UI 101 Basics

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UI 101 Basic Outline

- UI – A Brief History
- UI Agency Drivers
- Financing
- Coverage
- Trust Fund Solvency & Title XII Advances
- Benefits Determination
- Non-Monetary Determination
- Overpayments/Improper Payment
- Appeals

• UI Administrative Funding

US Activity Early 20th Century

• Wisconsin acted as pioneer state, passing a UI law in January 1932. • Covered employers with 10 or more employees

• Payroll tax on employers two percent on payroll

• Revenue went to state controlled individual employer fund until $55 per employee was accumulated.

• After $55, rate dropped to one percent until $75/employee.

• Employees entitled to 10 weeks of benefits, not to exceed 50 percent of average weekly wage or $10/week.

UI Brief History

1930's :

- **Wagner-Peyser Act 1933**
- **Federal**

Unemployment Tax Act 1935

- **Social Security Act**

President Franklin D. Roosevelt signing the Social Security Act in the White House on August 14, 1935. He is surrounded by members of Congress and Frances Perkins, Secretary of Labor.

1935

The Social Security Act

- The Social Security Act of 1935 spelled out the

provisions for UI:

- Title III was concerned with administration
- Title IX provided for:
  - The employer tax,
  - Specified exclusions from coverage,
  - Established standards that state systems must meet for tax offsets, and
  - Set up rules for experience rating.

Why a Federal-State System?

- State-only system wasn’t working.
- Exclusively Federal system would be cumbersome and difficult.
- Federal-State system removes disadvantages in interstate competition while allowing wide latitude for experimentation.
- Concerns about the constitutionality of Federal requirements led to an incentives system
    - States technically have a choice whether or not to establish their unemployment compensation programs in compliance with the provisions of Federal law.
    - Federal Unemployment Tax Act (FUTA) lets employers take credit against the Federal UI tax if their states’ UI programs comply with Federal law.

UI In Perspective

- An *Insurance Program* that:
  - Provides workers **who have lost their job through no fault of their own** with monetary payments for a given period of time or until they find a new job;
  - Provides the U.S. economy with **consumer spending during an economic downturn;**
  - Is established under a **unique federal-state partnership;**
  - Has a **combination of federal and state taxes** levied on employers to fund state administered programs;
    - **Federal funds** are used primarily for administrative costs;

- **<u>State funds</u>** are determined by each state who establishes which employers are obligated to pay state unemployment taxes to fund benefit payments

UI For Workers

- Any individual who qualifies under the terms of the state unemployment compensation law is <u>*entitled* to collect benefits</u>;

- Eligible individuals <u>must have earned a</u> earned a certain amount of wages (base period wages) in the amount set by state law, and in some states worked a number of weeks;

