Unemployment Insurance: Legislative Issues in the 119th Congress

March 6, 2025

Congressional Research Service
https://crsreports.congress.gov
R48447

CRS REPORT
Prepared for Members and
Committees of Congress

Congressional Research Service
Informing the legislative debate since 1914

SUMMARY

Unemployment Insurance: Legislative Issues in the 119th Congress

R48447

March 6, 2025

Julie M. Whittaker
Specialist in Income Security

Katelin P. Isaacs
Specialist in Income Security

The Unemployment Insurance (UI) system is a joint federal-state partnership that consists of two types of benefits: (1) permanently authorized programs, including the Unemployment Compensation (UC) and Extended Benefit (EB) programs; and (2) temporary federal UI benefits created by congressional action to supplement the UC and EB programs during recessions. The U.S. Department of Labor (DOL) provides oversight of state UC and EB programs and the state administration of federal UI benefits. Although there are broad requirements under federal law regarding UC benefits and financing, the program specifics are set under each state's laws, resulting in 53 different UC programs operated in the 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. States operate their own UC and EB programs and administer any temporary federal UI benefits. State UC programs determine the weekly benefit amount and the number of weeks of UC available to unemployed workers. Most states provide up to 26 weeks of UC to eligible individuals. EB payment amounts and durations are based on each state's UC program rules, with additional federal requirements specified in federal law.

The UI system's two primary objectives are to provide temporary and partial wage replacement to involuntarily unemployed workers and to stabilize the economy during recessions. The UC program, created under the Social Security Act of 1935, provides unemployment benefits to eligible individuals who become involuntarily unemployed for economic reasons and meet state-established eligibility rules. To augment the UC program, federal law includes an automatic expansion of the regular UC benefit with the EB program, which was established by the Federal-State Extended Unemployment Compensation Act of 1970 (EUCA; P.L. 91-373). EB may provide up to an additional 13 or 20 weeks of benefits once regular UC benefits are exhausted, depending on worker eligibility, state law, additional federal eligibility requirements, and state economic conditions.

The 119th Congress has expressed interest in oversight of the expired COVID-19-pandemic UI programs, with a focus on improper payments—especially fraudulent overpayments and policy proposals to prevent and recover UI overpayments. (For details on these temporary UI measures, see CRS Report R46687, *Unemployment Insurance (UI) Benefits: Permanent-Law Programs and the COVID-19 Pandemic Response*.) For example, on February 12, 2025, the House Committee on Ways and Means ordered to be reported an amended version of the Pandemic Unemployment Fraud Enforcement Act (H.R. 1156). This bill would extend the statute of limitations from 5 to 10 years for federal criminal prosecution and civil enforcement actions for fraud related to COVID-19-pandemic UI benefits as well as rescind certain amounts of UI administrative funding.

In addition to H.R. 1156, as of the cover date of this report, several other bills addressing UI program integrity have been introduced in the 119th Congress, including H.R. 1119 and S. 121.

Contents

Contacts

The Unemployment Insurance (UI) system is a joint federal-state partnership that provides income support through weekly benefit payments. The UI system's two main objectives are to provide temporary and partial wage replacement to involuntarily unemployed workers and to stabilize the economy during recessions (i.e., by providing income support to unemployed workers who spend this income, maintaining a certain level of economic activity).[1] The UI system consists of two types of benefits: (1) permanently authorized programs, such as the Unemployment Compensation (UC) and Extended Benefit (EB) programs, and (2) temporary federal UI benefits created by congressional action to supplement the UC and EB programs during recessions.

The UC program and the benefits it provides are the foundation of the UI system. The program, created under the Social Security Act of 1935, provides unemployment benefits to eligible individuals who become involuntarily unemployed for economic reasons and meet state-established eligibility rules. Although there are broad requirements under federal law regarding UC benefits and financing, the program specifics are set under each state's laws, resulting in 53 different UC programs operated in the 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. The U.S. Department of Labor (DOL) provides oversight of state UC programs and state administration of all UI benefits. States operate their own UC programs and typically administer any temporary federal UI benefits. Most states provide up to 26 weeks of UC benefits.

To augment the UC program's economic stabilization efforts, federal law includes an automatic expansion of the regular UC benefit with the EB program, which was established by the Federal-State Extended Unemployment Compensation Act of 1970 (P.L. 91-373). The EB program is based on each state's underlying UC program rules and may provide up to an additional 13 or 20 weeks of benefits once regular UC benefits are exhausted, depending on worker eligibility, state law, additional federal eligibility requirements, and economic conditions in the state.

