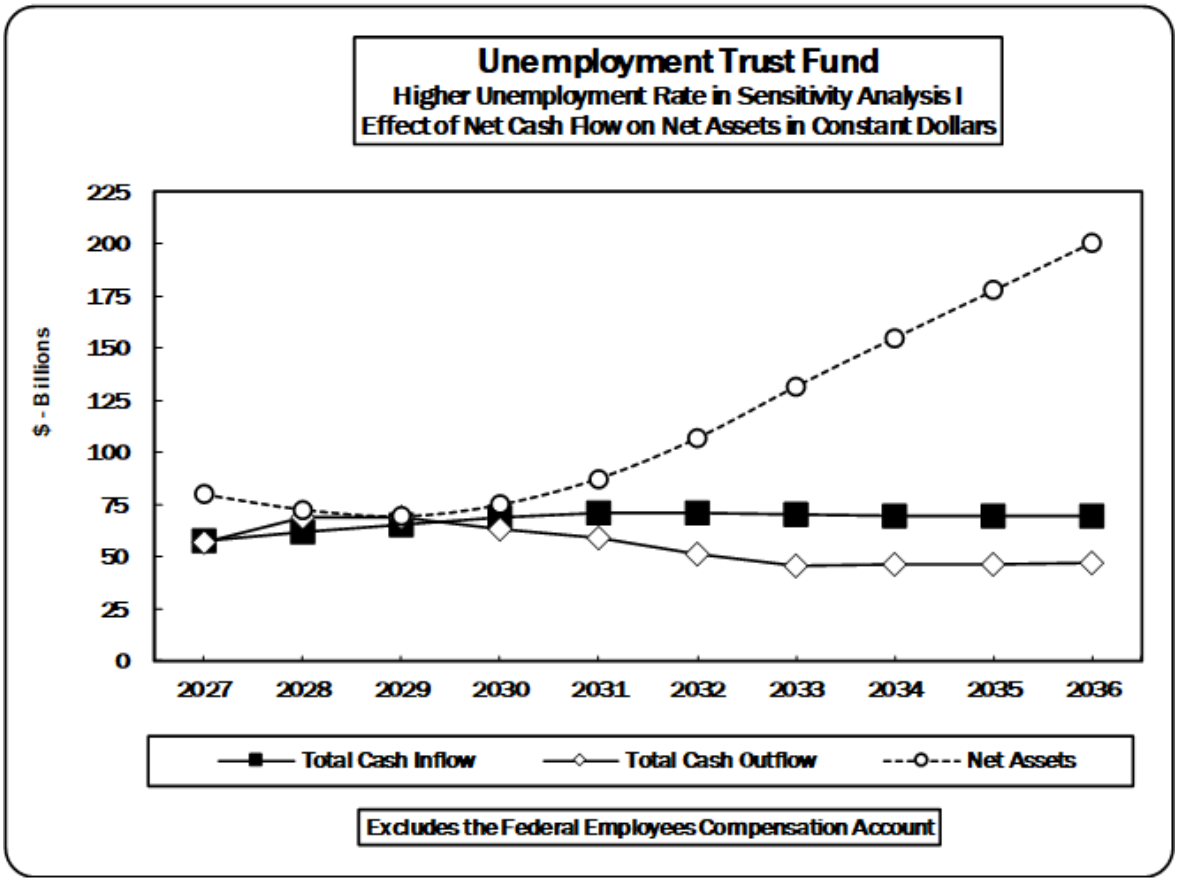
Table I

Total Unemployment Rate for the Ten-Year Ending September 30, 2026										
Conditions	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Expected	3.85%	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	5.75%	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 2027, reaching a high of 5.99 percent in FY 2029, then gradually decreasing to 3.75 percent in FY 2033 and stabilizing at 3.70 percent in FYs 2034 through 2036. As presented in table (2) Sensitivity Analysis I Higher Unemployment Rate, there is a net cash inflow in FY 2027, net cash outflows in FYs 2028 and 2029, and then net cash inflows again in FYs 2030 through 2036. 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 $78.9 billion fund balance at the beginning of FY 2027, net UTF assets first increase by $1.1 billion in FY 2027, then decrease by $7.3 billion and $3.3 billion in FYs 2028 and 2029, respectively. Net UTF assets increase in FYs 2030 through 2036 and the largest increase occurs in FY 2033 for $24.8 billion and remain as increases to net UTF assets through FY 2036. Chart III depicts the change in net assets of $122.1 billion from $78.9 billion at the beginning of FY 2027 to $201.0 billion at the end of FY 2036.

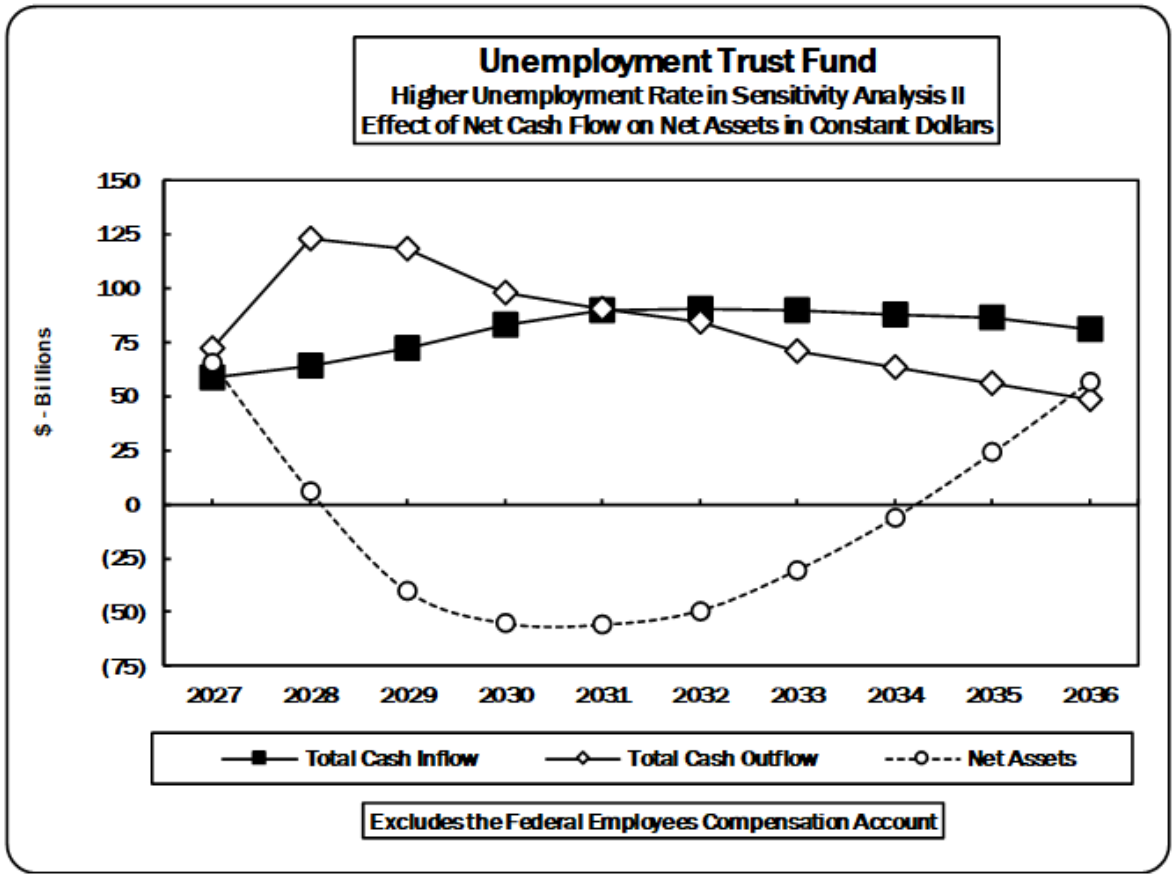
Chart III



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 2027 through 2031 by amounts between $(0.7) billion and $(59.4) billion, but inflows exceed outflows in FYs 2032 through 2036 by amounts between $6.5 billion and $33.1 billion. Net cash inflows are reestablished in FY 2032 and peak in FY 2036 with a decrease in the unemployment rate to 3.85 percent in FY 2036. Chart IV depicts the cross-over points where outflows exceed inflows until FY 2032 and inflows exceed outflows until FY 2036. The fund net assets decrease about $134.8 billion from a $78.9 billion fund balance at the beginning of FY 2027 to a $(55.9) billion fund net assets deficit in FY 2031. Chart IV depicts the low point in the fund's financial position at a fund net assets deficit of $(55.9) billion in FY 2031 and then the steadily decreasing fund net assets deficit through 2034 before reestablishing a net assets surplus in FY 2035. At the end of the projection period of Sensitivity Analysis II, the fund net assets surplus is $56.9 billion. There is a difference of $199.6 billion in net assets between expected economic conditions net assets of $256.5 billion in FY 2036 and sensitivity analysis II fund net assets of $56.9 billion in FY 2036.

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.)

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

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, 2036
(1) EXPECTED ECONOMIC CONDITIONS

(Dollars in millions)	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Balance, start of year	$ 78,906	$ 92,735	$ 109,409	$ 126,536	$ 143,975	$ 162,254	$ 182,001	$ 201,943	$ 222,485	$ 238,863
Cash inflow										
State unemployment taxes	45,485	46,242	46,599	46,464	47,046	47,287	48,254	48,720	48,579	49,910
Federal unemployment taxes	8,945	9,296	9,665	10,019	10,361	11,868	11,012	11,329	7,083	7,127
Interest on loans	651	595	516	425	322	180	57	6	-	-
CMIA receipts	4	4	4	4	4	4	4	3	3	3
Deposits by the Railroad Retirement Board	47	62	136	218	214	159	138	181	217	197
Total cash inflow excluding interest	55,132	56,199	56,920	57,130	57,947	59,498	59,465	60,239	55,882	57,237
Interest on Federal securities	3,123	3,585	3,900	4,345	4,858	5,428	6,012	6,607	7,019	7,297
Total cash inflow	58,255	59,784	60,820	61,475	62,805	64,926	65,477	66,846	62,901	64,534
Cash outflow										
State unemployment benefits	39,615	38,965	39,777	40,194	40,710	41,377	41,750	42,530	42,765	43,107
State administrative costs	4,023	3,509	3,444	3,428	3,411	3,396	3,380	3,366	3,351	3,335
Federal administrative costs	267	266	265	264	263	262	261	261	261	260
Interest on tax refunds	6	6	7	7	7	8	7	8	5	5
Interest on advances	410	248	75	9	-	-	-	-	-	-
Railroad Retirement Board withdrawals	105	116	125	134	135	136	137	139	141	142
Total cash outflow	44,426	43,110	43,693	44,036	44,526	45,179	45,535	46,304	46,523	46,849
Excess of total cash inflow excluding interest over total cash outflow	10,706	13,089	13,227	13,094	13,421	14,319	13,930	13,935	9,359	10,388
Excess of total cash inflow over total cash outflow	13,829	16,674	17,127	17,439	18,279	19,747	19,942	20,542	16,378	17,685
Balance, end of year	$ 92,735	$ 109,409	$ 126,536	$ 143,975	$ 162,254	$ 182,001	$ 201,943	$ 222,485	$ 238,863	$ 256,548
Total unemployment rate	3.85%	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, 2036
(2) SENSITIVITY ANALYSIS I HIGHER UNEMPLOYMENT RATE

(Dollars in millions)	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Balance, start of year	$ 78,906	$ 80,034	$ 72,723	$ 69,389	$ 75,100	$ 87,641	$ 107,131	$ 131,944	$ 155,225	$ 177,974
Cash inflow										
State unemployment taxes	45,401	48,864	51,856	54,792	55,747	55,549	54,206	52,998	52,137	51,913
Federal unemployment taxes	8,811	9,448	10,148	10,874	11,736	11,180	11,469	11,410	11,707	12,011
Interest on loans	680	750	815	841	815	741	614	495	330	185
CMIA receipts	4	4	4	4	4	4	4	3	3	3
Deposits by the Railroad Retirement Board	47	62	136	218	214	159	138	181	217	197
Total cash inflow excluding interest	54,943	59,128	62,959	66,729	68,516	67,633	66,431	65,087	64,394	64,309
Interest on Federal securities	2,967	2,871	2,635	2,605	2,839	3,275	3,898	4,520	5,121	5,683
Total cash inflow	57,910	61,999	65,594	69,334	71,355	70,908	70,329	69,607	69,515	69,992
Cash outflow										
State unemployment benefits	51,816	64,765	64,404	59,178	54,482	47,247	41,554	42,508	43,002	43,246
State administrative costs	4,159	3,794	3,763	3,684	3,595	3,485	3,393	3,368	3,354	3,337
Federal administrative costs	267	266	265	264	263	262	261	261	261	260
Interest on tax refunds	6	6	7	7	8	8	8	8	8	8
Interest on advances	429	363	364	356	331	280	163	42	-	-
Railroad Retirement Board withdrawals	105	116	125	134	135	136	137	139	141	142
Total cash outflow	56,782	69,310	68,928	63,623	58,814	51,418	45,516	46,326	46,766	46,993
Excess (deficiency) of total cash inflow excluding interest over (under) total cash outflow	(1,839)	(10,182)	(5,969)	3,106	9,702	16,215	20,915	18,761	17,628	17,316
Excess (deficiency) of total cash inflow over (under) total cash outflow	1,128	(7,311)	(3,334)	5,711	12,541	19,490	24,813	23,281	22,749	22,999
Balance, end of year	$ 80,034	$ 72,723	$ 69,389	$ 75,100	$ 87,641	$ 107,131	$ 131,944	$ 155,225	$ 177,974	$ 200,973
Total unemployment rate	4.75%	5.78%	5.99%	5.52%	5.04%	4.34%	3.75%	3.70%	3.70%	3.70%

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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, 2036
(3) SENSITIVITY ANALYSIS II HIGHER UNEMPLOYMENT RATE