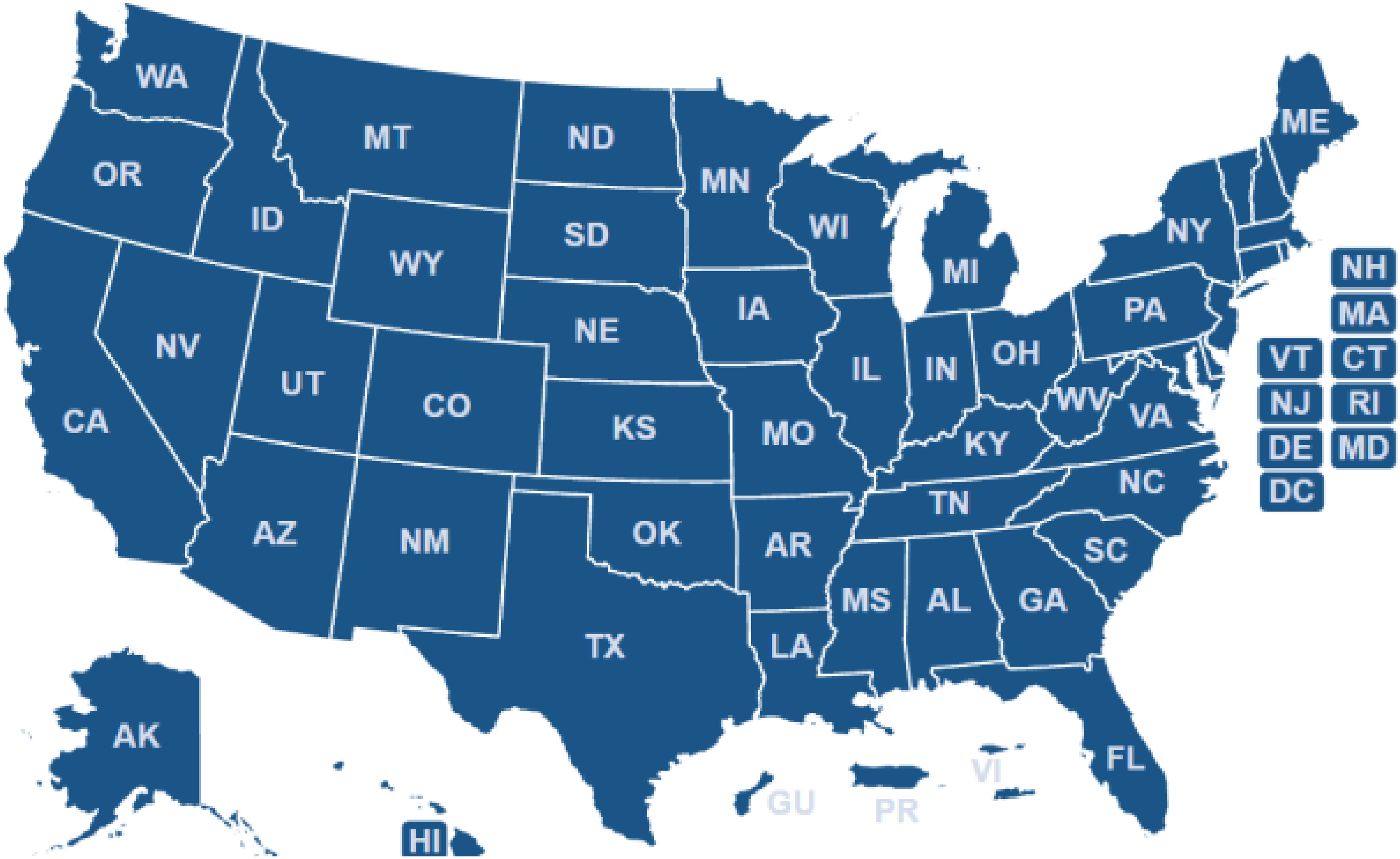
- An unemployed worker is <u>not required to submit proof of financial need.</u> Anyone who qualifies has a right to collect benefits;

- During economic recessions the federal government has provided <u>emergency UI</u>

assistance to allow states to extend the time individuals can receive benefits, and recently the amount of benefits available.

- State benefits are paid out of employer contributions that have been deposited in a state account in the Federal Unemployment Trust Fund held by the US Treasury.

State Agency UI Drivers



Java Decision

- California Department of Human Resources Development v. Java, 402, U.S. 121 (1971) said once a UI claimant has been found eligible for benefits, such claimant will continue to receive benefits until a decision is issued reversing the determination allowing benefits.

- In other words, an employer’s appeal will not affect the continuing payment of benefits until a subsequent decision is issued denying benefits.

Performance Measures: Benefits
(A real dilemma with ID Theft)

First Payment Promptness: 87% Percent of *all* 1st payments made within 14/21 days after the week ending date of the first compensable week in the benefit year (excludes Workshare, episodic claims such as DUA, and retroactive payments for a compensable waiting period).

Nonmonetary Determination Time Lapse: 80%. Percent of Nonmonetary Determinations (Separations and Nonseparation's) made within 21 days of the date of detection of any nonmonetary issue that had the potential to affect the claimant's benefit rights.

Nonmonetary Determination Quality- Nonseparations: 75%. Percent of *Nonseparation* Determinations with Quality Scores equal to or greater than 95 points, based on the evaluation results of quarterly samples selected from the universe of nonseparation determinations.

Nonmonetary Determination Quality- Separations: 75%. Percent of *Separation* Determinations with Quality Scores equal to or greater than 95 points, based on the evaluation results of quarterly samples selected from the universe of separation determinations.