Federal policymakers often supplement these stabilization efforts by enacting temporary UI benefit expansions. During the 116th Congress, four temporary UI benefit measures were passed in response to the COVID-19 pandemic and the resulting economic recession. The Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136; enacted March 27, 2020) established three of these temporary benefits. The authorization for the benefits was subsequently extended and expanded by two acts: (1) the Consolidated Appropriations Act, 2021 (P.L. 116-260, also known as the Continued Assistance for Unemployed Workers Act of 2020, or the Continued Assistance Act; enacted December 27, 2020),[2] which also established a fourth benefit; and (2) the American Rescue Plan Act of 2021 (ARPA; P.L. 117-2; enacted March 11, 2021).[3] The federal authority for these temporary COVID-19-pandemic UI benefits expired on September 4, 2021.[4]

---

[1] See, for example, President Franklin Roosevelt's remarks at the signing of the Social Security Act on August 14, 1935: "This law, too, represents a cornerstone in a structure which is being built but is by no means complete. It is a structure intended to lessen the force of possible future depressions. It will act as a protection to future Administrations against the necessity of going deeply into debt to furnish relief to the needy. The law will flatten out the peaks and valleys of deflation and of inflation. It is, in short, a law that will take care of human needs and at the same time provide the United States an economic structure of vastly greater soundness" (available at http://www.ssa.gov/history/fdrstmts.html#signing).

[2] Division N, Title II, Subtitle A.

[3] Title IX, Subtitle A.

[4] ARPA terminated the programs for weeks of unemployment ending on or before September 6, 2021. This had the effect of ending the programs in all states on September 4, 2021, except for New York's programs, which terminated on September 5, 2021.

This report first provides background on the permanently authorized UI programs: UC and EB; as well as the now-expired COVID-19-pandemic UI programs: Federal Pandemic Unemployment Compensation (FPUC), Pandemic Emergency Unemployment Compensation (PEUC), Pandemic Unemployment Assistance (PUA), and Mixed-Earner Unemployment Compensation (MEUC). The report then discusses several UI policy issues that are relevant in the 119th Congress, including

- the authority for, structure of, and status of federal loans to states to pay UC benefits if state unemployment tax revenue is insufficient;
- the Reemployment Services and Eligibility Assessment (RESEA) program, which provides federal funding to states to provide in-person reemployment services and addresses UI overpayments; and
- the following legislation on UI program integrity that has been introduced in the 119th Congress: S. 121, H.R. 1119, and H.R. 1156.

Unemployment Compensation Program

Federal law sets broad requirements that state UC programs must follow. These include the broad categories of jobs and workers that must be covered by the programs, the method for triggering the EB program, the floor on the maximum state unemployment tax rate imposed on employers (5.4%), and how the states will repay Unemployment Trust Fund (UTF) loans.[5] While broad requirements regarding UC benefits and financing are established under federal law, the program specifics are set under each state's laws. DOL provides oversight of state UC programs and funds the state administration of all UI benefits. States operate their own UC programs and also administer any temporary federal UI benefits. All states require an unemployed worker to have earned a certain amount of wages or to have worked for a certain period of time (or both) within a 12-month period to be eligible to receive UC benefits. The methods states use to determine eligibility vary greatly.

In general, UC eligibility requires each individual to

- have attained qualified wages and employment in UC-covered work[6] over a 12-month base period,[7] prior to unemployment;
- have lost their jobs through no fault of their own; and
- be able to work, available for work, and actively seeking work.

These eligibility requirements are constructed to ensure UC benefits are directed toward workers with labor market experience who are unemployed because of economic conditions. Self-employed workers—potentially including independent contractors and gig economy workers—are the largest group of workers generally excluded from eligibility for UC benefits.

[5] For details on how the UTF operates, see CRS Report RS22077, *Unemployment Compensation (UC) and the Unemployment Trust Fund (UTF): Funding UC Benefits*.

[6] *Covered work* refers to any job that is subject to unemployment payroll taxes (i.e., Federal Unemployment Tax Act or state unemployment taxes) as well as most state and local government employment.

[7] The *base period* is the period during which wages earned or hours/weeks worked are examined to determine a worker's monetary entitlement to UC. Almost all states use the first four of the last five completed calendar quarters preceding the filing of the claim as their base period. However, federal law allows states to develop expanded definitions of the base period. For a summary of these expanded definitions, see Table 3-1, *States with Extended or Alternative Base Periods*, available at https://oui.doleta.gov/unemploy/pdf/uilawcompar/2023/monetary.pdf.

