

FY 2027

CONGRESSIONAL BUDGET JUSTIFICATION

EMPLOYMENT AND TRAINING ADMINISTRATION

**State Unemployment Insurance and
Employment Service Operations**

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STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

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STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

APPROPRIATION LANGUAGE

For authorized administrative expenses, \$52,893,000, together with not to exceed \$3,319,635,000 which may be expended from the Employment Security Administration Account in the Unemployment Trust Fund (“the Trust Fund”), of which—

(1) \$3,276,635,000 from the Trust Fund is for grants to States for the administration of State unemployment insurance laws as authorized under title III of the Social Security Act (including not less than \$517,000,000 to carry out reemployment services and eligibility assessments under section 306 of such Act, any claimants of regular compensation, as defined in such section, including those who are profiled as most likely to exhaust their benefits, may be eligible for such services and assessments: Provided, That of such amount, \$117,000,000 is specified for grants under section 306 of the Social Security Act and is provided to meet the terms of a concurrent resolution on the budget and \$400,000,000 is additional new budget authority specified for purposes of a concurrent resolution on the budget; and \$9,000,000 for continued support of the Unemployment Insurance Integrity Center of Excellence), the administration of unemployment insurance for Federal employees and for ex-service members as authorized under 5 U.S.C. 8501–8523, and the administration of trade readjustment allowances, reemployment trade adjustment assistance, and alternative trade adjustment assistance under the Trade Act of 1974 and under section 231(a) of the Trade Adjustment Assistance Extension Act of 2011, sections 405(a) and 406 of the Trade Preferences Extension Act of 2015, and section 285(a) of the Trade Act of 1974, as amended, and shall be available for Federal obligation through December 31, 2027, except that funds for outcome payments pursuant to section 306(f)(2) of the Social Security Act shall be available for Federal obligation through March 31, 2028: Provided, That notwithstanding any other provision of law, the Secretary may recapture any funds appropriated under this paragraph that remain unexpended by a State after the period of expenditure for a State (but before such funds have been returned to the Trust Fund), and such recaptured funds shall remain available until expended for re-obligation by the Secretary to the States to carry out automation activities related to the administration of unemployment compensation laws;

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(2) \$43,000,000 from the Trust Fund is for national activities necessary to support the administration of the Federal-State unemployment insurance system, of which \$25,000,000 shall be available through September 30, 2028, to carry out activities relating to identity verification in unemployment compensation programs;

(3) \$52,893,000 from the General Fund is to provide workforce information, national electronic tools, and one-stop system building under the Wagner-Peyser Act and shall be available for Federal obligation for the period July 1, 2027 through June 30, 2028:

Provided, That to the extent that the Average Weekly Insured Unemployment (“AWIU”) for fiscal year 2027 is projected by the Department of Labor to exceed 3,075,000, an additional \$28,600,000 from the Trust Fund shall be available for obligation for every 100,000 increase in the AWIU level (including a pro rata amount for any increment less than 100,000) to carry out title III of the Social Security Act: Provided further, That funds appropriated in this Act that are allotted to a State to carry out activities under title III of the Social Security Act may be used by such State to assist other States in carrying out activities under such title III if the other States include areas that have suffered a major disaster declared by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act: Provided further, That the Secretary may use funds appropriated for grants to States under title III of the Social Security Act to make payments on behalf of States for the use of the National Directory of New Hires under section 453(j)(8) of such Act: Provided further, That the Secretary may use funds appropriated for grants to States under title III of the Social Security Act to make payments on behalf of States to the entity operating the State Information Data Exchange System: Provided further, That funds appropriated in this Act which are used to establish a national one-stop career center system, or which are used to support the national activities of the Federal-State unemployment insurance, employment service, or immigration programs, may be obligated in contracts, grants, or agreements with States and non-State entities: Provided further, That States awarded competitive grants for improved operations under title III of the Social Security Act, or awarded grants to support the national activities of the Federal-State unemployment insurance system, may award subgrants to other States and non- State entities under such grants, subject to the conditions applicable to the grants: Provided further, That funds appropriated under this Act for activities authorized under title

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III of the Social Security Act and the Wagner-Peyser Act may be used by States to fund integrated Unemployment Insurance and Employment Service automation efforts, notwithstanding cost allocation principles prescribed under the final rule entitled “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” at part 200 of title 2, Code of Federal Regulations: Provided further, That the Secretary, at the request of a State participating in a consortium with other States, may reallocate funds allotted to such State under title III of the Social Security Act to other States participating in the consortium or to the entity operating the Unemployment Insurance Information Technology Support Center in order to carry out activities that benefit the administration of the unemployment compensation law of the State making the request: Provided further, That the Secretary may collect fees for the costs associated with additional data collection, analyses, and reporting services relating to the National Agricultural Workers Survey requested by State and local governments, public and private institutions of higher education, and nonprofit organizations and may utilize such sums, in accordance with the provisions of section 9a of title 29, United States Code, for the National Agricultural Workers Survey infrastructure, methodology, and data to meet the information collection and reporting needs of such entities, which shall be credited to this appropriation and shall remain available until September 30, 2028, for such purposes.

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

Language Provision

Explanation

In Paragraph (2):

\$43,000,000 from the Trust Fund is for national activities necessary to support the administration of the Federal-State unemployment insurance system, of which \$25,000,000 amount shall be available through September 30, 2028, to carry out activities relating to identity verification in unemployment compensation programs;

The language provides that \$25 million of the appropriation is to be available to carry out activities for identity verification in the unemployment compensation program. These funds for identity verification activities are available for federal obligation for two fiscal years, through FY 2028. Identity verification is critical to promote the integrity of UI programs and prevent fraud.

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

AMOUNTS AVAILABLE FOR OBLIGATION

(Dollars in Thousands)

	FY 2025 Enacted		FY 2026 Enacted		FY 2027 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
Budget Authority Before Committee	262	\$4,012,150	256	\$4,074,890	0	\$3,372,528
Unobligated Balances Brought Forward	16	\$217,038	0	\$309,379	0	\$0
Spending Authority from Offsetting Collections: Reimbursements	0	\$97,231	0	\$51,500	0	\$51,500
H-1B Fees	46	\$20,892	46	\$18,969	0	\$0
Transfer	0	-\$5,000	0	\$0	0	\$0
Transfer: Program Evaluation	0	-\$4,400	0	\$0	0	\$0
Transfer: Program Integrity	0	\$0	0	-\$2,505	0	\$0
Total Budgetary Resources	324	\$4,337,911	302	\$4,452,233	0	\$3,424,028

NOTE: The Budget proposes to reorganize OFLC as an independent agency in the Department, funding for which is included in the Departmental Management appropriation. Therefore, the OFLC funding request, as well as its share of H-1B fees, for FY 2027 appears in the Departmental Management Budget Justification.

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2026 Enacted	FY 2027 Request	Net Change
Budget Authority			
General Funds	\$74,306	\$52,893	-\$21,413
Unemployment Trust Funds	\$4,000,584	\$3,319,635	-\$680,949
Total	\$4,074,890	\$3,372,528	-\$702,362
 Full Time Equivalents			
Special Funds	46	0	-46
Unemployment Trust Funds	210	0	-210
Total	256	0	-256

Explanation of Change

	FY 2026 Enacted		Trust Funds		Federal Funds		FY 2027 Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
Total personnel compensation	256	\$29,224	0	\$0	0	\$0	0	\$0
Personnel benefits	0	\$10,877	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$54	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$228	0	\$0	0	\$0	0	\$0
Communications, utilities, and misc.	0	\$9	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$110	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$7,369	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$5,774	0	\$0	0	\$0	0	\$0
Other goods and svcs. from Fed. sources	0	\$8,818	0	\$0	0	\$0	0	\$0

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Operation and maint. of equipment	0	\$1,585	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$2	0	\$0	0	\$0	0	\$0
Grants, subsidies, and contributions	0	\$4,002,154	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	0	\$119	0	\$0	0	\$0	0	\$0
Federal Employees' Compensation Act	0	\$103	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$8,464	0	\$0	0	\$0	0	\$0
Built-Ins Subtotal	+256	+\$4,074,890	0	\$0	0	\$0	0	\$0
B. Programs:								
UI Identity Verification and Program Integrity Activities			0	\$25,000	0	\$0	0	\$25,000
RESEA Allocation Adjustment Increase			0	\$50,000	0	\$0	0	\$50,000
Programs Subtotal			0	+\$75,000	0	\$0	0	+\$75,000
Total Increase	+256	+\$4,074,890	0	+\$75,000	0	\$0	0	+\$75,000
Decreases:								
A. Built-Ins:								
Federal Employees' Compensation Act	0	\$0	0	-\$43	0	\$0	0	-\$43
Working Capital Fund	0	\$0	0	-\$9,777	0	\$0	0	-\$9,777
Built-Ins Subtotal	0	\$0	0	-\$9,820	0	\$0	0	-\$9,820
B. Programs:								
WOTC Expiration			0	-\$13,485	0	\$0	0	-\$13,485
ES TAT Consolidation into MASA			0	-\$4,015	0	\$0	0	-\$4,015
Eliminate Standalone ES Grants to States			0	-\$653,639	0	-\$21,413	0	-\$675,052
Programs Subtotal			0	-\$671,139	0	-\$21,413	0	-\$692,552
Total Decrease	0	\$0	0	-\$680,959	0	-\$21,413	0	-\$702,372
Total Other			-210	-\$74,990	-46	\$0	-256	-\$74,990
Total Change	+256	+\$4,074,890	-210	-\$680,949	-46	-\$21,413	-256	-\$702,362

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY

(Dollars in Thousands)

	FY 2025 Enacted		FY 2026 Enacted		FY 2027 Request		Diff. FY 2027 Request / FY 2026 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Unemployment Compensation	0	\$3,165,635	0	\$3,244,635	0	\$3,319,635	0	\$75,000
Unemployment Trust Funds	0	\$3,165,635	0	\$3,244,635	0	\$3,319,635	0	\$75,000
UC State Administration	0	\$2,759,635	0	\$2,759,635	0	\$2,759,635	0	\$0
Unemployment Trust Funds	0	\$2,759,635	0	\$2,759,635	0	\$2,759,635	0	\$0
Reemployment Services and Eligibility Assessments (RESEA)	0	\$117,000	0	\$117,000	0	\$117,000	0	\$0
Unemployment Trust Funds	0	\$117,000	0	\$117,000	0	\$117,000	0	\$0
RESEA Adjustment	0	\$271,000	0	\$350,000	0	\$400,000	0	\$50,000
Unemployment Trust Funds	0	\$271,000	0	\$350,000	0	\$400,000	0	\$50,000
UC National Activities	0	\$18,000	0	\$18,000	0	\$43,000	0	\$25,000
Unemployment Trust Funds	0	\$18,000	0	\$18,000	0	\$43,000	0	\$25,000
Employment Service	0	\$700,052	0	\$692,552	0	\$0	0	-\$692,552
General Funds	0	\$21,413	0	\$21,413	0	\$0	0	-\$21,413
Unemployment Trust Funds	0	\$678,639	0	\$671,139	0	\$0	0	-\$671,139
ES Grants to States	0	\$675,052	0	\$675,052	0	\$0	0	-\$675,052
General Funds	0	\$21,413	0	\$21,413	0	\$0	0	-\$21,413
Unemployment Trust Funds	0	\$653,639	0	\$653,639	0	\$0	0	-\$653,639
ES National Activities	0	\$25,000	0	\$17,500	0	\$0	0	-\$17,500
Unemployment Trust Funds	0	\$25,000	0	\$17,500	0	\$0	0	-\$17,500

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Foreign Labor Certification	216	\$83,810	210	\$84,810	0	\$0	-210	-\$84,810
Unemployment Trust Funds	216	\$83,810	210	\$84,810	0	\$0	-210	-\$84,810
Federal Administration	216	\$60,528	210	\$61,528	0	\$0	-210	-\$61,528
Unemployment Trust Funds	216	\$60,528	210	\$61,528	0	\$0	-210	-\$61,528
FLC Grants to States	0	\$23,282	0	\$23,282	0	\$0	0	-\$23,282
Unemployment Trust Funds	0	\$23,282	0	\$23,282	0	\$0	0	-\$23,282
One-Stop Career Centers/Labor Market Information	0	\$62,653	0	\$52,893	0	\$52,893	0	\$0
General Funds	0	\$62,653	0	\$52,893	0	\$52,893	0	\$0
Total	262	\$4,012,150	256	\$4,074,890	0	\$3,372,528	-256	-\$702,362
General Funds	0	\$84,066	0	\$74,306	0	\$52,893	0	-\$21,413
Special Funds	46	\$0	46	\$0	0	\$0	-46	\$0
Unemployment Trust Funds	216	\$3,928,084	210	\$4,000,584	0	\$3,319,635	-210	-\$680,949

NOTE: FY 2025 reflects actual FTE.