(Dollars in millions)	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Balance, start of year	$ 78,906	$ 65,438	$ 6,077	$ (40,324)	$ (55,203)	$ (55,867)	$ (49,402)	$ (30,460)	$ (6,196)	$ 23,794
Cash inflow										
State unemployment taxes	46,087	51,445	58,424	67,138	71,173	69,841	66,669	63,648	61,999	59,339
Federal unemployment taxes	8,738	9,125	10,051	11,953	14,020	16,314	18,288	19,190	19,623	17,267
General revenue appropriation	-	-	-	-	30	-	-	-	-	-
Interest on loans	724	1,226	2,199	2,869	3,192	3,270	3,030	2,714	2,076	1,637
CMIA receipts	4	4	4	4	4	4	4	3	3	3
Deposits by the Railroad Retirement Board	47	62	136	218	214	159	138	181	217	197
Total cash inflow excluding interest	55,600	61,862	70,814	82,182	88,633	89,588	88,129	85,736	83,918	78,443
Interest on Federal securities	2,801	2,023	1,241	1,012	1,062	1,211	1,422	1,856	2,335	2,879
Total cash inflow	58,401	63,885	72,055	83,194	89,695	90,799	89,551	87,592	86,253	81,322
Cash outflow										
State unemployment benefits	66,688	117,562	111,877	91,003	83,168	77,281	63,911	57,135	50,692	43,237
State administrative costs	4,325	4,408	4,370	4,150	4,021	3,870	3,686	3,559	3,459	3,356
Federal administrative costs	267	266	265	264	263	262	261	261	261	260
Interest on tax refunds	6	6	7	8	10	11	12	13	13	12
Interest on advances	478	888	1,812	2,514	2,762	2,774	2,602	2,221	1,697	1,259
Railroad Retirement Board withdrawals	105	116	125	134	135	136	137	139	141	142
Total cash outflow	71,869	123,246	118,456	98,073	90,359	84,334	70,609	63,328	56,263	48,266
Excess (deficiency) of total cash inflow excluding interest over (under) total cash outflow	(16,269)	(61,384)	(47,642)	(15,891)	(1,726)	5,254	17,520	22,408	27,655	30,177
Excess (deficiency) of total cash inflow over (under) total cash outflow	(13,468)	(59,361)	(46,401)	(14,879)	(664)	6,465	18,942	24,264	29,990	33,056
Balance, end of year	$ 65,438	$ 6,077	$ (40,324)	$ (55,203)	$ (55,867)	$ (49,402)	$ (30,460)	$ (6,196)	$ 23,794	$ 56,850
Total unemployment rate	5.75%	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, 2026, the FUA and EUCA outstanding advances were $10.0 billion and $4.0 billion, respectively.

Chart V presents the state by state results of this analysis at September 30, 2026 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, 2026. 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	2.57
Oregon	2.56
Wyoming	2.49
Maine	1.83
Kansas	1.69
Montana	1.63
South Dakota	1.59
Iowa	1.54
Idaho	1.47
North Carolina	1.39
Nebraska	1.27
Mississippi	1.22
Alabama	1.15
Utah	1.11
South Carolina	1.09
Maryland	1.07
Arkansas	1.06
North Dakota	1.05

States that are Not Minimally Solvent	Ratio
Puerto Rico	0.96
Vermont	0.96
Arizona	0.94
Rhode Island	0.94
Nevada	0.92
Louisiana	0.89
New Hampshire	0.89
Oklahoma	0.89
Wisconsin	0.84
West Virginia	0.84
Indiana	0.82
Florida	0.81
Tennessee	0.80
Kentucky	0.79
District of Columbia	0.74
Delaware	0.73
Missouri	0.73
Hawaii	0.69

States that are Not Minimally Solvent	Ratio
Virginia	0.69
Virgin Islands	0.69
Washington	0.60
Colorado	0.59
Georgia	0.59
New Mexico	0.59
Michigan	0.51
New Jersey	0.47
Ohio	0.46
Minnesota	0.31
Pennsylvania	0.30
Illinois	0.25
Massachusetts	0.22
Connecticut	0.19
New York	0.15
Texas	0.04
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 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, 2026.

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. EPA's rulemaking process to repeal the emissions standards was completed on September 14, 2026 and the final rule was published in the Federal Register on September 17, 2026. Litigation in the U.S. Court of Appeals for the District of Columbia Circuit (USCA) on the final rule began September 17, 2026 and is ongoing as of September 30, 2026. To adjust the projections of coal production for short-term effects, management continued to use EIA reports published in August 2026.

As of September 30, 2026, total liabilities of the BLDTF exceeded assets by $7.07 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, 2026 was $7.38 billion, bearing interest rates ranging from 4.194 percent to 4.628 percent. (See Notes 1-J.2 and 8)

Excise tax revenues of $281.5 million, benefit payment expense of $119.6 million, and interest expense of $289.1 million were recognized for the year ended September 30, 2026. 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, 2026 the BLDTF issued debt in the amount of $3.75 billion, bearing interest at 4.628 percent and maturing on September 30, 2027. At September 30, 2026, there were 15 debt instruments with a total carrying value of $7.38 billion and a total face value at maturity of $8.92 billion. Of these 15 debt instruments, 14 are from the October 2008 refinancing authorized by P.L. 110-343 and have staggered maturities of September 30 for years 2027 through 2040 and one is a one-year debt instrument that was issued on September 30, 2026 and matures on September 30, 2027. (See Notes 1-J.2, 8, and 21)

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, management has determined that there are no subsequent events requiring accrual or disclosure through November 13, 2026.

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

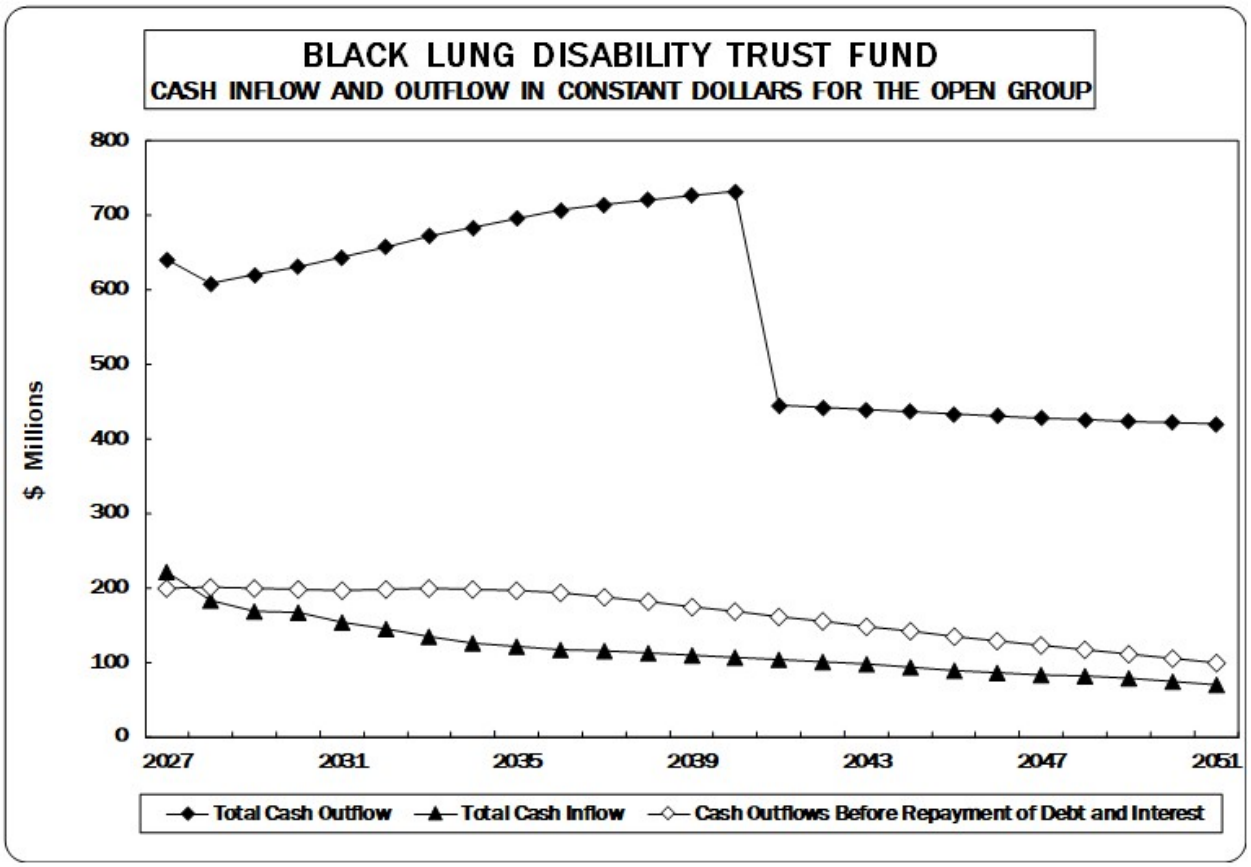
The significant assumptions used in the projections, in constant dollars, are the coal excise tax revenue estimates, tax rate structure, number of beneficiaries, life expectancy, Federal civilian pay raises, medical cost inflation, interest rate on new debt issued by the BLDTF, and the CPI-U for goods and services. The use of CPI-U factors allows the projections to be presented in constant dollars with FY 2026 as the base year. In FY 2026, the source of the CPI-U factors was OMB. The valuation date for the projections is September 30, 2026.

DOL's projection period is a rolling 25-year period beginning on the valuation date. The 25-year projection period ends on September 30, 2051. In FY 2026, projections for the number of new participants decreased. In FY2026, 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, 2051, indicate that cash inflows from excise taxes will exceed cash outflows for benefit payments and administrative expenses for only one year in the projection period (FY 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 2051. 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 $1,175.8 million by FY 2051. 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 $11.2 billion by the end of FY 2051, resulting in a projected deficit of $15.0 billion at September 30, 2051. 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, 2026, , 2024, 2023, and 2022 are presented in the SOSI.

Chart I

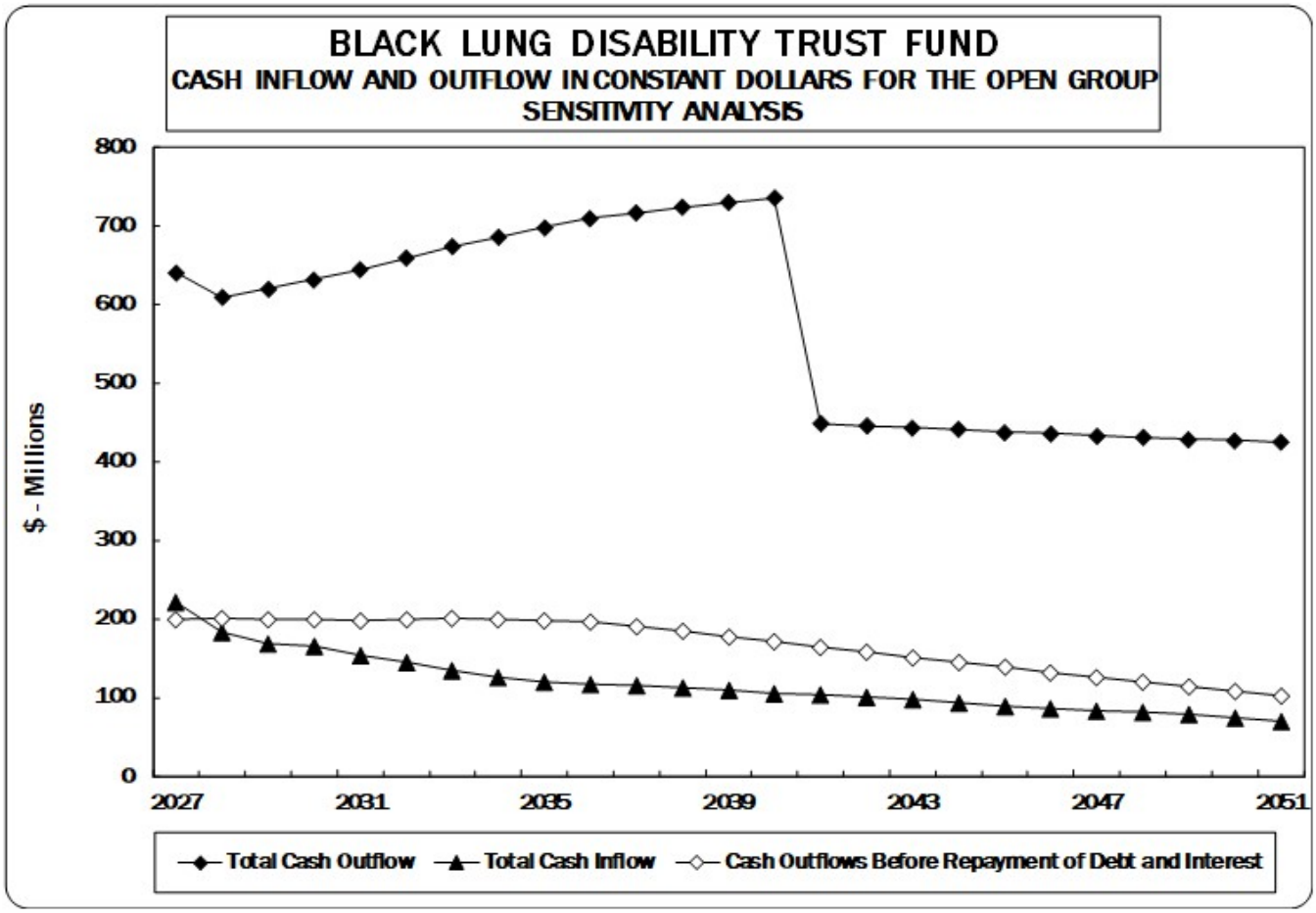


Projected Cash Inflows and Outflows with Sensitivity Analysis, in Constant Dollars, for the Open Group

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, 2051, indicate that cash inflows from excise taxes will exceed cash outflows for benefit payments and administrative expenses for only one year in the projection period (FY 2027). Cumulative net cash outflows before repayment of debt and interest would be projected to reach $1,238.4 million by the year 2051. 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 $11.3 billion by the end of the year 2051, and would result in a projected deficit of $15.1 billion at September 30, 2051. 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 $46,777 from $1,333,156 to $1,286,379;
(2) the present value of estimated future administrative costs during the projection period would decrease $30,291 from $863,278 to $832,987;
(3) the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period would increase $5,564 from $761,089 to $766,653; and
(4) the closed group measure would decrease $22,050 from $(291,211) to $(313,261).

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

(1) the present value of estimated future excise tax income during the projection period would increase $46,777 from $1,005,714 to $1,052,491;

(2) the present value of estimated future administrative costs during the projection period would increase $30,291 from $651,244 to $681,535;

(3) the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period would increase $33,133 from $583,960 to $617,093; 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 $16,647 from $(229,490) to $(246,137).