UC benefit calculations are generally based on wages for covered work over the base period, as noted above. Most state benefit formulas replace half of a claimant's average weekly wages up to a weekly maximum. There is considerable variation by state in the weekly UC benefit amount. As of July 2024, the maximum weekly benefit amounts ranged from $235 (Mississippi) to $1,033 (Massachusetts).[8] As of December 2024, the 12-month average for the national weekly benefit amount was estimated to be $454.[9]

UC Financing

The UC program is financed by federal taxes on employers under the Federal Unemployment Tax Act (FUTA) and by state payroll taxes under each state's State Unemployment Tax Act (SUTA).[10] The effective net FUTA tax is 0.6% on the first $7,000 of each covered employee's annual earnings (equaling no more than $42 per worker per year, paid by the employer). FUTA revenue funds federal and state administrative costs, loans to insolvent state UC accounts, the federal share (50%) of EB payments, and state Employment Services (ES).[11]

Federal law limits what states may use SUTA revenue to fund; it requires that SUTA revenue only fund regular UC benefits and the state share (50%) of EB payments. Additionally, federal law requires that all states' SUTA tax apply to at least the first $7,000 of each covered employee's earnings and that each state's maximum unemployment tax rate be at least 5.4%. Federal law also requires each employer's state unemployment tax rate to be based on the amount of UC paid to former employees (known as *experience rating*). Within these broad requirements, each state has great flexibility in determining its SUTA structure. In general, the more UC benefits paid out to its former employees, the higher the employer's tax rate—up to a maximum established by state law. FUTA and SUTA funds are deposited in the appropriate accounts within the UTF.[12]

Extended Benefit Program

The EB program may provide up to an additional 13 or 20 weeks of benefits for individuals who were previously eligible for UC benefits once regular UC benefits are exhausted, depending on worker eligibility, state law, additional federal eligibility requirements, and economic conditions in the state. As of this report date, no EB benefits have been payable in any state based upon a period of unemployment since April 9, 2022.[13]

---

[8] Among states that provide dependents' allowances, the maximum benefit was $1,033 (Massachusetts). See DOL, *Significant Provisions of State Unemployment Insurance Laws, Effective July 2024*, https://oui.doleta.gov/unemploy/content/sigpros/2020-2029/July2024.pdf. Dependents' allowances are amounts paid on top of the weekly benefit amount in some states, using each state's definition of *dependent*.

[9] DOL, Employment and Training Administration (ETA), "Monthly Program and Financial Data," https://oui.doleta.gov/unemploy/claimssum.asp (accessed February 12, 2025).

[10] 23 U.S.C. §§3301-11.

[11] FUTA imposes a 6.0% gross tax rate on the first $7,000 paid annually by employers to each employee. Employers in states with programs approved by the federal government and with no delinquent federal loans may credit 5.4 percentage points against the 6.0% tax rate, making the minimum net federal unemployment tax rate 0.6% unless a state has an outstanding loan. Details on how delinquent loans affect the net FUTA tax are in CRS Report RS22954, *The Unemployment Trust Fund (UTF): State Insolvency and Federal Loans to States*. For information on the ES, see CRS In Focus IF12144, *The U.S. Employment Service: Service Delivery and Merit Staffing*.

[12] For details on the accounts within the UTF, see CRS Report R48062, *The Unemployment Trust Fund: FY2024 Income, Outlays, and End-of-Year Balances*.

[13] New Jersey was the last state to be on an EB period. The New Jersey EB period began on May 3, 2020 and ended April 9, 2022. All "Extended Benefit Trigger Notices" are available at https://oui.doleta.gov/unemploy/claims_arch.asp.

Extended Benefit Triggers

The EB program is triggered on when a state's insured unemployment rate (IUR) or total unemployment rate (TUR) reaches certain levels.[14] All states must pay up to 13 weeks of EB if the IUR for the previous 13 weeks is at least 5% and is 120% of the average of the rates for the same 13-week period in each of the two previous years. States may choose to enact two other optional thresholds (states may choose one, two, or none). If the state has chosen one or more of the EB trigger options, it would provide the following:

- Option 1—based upon the IUR[15]
  - up to an additional 13 weeks of benefits if the state's IUR is at least 6%, regardless of previous years' averages.
- Option 2—based upon the TUR[16]
  - up to an additional 13 weeks of benefits if the state's TUR is at least 6.5% and is at least 110% of the state's average TUR for the same 13 weeks in either of the previous two years; or
  - up to an additional 20 weeks of benefits if the state's TUR is at least 8% and is at least 110% of the state's average TUR for the same 13 weeks in either of the previous two years. (This is designated as a High Unemployment Period [HUP] for EB.)