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

BUDGET AUTHORITY BY OBJECT CLASS

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
11.1 Full-time permanent	24,178	28,329	0	-28,329
11.3 Other than full-time permanent	65	65	0	-65
11.5 Other personnel compensation	762	830	0	-830
12.1 Personnel Benefits	9,062	10,877	0	-10,877
12.1 FECA	128	103	0	-103
21.0 Travel and transportation of persons	60	54	0	-54
23.1 Rental payments to GSA	900	228	0	-228
23.3 Communications, utilities, and misc.	55	9	0	-9
24.0 Printing and reproduction	216	110	0	-110
25.1 Advisory and assistance services	13,634	7,369	0	-7,369
25.2 Other services from non-Federal sources	8,561	5,774	5,510	-264
25.3 Other goods and svcs. from Fed. sources	3,019	8,818	27,738	18,920
25.3 WCF (Non-Add)	12,075	8,464	0	-8,464
25.7 Operation and maint. of equipment	532	1,585	1,585	0
26.0 Supplies and materials	28	2	0	-2
31.0 Equipment	31	0	0	0
41.0 Grants, subsidies, and contributions	3,938,734	4,002,154	3,337,695	-664,459
42.0 Insurance claims and indemnities	110	119	0	-119
Total	4,012,150	4,074,890	3,372,528	-702,362

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

SIGNIFICANT ITEMS IN APPROPRIATION COMMITTEES' REPORTS

Senate Report 119-55 Directive:

The Committee directs the Department to include information in the fiscal year 2027 CJ on: (1) how the ability of State workforce agencies to provide federally required service levels for unemployment insurance programs is affected when States do not receive the resources they need for administration as identified by the Resource Justification Model; (2) whether improvements to the Resource Justification Model could support improved State administration of the unemployment insurance programs; (3) whether Federal funding to States fully pays for the administration of Federal benefit programs, including emergency benefit programs implemented during the COVID-19 pandemic; (4) how ETA used CARES Act, ARPA, and annual appropriations to improve the administration and integrity of the unemployment insurance system since 2020 and how the termination of the UI ARPA grants in May 2025 impacts efforts to improve the integrity of States' unemployment insurance systems; (5) how States identify fraudulent actors who apply for unemployment insurance payments and the nature of these actors; (6) how any new appropriations and authorities would help the Department improve access to unemployment insurance for eligible workers and identify and recoup fraudulent overpayments; and (7) how any new appropriations and authorities would enhance methods by which ETA helps States better administer their unemployment insurance programs and identify and recoup fraudulent overpayments.

Response:

- 1) How the ability of State workforce agencies to provide federally required service levels for unemployment insurance programs is affected when states do not receive the resources they need for administration as identified by the Resource Justification Model –**

Response: Federal law provides that the Secretary of Labor (Secretary) will impart to each state "such amounts as the [Secretary] determines to be necessary for the proper and efficient administration" of the program based on: (1) the population of the state; (2) an estimate of the number of persons covered by the state law and the cost of proper and efficient administration of the law; and (3) other factors the Secretary finds relevant. Such amounts cannot be in excess of the amount appropriated for a given fiscal year. See Section 302(a) of the Social Security Act (SSA) (42 U.S.C. § 502(a)).

The Resource Justification Model (RJM) is a data collection instrument developed by the Department in coordination with State Workforce Agencies (states) in the late 1990's, which collects data on how states expended their UI administrative grant funds in the most recently completed Federal Fiscal Year (FY). RJM also inputs the Department's estimates of workload counts in key programmatic areas for the forecasted budget year and extrapolates states' reported expenditures from the previous year to establish estimated state costs for the budget year. While RJM may have originally been envisioned as the tool to establish the amount of the annual budget request for state administrative funding based on the total RJM estimated budget year state costs, it has

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ultimately become the basis for the allocation of the otherwise established appropriated level of funding.

The Department includes a proposed funding amount each year in the President's Budget. This is generally based on an assessment of national factors as well as Presidential priorities and is separate from the RJM. There is often a gap between states' costs as estimated by RJM and the funding level available to allocate. In recent years, the cumulative estimated costs based on states' RJM submissions have exceeded the total funding requested based on national factors.

The Department published a literature review in January 2025 related to funding for UI administration and program performance. This literature review is available at: <https://www.dol.gov/resource-library/unemployment-insurance-ui-administrative-funding-and-costs-literature-review>.

In addition to the literature review, the Department is currently engaged in a research project that is expected to include a brief analysis of how state administrative funding levels correspond with program performance, which will further inform this question.

2) **Whether improvements to the Resource Justification Model could support improved State administration of the unemployment compensation programs –**

Response: As noted in response to Question 1 above, RJM is a data collection instrument which gathers information on how state administrative funding was expended during the most recently completed FY. While it also includes a cost estimation component derived based on estimated workloads and general year-over-year inflationary increases, RJM is ultimately used for the purpose of allocating the appropriated funding across states.

The Department is open to considering changes to the RJM and welcomes further dialogue on this. The Department acknowledges that RJM is a large and complicated tool, and adjustments could be made to how data gathered through RJM could be used in the allocation of state administrative funding.

Adjustments to the RJM collection would only impact how state expenditure data is collected and how available funding is allocated and would not lead to a net overall increase in available state funding – where one state may see an increase, another state would see a decrease.

3) **Whether Federal funding to States fully pays for the administration of Federal benefit programs, including emergency benefit programs implemented during the COVID-19 pandemic –**

Response: Federal benefit programs generally include Unemployment Compensation for Federal Employees (UCFE), Unemployment Compensation for Ex-Servicemembers (UCX), federal share of Extended Benefits (EB), and other temporary, episodic programs

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enacted by Congress – such as under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as amended.

Administrative costs for administering UCFE and UCX are included in state UI administrative grants. See response to Questions 1 and Question 2 above.

During periods when Congress enacts temporary emergency Federal unemployment compensation programs such as those implemented in response to the COVID-19 pandemic, a significant amount of administrative funding is made available to states to help establish and operate these emergency programs.

Requirements for federal funding to states for administration of the emergency benefit programs provided under the CARES Act, as amended, are specifically identified in statute set forth at 15 U.S.C. § 9021 et seq. The specific phrasing is generally repeated across sections to read: “There shall be paid to each State which has entered into an agreement under this subsection an amount equal to 100 percent of . . . any additional administrative expenses incurred by the State by reason of such agreement (as determined by the Secretary).”

- ***Pandemic Unemployment Assistance (PUA)***: Administrative funding authorized under Section 2102(f)(2) of the CARES Act, as amended.
- ***Federal Pandemic Unemployment Compensation (FPUC) and Mixed Earners Unemployment Compensation (MEUC)***: Administrative funding authorized under Section 2104(d)(1)(A) of the CARES Act, as amended.
- ***Reimbursement of the first week of regular UI benefits***: Administrative funding authorized under Section 2105(c) of the CARES Act, as amended.
- ***Pandemic Emergency Unemployment Compensation (PEUC)***: Administrative funding authorized under Section 2107(d)(2) of the CARES Act, as amended.

The Department provided several opportunities for states to request administrative funding for each of these applicable programs. See Unemployment Insurance Program Letter (UIPL) Nos. [15-20](#); [16-20](#); [16-20, Change 5](#); [16-20, Change 6](#); [16-20, Change 7](#); [17-20](#); [20-20](#); [28-20](#); [28-20, Change 1](#); [28-20, Change 2](#); [28-20, Change 4](#); [09-21](#); [14-21](#); [17-24](#); and [02-25](#). These funding opportunities have been awarded with a mix of implementation costs, workload-based reporting, and Supplemental Budget Requests (SBRs).

While the period of performance for remaining active CARES Act administrative grants expired on December 31, 2025, the Department has advised states that it will continue, in line with the statute, to make funds available for any identified reimbursements necessary to administer the CARES Act UI programs. Such funds were appropriated without fiscal year limitation. While these temporary programs have expired, states continue to perform

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work associated with reconciling accounts and reports, establishing and recovering overpayments, retaining all applicable data, and processing any workload backlogs.

Administrative costs for CARES Act programs became subject to sequestration starting in FY 2022. As such, the amounts are reduced by a certain percentage in accordance with the Budget Control Act of 2011 (BCA). Most recently, administrative costs for FY 2026 are subject to a 5.7 percent reduction (see UIPL No. [07-26](#)).

4) **How ETA used CARES Act, ARPA, and annual appropriations to improve the administration and integrity of the unemployment insurance system since 2020 and how the termination of the UI ARPA grants in May 2025 impacts efforts to improve the integrity of States' unemployment insurance systems –**

Response: The Department most recently transmitted the *2024 Unemployment Insurance Program Noncompliance Remediation Activity Report* to Congress in June 2025. This report describes the activities done by the Department to comply with the Payment Integrity Information Act of 2019 (PIIA), a description of any requirements that were fulfilled previously that are still relevant to bring the UI program into compliance and reduce improper payments, a description of any new corrective actions the Department plans to take, and a timeline for when the UI program will achieve compliance. The report highlights actions that have already been deployed, are underway, or are being pursued by the Department to address improper payments and combat fraud in the UI programs. The report includes remediation activities required by the PIIA for both the regular UI program and the related pandemic UC programs created by the CARES Act, as amended. This report also describes proposed legislative reforms to further combat fraud in the UI program.

The Department anticipates providing an updated version of this report in the coming months to reflect activities since June 2025.

5) **How States identify fraudulent actors who apply for unemployment insurance payments and the nature of these actors –**

Response: The Government Accountability Office (GAO) issued two reports recommending the Department assess fraud risks to the UI program in alignment with GAO's Fraud Risk Framework (see [GAO-22-105051](#) and [GAO 23-205523](#)). In response to the GAO's recommendations, the Department created a comprehensive fraud risk assessment project to ensure the Department's fraud risk management activities and ongoing risk mitigation efforts are conducted in alignment with the leading practices found in GAO's Framework for Managing Fraud Risks in Federal Programs (see Training and Employment Notice (TEN) No. [32-23](#)).

The State Quality Service Plan (SQSP) is the state's UI performance management and service plan. It represents an approach to the UI performance management and planning process that allows for an exchange of information between federal and state partners to enhance the UI program's ability to reflect their joint commitment to performance

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excellence and customer-centered services. As part of this, each state is responsible for completing an Integrity Action Plan (IAP) that describes the state's comprehensive and detailed plan outlining the state's UI integrity and anti-fraud strategies. Due to the sensitivity of information about integrity controls and certain other UI operational matters, the Department has advised states not to make their SQSP publicly available. Most recently, the Department issued planning guidance for FY 2026 under UIPL No. [14-25](#).

At a high level, fraud risk mitigation cannot be accomplished through any single strategy, but rather requires a combination of immediate, intermediate, and long-term changes in systems and processes. Effective anti-fraud strategies employ a multi-layered approach by leveraging an array of controls, tools, and resources to detect and fight fraud and reduce improper payments early, and wherever possible, before a payment is made. The Department has encouraged and continues to strongly encourage states to use multiple defense strategies to address fraud and reduce improper payments; such strategies may include, but are not limited to, authentication, identity verification and proofing, risk scoring, data analytics, and cross-matching.