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

(1) the present value of estimated future excise tax income during the projection period of $2,338,870 would remain unchanged;

(2) the present value of estimated future administrative costs during the projection period of $1,514,522 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 $38,697 from $1,345,049 to $1,383,746; and

(4) the open group measure would decrease $38,697 from $(520,701) to $(559,398).

(d) In the SOSI, the trust fund net position deficit at start of the projection period of $(7,069,897) would remain unchanged.

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

(1) the closed group measure would decrease $22,050 from $(291,211) to $(313,261);

(2) the Fund Balance with Treasury and receivables from benefit overpayments of $322,501 would remain unchanged; and

(3) the total of closed group measure plus fund assets would decrease $22,050 from $31,290 to $9,240.

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

(1) the open group measure would decrease $38,697 from $(520,701) to $(559,398);

(2) the Fund Balance with Treasury and receivables from benefit overpayments of $322,501 would remain unchanged; and

(3) the total of open group measure plus fund assets would decrease $38,697 from $(198,200) to $(236,897).

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, 2051

OPEN GROUP

(Dollars in thousands)	2027	2028	2029	2030	2031	2032 - 2051	Total
Balance, start of year	$ (5,125,586)	$ (5,425,971)	$ (5,734,166)	$ (6,071,407)	$ (6,425,461)	$ (6,807,687)	$ (5,125,586)
Cash inflow							
Excise taxes	221,130	183,876	169,048	166,380	153,282	2,047,545	2,941,261
Total cash inflow	221,130	183,876	169,048	166,380	153,282	2,047,545	2,941,261
Cash outflow							
Disabled coal miners benefits	119,729	117,246	115,478	113,606	111,498	1,542,339	2,119,896
Administrative costs	80,147	82,982	83,814	84,685	85,534	1,579,957	1,997,119
Cash outflows before repayment of debt and interest	199,876	200,228	199,292	198,291	197,032	3,122,296	4,117,015
Cash inflow over cash outflow (cash outflow over cash inflow) before repayment of debt and interest	21,254	(16,352)	(30,244)	(31,911)	(43,750)	(1,074,751)	(1,175,754)
Maturity of obligations refinanced October 2008	276,533	281,001	284,817	288,094	290,600	2,652,068	4,073,113
Interest on annual borrowings	164,093	126,894	135,452	144,454	155,261	5,272,334	5,998,488
Total cash outflow	640,502	608,123	619,561	630,839	642,893	11,046,698	14,188,616
Total cash outflow over total cash inflow	(419,372)	(424,247)	(450,513)	(464,459)	(489,611)	(8,999,153)	(11,247,355)
Reduction of debt refinanced October 2008	118,987	116,052	113,272	110,405	107,385	827,890	1,393,991
Balance, end of year	$ (5,425,971)	$ (5,734,166)	$ (6,071,407)	$ (6,425,461)	$ (6,807,687)	$ (14,978,950)	$ (14,978,950)

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, 2051

OPEN GROUP

(Dollars in thousands)	2027	2028	2029	2030	2031	2032 - 2051	Total
Balance, start of year	$ (5,125,586)	$ (5,425,971)	$ (5,734,451)	$ (6,072,268)	$ (6,427,198)	$ (6,810,598)	$ (5,125,586)
Cash inflow							
Excise taxes	221,130	183,876	169,048	166,380	153,282	2,047,545	2,941,261
Total cash inflow	221,130	183,876	169,048	166,380	153,282	2,047,545	2,941,261
Cash outflow							
Disabled coal miners benefits	119,729	117,531	116,045	114,454	112,618	1,602,159	2,182,536
Administrative costs	80,147	82,982	83,814	84,685	85,534	1,579,957	1,997,119
Cash outflows before repayment of debt and interest	199,876	200,513	199,859	199,139	198,152	3,182,116	4,179,655
Cash inflow over cash outflow (cash outflow over cash inflow) before repayment of debt and interest	21,254	(16,637)	(30,811)	(32,759)	(44,870)	(1,134,571)	(1,238,394)
Maturity of obligations refinanced October 2008	276,533	281,001	284,817	288,094	290,600	2,652,068	4,073,113
Interest on annual borrowings	164,093	126,894	135,461	144,482	155,315	5,290,316	6,016,561
Total cash outflow	640,502	608,408	620,137	631,715	644,067	11,124,500	14,269,329
Total cash outflow over total cash inflow	(419,372)	(424,532)	(451,089)	(465,335)	(490,785)	(9,076,955)	(11,328,068)
Reduction of debt refinanced October 2008	118,987	116,052	113,272	110,405	107,385	827,890	1,393,991
Balance, end of year	$ (5,425,971)	$ (5,734,451)	$ (6,072,268)	$ (6,427,198)	$ (6,810,598)	$ (15,059,663)	$ (15,059,663)

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, 2026; and the status of these resources for the year ended September 30, 2026. 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, 2026 is 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, 2026.

COMBINING STATEMENT OF BUDGETARY RESOURCES

For the Fiscal Year Ended September 30, 2026

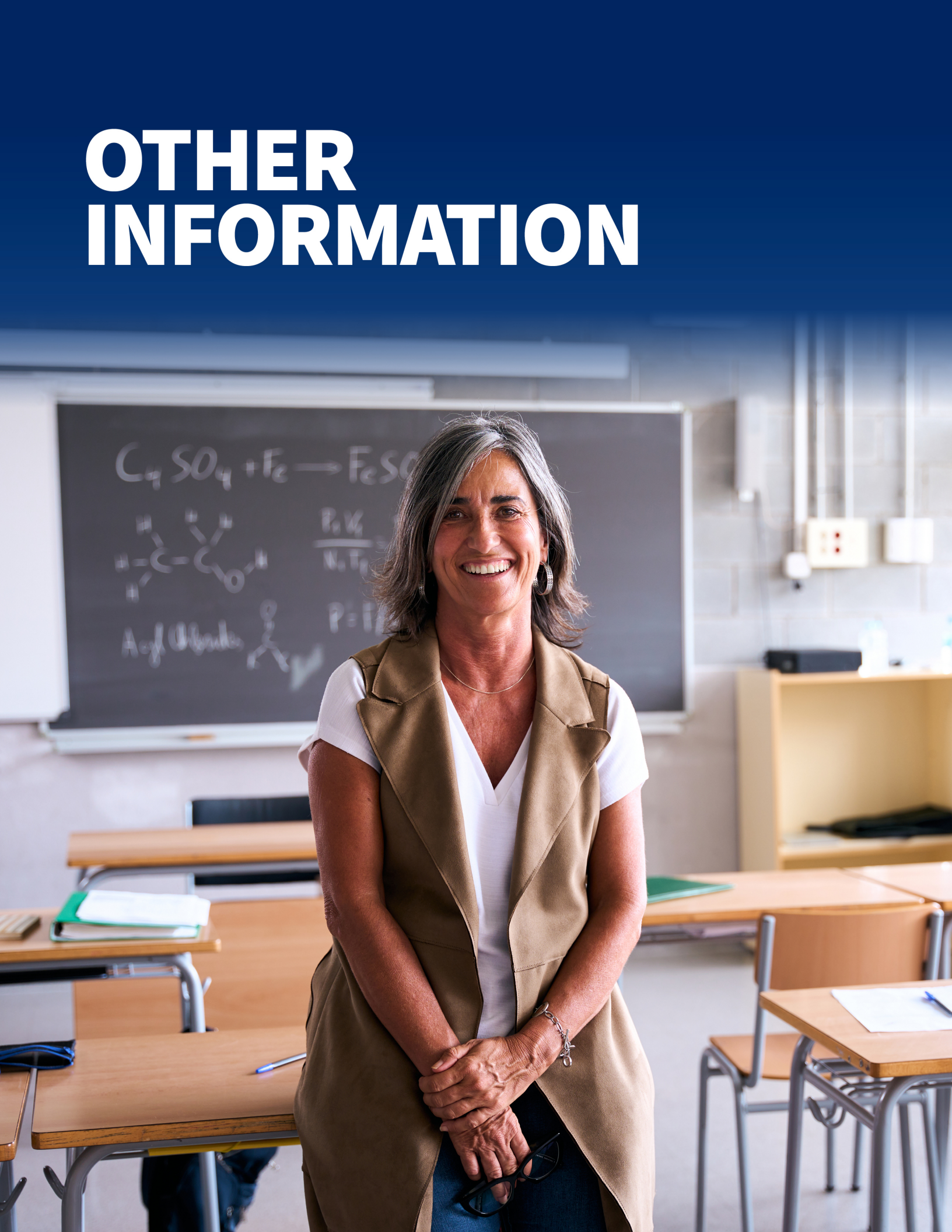
(Dollars in Thousands)	Employment and Training Administration	Office of Workers' Compensation Programs	Office of Job Corps	Occupational Safety and Health Administration	Bureau of Labor Statistics
Budgetary Resources					
Unobligated balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	$ 7,299,300	$ 170,429	$ 1,430,018	$ 21,661	$ 6,530
Appropriations (Discretionary and Mandatory)	45,551,252	5,174,416	1,760,155	629,309	640,500
Borrowing Authority (Discretionary and Mandatory)	—	226,986	—	—	—
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	7,004,773	3,244,077	4,433	2,887	97,505
Total Budgetary Resources	$ 59,855,325	$ 8,815,908	$ 3,194,606	$ 653,857	$ 744,535
Status of Budgetary Resources					
New Obligations and Upward Adjustments (Total)	$ 57,082,951	$ 8,521,179	$ 1,825,299	$ 633,378	$ 741,171
Unobligated Balance, End of Year					
Apportioned, Unexpired Accounts	1,641,152	260,252	1,216,028	3,598	235
Exempt from Apportionment, Unexpired Accounts	—	4,680	—	—	—
Unapportioned, Unexpired Accounts	54,844	27,322	6,919	—	—
Unexpired Unobligated Balance, End of Year	1,695,996	292,254	1,222,947	3,598	235
Expired Unobligated Balance, End of Year	1,076,378	2,475	146,360	16,881	3,129
Unobligated Balance, End of Year (Total)	2,772,374	294,729	1,369,307	20,479	3,364
Total Budgetary Resources	$ 59,855,325	$ 8,815,908	$ 3,194,606	$ 653,857	$ 744,535
Outlays, Net					
Outlays, Net (Total) (Discretionary and Mandatory)	$ 45,451,862	$ 5,245,104	$ 1,732,834	$ 604,378	$ 526,429
Distributed Offsetting Receipts (-)	(1,199,429)	(24,365)	—	(197)	(1)
Agency Outlays, Net (Discretionary and Mandatory)	$ 44,252,433	$ 5,220,739	$ 1,732,834	$ 604,181	$ 526,428

COMBINING STATEMENT OF BUDGETARY RESOURCES - Continued

For the Fiscal Year Ended September 30, 2026

(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)	$ 5,632	$ 11,149	$ 32,819	$ 22,349	$ 548,839	$ 9,548,726
Appropriations (Discretionary and Mandatory)	387,816	191,100	65,696	303,088	659,843	55,363,175
Borrowing Authority (Discretionary and Mandatory)	—	—	—	—	—	226,986
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	1,629	3,565	269,841	4,322	710,346	11,343,378
Total Budgetary Resources	$ 395,077	$ 205,814	$ 368,356	$ 329,759	$ 1,919,028	$ 76,482,265
Status of Budgetary Resources						
New Obligations and Upward Adjustments (Total)	$ 388,545	$ 201,442	$ 343,931	$ 302,092	$ 1,349,557	$ 71,389,545
Unobligated Balance, End of Year						
Apportioned, Unexpired Accounts	1,217	628	2,829	24,877	428,030	3,578,846
Exempt from Apportionment, Unexpired Accounts	—	—	—	—	—	4,680
Unapportioned, Unexpired Accounts	—	849	26	2,302	55,193	147,455
Unexpired Unobligated Balance, End of Year	1,217	1,477	2,855	27,179	483,223	3,730,981
Expired Unobligated Balance, End of Year	5,315	2,895	21,570	488	86,248	1,361,739
Unobligated Balance, End of Year (Total)	6,532	4,372	24,425	27,667	569,471	5,092,720
Total Budgetary Resources	$ 395,077	$ 205,814	$ 368,356	$ 329,759	$ 1,919,028	$ 76,482,265
Outlays, Net						
Outlays, Net (Total) (Discretionary and Mandatory)	$ 370,964	$ 195,948	$ 47,793	$ 297,315	$ 442,708	$ 54,915,335
Distributed Offsetting Receipts (-)	(7)	—	—	—	(551)	(1,224,550)
Agency Outlays, Net (Discretionary and Mandatory)	$ 370,957	$ 195,948	$ 47,793	$ 297,315	$ 442,157	$ 53,690,785

OTHER INFORMATION



Department of Labor's Top Management and Performance Challenges

U.S. Department of Labor
Office of Inspector General
Washington, D.C. 20210

October 9, 2026

MEMORANDUM FOR THE SECRETARY

FROM: ANTHONY P. D'ESPOSITO
Inspector General

SUBJECT: DOL Top Management and Performance Challenges

As required by the Reports Consolidation Act of 2000, the Office of Inspector General has identified the most serious management and performance challenges facing the Department of Labor (DOL). DOL plays a vital role in the nation's economy and in the lives of workers and retirees; therefore, it must remain vigilant in its important stewardship of taxpayer funds.

In this report, we summarize the challenges, significant DOL progress to date, and what remains to be done. The challenges we identified are:

- Reducing Unemployment Insurance Improper Payments, Including Fraud
- Protecting the Safety and Health of Workers
- Enhancing Grant Management Amid Expanded Responsibilities
- Maintaining the Integrity of Foreign Labor Certification Programs
- Protecting Retirement, Health, and Other Benefit Plans for Workers, Retirees, and Their Families
- Providing a Safe, Secure, and Healthy Learning Environment at Job Corps Centers
- Managing Medical Benefits in the Office of Workers' Compensation Programs
- Managing and Securing Data and Information Systems

I would be pleased to meet with you concerning any aspect of this report.