No more than 13 weeks are available in total (or 20 weeks if the HUP conditions have been met) as the triggers are not additive. When a state triggers off an EB period, all EB benefit payments in the state cease immediately, regardless of individual entitlement.[17] That is, EB benefits are not

[14] The TUR is the three-month average of the ratio of unemployed workers to all workers (employed and unemployed) in the labor market. The TUR is essentially a three-month average version of the unemployment rate published by the Bureau of Labor Statistics (BLS) and based on data from the BLS's monthly Current Population Survey. The IUR is the ratio of UC claimants divided by individuals in UC-covered jobs. In addition, the IUR uses a different base of workers in its calculations than the TUR. The IUR excludes several groups used in TUR calculations: self-employed workers, unpaid family workers, workers in certain nonprofit organizations, and several other (primarily seasonal) categories of workers. The IUR also excludes those who have exhausted their UC benefits (even if they are receiving EB benefits), new entrants or re-entrants to the labor force, disqualified workers whose unemployment is considered to have resulted from their own actions rather than from economic conditions, and eligible unemployed persons who do not file for benefits. As a result, the IUR in a state is often much lower than its TUR.

[15] If EB is activated (triggers on) based upon the IUR, the EB period is immediately in effect. See Section 203(a)(1) of P.L. 91-373, as amended.

[16] By law, a state triggering on to an EB period based upon a TUR-based trigger will begin to offer those benefits on the third week after the first week for which there is a state "on" indicator. See Section 203(a)(1) of P.L. 91-373.

[17] If an EB period is deactivated based upon the state failing to meet IUR-based trigger requirements (i.e., it triggers off), the EB period is immediately ended. If an EB period triggers off based upon a state failing to meet TUR-based trigger requirements, the EB period will end on the third week after the first week for which there is a state "off" indicator. See Section 203(a)(2) of P.L. 91-373, as amended.

By federal law, an EB period shall last for at least 13 consecutive weeks. Likewise, if an EB period triggers off, a new EB period may not begin until the 14th week after the off period began. See Section 203(b) of P.L. 91-373, as amended.

EB benefits on interstate claims are limited to two extra weeks unless both the worker's state of residence and the worker's state of previous employment are in an EB period. The rules for triggering on and off EB based upon multiple triggers are provided in Title 20, Section 615.11, of the *Code of Federal Regulations*.

For remaining entitlement to EB, if a state's HUP is deactivated but the state TUR remains at or above 6.5%, see page 5, "CH 1-17. Question," at https://oui.doleta.gov/dmstree/uipl/uipl2k9/uipl_1209c1.pdf.

phased out through weeks (grandfathered) when a state triggers off the program; benefits stop at once.[18]

EB Eligibility and Benefit Amount

The EB benefit amount is equal to the eligible individual's weekly regular UC benefit. The EB program imposes federal restrictions on individual eligibility for EB beyond the state requirements for regular UC, and it requires that a worker make a "systematic and sustained" work search (as defined by state law). Furthermore, the worker may not receive benefits if he or she refused an offer of "suitable" work, which is defined as "any work within such individual's capabilities."[19] In addition, claimants must have worked at least 20 weeks of full-time covered employment (or the equivalent as defined by the state) during their base periods.

EB Financing

Under permanent law, FUTA revenue finances 50% of the EB payments and 100% of EB administrative costs. States fund the other 50% of EB benefit costs through their SUTA revenue from employer taxes.

Temporary EB Financing Change (Expired)

Section 4105 of the Families First Coronavirus Response Act (FFCRA; P.L. 116-127), as amended, temporarily provided 100% federally financed EB (with the exception of state and local government employees) for states that received both halves of the emergency administrative grants authorized under FFCRA, beginning with enactment on March 18, 2020.[20] The Continued Assistance Act (P.L. 116-260) extended the authority for this 100% federal financing of EB through March 13, 2021 (March 14, 2021, in New York).[21] ARPA (P.L. 117-2) subsequently extended this authority through September 6, 2021, after which it expired.

---

[18] The Continued Assistance Act (P.L. 116-260) provided a temporary option for states that had triggered off an EB period to disregard the mandatory 13-week off period (discussed in the previous footnote) for weeks between November 1, 2020, and December 31, 2021, if state law permitted such an action.