The two primary types of fraud occurring within the UI programs include:

- *Eligibility fraud*, which occurs when benefits or services are acquired as a result of false information provided with the intent to receive benefits for which an individual would not otherwise be eligible. State law determines the criteria for establishing a fraud determination within the UC programs.
- *Identity (ID) fraud*, which occurs when one person or a group of persons uses the identifying information of another person to illegally receive benefits. ID fraud also occurs when an individual's UI account is taken over by a person or group and the benefit payments are re-directed to another account by changing data such as the bank account and/or address after the claim has been established (*i.e.*, payment redirect/ATO fraud). ID fraud includes fictitious employer schemes, which involve the creation of companies that exist only on paper with no actual employees, business operations, or business expenses for the sole purpose of reporting fake wages and subsequently filing fraudulent unemployment claims using the fake wages. In addition to using stolen IDs or misusing an individual's ID, synthetic ID fraud is another form of ID fraud that occurs when real and/or fake information is combined to create a new false ID (*e.g.*, a real stolen Social Security Number is combined with a fake name, address, and date of birth).

The nature of fraud actors continues to evolve, and these actors attempt to circumvent the prevention and detection tools and safeguards implemented by states. Fraud in UI programs has been perpetrated by both domestic and international criminal organizations. The Department's Office of Inspector General (DOL-OIG) Office of Investigations is a critical partner in assessing and combatting fraud by learning from characteristics, methods, and indicators of the fraud based on their investigations of these schemes.

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

6) How any new appropriations and authorities would help the Department improve access to unemployment insurance for eligible workers and identify and recoup fraudulent overpayments –

Response: The Department would first like to acknowledge the updated provisions included in the Consolidated Appropriations Act of FY 2026 related to the obligational and expenditure periods for state UI administrative funding. Providing states with the ability to use remaining administrative grant funds from prior fiscal years to address ongoing administrative costs for a longer period of time should allow states a small amount of additional flexibility to manage fluctuations in claims or other funding-related disruptions. This flexibility will most notably allow states to more effectively manage ongoing workloads and potential backlogs following periods when automatic contingency administrative funding is triggered, which can be difficult to utilize within the limited obligational period outlined under the previous appropriations' provisions.

The Department also acknowledges the addition of the recapture authority for unexpended state grant awards. This capability, while unlikely to involve significant amounts of funding on a frequent basis, will provide the Department with the authority to address occasional instances where significant levels of funding are unable to be obligated and expended during the authorized period of time. In the past, states have lost significant amounts of grant funding tagged for multi-year state automation projects due unexpected contract failures and other unforeseen circumstances. Moving forward, this authority will help to ensure that a state won't be punished for cutting ties with an underperforming contractor through the loss of previously obligated funds. The Department is also hopeful that the accumulation of small remaining balances over time can also support new grant opportunities for states to help support the ongoing modernization of the UI system.

As outlined in the FY 2027 President's Budget request, additional funding to support identity verification services is essential to preserving both the integrity of the UI system, and to protect access to unemployment benefits for eligible claimants. The Department's FY 2027 request includes an increase of \$25 million to be provided under the UI National Activities appropriation to cover the cost of the front-end identity verification tools. Currently, the Department is providing these tools to states that have chosen to enroll in the offering and paying for the costs using remaining ARPA funding. Once this funding runs out, states and the Department need to find a new way to cover the costs of these services for which current state and national activities appropriations are insufficient to cover.

Additionally, the Department has recently launched a new website called Unemployment.gov, which is a central portal for workers across the country to utilize to help them access the relevant state UI system. Longer-term, this system is envisioned as a central starting point where claimants would be able to complete the identity verification process up front, before referral to the state UI system for filing a claim. The integration of this portal into the identity verification workflow would serve to create a streamlined and consistent verification process for all workers entering the UI system while ensuring

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

integrity in the system at the national level. Ongoing funding for these identity verification services is essential to ensuring integrity in the system going forward.

In previous budget requests and in the Department's *2024 Unemployment Insurance Program Noncompliance Remediation Activity Report* to Congress in June 2025, the Department has included various iterations of a UI integrity proposal which includes a suite of changes to program requirements and Departmental authority, which together would substantively support improvements to the UI system. From mandating that states must utilize nationwide tools and resources, including the National Directory of New Hires (NDNH), the National UI Integrity Center's Integrity Datahub, and the State Information Data Exchange System (SIDES), to providing the Secretary with meaningful enforcement authority and the ability to reward high performing states. This proposal has also often included provisions to allow states to utilize a small percentage of recovered UI overpayment funding to further benefit payment control activities and requiring the use of penalty and interest collections on delinquent tax collections and certain UI overpayments for UI administration. The Department also supports efforts to extend the statute of limitations on prosecuting fraud from the pandemic-era programs.

These provisions would work to strengthen the UI system by ensuring key crossmatch data resources contain records for all states, providing a small but meaningful amount of funding to support additional state efforts to prevent, detect, and recover overpayments, and allowing the Secretary to use monetary incentives to address struggling program areas in addition to rewarding high performing states.

The Department welcomes further conversation with Congress about additional authorities that could further these efforts to combat fraud.

- 7) **How any new appropriations and authorities would enhance methods by which ETA helps States better administer their unemployment insurance programs and identify and recoup fraudulent overpayments –**

Response: See response to Question 6.

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

AUTHORIZING STATUTES

Authorizing statutes for Employment and Training Administration programs can be found on the ETA website at <https://www.dol.gov/agencies/eta/laws>.

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

APPROPRIATION HISTORY

(Dollars in Thousands)

	Budget Estimates to Congress	Appropriations	FTE
2017			
Base Appropriation	\$3,631,085	\$3,523,691	165
2018			
Base Appropriation	\$3,213,159	\$3,464,691	161
2019			
Base Appropriation	\$3,325,298	\$3,343,899	160
2020			
Base Appropriation	\$3,475,986	\$5,491,907	144
2021			
Base Appropriation	\$3,497,280	\$4,365,025	158
2022			
Base Appropriation	\$4,126,230	\$3,711,331	166
2023			
Base Appropriation	\$4,258,173	\$4,009,150	194
2024			
Base Appropriation	\$4,592,414	\$4,006,150	214
2025			
Base Appropriation	\$4,325,429	\$4,012,150	212
2026			
Base Appropriation	\$3,421,838	\$4,074,890	256
2027			
Base Appropriation	\$3,372,528		0

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS OVERVIEW

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

Programmatic activities under the SUIESO account include the Unemployment Insurance (UI) program, which provides temporary, partial wage replacement for eligible unemployed workers; the Reemployment Services and Eligibility Assessments (RESEA) program, which provides reemployment services to selected UI claimants to reduce unemployment duration and improve employment outcomes; and the U.S. Employment Service, which serves to connect job seekers with job opportunities in their local workforce area. Activities also include those conducted by the Office of Foreign Labor Certification (OFLC), which protects the wages and working conditions of U.S. workers and foreign nationals through its review of requests from U.S. companies to employ foreign labor on a permanent or temporary basis.¹ Finally, resources devoted to system building and workforce information services bolster the capacity of the public workforce system to prepare workers for their next jobs.

The FY 2027 President's Budget proposes to eliminate standalone funding for the Employment Service as part of its consolidation of workforce development programs into the Make America Skilled Again (MASA) grant program, which can serve a range of Americans, including job seekers and businesses. The Budget also proposes to make OFLC an independent sub-agency within the Department of Labor rather than an office within ETA. This change will centralize the Department's immigration-related responsibilities into a single sub-agency, consistent with the Administration's goals to promote government efficiency, ensure more effective coordination across federal immigration agencies, and facilitate the use of legal immigration pathways by employers. This new organizational structure will enable the Department to administer immigration and migration policies, regulations, and programs in a manner that optimizes performance and ensures the resiliency and continuity of customer-centered operations.

¹ The Budget proposes to reorganize OFLC as an independent agency in the Department, funding for which is included in the Departmental Management appropriation. Therefore, the OFLC funding request for FY 2027 appears in the Departmental Management Budget Justification

UNEMPLOYMENT INSURANCE

BUDGET AUTHORITY BEFORE THE COMMITTEE

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
Activity Appropriation	3,165,635	3,244,635	3,319,635	75,000
FTE	0	0	0	0

Introduction

The Federal-State Unemployment Insurance (UI) program, authorized by Title III of the Social Security Act (SSA), provides temporary, partial wage replacement to eligible workers temporarily or permanently laid off from their jobs. The UI program, an integral part of the public workforce system, serves as one of the key entry points for unemployed workers into the American Job Centers (AJCs) established under the Workforce Innovation and Opportunity Act (WIOA) and to the services that speed their return to work. The Reemployment Services and Eligibility Assessments (RESEA) program provides reemployment services to UI claimants to reduce their need for benefits, improve their employment outcomes, and strengthen UI program integrity by assessing their ongoing eligibility for benefits. The Wagner-Peyser Act Employment Service (ES) is part of the AJCs and promotes reemployment service delivery to UI claimants and other job seekers.

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

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

The Department's FY 2027 Budget requests \$3,319,635,000 for UI Administration. Of this amount, \$2,750,635,000 is for State Administration, and \$9,000,000 is for the UI Integrity Center of Excellence. The request includes \$517,000,000 for the RESEA program. The UI National Activities request of \$43,000,000 includes a request of \$6,000,000 to support ongoing modernization of critical systemwide information technology infrastructure essential to the

UNEMPLOYMENT INSURANCE

states' administration of the UI program and \$25,000,000 to fund identity verification activities to help states combat identity fraud in the UI system.

The Trump Administration is committed to improving program integrity and reducing fraud in the UI system. Under the prior Administration, the UI system became a target for sophisticated fraudsters who stole billions of tax-payer dollars. The Department has a strong interest in working with Congress to combat fraud and reduce improper payments.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2022	\$2,868,816	0
2023	\$3,157,635	0
2024	\$3,159,635	0
2025	\$3,165,635	0
2026	\$3,244,635	0

UNEMPLOYMENT INSURANCE

WORKLOAD AND PERFORMANCE SUMMARY					
		FY 2025 Enacted		FY 2026 Enacted	FY 2027 Request
		Target	Result	Target	Target
Unemployment Insurance					
ETA-Budget OUI-01	Employer Tax Accounts (in thousands)	9,250	10,019	10,095[p]	10,175[p]
ETA-Budget OUI-02	Initial Claims Taken (in thousands)	13,060	11,853	12,033[p]	11,511[p]
ETA-Budget OUI-03	Weeks Claimed (in thousands)	91,875	99,278	105,114[p]	97,622[p]
ETA-OUI- 01	First Payment Timeliness (Unemployment Insurance)	76.01%	76.20%	87.00%	87.00%
ETA-OUI- 02	Detection of Recoverable Overpayments (Unemployment Insurance)	57.50%	59.05%	57.50%	57.50%
ETA-OUI- 03	Improper Payment Rate (Unemployment Insurance)	12.00%(r)	13.14%	9.90%	9.90%

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

UNEMPLOYMENT INSURANCE

Workload and Performance Narrative

Based on the Administration's FY 2027 President's Budget economic assumptions, the Department projects a slight decline in the number of initial claims and the number of weeks claimed from 12,033,000 and 105,114,000 in FY 2026 to 11,511,000 and 97,622,000 in FY 2027, respectively. Subject employers are projected to increase slightly from 10,095,000 in FY 2026 to 10,175,000 in FY 2027. It is important to note that UI workload volumes are influenced by economic conditions, not the administrative funds available.

Past Performance Results and Future Projections

- 1) **First Payment Timeliness:** The regulatory target for this measure is set at 87.0 percent of first payments to be within 14-21 days. In FY 2025, the first payment timeliness result was 76.20 percent, on track with the target of 76.01 percent (adjusted to reflect the realities of state operations following the pandemic). This result is a continued improvement from previous fiscal years (73.5 percent in FY 2024 and 69.1 percent in FY 2023). The Department continues to engage with states to accelerate claims processing and process claims backlogs due to the pandemic, has refocused its strategies to ensure that states are held accountable for their UI performance, and anticipates that performance will continue to improve next year. The FY 2026 target for this measure will return to the regulatory target of 87.0 percent.
- 2) **Detection of Overpayments:** In FY 2025, states detected and established for recovery 59.05 percent of estimated overpayments, which is well above the goal of 57.5 percent. The target for detecting and establishing recoverable overpayments for FY 2026 remains set at 57.5 percent.
- 3) **Improper Payment Rate:** In FY 2025, the reported UI estimated improper payment rate was 13.14 percent, slightly above the FY 2025 target of 12 percent. In both FY 2026 and FY 2027, the improper payment rate target is set at 9.9 percent. The Department is committed to reducing fraud, waste, and abuse in the UI system and will reinforce existing integrity requirements, strengthen efforts through new requirements, conduct monitoring to hold states accountable, address root cause issues by providing states system support and tools, and increase collaboration across government in accordance with recent Executive orders.
- 4) **Establish Tax Accounts Promptly:** In FY 2025, states completed 89.0 percent of new employer status determinations within 90 days of the end of the quarter, which was just below the target level of 90.0 percent. The FY 2026 and FY 2027 targets for the percent of new status determinations made within 90 days of the end of the quarter in which the firm became liable is set at 90.0 percent.