Attachment

cc: Courtney Walter, Chief of Staff
David B. Castillo, Chief Financial Officer

Working for America's Workforce

TOP MANAGEMENT AND PERFORMANCE CHALLENGES

FACING THE U.S. DEPARTMENT OF LABOR

Office Inspector General, November 2026

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

CHALLENGE: Reducing Unemployment Insurance Improper Payments, Including Fraud

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 also generally funded by the federal government. The U.S. Department of Labor's (Department or DOL) Employment and Training Administration is responsible for providing UI program direction and oversight.

For over 20 years, the Office of Inspector General (OIG) has reported on weaknesses in ETA'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 19 of the last 22 years.[3] This challenge is underscored by the Department's reporting over the last 5 years of historically high improper payment rates, including fraud, peaking at 21.52 percent in Fiscal Year (FY) 2022 before gradually dropping to 14.41 percent in FY 2024 and 13.14 percent in FY 2025. However, these estimated improper payment rates continue to fall short of federal requirements. A significant and persistent driver of these improper payments is fraud, as domestic and international criminals continue to target the UI system with increasingly sophisticated schemes.

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 fraud.

[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.
[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 2025 as reported to the OMB.

In response to this persistent fraud threat, the OIG is participating in the Task Force to Eliminate Fraud, established by Executive Order to coordinate a government-wide strategy against fraud in federal benefit programs. The OIG is also coordinating with the U.S. Department of Justice's National Fraud Detection Center, a data analytics effort to identify fraud across taxpayer-funded programs and generate investigative leads. In addition, the OIG is lending investigative support to ETA's strike team initiative. Together, these efforts present an opportunity to strengthen the detection and prevention of UI fraud.

While these efforts are promising, 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.

Challenge for the Department

ETA continues to face challenges in ensuring states' UI improper payments—including fraud—are reduced and addressed through prevention, detection, reporting, and recovery. Notably, we are concerned that every dollar lost to fraud is a dollar stolen from honest, hardworking Americans. When prevention fails, timely and accurate detection and reporting—as well as recovery of funds, as practicable—become essential. Further, ETA should ensure that states have adequate controls to protect the UI program from improper payments, including fraud. 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 seeking 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 separation). Fourth, individuals and criminal groups intentionally commit deceptive acts related to the payment or collection of UI benefits.[6]

In addition, ETA faces challenges with reconciling and returning unused COVID-19 pandemic funds that remain in states' accounts and UI trust funds more than 5 years after the benefit eligibility period expired. These remaining balances are vulnerable to fraud, waste, and abuse.

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 approximately 80 percent of our pandemic-related UI audits, we identified staffing

[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 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.

[6] ETA has included fraud as an element of the leading causes rather than as a separate cause. For Program Year 2025, ETA reported the top three causes for overpayments resulted in more than $3.7 billion in overpayments. For this same period, over $1.7 billion in improper payments was attributable to fraud. Overpayments, a subset of improper payments, constitute the majority of improper payments.

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 (OMB) approval, allowed states to temporarily suspend the Benefit Accuracy Measurement (BAM) program[7] from April 1, 2020, through June 30, 2020, and reassign BAM program staff to claims processing. Of the six state workforce agencies (SWAs) 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)[8], states continued to face significant challenges with staff turnover and outdated IT systems.

Detection

Over the past 6 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[9] 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.

Accordingly, fraud risk to the UI program did not end with the pandemic. For example, in FY 2025, fraud rates in some states, such as California, Massachusetts, New York, and Tennessee, remained at over 6 percent. New York's fraud rate was the highest in the country at 18.53 percent—equating to almost $1 in every $5 paid to fraudsters.[10] According to ETA's Strategic Plan, 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. A July 6, 2026, letter from ETA to state UI directors reported that UI integrity practices lacked consistency across states, allowing fraud to migrate to the weakest point.

Further, the evolving fraud threat is exemplified by growing and costly fictitious employer schemes. These emerging fraud schemes involve creating companies that exist only on paper—with no actual employees or business operations—for the purpose of filing fraudulent UI claims. As pandemic-era programs ended, domestic and foreign criminals increasingly turned to this type of fraud. In our September 2026 alert memo, we reported that, since January 2024, the OIG has investigated fictitious employer schemes involving more than $60.5 million in stolen UI funds. In addition, states paid more than $128 million in benefits to claimants who used Employer Identification Numbers that states identified as belonging to known fictitious employers.

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 need for ETA to incorporate a data analytics capability for improved oversight of the UI program, our investigators, 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,

[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] At the time of this report, ETA had not released the FY 2025 Unemployment Insurance Integrity Strategic Plan to the OIG. The FY 2024 Strategic Plan was the most current version available for review.
[9] 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."
[10] Based on publicly reported data from ETA's 2025 Improper Payments 1-Year Data (7/1/2024 - 06/30/2025), which provides the data used to meet Payment Integrity Information Act of 2019 reporting requirements for the fiscal year.

- 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 2025 through June 2026 audit work in four of the six high-risk areas—UI claims filed in multiple states, using deceased persons SSNs, using suspicious email accounts, and using federal prisoners' SSNs—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, which has supported risk assessments and identification of high-risk areas. These efforts should not be left to the OIG's independent oversight. As the 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 dedicated entity responsible for managing the process of assessing fraud risks to the UI program, ETA needs to perform its own data analytics and risk assessments. Also, with the support of the Chief Financial Officer, ETA needs to continue to identify high-risk areas and update its UI Fraud Risk Profile.

Further, 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 1,900 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, in one of the largest domestic UI fraud investigations in DOL's history, our investigators identified that criminals created fictitious employers to defraud the Georgia Department of Labor of more than $45 million.

Reporting

States' incomplete and inaccurate reporting has consistently undermined oversight of the UI program. 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 September 2026, for the fifth 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 2025 through June 2026, we issued the following five reports: UI claims filed in multiple states, UI claims filed using deceased persons SSNs, UI claims filed using suspicious email accounts, UI claims filed using federal prisoners' SSNs, 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 for strong oversight and accountability in the UI program.

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 is currently assessing ETA's use of the BAM system as a tool to measure the accuracy of states' UI benefit payments and improper payment rates.

Overpayment and Unused Pandemic Funds Recovery

Recovering UI overpayments is a key component of program integrity and is essential to protecting both state UI trust funds and federal funding. According to ETA's Unemployment Insurance Program Letter No. 13-25, 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.

The scale of this issue is significant. 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. In September 2023, the Government Accountability Office estimated pandemic-related UI fraud even higher—up to $135 billion. ETA and individual states continue to face the daunting task of recovering these overpayments. From April 1, 2020, to September 30, 2026, states have reported recovering approximately $11.5 billion in improperly paid UI program funds, including $2.4 billion that was fraudulently obtained.[11]

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[12] 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.

As early as June 2025, the OIG had engaged with a financial institution to return approximately $520 million in fraudulent UI benefit payments that were held in prepaid debit card accounts. Additionally, in our January, February, and May 2026 alert memoranda, the OIG identified more funds as a result of potential UI fraud that were held in accounts at two financial institutions. Accordingly, we advised ETA to ensure the SWAs engaged with ETA, the OIG, and the financial institutions to assess the potential UI fraud and report their findings. In a May 2026 joint memoranda, the Acting Secretary of Labor and the Inspector General advised these financial institutions to freeze and preserve identified prepaid debit card accounts linked to potentially fraudulent UI claims, cooperate with investigators, and prevent the funds from being transferred to state unclaimed property systems. These recovery efforts have produced significant results. By June 2026, joint efforts of the OIG, ETA, and the Office of the Solicitor resulted in the recovery of more than $1 billion in fraudulent CARES Act funds.

In June 2025, based on an OIG recommendation, ETA reported completing the reconciliation and return to the U.S. Treasury of more than $4.4 billion in unused Temporary Full Federal Funding of the First Week of Compensable Regular Unemployment for States with No Waiting Week (TFFF) program funds. However, $265 million remains available in the Uninvested Federal Unemployment Account for states' unpaid TFFF expenditures. Also, ETA has not closed a recommendation to reconcile remaining state trust fund balances for the Emergency Unemployment Relief for Governmental Entities and Nonprofit Organizations program, which includes recovering more than $844 million in federal funds.

In May 2026, ETA issued Unemployment Insurance Program Letter No. 11-26, which made administrative funding available to support states' continued work on the expired pandemic-related UI programs, including reconciling accounts and establishing and recovering overpayments. Despite the progress made, substantial recovery work remains.

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 reexamine improper decisions to waive the recovery of

[11] 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 (i.e., statutory period for disbursing pandemic UI benefits) ended.
[12] The CARES Act established three key new UI programs: Pandemic Unemployment Assistance, Federal Pandemic Unemployment Compensation, and Pandemic Emergency Unemployment Compensation.

overpayments. We emphasized this concern in five 2025 audit reports on the following topics: 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.

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

ETA has stated it is taking an aggressive stance on reducing fraud, waste, and abuse across the Nation's unemployment system to ensure that benefits are received only by those who are eligible. For example, on February 6, 2026, ETA notified states that it was prioritizing more direct oversight of the UI program by deploying UI Strike Teams to states whose performance had fallen short of acceptable levels. The most intensive engagement includes an onsite review by a UI Strike Team and a monitoring report analyzing the state's strategies to reduce its improper payment rate and improve benefit payment timeliness. On May 13, 2026, the Department announced that it would work together with the OIG to address fraud and performance concerns in the UI program. The announcement was in response to the Executive Order establishing the Task Force to Eliminate Fraud. Both the Acting Secretary of Labor and the Inspector General serve on this task force. Additionally, on July 6, 2026, ETA issued a letter to state UI directors sharing the Department's model National UI standards. The standards are a set of integrity practices the Department indicated states should adopt to prevent improper and fraudulent payments before they are made.

ETA also made grants available to states to strengthen identity verification—including support for the use of Login.gov—and launched Unemployment.gov to serve as a central portal to help workers access state UI systems. According to ETA, the long-term vision for Unemployment.gov is to serve as a starting point for claimants to complete identity verification before being referred to states to file claims. In addition, ETA continues to support 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.

Further, on September 16, 2026, DOL announced its final rule amending DOL regulations governing disclosures of confidential UI claimant and wage records to include an express requirement that SWAs must disclose such data to federal officials, including the OIG. This rulemaking aligns with Executive Order 14243, Stopping Waste, Fraud, and Abuse by Eliminating Information Silos, which underscores the Administration's commitment to eliminating barriers that hinder federal oversight efforts. DOL stated the change is designed to improve coordination in detecting fraud, closing system vulnerabilities, and preventing improper payments. The final rule is effective November 16, 2026. States that need to amend their laws to conform and comply with the requirements of this rule must do so as quickly as possible, but no later than September 16, 2027. Additionally, according to ETA, the agency is establishing a program integrity team and pursuing a contract award for data analytics support to provide advanced data analytics, statistical analysis, data visualization and dashboard development, and performance monitoring services for the UI program.

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.[13] ETA is currently undergoing a comprehensive review of SWAs' uses of American Rescue Plan Act funding.

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

[13] 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.

What Remains to Be Done

It is crucial that ETA 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, ETA needs to:

- 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.
- Determine the proper disposition of excess Emergency Unemployment Relief for Governmental Entities and Nonprofit Organizations program funds and take necessary actions. Specifically, recover questioned costs of up to $29 million—$24 million of which is for fraudulent charges—and reconcile state trust fund balances to include recovering more than $844 million in federal funds.
- Issue guidance to the states on procedures and requirements for:
    - accessing the $265 million in TFFF program funds reserved for states' unpaid TFFF expenditures, and
    - reconciling TFFF accounts and returning any remaining unused TFFF funds.
- Work with the U.S. Department of the Treasury's Bureau of Fiscal Services, Bureau of Prisons, and UI Integrity Center to facilitate states' streamlined access to federal incarceration data leveraging the Do Not Pay initiative and the Integrity Data Hub.
- To mitigate the impact of fictitious employer schemes, enhance the systemwide tools ETA facilitates to cross-match new employer registrations against additional data sources, for example, public business data (e.g., federal and state business registration records and commercial address and phone databases) and banking, Internet Protocol (IP) address, and Voice Over IP data.
- 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.
- Implement OIG recommendations on reporting to include:
    - 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;
    - identifying the states that have not complied with ETA 227 reporting requirements for Federal Pandemic Unemployment Compensation and Pandemic Emergency Unemployment Compensation and the states that have not complied with ETA 902P reporting requirements for Pandemic Unemployment Assistance; in addition, working with these states to ensure fraudulent overpayments for the CARES Act UI programs are reported; and
    - working with SWAs to ensure they retroactively submit accurate and complete information related to overpayment recovery waiver amounts for Federal Pandemic Unemployment Compensation, Pandemic Emergency Unemployment Compensation, and Pandemic Unemployment Assistance for all pandemic-related reporting periods.

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 11.8 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. These challenges include maintaining effective enforcement programs such as conducting inspections, verifying operators abate hazards timely, and ensuring employers report injuries and illnesses while addressing any workforce issues.

Specifically, MSHA is challenged with the following:

- preparing for mine emergencies,
- completing mandatory inspections,
- writing violations and verifying operators abated hazards timely, and
- protecting miners from exposure to high silica levels.

OSHA is challenged with the following:

- inspecting enough worksites with limited inspectors, and
- ensuring it has accurate and reliable data to make effective management decisions.

Additionally, both MSHA and OSHA are challenged in ensuring full compliance with their appropriations acts.

In April 2026, the OIG reported MSHA needed to improve its preparedness for mine emergencies. This included improving communication with the mining industry and correcting issues identified from previous emergencies, such as: (1) keeping guidance up to date, (2) appropriately issuing withdrawal orders, (3) ensuring equipment availability at mine rescue stations during emergencies, (4) sufficiently training all staff involved with emergencies, and (5) conducting after action reviews. Insufficient emergency preparedness could lead to unnecessary delays or confusion when responding to an emergency. In March 2017, the OIG reported MSHA had not provided sufficient oversight of emergency response plans developed by mine operators. Because MSHA has not implemented corrective actions for five of the nine recommendations in our 2017 report, the inherent risk with mine emergencies is compounded given the issues identified in our 2026 report.

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 had 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, we noted in these products that MSHA inaccurately reported a 100 percent completion rate for mandatory inspections during the respective audit scopes.

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 jeopardized MSHA's mission to maintain miner safety. We found thousands of violations were written improperly and, 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 November 2020, we reported MSHA's silica

[14] The three territories are American Samoa, Guam, and the Commonwealth of the Mariana Islands—collectively, the Pacific Territories.

exposure limit had remained unchanged for over 50 years, putting miners at risk of developing life-threatening health problems. The OIG 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.

