

UI Program – FY 2025 Budget and New Legislation Proposals

UWC National UI Issues Conference

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Topics for Discussion

- FY 2025 Administration Proposals
- Bi-Partisan Framework for UI Program Improvements
- Building Resilience – UI Transformation Plan (Proposed Legislative Reform)
- Conformity Requirements for State Laws
- Continuing Oversight Activities



Administration's FY 2025 Proposed Budget

- Budget released on March 11, 2025
- State Administrative Funding -- Requesting \$3,034,274,000
 - Using updated formula factors (Salary rates and Claims Processing)
- \$9.0 M for UI Integrity Center
- National Activities Funding -- \$48 M
 - Includes \$25 M specifically for Identity Verification
- RESEA Program \$388 M
 - Fiscal Responsibility Act 2023 authorized level is \$388 million for FY 2025

Reference "State Unemployment Insurance and Employment Service Operations" (SUIESO) at <https://www.dol.gov/sites/dolgov/files/general/budget/2025/CBJ-2025-V1-07.pdf>



Study on UI Administrative Financing

- The Department's Chief Evaluation Office (CEO) is collaborating with ETA to study UI Administrative Funding (Initiated in December 2023).
- Evidence from the study may be used to inform potential future developments of the UI administrative cost funding model.
- The study will rely on existing publicly available cost data, a review of relevant budget and legislative documents, informational interviews with up to nine state UI administrators, and (subject to availability) program administrative data from approximately three to five states.



FY 2025 UI Integrity Legislative Proposal

- Would require states to:
 - use the Integrity Data Hub (IDH).
 - use State Information Data Exchange System (SIDES).
 - cross-match against the National Directory of New Hires (NDNH).
 - use SSA's Prisoner Update Processing System (PUPS) or other incarceration cross-match.
 - disclose information to the DOL-OIG to conduct audits and investigations.
 - use penalty and interest collections solely for UI administration.
- Would allow states to:
 - retain up to five percent of recovered fraudulent UI overpayments for program integrity use.
 - issue a formal warning when claimants are unclear on work search requirements.
 - use contract support in recovery efforts under the Treasury Offset Program (TOP).
- Would provide the Secretary with meaningful enforcement authority and the ability to reward good performance.
- [Administration's FY 2025 Budget Proposal](#) (pages 22-25)



Wyden-Crapo Bipartisan Framework

- Senators Wyden and Crapo released their [bipartisan framework](#) for UI program improvements on February 8.
- Includes key provisions similar to those in the President's budget.
 - Allows states to retain 5 percent of recovered overpayments of unemployment compensation and employer unemployment taxes collected as part of a state investigation. States could retain up to 25 percent of overpayment recoveries of fraudulent pandemic unemployment overpayments. (For UI administration)
 - Require states to cross-match claims to systems noted in Budget
- Also includes new standards related to access to benefits and technology standards, which build on work completed by states and DOL.
- Extends the federal statute of limitations for pandemic unemployment insurance fraud to 10 years (from 5 years under current law).
 - **** TEN No. 12-23 – Reminder to States on Federal Fraud Statute of Limitations Period ****



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Building Resilience: A plan for transforming unemployment insurance

Building Resilience:
A plan for transforming
unemployment insurance



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UI Transformation Plan – Where to Start

Appendix II Strategies

Action area 2 Delivering high-quality customer service	Status as of Q2 FY 2024
2.1. Develop customer-centric recommendations for state unemployment insurance (UI) programs	Completed
2.2. Promote and support plain language activities	Completed
2.3. Give states actionable tips for adopting Robotic Process Automation into current workflows	Completed
2.4. Support states in strengthening customer experience and information technology (IT) metrics	Underway
2.5. Promote responsible automation to streamline non-discretionary, repetitive tasks	Underway
2.6. Consider updates to unemployment compensation (UC) confidentiality regulations to better support UC stakeholders	Underway
2.7. Update reporting on claims to enhance understanding of timeliness	Planned
2.8. Update the acceptable level of performance for timeliness measures	Planned
2.9. Update timeliness and adjudication reporting	Planned

Appendix III Proposed Legislative Reform

Action area 4 Bolstering state UI programs against fraud
Require states to cross-match against system(s) designated by the Secretary
Require states to use a system(s) of information exchange with employers designated by the Secretary
Require states to cross-match against the National Directory of New Hires
Require states to cross-match with a system(s) designated by the Secretary that contains information on incarcerated individuals
Require states to disclose information to the Department of Labor, Office of Inspector General
Allow states to retain up to five percent of recovered fraudulent UI overpayments for program integrity use
Require states to use penalty and interest collections solely for UI administration
Allow states the authority to issue a formal warning when claimants are unclear about work search requirements
Allow states to use contract support in recovery efforts under the Treasury Offset Program



Conformity Requirements for State UC Laws

- Office of Unemployment Insurance reviews new state laws/regulations
- **State Administrative Grants.** Title III, of the Social Security Act provides that UI administrative grants are only available to states that have a UC law approved under FUTA and that have been certified by the Secretary of Labor as meeting the requirements in Section 303 of the Social Security Act.
- **Federal Law Requirements for the Normal Tax Credit.** The Federal requirements for certification by the Secretary of Labor for a state's employers to be eligible to receive the normal credit against the Federal Unemployment Tax are outlined in Section 3304, FUTA (<http://www.gpo.gov/fdsys/pkg/USCODE-2017-title26/pdf/USCODE2017-title26-subtitleC-chap23-sec3304.pdf>). These provisions define the minimum Federal requirements for a state's UC program.
- **Federal Law Requirements for the Additional Tax Credit.** A State whose UC law is certified by the Secretary of Labor for the normal tax credit may be eligible for certification for the state's employers to receive the additional tax credit provided the state assigns employer tax rates based on experience with unemployment as outlined in section 3303, FUTA (<https://www.govinfo.gov/content/pkg/USCODE-2017-title26/pdf/USCODE-2017title26-subtitleC-chap23-sec3303.pdf>).



Continued Oversight Activities

- USDOL Office of Inspector General (OIG)
 - See [OIG FY 2024 Audit Workplan](#)
 - 12 active audits in progress and ETA addressing approximately 45 open recommendations from prior reports (we anticipate more to come).
 - Ten OIG recommendations have been closed in FY 2024.
- US Government Accountability Office (GAO)
 - 8 active studies in progress and ETA addressing 15 open recommendations.
 - Recent publications:
 - Biometric Identification Technologies: Considerations to Address Information Gaps and Other Stakeholder Concerns (<https://www.gao.gov/products/gao-24-106293>) published 4/22/24
 - Estimated amount of fraud during the pandemic (<https://www.gao.gov/products/gao-23-106696>) published 09/12/23
 - IT Modernization Challenges (<https://www.gao.gov/products/gao-23-105478>) published 07/10/23



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Thank You!