[19] State UC programs have their own definitions related to work search and refusal of suitable work. See Tables 5.14 and 5.16 in DOL, ETA, *2023 Comparison of State Unemployment Insurance Laws*, https://oui.doleta.gov/unemploy/pdf/uilawcompar/2023/nonmonetary.pdf.

[20] Section 4102(a) of FFCRA provided up to a total of $1 billion in "emergency administrative grants" to states in calendar year 2020. Half of each state's share of the emergency administrative grant was available if the state met certain requirements related to UC eligibility notifications and claims access. The second half of each state's share was available if a state qualified for the first half and experienced at least a 10% increase in UC claims over the previous calendar year and met certain other requirements related to easing UC eligibility requirements for individuals affected by COVID-19. Additionally, there were reporting requirements to DOL and the committees of jurisdiction within one year for states that received these grants. DOL published the state shares of the emergency administrative grants in Unemployment Insurance Program Letter (UIPL) No. 13-20, "Families First Coronavirus Response Act, Division D Emergency Unemployment Insurance Stabilization and Access Act of 2020," March 22, 2020, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=8634. By June 11, 2020, according to DOL, all states met the statistical criteria for receiving both halves of these FFCRA grants (see https://oui.doleta.gov/unemploy/pdf/IC3MOmarch.pdf).

[21] For subsequent UI benefit expiration dates provided below, the benefit expiration date in New York was one calendar day later, which is due to different state definitions of *week*.

Temporary State Adoption of Optional EB Triggers Based on Expired 100% Federal Financing for EB

Some states reacted to this temporary 100% federal financing by enacting temporary EB trigger options that remained in place for the duration of the increased federal cost share. According to DOL, 13 states adopted more responsive TUR triggers but authorized a sunset for these triggers tied to the availability of the 100% federal financing for EB.[22]

Temporary COVID-19 Pandemic UI Programs (Expired)

The 116th Congress created several temporary UI benefits through the CARES Act in response to the COVID-19 pandemic and the resulting economic recession.[23] These benefits were extended through the Continued Assistance for Unemployed Workers Act of 2020 (Division N, Title II, Subtitle A of P.L. 116-260) and Title IX, Subtitle A of ARPA (P.L. 117-2):

- FPUC, which supplemented weekly UI benefits (by $600 from March 29, 2020, through July 25, 2020; and $300 from December 27, 2020, through September 4, 2021). FPUC payments totaled $443.6 billion.[24]
- PEUC, which provided additional weeks of UI benefits for individuals who exhausted other UI benefits and were able to work, available for work, and actively seeking work, subject to COVID-19 pandemic-related flexibilities. PEUC payments totaled $85.3 billion.[25]
- PUA, which provided UI benefits to individuals who were not otherwise eligible for UI benefits (e.g., self-employed, independent contractors, gig economy workers); unemployed, partially unemployed, or unable to work due to a specific COVID-19 pandemic-related reason; and not able to telework and not receiving any paid leave. PUA payments totaled $131.8 billion.[26]

P.L. 116-260 also authorized a smaller COVID-19-pandemic UI benefit—MEUC—which provided a $100 per week benefit augmentation for unemployed workers with income from both wage-and-salary jobs and self-employment who were not currently receiving PUA. MEUC payments totaled $78.9 million.[27]

---

[22] According to DOL, these states were California, Colorado, Delaware, the District of Columbia, Georgia, Illinois, Kentucky, Massachusetts, Michigan, Nevada, New York, Ohio, and Texas. Some states cited the federal law in their sunset dates, while other states used specific dates that aligned with an upcoming expiration of the 100% federal financing of EB. Texas's EB TUR trigger statute requires that if 100% federal financing of EB is available, then Texas must promulgate a regulation to use it (based on DOL-ETA email communication with CRS, January 16, 2021).

[23] For a summary of research on the potential impact of the temporary programs on employment and consumer spending during this period, see CRS In Focus IF12143, *How Did COVID-19 Unemployment Insurance Benefits Impact Consumer Spending and Employment?*.

[24] DOL, Families First Coronavirus Response Act and Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding to States through May 31, 2024, data downloaded on February 19, 2025, https://oui.doleta.gov/unemploy/docs/cares_act_funding_state.html.

[25] Ibid.

[26] Ibid.

[27] CRS calculation based on DOL, ETA2112 UI Financial Transaction Summary Report, downloaded on July 31, 2024. Data available at https://oui.doleta.gov/unemploy/DataDownloads.asp.