Regarding OSHA, the agency is challenged in inspecting enough worksites with its limited resources. The OIG has previously reported significant resource constraints were affecting OSHA's enforcement capabilities. We highlighted in 2022 how a lack of available personnel can lead to diminished enforcement, particularly in high-risk industries, thereby increasing the risk of fatalities, injuries, or compromised health for workers.

As we have reported since 2022, a lack of available inspectors can lead to fewer inspections, diminished enforcement in high-risk industries and, ultimately, a greater risk of fatalities, injuries, or compromised health for workers. OSHA, along with its state partners, currently have approximately 1,684 inspectors who are responsible for the safety and health covering over 11.8 million worksites. This translates to about 1 inspector for every 7,000 worksites.



In September 2026, the OIG issued an alert memorandum notifying the Department and OSHA officials that, based on our analysis of OSHA data,[15] the agency may have conducted nearly 500 impermissible inspections on small employers in low-risk industries during a 14-month review period. Our analysis found these employers may have been exempt from inspections as Congress prohibits OSHA from using funds for certain activities through an annual appropriations rider; therefore, the impermissible inspections warrant OSHA's further review. If inspections prohibited by the appropriations rider were initiated and completed on small exempt employers, it would reflect insufficient prioritization of inspections that further strain OSHA's already limited resources.

Given its resource limitations and the issues identified in our alert memorandum, OSHA must ensure it is strategically prioritizing its enforcement approach. Adherence to the appropriations rider could also help enforcement efforts remain focused on high-risk workplaces that warrant prioritized regulatory oversight. Further, because OSHA's inspection resources can only cover a small percentage of workplaces each year, if swift action is not taken, even a modest

[15] The scope of our work was limited to analyzing OSHA Information System data; we did not review any supporting case files. However, OSHA performed a preliminary assessment of 27 case files and found 4 inspections that did not meet any exceptions allowed under its appropriations acts. OSHA officials cited coding errors for the remaining 23 inspections.

diversion of resources could mean missed opportunities to intervene in high-hazard industries where enforcement could prevent serious harm or death.

Additionally, OSHA's ability to make informed management decisions depends on accurate and reliable data. However, OSHA 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 data.

This issue is compounded by OSHA's failure to ensure that inspectors accurately code its inspection data. When the OIG raised questions with OSHA about inspection data that appeared to involve small employers in low-risk industries prior to issuing our 2026 alert memorandum, OSHA indicated that some inspections identified by the OIG may have been permissible but were incorrectly coded. The OIG is concerned that the agency lacks sufficient system and supervisory controls to ensure its inspection data is accurate and complete. Without an adequate process in place to ensure data is properly entered, there is a significant risk that OSHA inspection data does not accurately reflect the results in the case files. Erroneous inspection data could hinder informed decision-making and compromise the effectiveness of the agency's enforcement programs.

Further, OSHA's data accuracy and reliability issues could impact its ability to sufficiently identify and respond to significant workplace hazards—such as workplace violence. Workplace violence remains a top five leading cause of death for our Nation's workers. Between 2021 and 2022, the Bureau of Labor Statistics recorded 57,610 nonfatal workplace violence cases requiring at least 1 day off, with a median absence of 7 days. The health care and social assistance sector had the highest incidence, making up 72.8 percent of private industry cases over that period. In 2022, there were 524 workplace fatalities from homicides, up 8.9 percent from 2021; gunshot wounds accounted for 83 percent of these deaths. OSHA's ability to effectively respond to workplace violence depends on having complete and reliable data about worker injuries, hazards, and enforcement activity. We plan to perform an audit of OSHA's enforcement efforts related to workplace violence.

Finally, we found OSHA and MSHA are challenged in ensuring compliance with their appropriations acts as specified in our 2026 reporting. Specifically, in our September 2026 alert memorandum, we reported that, if OSHA conducted impermissible inspections under its authorized appropriations acts, it may have violated the Antideficiency Act. Further, we found MSHA data for mine emergency operations was unreliable, affecting MSHA's ability to accurately report its fiscal performance and potentially resulting in Antideficiency Act violations for 4 years.

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. In 2026, MSHA submitted a revised silica rule to the OMB that is waiting to be finalized.

MSHA has also begun taking action to address numerous open recommendations from prior OIG reports related to mine emergency operations. Most recently, in response to our April 2026 mine emergency response report, MSHA implemented our recommended system controls—which should ensure withdrawal orders are appropriately issued—and developed a process to ensure periodic reviews of MSHA guidance for required updates. It also submitted corrective action plans for our remaining recommendations from this report. In addition, MSHA has shown it is working on

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

corrective action plans for multiple unimplemented recommendations from our March 2017 report on emergency response plans.

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.

What Remains to Be Done

Both MSHA and OSHA need to improve internal controls to ensure they are fully complying with their appropriation acts.

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

- Improve various aspects of its preparedness for mine emergencies, including correcting issues identified from prior emergencies.
- 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.
- Improve the accuracy of OSHA's inspection data to ensure its limited resources are used to execute a prioritized enforcement strategy.

CHALLENGE: Enhancing Grant Management Amid Expanded Responsibilities

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 2026, 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 2027, the President's Budget continues to seek the establishment of—and requests $4.8 billion for—the Make America Skilled Again (MASA) program, which combines multiple existing workforce development programs into a single, consolidated grant program. The MASA grant initiative would consolidate the following individual programs:

- 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,
- YouthBuild, and
- Community Projects.

Additionally, since May 2025, through a partnership with the U.S. Department of Education (ED), DOL has committed to take on an expanded role in providing grant management services for more than 85 of ED's adult education and family literacy programs, as well as career and technical education programs, totaling at least $32 billion.[17]

Challenge for the Department

ETA has struggled to ensure grant recipients accomplish their planned performance results and expend funds effectively to achieve intended workforce outcomes. Further, the transfer of ED grant programs has increased ETA's responsibilities while it continues to administer the agency's existing grant portfolio. Additionally, our recent audits identified weaknesses in ETA's oversight of workforce development grants that led to potential waste of taxpayer dollars through questioned costs and funds for better use.

ETA could face challenges—as can arise with new program development—as DOL transitions to the consolidated MASA grant program and takes on additional responsibilities through its partnership with ED. The proposed FY 2027 consolidation of workforce grants: (1) eliminates program-level funding detail as individual programs are no longer assigned specific budgets and (2) adds $1.4 billion in Career and Technical Education state grants and national programs to ETA's portfolio, which reflects a funding increase from previous years. While navigating shared program management with ED, ETA may encounter operational challenges. As identified in previous audits, ETA is challenged in effectively managing its grant portfolio. Without effective grant oversight across its expanding portfolio, ETA faces an increased risk of waste and improper payments. Effective management of grants awarded under the new MASA grant program and the transferred ED grants will be critical to ensuring these training investments are used efficiently to help U.S. workers succeed in the labor market.

Further, in March 2022, we issued an advisory report that highlighted three areas of overarching concern where our body of work over the previous decade identified weaknesses in DOL's management of its workforce development grants. Principally, we found ETA routinely had challenges: (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 by enhancing grant oversight, we continue to identify weaknesses related to ETA's grant management in these areas.

With reports released in 2026, 2025, and 2023, we conducted a total of three audits to assess whether ETA grant recipients and subrecipients used grant funds for the intended purposes during the COVID-19 pandemic. These audits in Texas, New York, and New Jersey, respectively, identified comparable weaknesses in ETA's oversight of Workforce Innovation and Opportunity Act (WIOA) grants leading to potential waste through questioned costs and funds for better use.

In Texas, we found ETA did not ensure grant recipients and subrecipients: (1) efficiently used grant funds, (2) spent grant funds in compliance with federal guidelines, and (3) adequately documented career and training services provided to eligible participants. Additionally, the audit identified substantially higher program costs in Texas than the national average; more than $1 million in questioned costs; and ineffective monitoring controls and oversight. As a result of our findings, we estimated Texas could put as much as $218 million in future WIOA statutory grant funding to better use.

In New York, ETA did not ensure grant recipients and subrecipients utilized grant funds for their intended purposes, resulting in inaccurate participant reporting, inadequate documentation, and $25.4 million in questioned costs. In New Jersey, ETA did not ensure grant funds complied with federal requirements or were used to serve the intended population, resulting in approximately $7.2 million in questioned costs and over $100 million in funds put to better use.

[17] DOL has committed to three interagency agreements with ED. Per the OIG's analysis of ED's FY 2027 Budget, collectively, the ED programs covered by these interagency agreements represent a portfolio of at least $32 billion.

In August 2026, we issued an audit report on ETA's need to improve oversight of its scaling apprenticeship grants. We found ETA did not effectively administer the program to ensure grant recipients achieved program goals. Specifically, ETA did not ensure grant recipients: (1) collected and maintained required documents to support participant eligibility and performance outcomes or (2) met its established program outcomes. These issues occurred because ETA did not: (1) ensure grant recipients had written procedures for maintaining documentation, (2) require validated data, or (3) effectively track findings through its monitoring system. As a result, we identified more than $255,000 in estimated questioned costs and over $64 million in funds for better use. Overall, we concluded that ETA could not provide reasonable assurance that more than $164 million in grant funds were used for their intended purposes.

In our January 2026 audit of the Veterans Employment and Training Service's Jobs for Veterans State Grants program, we identified eligibility documentation and participant validation continued to be a challenge across DOL grant programs. Among other findings, we found one state incorrectly recorded ineligible individuals as program participants. Consequently, up to $8.4 million in Jobs for Veterans State Grants funds spent by the state may represent unsupported costs, indicating a potential waste of taxpayer dollars.

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

In the past, 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 issued its first conflict-of-interest policy. Specifically, it 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.

In response to our previous recommendations, ETA agreed to include a data validation review as part of the case file review process to ensure that performance data for WIOA programs include an accurate accounting of the number of participants, and that only individuals who receive services are counted as participants. Further, ETA agreed to increase technical assistance to all grant recipients for both eligibility and participant service documentation and to train Federal Project Officers on data validation.

To address risk tolerance for the amount of participants served under the WIOA Adult, Youth, and Dislocated Workers program, ETA developed an interactive Grant Health tool available to all Federal Project Officers through an internal data website. The tool provides an automated quarterly snapshot of grant data by combining participant, expenditure, and cost information into one view. Further, the tool helps identify outliers and trends; reduces manual analysis; and supports earlier, targeted technical assistance.

What Remains to Be Done

The Department needs to:

- Establish and implement policies requiring grant recipients of non-WIOA programs to implement data validation procedures in line with WIOA documentation requirements.
- Improve the use of data analytics during the grant period in order to identify program challenges and trends.
- Develop and implement controls to ensure ETA leadership and other stakeholders are aware of the complete administrative costs—including those of workforce entities currently exempt from reporting administrative costs—incurred by the WIOA statutory grant programs.

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[18] 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 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 continues to be challenged in maintaining the integrity of Foreign Labor Certification (FLC) programs. Specifically, prior audits have identified concerns regarding reliance on employer attestations in the application approval process for all four FLC programs. Further, OIG criminal investigations continue to reveal fraud in the programs based on such attestations. Employers' attestations are the main visa application 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

[18] 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."

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 13 years, the OIG, along with other federal partners, have conducted 595 criminal investigative matters related to fraud in FLC programs (see Table).

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

FLC Program	Number of Investigative Matters	Percentage of Investigative Matters
H-1B	242	41%
H-2A	92	15%
H-2B	100	17%
PERM	67	11%
Other (e.g., multiple programs)	94	16%
Total	**595**	**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. In another investigation, two brothers were convicted after they built a complex criminal enterprise that amassed millions of dollars through multiple fraud schemes, including a visa fraud scheme to file false H-1B visa applications and petitions to exploit a workforce comprised of foreign nationals, mostly from India. Additionally, a U.S.-based company agreed to pay a $9.25 million settlement agreement with the U.S. 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 allegations related to submitting false visa immigrant 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, 25 individuals have pled guilty and 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.

Each of the four FLC programs have unique rules, some resulting in specific integrity challenges. The H-2A visa program —which allows U.S. employers to hire nonimmigrant workers for temporary or seasonal agricultural jobs—has vulnerabilities related to its post-adjudication audits. 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. Accordingly, we made several

recommendations in our audit report and ETA took action to enhance its current post-adjudication procedures. However, the percentage of post-adjudication audits still needs to be improved.

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.

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."[19] The OIG continues to investigate and discover various fraud schemes within the H-1B program, including labor leasing,[20] benching of foreign workers,[21] and wage kickbacks.[22] In addition, the Wage and Hour Division is generally limited by statute[23] 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.

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. Further, the Wage and Hour Division does not have investigative 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. Responding to this concern, in July 2026, in conjunction with the Task Force to Eliminate Fraud, the OIG launched a major investigation and is intensifying enforcement efforts to combat fraud and human trafficking in the H-1B and PERM visa programs. Further, we are planning a review of how employers use the H-1B and PERM programs to transition foreign workers from temporary to permanent positions.

[19] 8 U.S.C. § 1182(n) and (t)
[20] 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.
[21] 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.
[22] 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.
[23] 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

In June 2025, the Department established the Office of Immigration Policy. The office works 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:

- in consultation with the Assistant Secretary for ETA, monitoring the administration of foreign labor certification activities and developing customer-centered policies 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.

In September 2025, the Department announced the launch of Project Firewall, an H-1B enforcement initiative that will safeguard the rights, wages, and job opportunities of highly skilled American workers by ensuring employers prioritize qualified Americans when hiring workers and holding employers accountable if they abuse the H-1B visa process. As authorized by federal law, the Department will conduct investigations of employers to maximize H-1B program compliance. To achieve this goal, the Secretary of Labor will personally certify the initiation of investigations for the first time in the Department's history.

As of July 2026, ETA has updated 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.

Also in July 2026, the Department proposed regulatory changes to the PERM program. Specifically, DOL proposed to (1) modernize employer recruitment requirements, (2) strengthen safeguards for U.S. workers impacted by layoffs, and (3) enhance employer compliance with program requirements related to record retention and non-discriminatory recruitment and hiring practices.

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.[24]
- Seek statutory authority to verify the accuracy of information provided on H-1B labor condition applications.