UNEMPLOYMENT INSURANCE

BUDGET ACTIVITY BY OBJECT CLASS

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
25.2 Other services from non-Federal sources	2,989	2,976	2,976	0
25.3 Other goods and svcs. from Fed. sources	3,019	2,738	27,738	25,000
25.3 WCF (Non-Add)	49	0	0	0
41.0 Grants, subsidies, and contributions	3,159,578	3,238,921	3,288,921	50,000
Total	3,165,635	3,244,635	3,319,635	75,000

UNEMPLOYMENT INSURANCE

CHANGES IN FY 2027

(Dollars in Thousands)

Activity Changes

Built-Ins

Built-Ins Subtotal \$0

Base	\$3,244,635	0
Program Increases	\$75,000	0
Net Program Subtotal	\$75,000	0
Total Activity Appropriation	\$3,319,635	0

	Amount	FTE
Base	\$3,244,635	0
Program Increases	\$75,000	0
Program Decreases	\$0	0

STATE ADMINISTRATION

BUDGET AUTHORITY BEFORE THE COMMITTEE

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
Activity Appropriation	2,759,635	2,759,635	2,759,635	0
FTE	0	0	0	0

Introduction

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

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

SUIESO funds are not used to provide administrative funding to states for the operation of the temporary pandemic-related UI programs. Administrative funding for these programs is provided under the Coronavirus Aid, Relief, and Economic Security Act of 2020, as amended by the Continued Assistance for Unemployed Workers Act of 2020 and the American Rescue Plan Act of 2021. While these programs expired in 2021, some states continue to process workload at a diminishing rate – to include activities such as appeals and overpayment recoveries.

STATE ADMINISTRATION

Resource and Program Data

State Administration

State Unemployment Insurance & Employment Service Operations

(Dollars in Thousands)

Data Category	PY 2025 Enacted	PY 2026 Enacted	PY 2027 Request
<u>Resource Data:</u>			
Service Grant	2,742,065	2,742,065	2,742,065
Formula	2,742,065	2,742,065	2,742,065
Competitive			
Program Support	17,570	17,570	17,570
Total Resources	2,759,635	2,759,635	2,759,635
<u>Program Data:</u>			
Total Grants	159	159	159
New Starts			
#	53	53	53
\$	2,734,422	2,734,422	2,734,422
Continuing			
#	106	106	106
\$	7,643	7,643	7,643
Contracts			
#	2	2	2
\$	14,132	14,132	14,132
Interagency Agreements			
#	1	1	1
\$	2,938	2,938	2,938

STATE ADMINISTRATION

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2022	\$2,600,816	0
2023	\$2,759,635	0
2024	\$2,759,635	0
2025	\$2,759,635	0
2026	\$2,759,635	0

Funding Mechanism

The Department provides annual workload-based grants to states for the administration of UI programs in accordance with Section 302(a) of the Social Security Act. This Act requires the Secretary to determine, within appropriated funds, the amount “necessary for proper and efficient administration” of each state’s UI law during the fiscal year. A “base” administrative grant is issued at the beginning of each fiscal year. States may receive additional administrative funds above their base grant levels, on a quarterly basis, when claims-related workloads exceed the amount funded by the base grant.

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

FY 2027

For UI State Administration, the FY 2027 Budget requests \$2,759,635,000.

The Department estimates that in FY 2027 states will process an average of 1,877,000 continued claims per week (referred to as the average weekly insured unemployment or AWIU), including claims made under the Trade Act of 1974, as amended. During FY 2027, states are expected to collect \$46.7 billion in state unemployment taxes and pay an estimated \$40.1 billion in Federal and state UI benefits to 5.6 million beneficiaries, including former Federal military and civilian personnel, recipients of Federal-State Extended Benefits (EB), and workers adversely affected by foreign trade who may be eligible for benefits under the Trade Act.

The request continues the existing contingency reserve language that provides for additional funds to meet unanticipated UI workloads. This contingency reserve provides \$28,600,000 for each 100,000 increase in the total AWIU, which is set at 3,075,000 in the request and referred to as the AWIU trigger.

STATE ADMINISTRATION

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

FY 2026

In FY 2026, Congress appropriated \$2,759,635,000 for State Administration.

In FY 2026 states are expected to process on average 2,022,000 continued claims per week (referred to as the average weekly insured unemployment or AWIU). During the year, states are projected to collect \$44.6 billion in state unemployment taxes and pay \$41.4 billion in Federal and state UI benefits to 5.8 million beneficiaries, including former Federal military and civilian personnel and recipients of Federal-state Extended Benefits (EB).

The appropriations included contingency reserve language that provides for additional funds to meet unanticipated UI workloads. This contingency reserve provides \$28,600,000 for each 100,000 increase in the total AWIU, which is set at 3,075,000 in the FY 2026 appropriation and is referred to as the AWIU trigger.

The appropriations also includes \$9,000,000 for continued support for the UI Integrity Center of Excellence (Center). The Center provides states with tools and resources including its Integrity Data Hub for state cross matching, to combat fraud and prevent, detect, and recover improper payments. The Center supports the goals of the Payment Integrity Information Act (PIIA) and OMB Memorandum M-21-19.

FY 2025

In FY 2025, Congress appropriated \$2,759,635,000 for State Administration. In FY 2025, states collected \$45.4 billion in state unemployment taxes and paid \$37.9 billion in Federal and state UI benefits to 5.7 million beneficiaries.

STATE ADMINISTRATION

BUDGET ACTIVITY BY OBJECT CLASS

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
25.2 Other services from non-Federal sources	2,676	2,676	2,676	0
41.0 Grants, subsidies, and contributions	2,756,959	2,756,959	2,756,959	0
Total	2,759,635	2,759,635	2,759,635	0

STATE ADMINISTRATION

CHANGES IN FY 2027

(Dollars in Thousands)

Activity Changes

Built-Ins

Built-Ins Subtotal	\$0	
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Base	\$2,759,635	0
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Net Program Subtotal	\$0	0
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Total Activity Appropriation	\$2,759,635	0
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	Amount	FTE
Base	\$2,759,635	0
Program Increases	\$0	0
Program Decreases	\$0	0

REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

BUDGET AUTHORITY BEFORE THE COMMITTEE

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
Activity Appropriation	388,000	467,000	517,000	50,000
FTE	0	0	0	0

Introduction

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

The RESEA program is based on a successful model established in Nevada² in which eligibility assessments were delivered seamlessly with reemployment services. Research on that service-delivery model found it to be effective in the following ways:

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

Previous research also identified that when both eligibility assessments and reemployment services are provided seamlessly, reemployment outcomes for claimants improve and the duration of benefits is shorter. A subsequent evaluation of this model was conducted in four states – Indiana, New York, Washington, and Wisconsin – and published in August 2019. This evaluation was designed to estimate the impact of the RESEA program on UI duration, employment, and earnings and included both an implementation study and large impact study.

² <https://wdr.doleta.gov/research/details.cfm?q=Impaq&id=2487>

REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

The findings of this evaluation were similar to those of the Nevada study and included reduced average duration and increases in participants' employment and earnings³.

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

Data Category	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request
Resource Data:			
Service Grant	384,120	462,330	511,830
Formula	384,120	462,330	511,830
Competitive			
Technical Assistance			
Evaluation	3,250	3,912	4,400
Program Support	630	758	770
Total Resources	388,000	467,000	517,000
Program Data:			
Total Grants	53	53	53
New Starts			
#	53	53	53
\$	384,120	462,330	511,830
Continuing			
#			
\$			
Contracts			
#	1	1	1
\$	3,250	3,912	4,400
Interagency Agreements			
#			
\$			

³ <https://www.dol.gov/sites/dolgov/files/OASP/evaluation/pdf/REA%20Impact%20Study%20-%20Final%20Report.pdf>

REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2022	\$250,000	0
2023	\$375,000	0
2024	\$382,000	0
2025	\$388,000	0
2026	\$467,000	0

Funding Mechanism

Beginning in FY 2021, the allocation of RESEA funds is defined in Section 306(f) of Social Security Act (SSA). In FY 2025 and FY 2026, the SSA requires that 89 percent of appropriated funds be awarded to states via formula, 10 percent be reserved for performance-based outcome payments awarded to states based on prior year performance, and 1 percent be reserved by the Department to conduct research and provide technical assistance. Beginning in FY 2027, the SSA revises the funding allocations to increase the performance-based outcome award funding to 15 percent of the appropriated funds, which is offset by a reduction in the required formula-based allocations to states to 84 percent. The SSA also allows states to set-aside up to 10 percent of their allocated funds for evaluations.

The Department is proposing to include a new provision in the Department's General Provisions that would allow the Department to provide unused funding from the one percent reserved for research and technical assistance to states under the formula-based or performance-based awards. The provision would also update the RESEA funding distribution formula by allowing state funding allocations to reflect states' projected number of new UI claimants rather than backward-looking historical claims activity.

FY 2027

In FY 2027, the Department's request includes \$517,000,000 for RESEA, consisting of \$117,000,000 in base funding and an additional \$400,000,000 under the RESEA allocation adjustment, which includes a request for an increase of \$50,000,000 over the FY 2026 Enacted level. This level is below the level authorized for FY 2027 in the Congressional Budget Act, as amended, which allows for the adjustment for Congressional budget procedures through 2027. The total estimated savings of the RESEA program over ten years is \$6.6 billion.

FY 2026

In FY 2026, Congress appropriated \$467,000,000 for RESEA, consisting of \$117,000,000 in base funding and an additional \$350,000,000 under the RESEA allocation adjustment as authorized in the Bipartisan Budget Act of 2018, as amended. As required by the SSA, \$415,630,000 will be formula-allocated to states to support their RESEA programs, \$46,700,000 will be formula-allocated as outcome payments to states that met or exceeded their FY 2025

REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

performance targets, and \$4,670,000 will be dedicated to national research and technical assistance projects.

RESEA services will be targeted to UI claimants, including those that have been identified as likely to exhaust UI benefits. The RESEA program will continue to provide integrated reemployment services to UI claimants including: one-on-one reviews of eligibility for UI benefits; provision of labor market information and career information to claimants to inform their career choices; support for the development of an individual reemployment plan; and access and referrals to self-service and staff-assisted reemployment services, such as skills assessments, career counseling, job matching and referrals, job search assistance, workshops, and referrals to training as appropriate. Additionally, the Department initiated multi-state studies of RESEA's participant selection strategies and program impacts.

FY 2025

In FY 2025, Congress appropriated \$388,000,000 for RESEA, consisting of \$117,000,000 in base funding and an additional \$271,000,000 under the RESEA allocation adjustment as authorized in the Bipartisan Budget Act of 2018, as amended. RESEA services were targeted to UI claimants, including those that had been identified as likely to exhaust UI benefits. The RESEA program provided integrated reemployment services to UI claimants including: one-on-one reviews of eligibility for UI benefits; provision of labor market information and career information to claimants to inform their career choices; support for the development of an individual reemployment plan; and access and referrals to self-service and staff-assisted reemployment services, such as skills assessments, career counseling, job matching and referrals, job search assistance, workshops, and referrals to training as appropriate.

REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

BUDGET ACTIVITY BY OBJECT CLASS

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
41.0 Grants, subsidies, and contributions	388,000	467,000	517,000	50,000
Total	388,000	467,000	517,000	50,000

REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

CHANGES IN FY 2027

(Dollars in Thousands)

Activity Changes

Built-Ins		
Built-Ins Subtotal	\$0	
Base	\$467,000	0
Program Increases	\$50,000	0
Net Program Subtotal	\$50,000	0
Total Activity Appropriation	\$517,000	0

	Amount	FTE
Base	\$467,000	0
Program Increases	\$50,000	0
Program Decreases	\$0	0

NATIONAL ACTIVITIES

BUDGET AUTHORITY BEFORE THE COMMITTEE

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
Activity Appropriation	18,000	18,000	43,000	25,000
FTE	0	0	0	0

Introduction

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

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

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

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

NATIONAL ACTIVITIES

reporting process which need attention as well as specific areas where reporting and validation procedures are producing inconsistent results;

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

The Department is currently engaged in a multi-year phased implementation project to modernize this system and create a new cloud-based system known as the UI Reports System (UIRS). Throughout this project, the Department will deploy new UIRS applications in a progressive rollout by program or function to all states.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2022	\$18,000	0
2023	\$23,000	0
2024	\$18,000	0
2025	\$18,000	0
2026	\$18,000	0

Funding Mechanism

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

FY 2027

In FY 2027, the Department requests \$43,000,000 for UI National Activities.

The base amount of \$18,000,000 for UI National Activities will provide continued support for ICON operations, ITSC, the UI reporting system, actuarial projects, and training and technical assistance activities. Funds also provide for the acquisition of technical services, hardware, and software to support state UI activities and to support infrastructure used for communications to stakeholders and beneficiaries.

This \$18,000,000 amount includes \$6,000,000 to support ongoing modernization of systemwide IT infrastructure essential to states’ administration of the UI program. ETA intends to use these funds to continue the multi-year projects to modernize the UI Interstate Connection Network (ICON) hub. ICON operates on an antiquated network of mainframes that will no longer be

NATIONAL ACTIVITIES

supported in a few years. This funding will support an incremental implementation of ICON modernization that will leverage existing infrastructure that supports the UI Integrity Data Hub and allow for replacement of the 35-year-old ICON hub platform's architecture and modernization and standardization of its applications. This will create efficiencies, lower ongoing operational costs, and improve security. ICON modernization will also result in improved data quality and reliability.

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

In addition, the FY 2027 request for UI National Activities includes \$25,000,000 to be used to support identity verification services used by the states, a critical program integrity function.

FY 2026

In FY 2026, Congress appropriated \$18,000,000 for UI National Activities. These funds will be used to provide continued support for ICON operations, ITSC, the UI reporting system, actuarial projects, and training and technical assistance activities. In FY 2026, the Departments continues a multi-year effort to modernize the UI reporting system and as of March 2026 has completed the transition of all state-facing applications to the modernized cloud-based platform. During the year, these funds will be used to support the reduced operating and maintenance costs of the legacy reporting platform and the new UI Reporting System (UIRS). Funds also provide for acquisition of technical services, hardware, and software to support state UI activities and to support infrastructure used for communications to stakeholders and beneficiaries. This funding amount includes \$6,000,000 for the continued work to modernize the ICON hub.

FY 2025

In FY 2025, Congress appropriated \$18,000,000 for UI National Activities. These funds provided continued support for ICON operations, ITSC, the UI reporting system, actuarial projects, and training and technical assistance activities. Funds also provided for acquisition of technical services, hardware, and software to support state UI activities and to support infrastructure used for communications to stakeholders and beneficiaries. This funding amount included \$6,000,000 for the continued work to modernize the ICON hub.

NATIONAL ACTIVITIES

BUDGET ACTIVITY BY OBJECT CLASS

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
25.2 Other services from non-Federal sources	313	300	300	0
25.3 Other goods and svcs. from Fed. sources	3,019	2,738	27,738	25,000
25.3 WCF (Non-Add)	49	0	0	0
41.0 Grants, subsidies, and contributions	14,619	14,962	14,962	0
Total	18,000	18,000	43,000	25,000

NATIONAL ACTIVITIES

CHANGES IN FY 2027

(Dollars in Thousands)

Activity Changes

Built-Ins

Built-Ins Subtotal

\$0

Base

\$18,000

0

Program Increases

\$25,000

0

Net Program Subtotal

\$25,000

0

Total Activity Appropriation

\$43,000

0

Amount

FTE

Base

\$18,000

0

Program Increases

\$25,000

0

Program Decreases

\$0

0

EMPLOYMENT SERVICE

BUDGET AUTHORITY BEFORE THE COMMITTEE

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
Activity Appropriation	700,052	692,552	0	-692,552
FTE	0	0	0	0

Introduction

The Wagner-Peyser Act of 1933, amended by the Workforce Innovation and Opportunity Act of 2014 (WIOA), established a nationwide system of public employment offices, known as the Employment Service (ES). Under current law, the ES provides universal access to labor exchange services to job seekers and helps businesses meet their hiring needs by referring qualified workers. The ES supports the reemployment of unemployment insurance (UI) claimants and other job seekers by providing career counseling and labor market information, job search assistance, other career services, and referrals.

The FY 2027 Budget proposes elimination of the ES Grants to States program and replacing it with the Make America Skilled Again (MASA) grant program. MASA will consolidate multiple standalone programs into a single program that can serve a range of Americans, including job seekers and businesses.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2022	\$700,052	0
2023	\$705,052	0
2024	\$700,052	0
2025	\$700,052	0
2026	\$692,552	0

EMPLOYMENT SERVICE

WORKLOAD AND PERFORMANCE SUMMARY							
		PY 2024 Revised Enacted		PY 2025 Enacted		PY 2026 Enacted	PY 2027 Request
		Target	Result	Target	Result	Target	Target
Employment Service							
ETA- WIOA ES- 01	Employment Rate - 2nd Quarter After Exit (WIOA Employment Service)	68.40%	66.70%	68.60%	TBD	68.80%	--
ETA- WIOA ES- 02	Employment Rate – 4th Quarter After Exit (WIOA Employment Service)	68.30%	67.40%	68.50%	TBD	68.70%	--
ETA- WIOA ES- 03	Median Earnings – 2nd Quarter After Exit (WIOA Employment Service)	\$8,197	\$8,554	\$8,361	TBD	\$8,528	--

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

EMPLOYMENT SERVICE

Workload and Performance Narrative

Under current law, states report to the Department on the following three measures: 1) employment in the second quarter after exit; 2) employment in the fourth quarter after exit; and 3) median earnings of those employed in the second quarter after exit. The results of these measures demonstrate the effectiveness of these investments in helping address the employment and skill needs of workers, job seekers, and employers.

All Employment Service program targets were met in PY 2024 with the exception of the Employment Rate – Second and Fourth Quarters After Exit targets. The Department will continue to support program improvement through analyzing the effectiveness of the services provided to various subpopulations, improving program efficiency, providing increased flexibility to states and local areas in order to maximize innovation in the workforce system, and promoting promising practices such as: industry-driven strategies, including Registered Apprenticeship; improving worker mobility; and integrating workforce and education systems. The Department hopes that these strategies lead to improved program performance in PY 2025.

EMPLOYMENT SERVICE

BUDGET ACTIVITY BY OBJECT CLASS

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
25.2 Other services from non-Federal sources	1,298	249	0	-249
25.3 Other goods and svcs. from Fed. sources	0	1,126	0	-1,126
25.3 WCF (Non-Add)	1,500	0	0	0
41.0 Grants, subsidies, and contributions	697,254	691,177	0	-691,177
Total	700,052	692,552	0	-692,552

EMPLOYMENT SERVICE

CHANGES IN FY 2027

(Dollars in Thousands)

Activity Changes

Built-Ins		
Built-Ins Subtotal	\$0	
Base	\$692,552	0
Program Decreases	-\$692,552	0
Net Program Subtotal	-\$692,552	0
Total Activity Appropriation	\$0	0
	Amount	FTE
Base	\$692,552	0
Program Increases	\$0	0
Program Decreases	-\$692,552	0

GRANTS TO STATES

BUDGET AUTHORITY BEFORE THE COMMITTEE

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
Activity Appropriation	675,052	675,052	0	-675,052
FTE	0	0	0	0

Introduction

Employment Service (ES) Grants to States support universal access to the public workforce system through a public labor exchange. The FY 2027 Budget proposes eliminating ES Grants to States and replacing it with the Make America Skilled Again (MASA) grant program. MASA will consolidate multiple standalone programs into a single program that can serve a range of job seekers. The program will provide States greater flexibility to invest in training, career education, and work-based learning and to support job seekers in moving to high-wage jobs.

GRANTS TO STATES

Resource and Program Data Employment Service Grants to States State Unemployment Insurance & Employment Service Operations (Dollars in Thousands)

Data Category	PY 2025 Enacted	PY 2026 Enacted	PY 2027 Request
<u>Resource Data:</u>			
Service Grant	675,052	675,052	0
Formula	675,052	675,052	0
Competitive	0	0	0
Total Resources	675,052	675,052	0
<u>Program Data:</u>			
Total Grants	162	162	0
New Starts			
#	54	54	0
\$	675,052	675,052	0
Continuing			
#	108	108	0
\$			
#	0	0	0
\$	0	0	0
Interagency Agreements			
#	0	0	0
\$	0	0	0

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2022	\$675,052	0
2023	\$680,052	0
2024	\$675,052	0
2025	\$675,052	0
2026	\$675,052	0

Funding Mechanism

Funding is allotted to states and territories using the formula set forth in the Wagner-Peyser Act, which, after taking into account a consistent, annual percentage allotted to Guam and the Virgin

GRANTS TO STATES

Islands, is generally based on measurements from the preceding calendar year of each state's relative share of the U.S. civilian labor force and unemployed individuals, where two-thirds of the allotment is determined by the relative share of the civilian labor force, and one-third is determined by the relative share of unemployed individuals.⁴

FY 2027

The 2027 Budget eliminates the Employment Service Grants to States program as a stand-alone budget request and proposes to consolidate the grants within the Make America Skilled Again grant program.

FY 2026

In FY 2026, Congress appropriated \$675,052,000 for ES to operate in all 50 states and three territories. The funding will be awarded under the regular formula allotment to states supporting labor exchange services to a projected 2,561,317 participants (based on a cost per participant of \$263.56 in PY 2024). In FY 2026, the Department will implement *America's Talent Strategy*, review and render decisions on WIOA State Plan modifications, provide flexibility to states through waivers, and issue program guidance highlighting innovative practices including integration with Perkins CTE.

FY 2025

In FY 2025, Congress appropriated \$675,052,000 for ES to operate in all 50 states and three territories. The funding was awarded under the regular formula allotment to states supporting labor exchange services to a projected 2,561,317 participants (based on a cost per participant of \$263.56 in PY 2024). In FY 2025, the Department provided flexibility to states through waivers and program guidance highlighting innovative practices including integration with Perkins CTE. The Department also published a proposed rule to allow States more flexibility in how they staff Employment Services.

⁴ 49 U.S.C. § 49e.

GRANTS TO STATES

BUDGET ACTIVITY BY OBJECT CLASS

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
41.0 Grants, subsidies, and contributions	675,052	675,052	0	-675,052
Total	675,052	675,052	0	-675,052

GRANTS TO STATES

CHANGES IN FY 2027

(Dollars in Thousands)

Activity Changes

Built-Ins		
Built-Ins Subtotal	\$0	
Base	\$675,052	0
Program Decreases	-\$675,052	0
Net Program Subtotal	-\$675,052	0
Total Activity Appropriation	\$0	0

	Amount	FTE
Base	\$675,052	0
Program Increases	\$0	0
Program Decreases	-\$675,052	0

EMPLOYMENT SERVICE NATIONAL ACTIVITIES WOTC

BUDGET AUTHORITY BEFORE THE COMMITTEE

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
Activity Appropriation	20,985	13,485	0	-13,485
FTE	0	0	0	0

Introduction

The ES National Activities support the administration of the Work Opportunity Tax Credit (WOTC), which is a federal tax incentive available to businesses that hire new employees from targeted groups who experience barriers to employment.⁵ The targeted groups under WOTC are: Temporary Assistance for Needy Families recipients, Long-term Family Assistance recipients, Supplemental Nutrition Assistance Program recipients, Designated Community Residents, Summer Youth Employees, Vocational Rehabilitation referrals, formerly incarcerated individuals, Supplemental Security Income recipients, Long-term Unemployment (compensation) recipients, and Qualified Veterans.

