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Unemployment Compensation, Strikes and Lockouts in 2025

Introduction

Eligible unemployed workers may receive weekly income support from the joint federal-state Unemployment Compensation (UC) program while they search for new work. In general, such workers must have lost their jobs through no fault of their own and be able, available, and seeking work. Some states provide UC benefits to workers during labor disputes that involve temporary work stoppages (e.g., when workers strike or employers prevent employees from work), if certain conditions are met. Congress has considered proposals to amend federal requirements for state UC programs in how to treat labor disputes in UC determinations.

This In Focus discusses the role of UC in labor disputes, including current UC eligibility and disqualification related to labor disputes as well as examples of recent federal legislation to expand or limit UC access in labor dispute situations. It also provides examples of union strike assistance payments.

Labor disputes among workers and employers may involve temporary work stoppages. *Strikes* occur when workers initiate the work stoppage. *Lockouts* happen when employers refuse to allow employees to work at the worksite. For 2025, the U.S. Bureau of Labor Statistics (BLS) reported that 16.5 million workers were represented by a union. Additionally, BLS reported 30 major work stoppages (i.e., involving 1,000 or more workers), impacting approximately 306,800 workers. (Workers involved in a work stoppage may or may not be members of a union.)

Unemployment Compensation

The joint federal-state UC program provides income support to workers through weekly UC benefit payments. Its two main objectives are to (1) provide temporary partial wage replacement to involuntarily unemployed workers and (2) stabilize the economy during recessions. The UC program is financed through employer taxes imposed by the Federal Unemployment Tax Act (FUTA) and state payroll taxes required under each state's unemployment tax law. Although there are broad requirements under federal law regarding UC benefits and financing, state specifics are set out under each state's laws. States administer UC benefits with U.S. Department of Labor (DOL) oversight, resulting in 53 different UC programs operated in the states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. For additional background on UC, see CRS In Focus IF10336, *The Fundamentals of Unemployment Compensation*.

UC Eligibility and Disqualification

The UC program generally does not provide UC benefits to the self-employed, individuals who are unable to work, or individuals who do not have a recent earnings history. Eligibility for UC benefits is based on attaining qualified wages and employment in a position that is subject to unemployment payroll taxes (i.e., FUTA and state unemployment tax law) or through employment within state and local governments or some nonprofit entities. To receive UC benefits, claimants must be able, available, and actively searching for work. UC claimants generally may not refuse suitable work, as defined under state laws, and must maintain their UC eligibility. The methods states use to determine *eligibility* vary across state UC programs. An ineligible individual is prohibited from receiving UC benefits under a state's laws until the condition serving as the basis for ineligibility no longer exists. UC eligibility is generally determined on a weekly basis.

In addition, states may *disqualify* claimants who lost their jobs because of inability to work, voluntarily quit without good cause, were discharged for job-related misconduct, or refused suitable work without good cause. In this situation, which is distinct from ineligibility, an individual has no rights to UC benefits until the person requalifies under a state's laws, usually by serving a predetermined disqualification period or obtaining new employment. In some situations, UC benefits may be reduced or wage credits may be cancelled for disqualified individuals.

UC and Labor Disputes

Federal law does not specify whether an individual experiencing a period of unemployment due to a labor dispute should be considered ineligible or disqualified for UC benefits. The only provision in federal law that addresses UC coverage during a labor dispute is in Section 3304(a) of FUTA, which provides that UC benefits cannot be denied to an otherwise eligible individual for refusing to accept new work if the offered position is vacant due to a labor dispute among other conditions. However, model state UC legislation prepared by the Social Security Board (SSB) in 1936 provided optional suggested text that would have required most cases of unemployment due to a labor dispute to be subject to a disqualification period that would last until the termination of the labor dispute (with certain exceptions).

In most states, when a striking worker is deemed disqualified for UC benefits because of the labor dispute, there is no permanent reduction or cancellation of UC benefit entitlement. Instead, the denial remains in place until the dispute is resolved and/or the jobsite is operational. After that point, the worker may become prospectively eligible to receive UC for any additional weeks the worker

continues to be unemployed. Table 5-11 in DOL, *Employment and Training Administration, 2023 Comparison of State Unemployment Insurance Laws*, provides a broad summary of how states disqualify individuals involved in a labor dispute. (Table 5-12 in the same document provides a broad summary of exclusions from disqualification, many of which mirror the 1936 SSB list of suggested exceptions.)