[24] As required of the U.S. Departments of Labor and Homeland Security, according to Executive Order 13940, issued on August 3, 2020.

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.

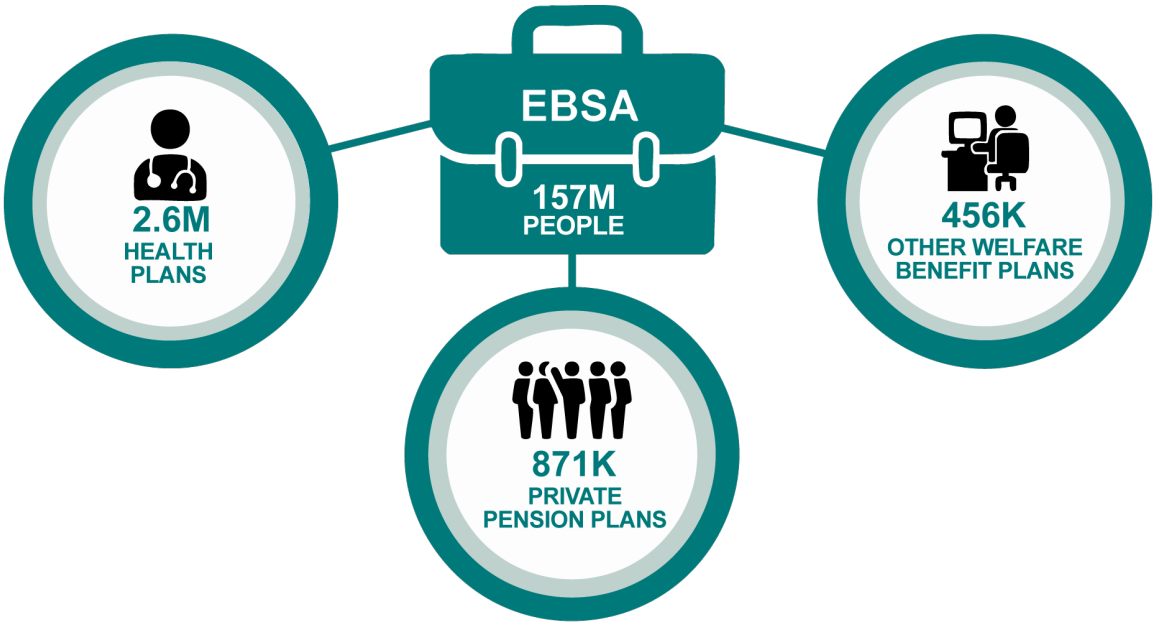
For the PERM visa program, the Department needs to:

- 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 157 million workers, retirees, and their families under the Employee Retirement Income Security Act of 1974 (ERISA).[25] The agency's responsibilities include enforcement authority over approximately 2.6 million health plans, 871,000 private pension plans, and 456,000 other welfare benefit plans, which collectively hold approximately $16.2 trillion in assets. It also has interpretive and regulatory responsibilities for about $18.2 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 more than 7.3 million participants and over $1.15 trillion in assets according to EBSA as of June 2026.

[25] 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.

Challenge for the Department

EBSA faces the challenge of allocating its limited resources in a way that will maximize its efforts. EBSA indicated that with roughly 1 investigator for every 18,800 plans, EBSA cannot audit even a fraction of ERISA-covered plans in a given year.



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 implement statutory changes without commensurate resources. Recent statutory 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,
  - Independent Dispute Resolution, 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 136 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 found that EBSA's ability to enforce Part 7 of ERISA's group health plan requirements could improve with additional authority to compel employer compliance (e.g., levying fines and penalties). We also recommended EBSA develop procedures to better use its existing tools and issue additional guidance, which EBSA addressed in September 2026.

EBSA investigates health care fraud that impacts both ERISA-covered plans and federal programs, causing harm to both. A recent multi-agency investigation including the OIG uncovered a nationwide medical reimbursement account scam that defrauded investors of over $4 million. This investigation held the fraudsters accountable for their actions and strengthened efforts to protect taxpayer dollars.

Additionally, EBSA has limited legal authority to enforce its oversight of over $1.15 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 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 continues to focus its enforcement resources on areas that have the greatest impact on the protection of plan assets and participants' benefits. Priority areas include cybersecurity, addressing barriers to mental health and substance use disorder benefits, surprise billing, protecting benefit distributions, and retirement asset management.

EBSA also pursues its mission to ensure the security of retirement, health, and other job-based benefits of America's workers and their families by: (1) developing effective regulations; (2) assisting and educating workers, plan sponsors, fiduciaries, and service providers; and (3) working with the Office of the Solicitor on amicus briefs to help clarify and advance the Department's perspective on employee benefits-related legal topics.

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 investigate health care fraud to protect ERISA-covered plans and their participants and beneficiaries.
- 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.

CHALLENGE: Providing a Safe, Secure, and Healthy Learning Environment at Job Corps Centers

Background

Job Corps is the largest nationwide residential career training program in the United States. It offers eligible individuals aged 16 to 24 the opportunity to complete their high school education, receive training for meaningful careers, and obtain assistance with securing employment. In FY 2026, the program received approximately $1.7 billion to serve these at-risk youth. As part of the Department's FY 2027 budget proposal, it requested approximately $90 million to support the orderly shutdown of Job Corps' 99 contractor-operated centers. This is a decrease of $1.5 billion from the FY 2026 enacted level. Per the Department, this request supports the final phase of DOL's responsibilities under WIOA and provides for final contract closeout and transition services for remaining students and staff. On August 10, 2026, the Department reached a settlement agreement to rescind its May 29, 2025, "pause in contractor operated Job Corps centers nationwide." Given the recent settlement agreement, the OIG is monitoring the Department's FY 2027 budget proposal.

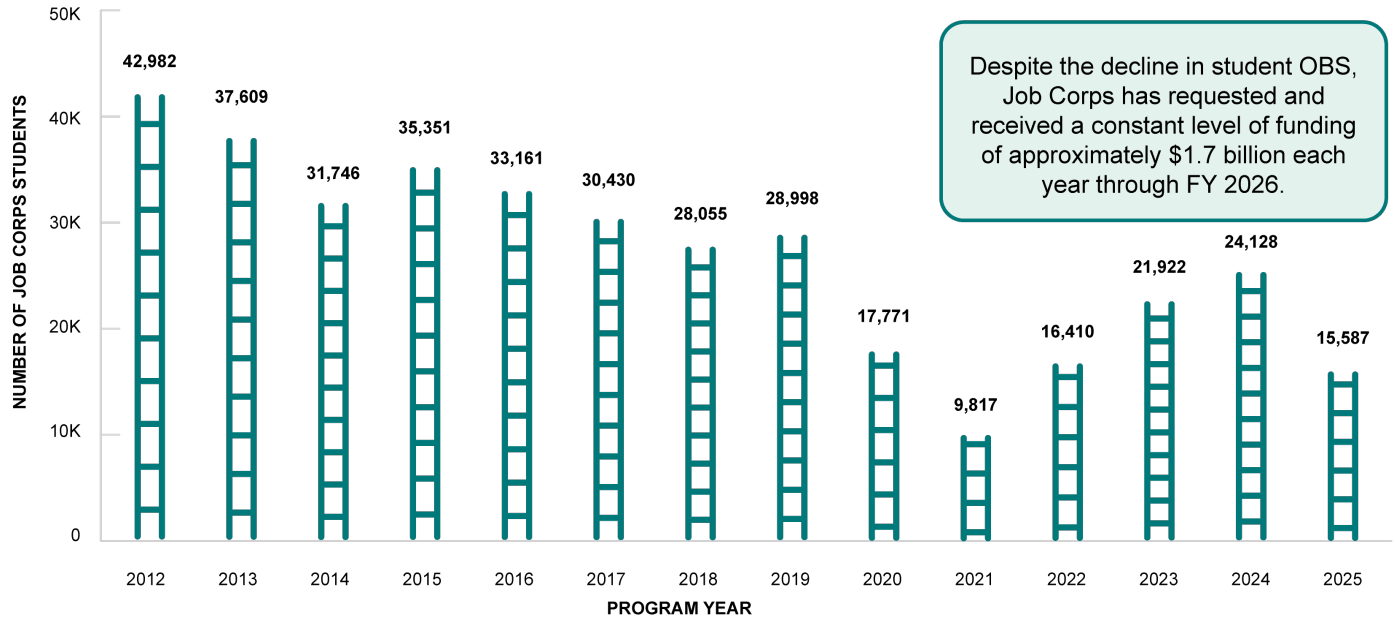
Challenge for the Department

With the Department's decision to rescind the termination notices it sent to contractor-operated Job Corps centers, it will need to face the exacerbated challenge involving student enrollment, as well as longstanding challenges involving campus safety, security, and health for students and staff.

In light of the recent uncertainty surrounding the future of the Job Corps program, ETA has encountered challenges sustaining program operations, including staff recruitment and student enrollment and retention. Public reports indicate that prospective students, current students, employers, and community partners have also been affected by the uncertainty of the program's long-term availability. In 2020, the U.S. Government Accountability Office reported that a prior proposed closure effort that paused recruitment and enrollment led to lost staff and lower student enrollment, and it took several months to recover stable levels of participation after that announcement. Maintaining program operations during periods of uncertainty is essential to preserving access for eligible youth to continue to receive services and benefit from the program's mission. Further uncertainty is created by the Department's FY 2027 proposed budget. The proposed budget does not seem to support the decision to continue Job Corps operations. The OIG is concerned about how Job Corps center operations will continue on a significantly reduced budget and how the Department plans to support enrollment.

Moving forward, Job Corps will need to address its challenge of continuously declining student enrollment, as demonstrated by its on-board strength (OBS) numbers. The latest average student OBS for Program Year (PY) 2025 is at a nearly all-time low of 15,587 students. The only other program year since 2012 with a lower OBS was in PY 2021 during the COVID-19 pandemic when OBS reached 9,817 due to the suspension of in-person instruction and new student enrollments. Before the pandemic, average OBS dropped from approximately 42,982 students in PY 2012 to 28,998 in PY 2019.[26] Even after the pandemic when Job Corps resumed in-person instruction and student enrollment, average OBS remained well below pre-pandemic levels and has continued to do so through PY 2025 (see Figure). Despite the decline in student OBS, Job Corps has requested and received a constant level of funding of approximately $1.7 billion each year through FY 2026. When student OBS goes down, Job Corps should reevaluate its center operation costs, including the extent its centers are being used to their full capacity.

Figure: Job Corps Average On-Board Strength from PY 2012 to PY 2025



Source: Data provided by ETA as of July 15, 2026

Further, Job Corps will need to address challenges in maintaining a secure, safe, and healthy learning environment for its students and staff. In previous 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 addition to the health and safety impact of these issues, we are concerned that issues of this nature could also potentially hinder student recruitment.

[26] In PY 2012, there were 126 active Job Corps centers and 4 non-residential satellite centers. In PY 2019, there were 121 active Job Corps centers.

In PY 2025, Job Corps centers reported 769 on campus assaults—almost 50 percent less than reported in PY 2024. However, the prevention of 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 observed an increase in the number of separations due to mental health and substance abuse issues and reported an increase in the number of violent incidents from mental health problems.

In an upcoming audit, the OIG plans to assess the actions Job Corps has taken or plans to take to address key program challenges and improve program performance, cost effectiveness, safety and security, and participant outcomes.



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.

Job Corps implemented a recurring review of centers' Safety and Security Standard Operating Procedures to ensure screening procedures, documentation steps, and coordination requirements are consistently applied by center operators. These reviews create clearer expectations for staff and ensure a more uniform execution of safety and security measures across centers.

Additionally, during the outreach and admissions period, center staff are being provided with enhanced materials and guidance to educate applicants early in the enrollment process about center safety expectations, prohibited items, and screening protocols. This proactive communication has helped set clear expectations before students arrive on campus.

To help prevent opioid overdoses, Job Corps developed an emergency response strategy in 2023 requiring that Narcan[27] 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. Most recently, in July 2026, Job Corps issued Program Instruction Notice 26-03: Opioid Overdose Prevention and Response in Job Corps to strengthen emergency response procedures, including Narcan administration, to emphasize prevention and timely intervention to opioid-related incidents.

[27] Narcan (generic Naloxone) is a lifesaving emergency treatment that can reverse the effects of an opioid overdose if administered quickly.

Further, Job Corps took significant steps to more accurately measure and report its drug control activities in support of the President's National Drug Control Strategy. Specifically, Job Corps improved how it measured and established targets for: (1) drug testing students upon entry and (2) follow-up drug testing of students, including metrics to track students who remained in the program based on its results.

What Remains to Be Done

To address declining student enrollment and ensure eligible youth continue to have access to Job Corps' education, training, and supportive services, Job Corps needs to:

- Develop and implement effective strategies to increase student enrollment, restore participation closer to pre-pandemic levels, and ensure center capacity and program resources are efficiently used.

To advance health, safety, and security measures for its students and staff on-site at its centers, Job Corps needs to:

- Ensure existing policies and procedures are continuously 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 2025, OWCP paid medical benefits in the amounts of $885 million under the Federal Employees' Compensation Act (FECA) and approximately $1.86 billion for home and residential[28] health care under the Energy Employees Occupational Illness Compensation Program Act (Energy).

Challenge for the Department

OWCP, by nature of the programs, is continually 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 improper payments 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 determining the necessity and appropriateness of home and residential health care costs and ensuring timely claims processing and that payments are adequately supported.