The WOTC program is jointly administered by the Department of the Treasury’s Internal Revenue Service (IRS) and the Department of Labor’s Employment and Training Administration (ETA). The IRS is responsible for overseeing all tax-related provisions of the program, including the credits claimed by employers, and ETA awards annual grants to state workforce agencies to administer the WOTC certification process. Employers are required to receive certification from SWAs that the individuals hired by the employer meet the eligibility requirements of a WOTC targeted group, prior to claiming the tax credit with the IRS.

The authorization for WOTC ended December 31, 2025, and the FY 2027 Budget eliminates funding for continued WOTC certifications, consistent with the tax credit’s expiration.

⁵ 26 U.S.C. § 51(d)(1).

EMPLOYMENT SERVICE NATIONAL ACTIVITIES WOTC

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

Data Category	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request
<u>Resource Data:</u>			
Service Grant	20,985	13,485	0
Formula	20,985	13,485	0
Competitive	0	0	0
Research Evaluation	0	0	0
Demonstration Development	0	0	0
Training/Technical Assistance	0	0	0
Program Support	0	0	0
Total Resources	20,985	13,485	0
<u>Program Data:</u>			
Total Grants	82	82	0
New Starts			
#	82	82	0
\$	20,985	13,485	0
Continuing			
#	0	0	0
\$	0	0	0
Contracts			
#	0	0	0
\$	0	0	0
Interagency Agreements			
#	0	0	0
\$	0	0	0

EMPLOYMENT SERVICE NATIONAL ACTIVITIES WOTC

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2022	\$21,985	0
2023	\$20,985	0
2024	\$20,985	0
2025	\$20,985	0
2026	\$13,485	0

Funding Mechanism

In general, WOTC funding is distributed to SWAs using a three-part administrative funding formula. Effective since FY 2024 state allotments, the funding formula is based on each state's relative share of 1) civilian labor force averages; 2) total WOTC certifications issued; and 3) total WOTC denials issued.

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

FY 2027

Congress passed WOTC in 1996 to incentivize employers to hire and retain workers from certain designated groups with high unemployment rates, including individuals receiving public assistance. The legislative intent was for the credit to foster permanent employment. The program has not achieved this goal. The authorization for WOTC ended December 2025, and the FY 2027 Budget eliminates funding for continued WOTC certifications, consistent with the tax credit's expiration.

FY 2026

Congress appropriated \$13,485,000 under Employment Service National Activities for the administration of WOTC. The funds appropriated for FY 2026 will be primarily utilized by SWAs to help them maintain staff support to make determinations on pending certification requests for employees hired prior to the expiration of WOTC's authorization on January 1, 2026. The Department continues to provide technical assistance to SWAs to support process improvement.

EMPLOYMENT SERVICE NATIONAL ACTIVITIES WOTC

FY 2025

To support states' processing of WOTC certification requests as well as to reduce the processing backlog, \$20,985,000 was appropriated for FY 2025 operations.

SWAs used FY 2025 funding to process over 5 million applications submitted by employers and issued determinations (3,708,081 denials of ineligible applications and 1,918,901 certifications of applications that met all requirements set forth in Section 51 of the Code).

Of the funds received for FY 2025, the Department awarded \$2,500,000 to 14 state workforce agencies to continue support for states' efforts in reducing WOTC backlogs and modernizing associated information technology. Funding was primarily utilized by SWAs to help them attain staff support, and to enhance or develop automated systems. Many states successfully reduced their processing backlogs and implemented new standard operating procedures to maintain a more efficient certification process. The Department continues to provide technical assistance to SWAs to support process improvement.

EMPLOYMENT SERVICE NATIONAL ACTIVITIES WOTC

BUDGET ACTIVITY BY OBJECT CLASS

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
41.0 Grants, subsidies, and contributions	20,985	13,485	0	-13,485
Total	20,985	13,485	0	-13,485

EMPLOYMENT SERVICE NATIONAL ACTIVITIES WOTC

CHANGES IN FY 2027

(Dollars in Thousands)

Activity Changes

Built-Ins		
Built-Ins Subtotal	\$0	
Base	\$13,485	0
Program Decreases	-\$13,485	0
Net Program Subtotal	-\$13,485	0
Total Activity Appropriation	\$0	0
	Amount	FTE
Base	\$13,485	0
Program Increases	\$0	0
Program Decreases	-\$13,485	0

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

BUDGET AUTHORITY BEFORE THE COMMITTEE

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
Activity Appropriation	4,015	4,015	0	-4,015
FTE	0	0	0	0

Introduction

The Employment Service (ES) National Activities supports technical assistance and training (TAT) activities, helping to ensure public workforce system frontline staff and leaders have the tools and information necessary to design and provide high-quality employment and training services. The Department also uses these funds to track and achieve program performance goals and quality customer service. As part of the proposal to consolidate workforce development programs into the Make America Skilled Again (MASA) grant program, the proposal for MASA includes a set-aside for technical assistance activities. As a result, the funding for ES TAT is no longer necessary.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2022	\$3,015	0
2023	\$4,015	0
2024	\$4,015	0
2025	\$4,015	0
2026	\$4,015	0

Funding Mechanism

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

FY 2027

The 2027 Budget eliminates ES TAT as a stand-alone budget request and proposes to consolidate the program within the Make America Skilled Again (MASA) grant program.

EMPLOYMENT SERVICE NATIONAL ACTIVITIES TECHNICAL ASSISTANCE AND TRAINING

FY 2026

In FY 2026, the Department received \$4,015,000 for ES TAT activities. Resources will be used to support assistance for states to improve employment outcomes for all participants and focus on strategies that research indicates are promising or proven to increase employment outcomes for workers, job seekers, and employers.

FY 2025

In FY 2025, the Department received \$4,015,000 for ES TAT activities. Resources were used to support assistance for states to improve employment outcomes for all participants and focused on strategies that research indicates are promising or proven to increase employment outcomes for workers, job seekers, and employers.

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

BUDGET ACTIVITY BY OBJECT CLASS

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
25.2 Other services from non-Federal sources	1,298	249	0	-249
25.3 Other goods and svcs. from Fed. sources	0	1,126	0	-1,126
25.3 WCF (Non-Add)	1,500	0	0	0
41.0 Grants, subsidies, and contributions	1,217	2,640	0	-2,640
Total	4,015	4,015	0	-4,015

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

CHANGES IN FY 2027

(Dollars in Thousands)

Activity Changes

Built-Ins		
Built-Ins Subtotal	\$0	
Base	\$4,015	0
Program Decreases	-\$4,015	0
Net Program Subtotal	-\$4,015	0
Total Activity Appropriation	\$0	0

	Amount	FTE
Base	\$4,015	0
Program Increases	\$0	0
Program Decreases	-\$4,015	0

FOREIGN LABOR CERTIFICATION

BUDGET AUTHORITY BEFORE THE COMMITTEE

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
Activity Appropriation	83,810	84,810	0	-84,810
FTE	216	210	0	-210

NOTE: FY 2025 reflects actual FTE.

Introduction

The Immigration and Nationality Act and related laws assign certain responsibilities to the Secretary of Labor (Secretary) for employment-based immigrant and nonimmigrant visa programs. These responsibilities include determining – in response to employer applications for DOL certification that certain jobs may be filled with foreign workers – whether there are able, willing, and qualified U.S. workers available for the job and whether there would be any adverse effect on the wages and working conditions of U.S. workers similarly employed if a labor certification allowing the admission of a foreign worker were granted.

The Secretary has delegated the statutory authority for making labor certification determinations to the Employment and Training Administration’s Office of Foreign Labor Certification (OFLC). OFLC has been one of multiple DOL agencies with some form of labor immigration role. Now, to promote government efficiency, enhance interagency coordination, and strengthen accountability to American taxpayers, the Department proposes to elevate and centralize these immigration-related responsibilities. To that end, DOL will reorganize OFLC into an independent agency (separate from ETA), have it report directly to the DOL Deputy Secretary, and join to it several other specialized immigration functions currently operating elsewhere in the Department. Given the consequential nature of employment-based visa programs, this reorganization serves a compelling national interest, as it will improve coordination and management of immigration-related work within DOL and with other federal immigration agencies, strengthening program integrity and helping advance the Administration’s broad immigration and migration policy objectives. As a result, the Budget moves funding for OFLC from SUIESO to the Departmental Management appropriation. This proposal is discussed in greater detail in that chapter.

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

- immigrant Permanent Labor Certification Program (commonly known as “PERM” or the “Green Card” program);
- nonimmigrant (temporary worker) programs:

FOREIGN LABOR CERTIFICATION

- H-1B Temporary Specialty Occupations Program;
- H-1B1 Temporary Specialty Occupations Program for foreign nationals from Chile and Singapore;
- H-2A Temporary Agricultural Program;
- H-2B Temporary Non-agricultural Program;
- E-3 Temporary Specialty Occupations Program for foreign nationals from Australia;
- CW-1 Temporary Program for foreign nationals to work in the Commonwealth of the Northern Mariana Islands; and
- D-1 Temporary Program for foreign crewmembers to perform longshore work at U.S. ports.

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

OFLC is currently comprised of a national office and several divisions responsible for the processing of employer-filed applications, also referred to as national processing centers (NPCs). The national office is responsible for policy and regulatory activities, program management, finance, and other administrative and management activities. OFLC administers its labor certification and prevailing wage determination responsibilities through its NPCs, which adjudicate employer applications for temporary nonimmigrant and permanent immigrant employment and prevailing wage determinations.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2022	\$79,810	166
2023	\$83,810	194
2024	\$83,810	214
2025	\$83,810	212
2026	\$84,810	256

Funding Mechanism

Currently, Congress appropriates funding for foreign labor certification activities through the State Unemployment Insurance and Employment Service Operations (SUIESO) account. The Federal Administration account funds federal program functions, including salaries and expenses, information technology development and maintenance, contract services to support case processing, rent, working capital, and other overhead costs. The State Grants activity funds services provided by State Workforce Agencies (SWAs) in support of the foreign labor certification program, including placing job orders to recruit U.S. workers, conducting housing inspections for agricultural workers, and administering prevailing practice and wage surveys. OFLC distributes this grant funding annually in accordance with approved state plans.

FOREIGN LABOR CERTIFICATION

In addition to Congressional appropriations, OFLC receives five percent of the revenue from the H-1B application fee authorized by the American Competitiveness and Workforce Improvement Act (ACWIA) and collected by DHS. These resources support H-1B and PERM case-processing activities and are separate from the H-1B funding allocated to the Department for grants to train U.S. workers in occupations that employ H-1B workers. Under the Department's proposal to make OFLC an independent agency, all of OFLC's funding, including its appropriated funding and its share of H-1B fee revenue, would be shifted out of the ETA SUIESO account and into the Departmental Management account.

FOREIGN LABOR CERTIFICATION

WORKLOAD AND PERFORMANCE SUMMARY					
		FY 2025 Enacted		FY 2026 Enacted	FY 2027 Request
		Target	Result	Target	Target
Foreign Labor Certification					
ETA-Budget OFLC-02	PERM New Applications Filed	135,089	117,849	114,375	127,528
ETA-Budget OFLC-03	PERM Applications Processed	117,945	148,227	158,786	208,320
ETA-Budget OFLC-05	H-1B New Applications Filed	510,331	575,063	512,693	510,393
ETA-Budget OFLC-06	H-1B Applications Processed	535,619	594,819	530,361	525,708
ETA-Budget OFLC-08	H-2A New Applications Filed	24,939	24,725	26,128	29,227
ETA-Budget OFLC-09	H-2A Applications Processed	24,733	24,526	26,222	29,434
ETA-Budget OFLC-11	H-2B New Applications Filed	18,296	17,530	19,575	21,572
ETA-Budget OFLC-12	H-2B Applications Processed	19,110	17,553	18,967	20,709
ETA-FLC- 01	Average Number of Days to Resolve PERM Applications NOT Subject to Integrity Review (Analyst Review) (OFLC)	350	482	350	350
ETA-FLC- 03	Percent of H-1B Employer Applications Resolved in 7 Business Days (OFLC)	100.0%	100.0%	100.0%	100.0%

FOREIGN LABOR CERTIFICATION

WORKLOAD AND PERFORMANCE SUMMARY					
		FY 2025 Enacted		FY 2026 Enacted	FY 2027 Request
		Target	Result	Target	Target
ETA-FLC-04	Percentage of Complete H-2A Employer Applications Resolved 30 Days Before the Date of Need (OFLC)	97.0%	98.0%	97.0%	97.0%
ETA-FLC-05	Percent of H-2B Employer Applications Resolved 30 days Before the Date of Need	65.0%	57.4%	65.0%	65.0%

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

FOREIGN LABOR CERTIFICATION

Workload and Performance Narrative

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

Most of OFLC's operations are financed by Congressional appropriations rather than application fees. The resources available to the Department to process applications, therefore, do not automatically adjust due to increases in employer-filed applications. Thus, OFLC's budget requests are driven by application workload levels and the goal to stabilize and improve processing times.