Under ARPA, all of the COVID-19-pandemic UI programs—FPUC, PEUC, PUA, and MEUC—expired September 4, 2021.[28] For details on these programs, see CRS Report R46687, *Unemployment Insurance (UI) Benefits: Permanent-Law Programs and the COVID-19 Pandemic Response*.

Lost Wages Assistance

During the five-month lapse in FPUC authorization in the summer of 2020, President Trump used executive action to create the Lost Wages Assistance (LWA) benefit to temporarily supplement UI benefits, relying upon existing authority in the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. §§5121 et seq.).[29]

The now-expired LWA benefit was payable for a six-week period of unemployment that began retroactively on or after July 26, 2020, and ended on or before September 6, 2020. As described in Federal Emergency Management Agency (FEMA) guidelines to the states, the LWA program was authorized to provide up to $44 billion in grants to states to supplement the weekly benefits of certain eligible UI claimants in participating states, subject to a cost-sharing requirement of 25% for Other Needs Assistance under Section 408 of the Stafford Act (42 U.S.C. §5174(g)(2)).[30] States were able to satisfy this cost-sharing requirement by either paying $100 a week to eligible claimants or by demonstrating that the total UI benefits paid with state unemployment funds in the aggregate met the amount of the 25% match.

Federal UC Loans to States and Solvency Concerns

If a recession is deep enough and if SUTA revenue is inadequate for a sustained duration, states may have insufficient funds to pay for UC benefits.[31] Federal law, which requires states to pay these benefits, provides a loan mechanism within the UTF framework that an insolvent state may use to meet its UC benefit payment obligations.[32] States must pay back these loans and are charged interest on loans that are not repaid by the end of the fiscal year in which they were obtained.[33] If the loans are not paid back within a certain period (approximately two years,

---

[28] Federal law terminated the programs for weeks of unemployment ending on or before September 6, 2021. This had the effect of ending the programs in all states on September 4, 2021, with the exception of New York's programs, which terminated on September 5, 2021. Twenty-six states opted to terminate some or all of the programs earlier. For details see CRS Report R46789, *Unemployment Insurance: Legislative Issues in the 117th Congress, First Session*.

[29] The White House, "Memorandum on Authorizing the Other Needs Assistance Program for Major Disaster Declarations Related to Coronavirus Disease 2019," August 8, 2020, https://trumpwhitehouse.archives.gov/presidential-actions/memorandum-authorizing-needs-assistance-program-major-disaster-declarations-related-coronavirus-disease-2019/.

[30] FEMA, *Lost Wages Supplemental Payment Assistance Guidelines*, April 22, 2022, https://www.fema.gov/disaster/coronavirus/governments/supplemental-payments-lost-wages-guidelines.

[31] For details, see CRS Report RS22954, *The Unemployment Trust Fund (UTF): State Insolvency and Federal Loans to States*.

[32] Federal UC law does not prohibit states from using loan resources outside of the UTF. Depending on state law, states may have other funding measures available and may be able to use funds from outside of the UTF to pay the benefits (such as through issuing bonds).

[33] For a full explanation of the interest charges, see the "Interest Charges on Loans" section in CRS Report RS22954, *The Unemployment Trust Fund (UTF): State Insolvency and Federal Loans to States*. Section 4103 of FFCRA (P.L. 116-127, as amended) temporarily waived interest payments and the accrual of interest on federal advances (loans) to states to pay UC benefits from March 18, 2020, through September 6, 2021. This temporary measure did not reduce any underlying loan principal.

depending on the timing of the beginning of the loan period), the state's employers may face increased net FUTA rates until the loans are repaid.[34]

Immediately before the COVID-19 pandemic-related recession began, 31 states were determined to have accrued enough funds in their UTF accounts to meet or exceed the minimally solvent standard as defined by DOL in order to be prepared for a recession.[35] However, the rapid increase in the number of individuals receiving regular UC benefits during the COVID-19 pandemic-related recession strained many states' trust fund balances.

At the end of FY2019, *one* jurisdiction (the U.S. Virgin Islands) had a federal UTF loan totaling $64 million. In comparison, by the end of FY2020, *19* jurisdictions had federal UTF loans collectively totaling $34.1 billion (California, Colorado, Connecticut, Delaware, Georgia, Hawaii, Illinois, Indiana, Kentucky, Massachusetts, Minnesota, New Jersey, New Mexico, New York, Ohio, Pennsylvania, Texas, the U.S. Virgin Islands, and West Virginia). By the end of FY2021, the number of jurisdictions with outstanding federal loans had decreased to *12* (California, Colorado, Connecticut, Hawaii, Illinois, Massachusetts, Minnesota, New Jersey, New York, Pennsylvania, Texas, and the U.S. Virgin Islands), but the aggregate outstanding loans had increased to $45.6 billion. By the first quarter of FY2025, the number of jurisdictions with outstanding federal UTF loans had decreased to *four* (California, Connecticut, New York, and the U.S. Virgin Islands), and the total outstanding loan amount had decreased to $27.7 billion.[36]

