

United States Senate

WASHINGTON, DC 20510

May 7, 2024

The Hon. Tammy Baldwin, Chair
Labor, HHS, Education, and
Related Agencies Subcommittee
Senate Committee on Appropriations
Hart Senate Office Building
Washington, DC 20510

The Hon. Shelley Moore Capito, Ranking Member
Labor, HHS, Education, and
Related Agencies Subcommittee
Senate Committee on Appropriations
Hart Senate Office Building
Washington, DC 20510

Dear Chair Baldwin and Ranking Member Capito:

As you consider priorities for the Fiscal Year 2025 (FY2025) Appropriations bill, we urge you to fully fund Unemployment Insurance (UI) administration at or above the levels President Biden proposed in his FY2025 budget. Without robust administrative funding, state workforce agencies will struggle to provide UI benefits efficiently to jobless workers and to protect the program from fraud.

When the COVID-19 pandemic hit in March 2020, state workforce agencies were completely overwhelmed with an unprecedented number of UI claims. Millions of workers were forced to wait months for their benefits and couldn't even reach someone from their state agency on the phone to help. Part of the reason states were so unprepared to deal with this surge of claims was decades of underinvestment in UI administration. Because Congress has consistently failed to appropriate sufficient administrative funding for the program, the Department of Labor (DOL) is forced to allocate funding to states using outdated cost assumptions that don't reflect the actual cost of administering UI, leaving state workforce agencies operating on shoestring budgets.

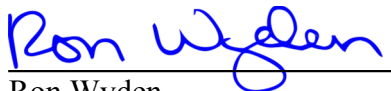
As a result, state workforce agencies are understaffed and reliant on outdated technology and processes, which in turn leaves jobless workers waiting longer for benefits and struggling to obtain assistance from the state agency when they need it. Inadequate administrative funding also leaves the UI program vulnerable to fraud, which surged during the pandemic when organized criminal networks started targeting state UI systems and stealing billions of dollars. While law enforcement continues to investigate pandemic UI fraud and works to recoup stolen funds, we also must take steps to protect the UI system from fraud going forward. Fraud prevention is a crucial part of UI administration, and if states don't have sufficient funding to administer benefits and modernize their technology, fraud prevention efforts will also suffer.

While additional administrative funding for the UI program was provided in the Families First Coronavirus Response Act (FFCRA), the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and the American Rescue Plan Act (ARPA), states largely used this one-time funding to address short-term needs associated with the pandemic and make modest system updates that were decades overdue. Furthermore, half of the \$2 billion provided in the American Rescue Plan was ultimately rescinded, leaving states with even fewer resources to meet their

administrative needs. Without strong annual funding for administration going forward, state workforce agencies will be unable to make necessary long-term improvements to their administrative processes and ensure the system is prepared for the next crisis. We can't expect the UI system to scale up overnight and function well in an economic downturn if we don't provide strong, consistent annual funding—including during economic expansions.

We request that you appropriate at least \$3,422,274,000 for grants to states for the administration of state UI laws and at least \$48,000,000 for national activities necessary to support UI administration in FY2025.¹ The increased funding for grants to states would allow DOL to update its outdated funding assumptions and provide states with sufficient funds to ensure the UI program can serve jobless workers as intended and take important steps to combat fraud. Funding for national activities will support crucial administrative functions shared across all states. If we continue to neglect UI administration, workers who have lost their jobs through no fault of their own will continue to pay the price.

Sincerely,



Ron Wyden
United States Senator
Chairman, Committee on
Finance



Michael F. Bennet
United States Senator



Jack Reed
United States Senator



Tina Smith
United States Senator

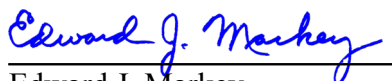
¹ For additional detail, please see pp. 715-716 of the [Budget Appendix for the President's Fiscal Year 2025 Budget](#), as well as the Employment and Training Administration's [Congressional Budget Justification for State Unemployment Insurance and Employment Service Operations](#).



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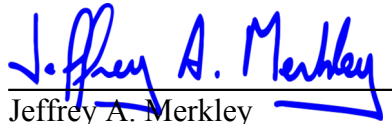
Alex Padilla
United States Senator




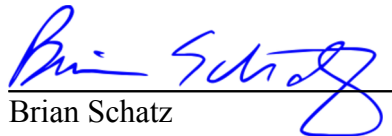
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United States Senator

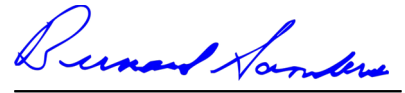



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