OFLC issued its highest-ever level of determinations in FY 2025 (1,030,719). Application levels in both the H-2A and H-2B programs set new records. Despite continuing administrative and technological improvements to increase operational flexibility and efficiency, persistent increases in employer demand for foreign labor to fill permanent and temporary job opportunities continue to place significant strain on the Department's ability to process applications in a timely manner during peak filing seasons.

Rising demand for a limited number of H-2B visas continues to condense the peak H-2B filing season during the month of January, as an increasing number of employers submit their applications requesting temporary labor certification for the upcoming spring and summer seasons within a few hours or days of the beginning of the allowable application period. Employers do this to increase their chances of obtaining their requested visas under the mandated semi-annual cap administered by DHS. More than half of the annual H-2B applications are submitted during a three-day filing window in early January. In January 2026, the Department received 10,062 H-2B applications requesting a record 162,603 workers within the first three days that applications could be submitted – the largest 3-day filing volume ever and nearly five times the statutory semi-annual cap of 33,000 workers. These application spikes can temporarily overload OFLC's case-processing capacity and increase the risk of delays for applications filed during these periods.

Demand for seasonal agricultural labor under the H-2A program is also at record levels, with the annual number of H-2A worker positions requested increasing more than sixfold from FY 2006 (64,146 workers) to FY 2025 (415,496). U.S. employers' growing demand for H-2A temporary agricultural workers continues to strain labor certification processing capacity at both the state and federal levels and significantly increases the risk of processing delays. The Department understands that access to a reliable and timely agricultural workforce is critical to ensuring the nation's food supply and, as a result, OFLC places a high priority on maintaining an adequate number of federal and contract staff to help meet statutory and regulatory H-2A adjudication timeframes.

To partially offset the risk of delays due to rising application volumes, OFLC continues to enhance the Foreign Labor Application Gateway (FLAG) system used to submit and process employer-filed applications, authorize overtime for federal staff, and cross-train its analysts to increase the number of trained personnel that can adjudicate applications across multiple

FOREIGN LABOR CERTIFICATION

programs. The initiation of a new FLEX division – whose cross-trained staff may be rotated to process applications across a range of employment-based visa programs, when needed – also allows the organization to situationally adjust case processing resources in response to peak filing patterns, especially in the H-2A and H-2B temporary labor certification programs. Additionally, in collaboration with the Department’s Wage and Hour Division (WHD) and other major stakeholder associations, OFLC continues to look for opportunities to expand its technical assistance and outreach events in advance of peak filing periods to provide filing tips and best practices to employer applicants. OFLC has also formed comprehensive information sharing agreements to support joint enforcement actions with WHD, the Office of the Inspector General, and the U.S. Departments of Justice and Homeland Security.

This combination of ongoing efforts reduces filing burdens on employers; improves the quality of submitted applications; generates cost avoidances related to office space, equipment, and mailroom services; promotes program integrity by sharing data about labor certification decisions with the Departments of Homeland Security, Justice, State, and Agriculture; and ensures the seamless and cost-effective transition of employer customers from the Department’s labor certification process to the DHS petition filing process.

FOREIGN LABOR CERTIFICATION

BUDGET ACTIVITY BY OBJECT CLASS

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
11.1 Full-time permanent	24,178	28,329	0	-28,329
11.3 Other than full-time permanent	65	65	0	-65
11.5 Other personnel compensation	762	830	0	-830
12.1 Personnel Benefits	9,062	10,877	0	-10,877
12.1 FECA	128	103	0	-103
21.0 Travel and transportation of persons	60	54	0	-54
23.1 Rental payments to GSA	900	228	0	-228
23.3 Communications, utilities, and misc.	55	9	0	-9
24.0 Printing and reproduction	216	110	0	-110
25.1 Advisory and assistance services	13,634	7,369	0	-7,369
25.2 Other services from non-Federal sources	241	15	0	-15
25.3 Other goods and svcs. from Fed. sources	0	4,954	0	-4,954
25.3 WCF (Non-Add)	10,526	8,464	0	-8,464
25.7 Operation and maint. of equipment	532	0	0	0
26.0 Supplies and materials	28	2	0	-2
31.0 Equipment	31	0	0	0
41.0 Grants, subsidies, and contributions	23,282	23,282	0	-23,282
42.0 Insurance claims and indemnities	110	119	0	-119
Total	83,810	84,810	0	-84,810

FOREIGN LABOR CERTIFICATION

CHANGES IN FY 2027

(Dollars in Thousands)

Activity Changes

Built-Ins

Federal Employees' Compensation Act	-\$43	
Working Capital Fund	-\$9,777	
Built-Ins Subtotal	-\$9,820	

Base	\$84,810	210
Net Program Subtotal	\$0	0
Other	-\$74,990	-210
Total Activity Appropriation	\$0	0

	Amount	FTE
Base	\$84,810	210
Program Increases	\$0	0
Program Decreases	\$0	0

FEDERAL ADMINISTRATION

BUDGET AUTHORITY BEFORE THE COMMITTEE

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
Activity Appropriation	60,528	61,528	0	-61,528
FTE	216	210	0	-210

NOTE: FY 2025 reflects actual FTE.

Introduction

Appropriations for FLC Federal Administration support most of the labor certification case-adjudication activities administered by the Department. The H-1B Temporary Specialty Occupations and PERM programs are also supported by a share of the petition fees DHS collects under the American Competitiveness and Workforce Improvement Act (ACWIA). Because the majority of FLC operations are financed by Congressional appropriations rather than workload-based application fees, the resources available to the Department to process applications do not automatically adjust as more applications are filed.

OFCL's budget requests are driven by U.S. employers' demand for FLC services. In the decade from FY 2016 to FY 2025, annual H-2A applications tripled, H-2B applications more than doubled, prevailing wage determinations increased by over 80%, and new labor certification requirements were enacted for CW-1 visas. Over the same period, inflation-adjusted funding to support federal FLC adjudications decreased by 9%.

The Department has undertaken multiple initiatives to increase operational flexibility and efficiency to address the challenges presented by rising application volumes. For example, the Department developed and implemented a new filing and adjudication process, the FLAG system, enabling all FLC applications to be submitted and processed electronically. This modernization effort eliminates the time and expense of receiving and issuing paper applications, offers enhanced form preparation options to employers, establishes automated data validations to improve application quality, and creates other improvements for both employer applicants and the Department's adjudication teams. Simultaneously, OFCL re-engineered its application forms to improve the quality of case submissions and promote program integrity. OFCL also cross-trains its analysts to increase the number of trained personnel that can adjudicate applications across multiple programs, authorizes overtime for federal staff during peak filing periods, hosts outreach events to provide filing tips and best practices to employer applicants, and has formed comprehensive information sharing agreements to support joint enforcement actions with Department's Wage and Hour Division and Occupational Safety and Health Division, the Office of the Inspector General (OIG), DHS, and the Department of Justice. OFCL will continue these practices as an independent sub-agency as it looks for ways to continuously enhance efficiency.

FEDERAL ADMINISTRATION

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2022	\$58,528	166
2023	\$60,528	194
2024	\$60,528	214
2025	\$60,528	212
2026	\$61,528	256

FY 2027

In FY 2027, the Department proposes to establish OFLC as an independent agency, separate from ETA and reporting directly to the DOL Deputy Secretary. Centralizing the Department's immigration-related responsibilities in one agency will improve DOL decision-making on labor immigration matters and streamline coordination with other federal immigration and law enforcement agencies, including the Departments of Agriculture, Homeland Security, Justice, and State.

The Department will restructure and consolidate relevant personnel, technologies, and resources from existing DOL agencies and programs into a single agency responsible for immigration-related work streams. As part of this consolidation, in addition to the existing duties and resources of OFLC, the Secretary will transfer to OFLC her delegation from the Bureau of International Labor Affairs (ILAB) to assist the Secretary of Homeland Security in the preparation of immigration reports, assist in the coordination of information on immigration and migration policy within the Department, and coordinate the Department's participation in international forums on migration and immigration. OFLC will also assume the Occupational Safety and Health Administration's (OSHA) authority to issue special visa certifications to non-citizen workers who are victims of certain crimes when OSHA uncovers these matters during workplace safety investigations.

This restructuring will lead to greater coordination and management of immigration-related work within DOL and with other federal immigration and law enforcement agencies, facilitating improvements in the administration of foreign labor certification processing that will, among other things, reduce and stabilize processing times for customers. Where employers have established a legitimate need for foreign labor, OFLC, in its new consolidated form, will continue to help them navigate the complex employment-based visa process while safeguarding the interests of the domestic labor force.

To authorize this reorganization, the Budget proposes to remove references to foreign labor certification and associated funding from the SUIESO appropriations language and add a new appropriation for OFLC under the Departmental Management appropriation.

FEDERAL ADMINISTRATION

FY 2026

For FY 2026, \$61,528,000 was appropriated for the Federal Administration of the foreign labor certification program. These resources will support the adjudication of more than 976,300 applications for foreign labor certification and prevailing wage determination. OFLC will continue to employ multiple strategies to facilitate the timely adjudication of employer applications, particularly in the temporary labor certification programs where statutory and regulatory deadlines exist. The OFLC FLAG system continues to enable all FLC applications to be submitted and processed electronically, which saves employers valuable time filing petitions with DHS and eliminates the need for unnecessary administrative costs for OFLC to administer the programs. Additionally, OFLC will utilize its FLEX adjudication team to surge staff processing capacity during the peak filing months of November through May in the H-2A and H-2B visa programs, offer overtime pay to help boost federal staff production, and slightly increase the number of contractor staff to help with federal case reviews.

Use of the H-2A program has continued to grow significantly in recent years. OFLC expects U.S. agricultural employers to request an estimated 430,000 H-2A worker positions in FY 2026, the highest level in the program's history. Despite record application levels, the Department will prioritize available resources to issue final determinations on complete H-2A employer applications at least thirty (30) days before the date of need. By endeavoring to meet statutory and regulatory H-2A adjudication timeframes, the Department will help ensure that U.S. agricultural employers have reliable access to a qualified and legally authorized temporary workforce critical to providing the nation's food supply.

FY 2025

In FY 2025, \$60,528,000 was appropriated for the Federal Administration of the foreign labor certification program. These resources supported the adjudication of a record 1,030,719 applications for foreign labor certification and prevailing wage determination. The Department employs multiple strategies to facilitate the timely adjudication of employer applications despite rising application levels. For example, the modernized FLAG system enables all FLC applications to be submitted and processed electronically. This cloud-based system eliminates the time and expense of receiving paper applications and issuing paper decisions, offers enhanced form preparation options to employers, creates automated data validations to improve application quality, and creates other improvements for both employer applicants and the Department's adjudication teams.

Use of the H-2A program has grown significantly in recent years. U.S. agricultural employers requested 415,000 H-2A worker positions in FY 2025, the highest level in the program's history. Despite record application levels, the Department resolved 98% of complete H-2A employer applications at least thirty (30) days before the date of need. By successfully meeting statutory and regulatory H-2A adjudication timeframes, the Department helped ensure that U.S. agricultural employers had reliable access to a legally authorized temporary workforce critical to providing the nation's food supply.