Reemployment Services and Eligibility Assessments

Since FY2015, DOL has funded state efforts to conduct in-person interviews with selected UI claimants while "addressing individual reemployment needs of UI claimants, and working to prevent and detect UI overpayments" through the voluntary Reemployment Services and Eligibility Assessments (RESEA) program.[37] The purpose of the interviews is to (1) ensure that claimants are complying with the eligibility rules, (2) determine if reemployment services are needed for the claimant to secure future employment, (3) refer the individual to reemployment services as necessary, and (4) provide labor market information that addresses the claimant's specific needs.

In 2017, Section 30206 of P.L. 115-123 codified the authority for DOL under permanent law to administer a RESEA program, with funding scheduled to increase over future fiscal years.[38] The

[34] For details on how states may borrow federal funds to pay for UC benefits, see CRS Report RS22954, *The Unemployment Trust Fund (UTF): State Insolvency and Federal Loans to States*.

[35] DOL, Office of Unemployment Insurance, *State Unemployment Insurance Trust Fund Solvency Report 2020*, February 2020, https://oui.doleta.gov/unemploy/docs/trustFundSolvReport2020.pdf.

[36] Data on jurisdictions and loan amounts for each quarter are available by selecting the data category "loan" at https://oui.doleta.gov/unemploy/data_summary/DataSum.asp. Current balances are available at https://fiscaldata.treasury.gov/datasets/ssa-title-xii-advance-activities/advances-to-state-unemployment-funds-social-security-act-title-xii. Data accessed February 15, 2025.

[37] Since FY2005, DOL has provided some type of reemployment services through discretionary appropriations. For additional background, see CRS Report R43044, *Expediting the Return to Work: Approaches in the Unemployment Compensation Program*; and DOL, ETA, Unemployment Insurance Program Letter, UIPL 3-17, December 8, 2016, p. 2, https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-03-17.

[38] The law created a new Section 306 of the Social Security Act (SSA). Just over a month later, on March 23, 2018, the Consolidated Appropriations Act, FY2018 (P.L. 115-141) provided $2.6 billion in state grants from the UTF for administering state UI laws as authorized under Title III of the Social Security Act (including not less than $120 million for RESEA and UC improper payment reviews and to provide reemployment services and referrals to training, as appropriate) and provided that such activities would not be subject to the newly created Section 306 of the Social Security Act for that fiscal year (FY2018).

2017 law also set out various requirements for states to use certain types of evidence-based interventions for UI claimants under RESEA and allocated discretionary funding for RESEA across three categories (base funding, outcome payments, and research and technical assistance).[39] State RESEA programs must include reasonable notice and accommodations for UI beneficiaries selected for participation.[40] In FY2024, $382 million was appropriated for RESEA.

Section 101(b)(4) of Division A, Title I of the Fiscal Responsibility Act of 2023 (FRA; P.L. 118-5) created a new budgetary exemption (i.e., an adjustment to the statutory spending limits for a portion of RESEA spending). Versions of this exemption were in effect prior to the FRA, but this new exemption is applied to smaller amounts of funding than was previously allowed. The budgetary exemption was effectively reduced to $265 million (from $433 million) in FY2024 and to $271 million (from $533 million) in FY2025.[41]

Legislative Proposals in the 119th Congress

This section provides summary information on legislation introduced as of March 6, 2025, in the 119th Congress that would amend UI programs and benefits.

UI Integrity Proposals

Program integrity issues, such as improper benefit payments, have long been of concern for the permanent-law UI programs. The improper payment estimate for the UI system has been above 10% for 14 of the past 18 years.[42] The Office of Management and Budget (OMB) continues to designate UI as a "high-priority" program (i.e., a program with estimated improper payments of more than $100 million a year). The enhanced UI benefits created in response to the COVID-19 pandemic exacerbated program integrity concerns related to improper payments and fraud. (For more background on this issue, see CRS Insight IN12127, *Unemployment Insurance Overpayment and Fraud Recovery and H.R. 1163*. For background on program integrity concerns for the LWA benefit, see CRS In Focus IF12249, *Lost Wages Assistance: Benefits and Program Integrity*.)