Recent DOL Letter

On January 8, 2026, the DOL Unemployment Insurance (UI) administrator sent a letter to state UI directors reminding them of federal law requirements with respect to UC eligibility during a labor dispute. In particular, the letter highlighted that an individual who is on strike must engage in activities that demonstrate to the state UC agency that the individual is able and available for work and actively seeking work under state UC law as required by 42 U.S.C. 503(a)(12).

UC and Work Stoppages in 2025

In 2025, most state laws treated claimants who voluntarily left a job because of a labor dispute as subject to disqualification and ineligible for UC benefits until the labor dispute is resolved. Unions generally oppose this approach and assert that access to UC is beneficial to the economy by supporting striking workers while they exercise their right to strike for better pay and workplace conditions. In contrast, employers generally oppose expanding UC benefits to actively striking workers, arguing that such entitlement would punish employers by effectively incentivizing and funding the strikes through increases in the employers' state UC taxes, which generally fund weekly UC benefits.

Strikes

Striking involves walking off the job or refusing to report to work. Most state UC laws typically require that an individual be treated as disqualified for UC until the resolution of the labor dispute. States generally have exceptions for workers who are not participating in the dispute but have lost work because of it (e.g., nonunion office workers who were laid off as a result of a strike might not be disqualified since they had no control or voice in the union strategy). In some states, a worker not involved in a labor dispute who refuses to cross a picket line during the dispute would be considered to have voluntarily left work and might also be disqualified from receiving UC. Some states may authorize payment of UC benefits for striking workers if the strike is because an employer failed to conform to federal or state labor laws or the employer did not follow a collective bargaining agreement.

States with Exceptions to Strike Disqualification

In 2025, 2 states, New Jersey and New York, allowed striking workers to qualify for UC once a 2-week waiting period had been met. In addition to these 2 states, both Washington (up to 6 weeks of benefits available after a 1-week waiting period) and Oregon (up to 10 weeks after a 2-week waiting period) enacted legislation in 2025 to provide UC to strikers beginning in 2026.

Lockouts

A lockout occurs when an employer refuses to allow employees to work. Employers may use a lockout to attempt to obtain more leverage in collective bargaining negotiations. Depending on the circumstances, some states may find striking workers locked out of a worksite to be eligible for UC.

Legislation in the 119th Congress

In the 119th Congress, several bills have been introduced that would alter federal requirements for how state UC programs treat unemployment due to labor disputes.

- The Securing Help for Involuntary Employment Loss and Displacement Act (SHIELD Act; H.R. 4424) would prohibit individuals who participate in a labor dispute, support strikes financially, or have a direct interest in a labor dispute to be eligible for UC benefits.
- The Unemployment Insurance Modernization and Recession Readiness Act (S. 2312/H.R. 4439) would, among other provisions, prohibit states from denying UC benefits in certain situations based on strikes or lockouts or the failure of an employer to follow certain federal or state labor laws.
- The Empowering Striking Workers Act of 2025 (H.R. 5206/S. 2731) would require states to consider individuals who are employed but unable to work due to a labor dispute as unemployed on the earliest of 4 dates: 14 days after the date on which the strike began, the date the lockout began, the date on which the employer hired permanent replacement workers, or when the labor dispute ended and the individual became unemployed.

Union Strike Assistance

Because most strike actions disqualify union members from receiving UC benefits, established unions sometimes have a strike fund, paid by members' dues, to help support union members during strikes. If a strike is authorized, union members may be eligible to receive strike benefits through such a fund. For example, in the 2025 International Association of Machinists and Aerospace Workers (IAM) District 837 strike against Boeing in St. Louis, MO, IAM provided up to \$300 per week as a strike pay, payable beginning at the end of the first week of unemployment.

Occasionally, unions may offer more limited support for striking members because of financial limitations. For example, the Screen Actors Guild-American Federation of Television and Radio Artists (SAG-AFTRA) Emergency Financial Assistance/Disaster Relief Fund provided limited grants to some members who were experiencing an urgent financial need and could not pay for basic living expenses because of the SAG-AFTRA 2023 strike.

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