FEDERAL ADMINISTRATION

BUDGET ACTIVITY BY OBJECT CLASS

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
11.1 Full-time permanent	24,178	28,329	0	-28,329
11.3 Other than full-time permanent	65	65	0	-65
11.5 Other personnel compensation	762	830	0	-830
12.1 Personnel Benefits	9,062	10,877	0	-10,877
12.1 FECA	128	103	0	-103
21.0 Travel and transportation of persons	60	54	0	-54
23.1 Rental payments to GSA	900	228	0	-228
23.3 Communications, utilities, and misc.	55	9	0	-9
24.0 Printing and reproduction	216	110	0	-110
25.1 Advisory and assistance services	13,634	7,369	0	-7,369
25.2 Other services from non-Federal sources	241	15	0	-15
25.3 Other goods and svcs. from Fed. sources	0	4,954	0	-4,954
25.3 WCF (Non-Add)	10,526	8,464	0	-8,464
25.7 Operation and maint. of equipment	532	0	0	0
26.0 Supplies and materials	28	2	0	-2
31.0 Equipment	31	0	0	0
42.0 Insurance claims and indemnities	110	119	0	-119
Total	60,528	61,528	0	-61,528

FEDERAL ADMINISTRATION

CHANGES IN FY 2027

(Dollars in Thousands)

Activity Changes

Built-Ins

Federal Employees' Compensation Act	-\$43	
Working Capital Fund	-\$9,777	
Built-Ins Subtotal	-\$9,820	

Base	\$61,528	210
Net Program Subtotal	\$0	0
Other	-\$51,708	-210
Total Activity Appropriation	\$0	0

	Amount	FTE
Base	\$61,528	210
Program Increases	\$0	0
Program Decreases	\$0	0

STATE GRANTS

BUDGET AUTHORITY BEFORE THE COMMITTEE

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
Activity Appropriation	23,282	23,282	0	-23,282
FTE	0	0	0	0

Introduction

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

SWAs submit operational plans to the Department to establish continued eligibility for these grants. These plans describe each SWA's planned FLC activities and workload expectations during the grant period.

STATE GRANTS

Resource and Program Data FLC Grants to States

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

Data Category	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request
<u>Resource Data:</u>			
Service Grant	23,282	23,282	0
Formula	23,282	23,282	0
Competitive			
Research Evaluation			
Demonstration Development			
Training/Technical Assistance			
Program Support			
Total Resources	23,282	23,282	0
<u>Program Data:</u>			
Total Grants	162	163	0
New Starts			
#	54	55	0
\$	23,282	23,282	0
Continuing			
#	108	108	0
Contracts			
#			
\$			
Interagency Agreements			
#			
\$			

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2022	\$21,282	0
2023	\$23,282	0
2024	\$23,282	0
2025	\$23,282	0
2026	\$23,282	0

STATE GRANTS

FY 2027

In FY 2027, the Department proposes to establish OFLC as an independent sub-agency reporting directly to the DOL Deputy Secretary. Centralizing the Department's immigration-related responsibilities in one agency will improve DOL decision-making on labor immigration matters and streamline coordination with other federal immigration and law enforcement agencies, including the Departments of Agriculture, Homeland Security, Justice, and State.

The Department will restructure and consolidate relevant personnel, technologies, and resources from existing DOL agencies and programs into a single agency responsible for immigration related work streams. As part of this consolidation, in addition to the existing duties and resources of OFLC, the Secretary will transfer to OFLC her delegation from the Bureau of International Labor Affairs (ILAB) to assist the Secretary of Homeland Security in the preparation of immigration reports, assist in the coordination of information on immigration and migration policy within the Department, and coordinate the Department's participation in international forums on migration and immigration. OFLC will also assume the Occupational Safety and Health Administration's (OSHA) authority to issue special visa certifications to non-citizen workers who are victims of certain crimes when OSHA uncovers these matters during workplace safety investigations.

This restructuring will lead to greater coordination and management of immigration-related work within DOL and with other federal immigration and law enforcement agencies, facilitating improvements in the administration of foreign labor certification processing that will, among other things, reduce and stabilize processing times for customers. Where employers have established a legitimate need for foreign labor, OFLC, in its new consolidated form, will continue to help them navigate the complex employment-based visa process while safeguarding the interests of the domestic labor force.

To authorize this reorganization, the Budget proposes to remove references to foreign labor certification and associated funding from the SUIESO appropriations language and add a new appropriation for OFLC under the Departmental Management appropriation.

FY 2026

In FY 2026, \$23,282,000 was appropriated for foreign labor certification state grants. The Department anticipates that SWAs will receive an estimated 12 percent increase in workload across the H-2A and H-2B applications compared to FY 2025, which will continue the longstanding trend in both programs that will strain existing SWA resources, especially during the peak filling months of November through May. In FY 2026, the Department expects that the SWAs will inspect more than 76,000 non-rental housing units for agricultural workers employed under H-2A visas and reviewed and post nearly 49,000 H-2A and H-2B job orders to help recruit U.S. workers for available positions.

FY 2025

In FY 2025, \$23,282,000 was appropriated for foreign labor certification state grants. H-2A and H-2B applications increased rapidly in FY 2025, continuing a longstanding trend in both

STATE GRANTS

programs that has strained existing SWA resources. In FY 2025, SWAs inspected more than 73,500 non-rental housing units for agricultural workers employed under H-2A visas and reviewed and posted nearly 42,000 H-2A and H-2B job orders to help recruit U.S. workers for available positions.

STATE GRANTS

BUDGET ACTIVITY BY OBJECT CLASS

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
41.0 Grants, subsidies, and contributions	23,282	23,282	0	-23,282
Total	23,282	23,282	0	-23,282

STATE GRANTS

CHANGES IN FY 2027

(Dollars in Thousands)

Activity Changes

Built-Ins		
Built-Ins Subtotal	\$0	
Base	\$23,282	0
Net Program Subtotal	\$0	0
Other	-\$23,282	0
Total Activity Appropriation	\$0	0
	Amount	FTE
Base	\$23,282	0
Program Increases	\$0	0
Program Decreases	\$0	0

WORKFORCE INFORMATION/ELECTRONIC TOOLS

BUDGET AUTHORITY BEFORE THE COMMITTEE

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
Activity Appropriation	62,653	52,893	52,893	0
FTE	0	0	0	0

Introduction

The Workforce Information/Electronic Tools activity provides workforce information and online career tools to the public workforce system to build the capacity of and improve employment outcomes of the workforce development system. The Department invests in Workforce Information/Electronic Tools through the following strategies:

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

WORKFORCE INFORMATION/ELECTRONIC TOOLS

accurate and consistent across all states, including the WIOA TrainingProviderResults.gov website, which allows job seekers to view training provider outcomes at the program of study level.

Through FY 2025, this line item supported funding in collaboration with the Department’s Office of Disability Employment Policy for technical assistance, research, and demonstration projects that promote greater labor force participation of persons with disabilities. The Make America Skilled Again grant program will instead provide services, and continuously improve services, for all job seekers including individuals with disabilities.

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

Data Category	PY 2025 Enacted	PY 2026 Enacted	PY 2027 Request
<u>Resource Data:</u>			
Service Grant	53,649	43,889	43,889
Formula	31,915	31,915	31,915
Competitive	21,734	11,974	11,974
Training/Technical Assistance	3,930	3,930	3,930
Program Support	5,074	5,074	5,074
Total Resources	62,653	52,893	52,893
<u>Program Data:</u>			
Total Grants	60	60	60
New Starts			
#	58	58	58
\$	43,382	46,393	46,393
Continuing			
#	2	0	0
\$	10,256	0	0
Contracts			
#	13	10	10
\$	8,395	6,500	6,500
Interagency Agreements			
#	1	1	0
\$	620	0	0

WORKFORCE INFORMATION/ELECTRONIC TOOLS

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2022	\$62,653	0
2023	\$62,653	0
2024	\$62,653	0
2025	\$62,653	0
2026	\$52,893	0

Funding Mechanism

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

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

FY 2027

In FY 2027, the Department requests \$52,893,000 for Workforce Information and Electronic Tools. The base funds support WIGS to continue each state’s ability to provide timely, accurate, and easily understandable labor market information for job seekers, businesses, state planners, economic development entities, and workforce boards, and formal consultation with the Workforce Information Advisory Council established by WIOA. The funds also continue to support the ongoing operation and maintenance of the suite of online career tools, including the CareerOneStop website and the O*NET data collection, as well as data dissemination. Such data tools support businesses in making skill-based hiring decisions, and support job seekers in exploring careers and training opportunities. Robust career exploration and labor market information opens opportunities to training and career paths that provide high wages and complement the Make America Skilled Again grant program. Preparing all Americans for work will expand individual opportunity and the nation’s economic growth.

FY 2026

In FY 2026, Congress appropriated \$52,893,0000 for the Workforce Information/Electronic Tools activity. The funds support WIGS and ongoing operation and maintenance of the suite of online career tools, including the O*NET data collection and the jobseeker resources in the CareerOneStop portal, as well as data dissemination. The Department continues to support the implementation of WIOA and *America’s Talent Strategy* through technical assistance to build the capacity of the workforce system, including to serve individuals with disabilities.

WORKFORCE INFORMATION/ELECTRONIC TOOLS

FY 2025

In FY 2025, Congress appropriated \$62,653,0000 for the Workforce Information/Electronic Tools activity. The funds supported WIGS and ongoing operation and maintenance of the suite of online career tools, including the CareerOneStop portal and the O*NET data collection, as well as data dissemination. The Department continued to support the implementation of WIOA through technical assistance to build the capacity of the workforce system, including to serve individuals with disabilities.

WORKFORCE INFORMATION/ELECTRONIC TOOLS

WORKLOAD AND PERFORMANCE SUMMARY					
		PY 2025 Enacted		PY 2026 Enacted	PY 2027 Request
		Target	Result	Target	Target
Workforce Information/Electronic Tools					
ETA-eTools-01	Combined CareerOneStop and O*NET site visits (in millions)	130	TBD	135	140
ETA-eTools-02	Combined CareerOneStop and O*NET page views (in millions)	870	TBD	900	1,000
ETA-eTools-03	Combined CareerOneStop and O*NET Web Service Usage (in millions)	900	TBD	905	910

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

WORKFORCE INFORMATION/ELECTRONIC TOOLS

Workload and Performance Narrative

Performance for the workforce information and electronic tools program is measured by the number of site visits, page views, and web services calls to various electronic tools web sites. Performance targets for PY 2025, PY 2026, and PY 2027 for combined CareerOneStop and O*NET Websites are 130 million, 135 million, and 140 million site visits, respectively, and 870 million, 900 million, and 1 billion combined page views, respectively. In addition, the PY 2025 target for web service calls combined for CareerOneStop and O*NET is 900 million, the PY 2026 target is 905 million, and the PY 2027 target is 910 million. All of these targets may be impacted by updates that make selected O*NET and CareerOneStop data available as open linked data online, for which it is not possible to track usage. In addition, page views can be impacted by design changes that make it easier for customers to quickly find what they are looking for, or changes that put more information on a single scrollable page. Web service usage counts of the number of data calls may also be understated depending upon the amount of data pulled and the frequency of calls.

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

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

Less measurable quantitatively, is the fact that WIGS funding enables states to develop and provide accurate and timely workforce and labor market information that supports efficiently functioning labor markets by helping job seekers, businesses, and policymakers make data-driven decisions about job search, training, education, hiring, and business development.

WORKFORCE INFORMATION/ELECTRONIC TOOLS

BUDGET ACTIVITY BY OBJECT CLASS

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
25.2 Other services from non-Federal sources	4,033	2,534	2,534	0
25.7 Operation and maint. of equipment	0	1,585	1,585	0
41.0 Grants, subsidies, and contributions	58,620	48,774	48,774	0
Total	62,653	52,893	52,893	0

WORKFORCE INFORMATION/ELECTRONIC TOOLS

CHANGES IN FY 2027

(Dollars in Thousands)

Activity Changes

Built-Ins		
Built-Ins Subtotal	\$0	
Base	\$52,893	0
Net Program Subtotal	\$0	0
Total Activity Appropriation	\$52,893	0

	Amount	FTE
Base	\$52,893	0
Program Increases	\$0	0
Program Decreases	\$0	0