S. 121

On January 16, 2025, Senator James Lankford introduced the Recover Fraudulent COVID Funds Act (S. 121). This bill would extend the statute of limitations from 5 to 10 years for federal

[39] In FY2021-FY2026, base funding must account for 89% of RESEA funding, funding for outcome payments must account for 10%, and funding for research and technical assistance must account for 1%. For fiscal years after FY2026, base funding must account for 84% of RESEA funding, funding for outcome payments must account for 15%, and funding for research and technical assistance must account for 1%.

SSA, Section 306(f). Under SSA, Section 306(f)(2)(A), "outcome payments shall be paid to States conducting reemployment services and eligibility assessments under this section that, during the previous fiscal year, met or exceeded the outcome goals provided in subsection (b)(1) related to reducing the average duration of receipt of unemployment compensation by improving employment outcomes."

[40] DOL, ETA, "Allocating Grants to States for Reemployment Services and Eligibility Assessments [RESEA] in Accordance With Title III, Section 306 of the Social Security Act [SSA]," 84 *Federal Register* 139018-20, August 8, 2019, https://www.govinfo.gov/content/pkg/FR-2019-08-08/pdf/2019-16988.pdf.

[41] This new adjustment effectively supersedes the other budgetary adjustments outlined in Section 314 of the Congressional Budget Act of 1974 (2 U.S.C. §645), in which funding for RESEA is limited to $433 million in FY2024 and $533 million in FY2025.

[42] For more information, see https://www.paymentaccuracy.gov/payment-accuracy-high-priority-programs/.

criminal prosecution and civil enforcement actions for fraud related to the COVID-19 pandemic-era programs, including COVID-19-pandemic UI benefits (i.e., FPUC, MEUC, PUA, and PEUC).

H.R. 1119

On February 7, 2025, Representative Chuck Edwards introduced the Unemployment Integrity (UI) Act (H.R. 1119). According to a press release issued on the same date, the bill is a reintroduction of the Unemployment Integrity Act of 2023 (H.R. 5967; discussed in CRS Report R47575, *Unemployment Insurance: Legislative Issues in the 118th Congress*).[43] This press release states that the bill would require states to establish minimum requirements for those seeking UI benefits related to job interviews. These requirements would include responding to, scheduling, and attending an interview offered by a potential employer. Additionally, claimants would be required to complete any other "reasonable" request of the hiring process, including drug testing and skills assessments.

H.R. 1156

On February 10, 2025, Representative Jason Smith introduced the Pandemic Unemployment Fraud Enforcement Act (H.R. 1156). This bill would extend the statute of limitations from 5 to 10 years for federal criminal prosecution and civil enforcement actions for fraud related to the COVID-19-pandemic UI benefits of FPUC, MEUC, PUA, and PEUC. Under current law, these weekly fraudulent payments would no longer be subject to prosecution and enforcement actions beginning as early as March 25, 2025 (depending on the week they had been paid out). The bill would also rescind $5 million from unobligated UI administration funding for program integrity activities by state UC agencies that had been made available by ARPA.[44]

On February 12, 2025, the House Committee on Ways and Means ordered to be reported an amended version of H.R. 1156 with substantively similar provisions to the introduced version. The Congressional Budget Office estimated that the reported version of H.R. 1156 would increase federal revenues by less than $500,000 over the 2025-2035 period.[45]

Author Information

Julie M. Whittaker
Specialist in Income Security

Katelin P. Isaacs
Specialist in Income Security

[43] Representative Chuck Edwards, "Edwards reintroduces bill to reform unemployment benefits, promote work," press release, February 7, 2025, https://edwards.house.gov/media/press-releases/edwards-reintroduces-bill-reform-unemployment-benefits-promote-work.

[44] ARPA had previously provided $2 billion in additional UI administrative funding to DOL in FY2021 to "detect and prevent fraud, promote equitable access, and ensure the timely payment of benefits." This funding was made available until expended. ARPA also authorized that the funding was to be used for (1) federal administrative costs, (2) system-wide infrastructure, and (3) grants to states and territories administering all UI benefits for program integrity and fraud prevention purposes, including for identity verification and faster claims processing. P.L. 118-5 reduced these funds by $1 billion. For additional details, see CRS Report R47575, *Unemployment Insurance: Legislative Issues in the 118th Congress*.

[45] Congressional Budget Office, *H.R. 1156, Pandemic Unemployment Fraud Enforcement Act*, Publication 61219, Washington, DC, February 24, 2025, https://www.cbo.gov/publication/61219.

Disclaimer