OIG criminal investigations continue to identify fraud, which is a continued risk, in OWCP's programs. As part of the 2026 National Health Care Fraud Takedown,[29] OIG criminal investigations found the following:

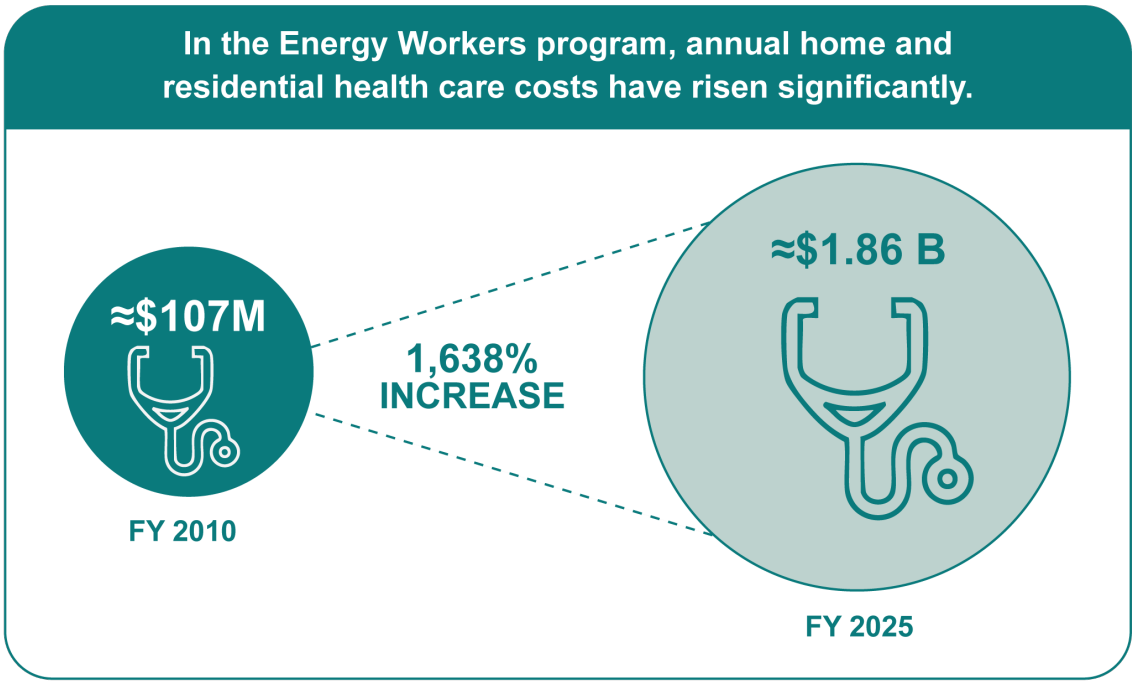
- The medical director of a cardiovascular testing and treatment practice was charged in connection with an $89 million scheme to bill for unnecessary cardiovascular tests, such as EKGs and echocardiograms, conducted on student athletes at school campuses.

[28] 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).
[29] The 2026 National Health Care Fraud Takedown involved a coordinated enforcement action involving a whole-of-government approach, which resulted in charges against 455 defendants for alleged health care fraud and opioid abuse schemes involving over $6.5 billion.

- A co-owner of a purported physical therapy business was indicted on conspiracy to commit health care fraud. The co-owner allegedly submitted false and fraudulent claims for one-on-one physical therapy when no one associated with the business was onsite. Instead, while being monitored remotely through a security camera, patients were watching television, eating, using their personal phones, or independently exercising. OWCP was billed for at least $3 million in claims involving services that were not provided.

For the FECA program, OWCP is challenged to effectively oversee billions of dollars in disability payments made to injured federal workers to ensure the payments are adequately supported and effectively managed. For instance, from July 1, 2024, to June 30, 2025, the FECA Program processed a total of over 8 million compensation and medical payments. Specifically, 180,272 beneficiaries received $3.96 billion in benefit payments, including $2.93 billion for wage-loss compensation, $140 million for death benefits, and $890 million for medical benefits. For these payments, OWCP is responsible for helping to prevent improper payments, overpayments, and payments that are not supported by sufficient documentation or eligibility requirements.

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 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 $1.86 billion in FY 2025. 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

To address the OIG's concerns with OWCP's management of the use and cost of pharmaceuticals in the FECA program, OWCP strengthened controls over compounded drugs and opioids and 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[30] that is responsible for pharmaceutical transactions, including pricing for prescription drugs, which resulted in a significant reduction to overall pharmaceutical spending—from over

[30] 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.

$436 million in FY 2016 to approximately $40 million in FY 2025. In 2023, OWCP contracted with another pharmacy benefit manager to cover pharmaceutical transactions for both the Energy and Black Lung programs. In 2026, OWCP awarded 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. This fixed service fee contract will also require a transparent pass-through pricing model[31] where a portion of pharmaceutical rebates are remitted to 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. Additionally, the Energy Program works with the OIG to provide data and information that is used to identify high-risk home and residential health care providers for investigation.

What Remains to Be Done

To more effectively manage medical benefits in its workers' compensation programs, OWCP needs to continue 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 continue 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 2026, DOL invested an estimated $683 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.

[31] The contractor passes through the actual prices paid to dispensing pharmacies.

DOL remains challenged to adequately implement information security controls and technology tools required to manage and monitor IT security. In our FY 2025 audit of DOL's information security program,[32] the Department's IT security program was assessed overall as not effective according to the CyberScope rating.[33] This rating is based on the Department's challenges implementing cybersecurity governance and identifying security weaknesses. We also highlighted as a significant deficiency in our FY 2025 Consolidated Financial Statements audit that DOL did not sufficiently monitor the effectiveness of segregation of duties and system access controls.

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, including the loss of federal staff and contract support. While the Office of the Chief Information Officer has made adjustments, key position vacancies remain. Recent audit work evaluated 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. We found staffing vacancies and inadequate resources may result in a lack of oversight and ineffective operation of security controls and key IT processes. As a result, these deficiencies could potentially impact DOL's operational capabilities and compliance with federal cybersecurity mandates.

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.
- Fill critical vacancy gaps in information security staffing and resources.

[32] 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.
[33] CyberScope, operated by the U.S. Department of Homeland Security on behalf of the OMB, 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.

Summary of Financial Statement Audit and Management Assurances

The tables provide a summary of DOL's FY 2026 financial statement audit and its management assurances.

Summary of Financial Statement Audit					
Audit Opinion	Unmodified				
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	1	0	0
Total Material Weaknesses	1	0	1	0	0
Significant Deficiency	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Significant Deficiencies	1	0	1	0	0

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	1	0	0	0
Total Material Weaknesses	1	0	1	0	0	0
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 OMB: OMB Circular A-123 Appendix C (M-21-19, 3/05/2021) and OMB Circular A-136 (5/29/2026). For FY 2026 reporting, OMB indicated in A-136 that:

"*Beginning in FY 2026, all Executive Branch agencies must provide* ***in their AFR or PAR****:*

i. *the Executive Summary of their payment integrity activities and results provided to OMB in the Data Call;*
ii. *a discussion of the agency's use of Do Not Pay, including an evaluation of whether it reduced improper payments or awards, provided to OMB in the Data Call;*
iii. *if applicable, a report on actions taken during the previous fiscal year to address contractor recommendations regarding overpayments; and*
iv. *a list of agency reports available on PaymentAccuracy.gov."*

DOL's Executive Summary and Do Not Pay (DNP) can be found below. 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 therefore received no recommendations to report. All applicable IP reports for DOL are provided by OMB on PaymentAccuracy.gov. For DOL, this list includes:

1. Annual Risk Assessment Report required under 31 USC 3352(a)(3)(C);
2. Agency Annual High-Priority Program Report required under 31 USC 3352(b)(2)(A)-(D);
3. Annual Improper Payment Estimation Report required as accompanying materials under 31 USC 3352(c);
4. Annual Report on Actions to Reduce Improper Payments required as accompanying materials under 31 USC 3352(d);
5. Annual Report on Actions to Recover Improper Payments Identified in a Recovery Audit required as accompanying materials under 31 USC 3352(e);
6. Agency Compliance Plan required under 31 USC 3353(b)(1); and
7. Agency Noncompliance Report required under 31 USC 3353(b)(5).

DOL Executive Summary

DOL places the highest priority on payment integrity and the stewardship of taxpayer dollars. Waste, fraud, and abuse are not acceptable. DOL programs are responsible for implementing strong controls to maintain the highest standards of integrity. OCFO supports agencies in strengthening internal controls, improving financial data use, and helping to ensure payments are accurate and paid to eligible recipients. In FY 2026, DOL reported $665.73M in confirmed fraud – fraud dollars admitted by fraudsters or adjudicated by an appropriate judicial or adjudicative process – down from $1,094.65M in FY 2025 and $1,033.54M in FY 2024.

DOL conducts an annual review to identify all "programs" for PIIA. These programs conduct annual Program Inventory Questionnaires to survey their IP risk posture. No less than every three years each identified program is required to conduct a detailed Risk Assessment which identifies if any may be "susceptible to significant improper payments" on both quantitative and qualitative factors on a fiscal year basis. For FY 2026, PIIA-identified programs with outlays >$10M conducted risk assessments and are reported on PaymentAccuracy.gov. Programs found to have either IP >1.5% of total annual outlays and >$10M, or >$100M annually are "susceptible" and required to provide annual reporting. In FY26 DOL continued to find two programs to be "susceptible".

- Federal-State Unemployment Insurance (UI) program, and
- Office of Workers' Compensation (OWCP) - FECA program.

DOL did not determine any additional programs to be "susceptible to significant IP" in FY26. Both of these programs provide IP estimates based on a program year (PY) basis, July 1 – June 30. For FY26, the FECA program's IP rate was estimated to be 2.88%, up slightly from 2.78% in FY 2025, and the UI program's IP rate was estimated at 12.40% down from 13.14% in FY 2025. While the goal is always zero-IP, risk can be mitigated but not eliminated. For FY 2027, DOL has implemented IP reduction targets of 3.00% for FECA and 9.90% for UI.

The Pandemic Unemployment Assistance (PUA) program was determined "susceptible" in FY21. DOL's FY23 Payment Integrity reporting for PUA covered the full life of the program from its beginning of eligibility through its expiration in law on September 6, 2021 (though many states terminated the program earlier). Because the program expired in law over half a decade ago and is no longer active, it is not possible to provide an updated IP estimation.

In FY 2025, DOL's OIG found the Federal-State UI program to be "noncompliant" with the PIIA criteria to estimate an IP rate of <10%. OIG's findings and DOL's Management Response are detailed in the OIG's FY 2025 PIIA Compliance Report. The UI program is a Federal-State partnership - UI payments are made by states, under state law, using primarily state UI funds, but under oversight by DOL to ensure compliance with Federal law. DOL will continue efforts to implement its aggressive UI Program Integrity Strategic Plan, which contains antifraud and IP reduction strategies, targeting the leading root causes of IP. This includes holding states accountable for performance, amplifying model national UI standards for combating fraud, and targeting engagement directly with states reporting high IP rates and the poorest UI program performance through UI Strike Teams. DOL's ongoing commitment and strategic efforts to reduce the IP rate constitute a strong and cost-effective approach to improving financial integrity in the Federal-State UI partnership. DOL will continue to collaborate with states, OIG, and other stakeholders to aggressively address fraud and reduce IPs. To return to PIIA compliance, the UI program's goal is to reduce IP to <9.90% in PY 2027.

DOL Do Not Pay Summary

DOL programs conduct pre-payment reviews against appropriate Do Not Pay (DNP) data sources. The dollar effect of these reviews in overall IP prevention is impossible to quantify. Additionally, DOL facilitated a partnership between the UI Integrity Center and the U.S. Department of the Treasury's Bureau of the Fiscal Service to provide states administering the UI program with streamlined access to the DNP data sources and services through the UI Integrity Data Hub (IDH). State UI agencies have reported an increase in matches and improvements in cross-matches quality since the DNP data sources became accessible through the IDH. States have indicated that DNP data sources provide more coverage of key datasets and offer improved accuracy to support states with identifying potential fraud and IPs. The FECA program conducts data analytics and cross-referencing with the DNP Business Center to mitigate the risk of inappropriate inter-Agency dual benefits. It is estimated this project has prevented $40.7M IP since it began in FY 2023.

DOL programs with matches in the DNP Portal are directly responsible for reviewing and adjudicating matches. They are not required to report IP prevented to DNP nor DOL-OCFO. Relatedly, states conduct matches of UI benefit payments they process through their access to the DNP Portal, adjudicate those matches, and establish overpayments where appropriate.

In FY 2026, pursuant EO 14249 and OMB Memo M-25-32, DOL worked to incorporate DNP checks throughout the payment lifecycle to strengthen payment integrity to ensure all DOL payments were reviewed against DNP data sources in both pre-award and pre-payment workflows as appropriate so that verification results are available and actionable with sufficient lead time before payment certification and disbursement. DOL completed all necessary onboarding requirements by the 9/30/2026 deadline. This new Treasury process is expected to be fully implemented in FY 2027 and DOL's FY 2027 reporting will provide full details on implementation of this Administration priority.

Unemployment Insurance (UI) Program Payment Integrity

UI IP SUMMARY

Fiscal Year	Outlays Amount ($M)	Improper Payment Amount ($M)	Payment Accuracy Rate	Improper Payment 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 %
2026	$ 40,021.07	$ 4,961.01	85.21 %	12.40 %

NOTE: IP Rate plus Payment Accuracy 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[34] 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 IPs. 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 CARES Act), including Pandemic Unemployment Assistance (PUA), Pandemic Emergency Unemployment Compensation (PEUC), FPUC, and Mixed-Earners Unemployment Compensation (MEUC) programs.

The period of benefits coverage for all pandemic-related UI programs, including PUA, PEUC, FPUC, and MEUC, expired in law on September 6, 2021 (though many states terminated the programs earlier). The PUA program was determined "susceptible" in FY 2021. DOL's FY 2023 Payment Integrity reporting for PUA covered the full life of the program from its beginning of eligibility through its expiration in law. Because the program expired in law over half a decade ago and is no longer active, it is not possible to provide an updated IP estimation. As discussed in prior years reporting, since the total net outlays for the PEUC and PUA programs were less than $10M, no data is reported for these programs for publication on PaymentAccuracy.gov. These negative outlays were due to states' ongoing overpayment recovery efforts and were also not used to artificially reduce normal UI program reported outlays nor impact IP estimates.

Although no further annual payment integrity reporting is possible, The OIG recommended reporting on PUA in its 2023, 2024, and 2025 PIIA compliance Reports. DOL disagreed with this recommendation. However, to address DOL-OIG's concern and to be transparent in sharing information, DOL reports the program outlays for the pandemic-related UI programs and other temporary, episodic UI programs at:
https://www.dol.gov/agencies/ocfo/dol-Payments-Integrity-Reporting-Overview

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 2026 PIIA reporting (July 1, 2025 through June 30, 2026), 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 Federal-State UI program's reduction target for FY 2027 is 9.90%.

[34] The 53 "state UI agencies" are the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, and the US Virgin Islands. *See* 26 USC 33060)(1).

Payment integrity information and IP estimation plans for UI can be found at:
https://oui.doleta.gov/unemploy/improp_pay.asp

UI Corrective Actions

Strengthening UI program integrity and reducing IPs is a top priority that ETA is addressing through a multi-layered strategy emphasizing transparency, accountability, and innovation. Key actions include holding states accountable for performance, investing in systemwide improvements, expanding access to training and data resources, strengthening identity (ID) verification, partnering with OIG, and issuing program guidance.

In FY 2026, DOL took aggressive action to hold states accountable for combatting fraud, addressing high IP rates, and improving UI program performance. In February, ETA sent individual notices to each state regarding specific performance measures, including the IP rate, and the resulting level of engagement they could expect from ETA as a result of this performance. In March, ETA convened state and federal leaders from all 53 state workforce agencies to discuss performance, integrity initiatives, policy issues, and reemployment strategies. Between March and September, ETA deployed UI Strike Teams to the worst-performing states, resulting in 22 onsite engagements and one additional engagement to assess to what extent fraud was impacting the state's UI program. In June, ETA launched public State Performance Scorecards, tracking metrics like IP and fraud rates and benefit timeliness measures. In July, ETA issued model national UI standards for states to adopt to improve UI integrity, following a letter from the Secretary to state governors demanding action on fraud and performance.

Additionally, ETA deepened collaboration with the OIG to safeguard taxpayer dollars and address UI fraud and performance issues. The partnership included regular meetings on emerging fraud trends, coordination with states, financial institutions, and unclaimed property agencies to recover unspent pandemic-era UI funds on prepaid debit cards, and joint engagement through UI Strike Team visits to strengthen OIG and state relationships. DOL also published a final rule requiring states to share confidential UI information with federal officials, including OIG ensuring proper oversight and accountability for the UI program.

Finally, ETA advanced technology data programs and ID verification infrastructure. It deployed Unemployment.gov as an informational website in January and is set to launch an initial pilot in early FY 2027, providing a national front door for benefit applications with built-in fraud checks. It also upgraded ID verification by moving Login.gov to a higher assurance level and integrating USPS in-person proofing. Additionally, the IDH, expanded access to DNP data sources and services and enhanced tools for identifying employer tax fraud schemes.

ETA develops, updates, oversees, and communicates UI antifraud and IP reduction strategies and program integrity controls through its UI Integrity Strategic Plan. The UI Integrity Strategic Plan provides a detailed accounting of ETA's FY 2026 actions and is not made publicly available because it contains confidential or proprietary information regarding DOL's UI fraud risk mitigation and IP reduction activities.

State-level IP estimations for UI can be found at:
https://www.dol.gov/agencies/eta/unemployment-insurance-payment-accuracy/data

Recovery of UI Overpayments

ETA is committed to holding states accountable for recovering UI overpayments and, where appropriate, providing states with tools and resources to enhance such efforts, including through its partnership with OIG. 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. 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 (Title II, Subtitle A of the Middle-Class Tax Relief and Job Creation Act of 2012, UIPL No. 05-13, and Section 5 of UIPL No. 13- 20, Change 2);
- Treasury Offset Program (TOP) for applicable covered debt (Bipartisan Budget Act of 2013, UIPL Nos. 02-19, 12-14, and 04-20);
- Cross Program Offset Recovery Agreement (CPORA) (UIPL No. 05-13); and
- Interstate Reciprocal Offset Recovery Arrangement (IRORA) (UIPL No. 05-13).

ETA also strongly recommends states use additional overpayment recovery activities, where allowed by state law, to improve recovery outcomes. Additional overpayment recovery actions, could include, but are not limited to, voluntary payment plans, wage garnishments, and interception of state tax refunds.

ETA's BAM program is limited in reporting estimates for IPs and root causes for only the:

- Federal-State UI Program,
- Unemployment Compensation for Federal Employees (UCFE), and
- Unemployment Compensation for Ex-Servicemembers (UCX).

While ETA does not provide IP estimates on episodic programs such as EUC, PEUC, FPUC, PUA, and MEUC through BAM methodology, ETA requires states to report on overpayment detection and recovery activities, including information on actual amounts (not estimates) of overpayments established and recovered, which are more expansive than what is covered by the BAM program. As a result, of states reporting more detail, ETA can provide robust reporting on overpayment activities such as confirmed fraud, establishments, recoveries, and waivers. To ensure transparency, ETA's FY 2026 overpayments identified and recovered, and overpayments outstanding and uncollectable, reflect overpayment administrative data available to ETA for all UI programs and activities, including expired and episodic programs listed above.

Federal Employee's Compensation Act Program Payment Integrity

FECA IP SUMMARY

Fiscal Year	Outlays Amount ($M)	Improper Payment Amount ($M)	Payment Accuracy Rate	Improper Payment 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 %
2026	$ 4,095.54	$ 117.86	97.12 %	2.88 %

The Office of Workers' Compensation (OWCP) - 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 or not 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 on: PaymentAccuracy.gov. Because total estimated IP for FY 2026 exceeds OMB's $100M threshold we

anticipate FECA will continue to be designated "high priority" in FY 2027. The FECA program's IP reduction target for FY 2027 is 3.00%.

The FECA IP Estimation methodology may be found at:
https://www.dol.gov/sites/dolgov/files/OCFO/media/reports/2018/20180626IPMETHODOLOGY.pdf

FECA 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!

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 ETA, including the 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 $5.9 billion, which provided services to 1.4 million participants in FY 2026. 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. The President's Budget for FY 2026 and 2027 proposed to consolidate programs authorized under WIOA into a single Make America Skilled Again grant program, to eliminate the Senior Community Service Employment Program, and proposes to initiate the closure of the Job Corps program. In FY 2026, Congress appropriated funds for these programs, and therefore the Department continues to administer them.

Within ETA, the OJC also invests in education and training through WIOA's Job Corps training program. OJC's costs in FY 2026 were $1.6 billion, providing services to over 38,000 participants in primarily residential settings at 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 aims to help 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 meant 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 2026 costs through the WIOA Adult programs were $957 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 states to reserve up to 25 percent of their Dislocated Worker funds for Rapid Response activities. Rapid Response is meant to be 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 are meant to infuse resources to areas impacted most from plant closings, mass layoffs, or job losses due to natural disasters or military base realignment and closures. Out of the Dislocated Worker National

Reserve, there is also an up to ten percent allowance for demonstration and pilot projects relating to the employment and training needs of dislocated workers. With this authorization, Congress has continued to provide annual appropriations for Strengthening Community Colleges (SCC) Training Grants and Workforce Opportunity for Rural Communities (WORC) grant projects for multiple years; this has also supported the Department's efforts to pilot and test Administration priority projects, such as the Industry-Driven Skills Training Fund grants. ETA's FY 2026 costs for the WIOA Dislocated Worker programs were $1.3 billion.

- **WIOA Youth Program** – 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. YouthBuild program aims to address 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 employment. ETA's FY 2026 costs for the WIOA Youth and YouthBuild programs were $1.1 billion.
- **Job Corps program** – ETA's OJC awards contracts to support a system of primarily residential centers that provide academic education, career technical training, service-learning, and social skills training for low-income young people ages 16–24. The program combines academic education and career technical training to help young people earn a high school diploma or equivalent and industry-recognized credentials, develop skills sought by employers, and prepare for employment and career opportunities. Job Corps also provides career preparation and work-based learning opportunities that allow young people to gain practical experience and support their transition to employment, further education, or other career pathways. There are 120 Job Corps centers, including 24 centers operated through interagency agreements between DOL and the U.S. Department of Agriculture, Forest Service. OJC's FY 2026 costs for the Job Corps program were $1.6 billion.
- **Reentry Employment Opportunities programs** – The Reentry Employment Opportunities (REO) programs serve youth (15-17), young adults (18-24), and adults (18 or 25+ depending on the specific grant model) 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. 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 2026 costs for the REO programs were $97 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. The Indian and Native American (INA) Program provides employment and training services to American Indians, Alaska Natives, and Native Hawaiians who reside both on and off reservations, including those living in urban areas. The program is meant to emphasize 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. Services may include career services, occupational skills training, work experience, and supportive services aligned with workforce needs and employment opportunities. The National Farmworker Jobs Program serves individuals who are low-income and primarily employed in agricultural or fish farming and their dependents. Career Services and Training grantees help adults (ages 18+) and youth (ages 14-24) acquire skills, education, and training to either stabilize employment or advance their career in the agricultural industry and other industries. Housing Services grantees provide permanent and temporary housing. ETA's FY 2026 costs for the WIOA National Programs were $145 million.

Community Service Employment for Older Americans (CSEOA) Program

Authorized by the Older Americans Act of 1965, the Senior Community Service Employment Program (SCSEP) provides subsidized employment in community service for unemployed low-income persons (particularly persons who have poor employment prospects) who are age 55 or older, with statutory goals to deliver community service during the program and prepare for unsubsidized employment after exit from the program. ETA's FY 2026 costs for the CSEOA's SCSEP were $388 million.

Trade Adjustment Assistance for Workers Program

The Trade Adjustment Assistance (TAA) Program was designed to help workers dislocated by foreign trade to adjust to changing market conditions and shifting skill requirements. TAA was meant to provide these affected workers 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. Pursuant to this provision, the DOL discontinued investigations of new petitions but is required to provide TAA benefits and services to workers covered under petitions certified prior to July 1, 2022, who were adversely affected, through total or partial separation, or threat of separation, before that date. ETA's FY 2026 TAA training costs were $13 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 2026 costs in Apprenticeship programs were $222 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 2026 and 2025.

ETA Education and Training Programs
Program Costs (in Millions) and Participants Served [1] (in Thousands)
For FY 2026

	2026	
Program	**Costs**	***Part. Served***
WIOA		
Adult	$ 957	238.0
Dislocated Worker[2]	1,332	220.3
Youth[3]	1,080	125.3
Job Corps	1,630	59.7
Reentry Employment Opportunities Programs[4]	97	18.2
National Programs[5]	145	26.8
CSEOA		
SCSEP	388	35.1
TAA for Workers[7]	13	0.7
Apprenticeship	222	742.9
Other[6]	60	10.7
TOTAL	$ 5,924	1,477.7

(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 2026, available on the DOL website in February 2027 at https://www.dol.gov/general/aboutdol#budget.

Veterans' Employment and Training Service (VETS)

VETS administers 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 service members, veterans, 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' program activities, costs and outputs.

Program Activities

Transition Assistance Program

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 War, 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 targeted transition workshops: (1) Transition Employment Assistance for Military Spouses (TEAMS), and (2) Wounded Warrior and Caregiver Employment Workshop (WWCEW). VETS also offers the Employment Navigator and Partnership Program (ENPP). ENPP provides one-on-one career assistance to interested transitioning service members, and their spouses, at select military installations worldwide. On January 5, 2026, the Off-Base Transition Training (OBTT) pilot program ended. OBTT offered veterans and military spouses the chance to participate in DOL employment-related workshops typically only available for service members and spouses on military installations.

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) staff positions located in American Job Centers and other locations. DVOP specialists provide individualized career services to veterans and eligible persons with qualifying employment barriers and authorized additional 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 staff 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, 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 2026

	2026	
Program	**Cost**	**Part. Served**
TAP[1]	$ 33,908	216.7
JVSG[2,3]	159,800	41.1
HVRP[4]	59,146	16.2
USERRA[5,6]	15,609	14.8
TOTAL[7,8]	**$ 268,463**	**288.8**

Program Outcomes

Outcomes for the VETS programs will be presented in the Department's Annual Performance Report for FY 2026, available in February 2027 on the DOL website at: https://www.dol.gov/general/aboutdol#budget.

[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 of the previous fiscal year through June 30th of the corresponding fiscal year.
[3] The total number of JVSG participants served for FY 2026 does not include data from the state of Washington 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] The total number of USERRA participants served for FY 2026 does not include data from OCIO provided technical assistance to comply with 38 U.S.C. § 4212 reporting requirements due to reporting delays.
[7] Total costs for labor, employment, and pension standards are not reported.
[8] Total costs reflect administrative costs.

Civil Monetary Penalty Inflation Adjustment

The Federal Civil Penalties Inflation Adjustment Act Improvement Act of 2015 requires agencies to publish annual inflation adjustments to civil monetary penalties. For 2026, consistent with OMB Memorandum M-26-11, the Department will not adjust penalties and will continue to use the 2025 amounts in the Federal Register.

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, 2026. 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, 2026.

Description	Awards with Zero Dollar and Undisbursed Balances as reported in PMS*							
	2-3 Years (FY 2024)		4-5 Years (FY 2022 - 2023)		More than 5 Years (FY 2021 and Before)		Total	
	Awards	Amount	Awards	Amount	Awards	Amount	Awards	Amount
Total Zero Dollar Balances	15	$ —	1	$ —	0	$ —	16	$ —
Total Undisbursed Balances	9	$ 500,239	1	$ 26,685	2	$ (1,211)	12	$ 525,713
Total Zero Dollar and Undisbursed Balances	**24**	**$ 500,239**	**87**	**$ 26,685**	**2**	**$ (1,211)**	**28**	**$ 525,713**

*The expiration age is calculated based on the FY 2026 reporting date.

The number of awards that remain open after two years has decreased by 90 percent compared to FY 2025. 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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Mine Safety and Health Administration www.msha.gov

Occupational Safety and Health Administration www.osha.gov/

Office of the Chief Financial Officer https://www.dol.gov/agencies/ocfo

Office of Disability Employment Policy www.dol.gov/odep/

Office of Federal Contract Compliance Programs www.dol.gov/ofccp/

Office of Labor-Management Standards www.dol.gov/olms/

Office of Workers' Compensation Programs www.dol.gov/owcp/

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 Data and Regulations

DOL Data https://data.dol.gov

DOL Regulations Search www.regulations.gov

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Acronyms

ACE	Affordable Clean Energy
AFR	Agency Financial Report
ARP Act	American Rescue Plan Act
BAM	Benefit Accuracy Measurement
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
EEOICPA	Energy Employees Occupational Illness Compensation Program Act
EIA	U.S. Energy Information Administration
EPA	U.S. Environmental Protection Agency
ERISA	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
JVSG	Jobs for Veterans State Grants
MEUC	Mixed Earner Unemployment Compensation
MEWA	Multiple Employer Welfare Arrangement
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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