Performance Measures: Program Integrity Measures

Detection of Overpayments: Percentage of detectable, recoverable overpayments estimated by the Benefit Accuracy Measurement survey that were established for recovery.

≥50% and ≤95% of detectable / recoverable overpayments are established for recovery

Improper Payments Measure: < 10% Percent of UI benefits overpaid plus UI benefits underpaid minus overpayments recovered divided by the total amount of UI benefits paid.

UI Overpayment Recovery Measure: IPIA 2019: 68%
Percentage of Amount of overpayments recovered divided by (Amount of overpayments established minus overpayments waived)
(example IPIA 2019= July 1, 2018– June 30, 2019

Performance Measures: Appeals

Average Age of Pending Lower Authority Appeals: The sum of the ages, in days from filing, of all pending Lower Authority Appeals divided by the number of Lower Authority Appeals. ≤30 Days

Average Age of Pending Higher Authority Appeals: The sum of the ages, in days from filing, of all pending Higher Authority Appeals divided by the number of Higher Authority Appeals. ≤40 Days

Lower Authority Appeals Quality: Percentage of Lower Authority Appeals with Quality Scores equal to or greater than 85% of potential points, based on the evaluation results of quarterly samples selected from the universe of lower authority benefit appeal hearings. ≥80%

UI Financing

Main Components:

- Coverage

- Federal Unemployment Tax Act (FUTA)
- State Financing System
- Title XII Advances (Trust Fund Loans)
- Administrative Financing

UI Coverage Today

Federal law does not technically "cover" services because no benefit rights accrue under Federal law except for service performed for the Federal government (FECA) and railroads (RRB), which have separate Federal programs.

The Federal Unemployment Tax Act (FUTA) tax influences coverage because employers who pay taxes under federally approved state UI laws may credit or "offset" their state taxes.

Services performed for state/local governments, certain nonprofit organizations and federally recognized Indian tribes are not covered by FUTA but federal law requires states to cover them anyway.

Federal and state definitions of employment exclude certain types of services and states generally have incorporated federal exclusions although they are not required to do so.

Covered Employers

- Except for agricultural and domestic service, FUTA applies only to employing units who, during any calendar quarter in the current or preceding calendar year, had paid wages of at least $1,500,

- Or had one or more workers on at least one day in each of 20 weeks.
- 22 states have more inclusive definitions;

Employee – Employer Relationship

More than half of the states use the "ABC" test, which means a worker is an employee unless the employee meets each of these conditions:

- Free from direction or control in the work;
- Outside the usual course of business; and
- Customarily engaged in independent trade, occupation, profession or business.

Nearly half of the states have additional tests.

Excluded Employment

- State employment exclusions generally follow FUTA, but may have additional exclusions.

- Self-employment is an important exclusion.

- Examples of exclusions include insurance and real estate agents on commission, part-time service for certain nonprofit organizations, service for relatives and service by students and spouses.

Federal Unemployment Tax Act (FUTA)

6.0%
FUTA Tax

On $7,000
wages

.6%

On
$7,000

($42)

Acceptable UI Program

5.4% Credit

Covered Employers

History of FUTA

FUTA Tax History					
Year	FUTA Wage Base	FUTA Rate	FUTA Credit	Final FUTA Rate	Per Employee
1940	$3,000	3.0%	2.7%	0.3%	$9
1961	$3,000	3.1%	2.7%	0.4%	$12
1972	$4,200	3.2%	2.7%	0.5%	$21
1978	$6,000	3.4%	2.7%	0.7%	$42
1983	$7,000	6.2%	5.4%	0.8%	$56
2011	$7,000	6.0%	5.4%	0.6%	$42

FUTA Accounts

Employer

State Tax * FUTA **

ESAA
ESSA
Program Administration

State
State
UI
UI
Advances Reg.

FUA EUCA **FUA** **EUCA**

DOL
UI ES VETS BLS ~~Treasury~~

Program Administration
Reg.

50% **50%**

50%

Temporary

IRS UTF

UI
UI
Ben **Ben**

EB50%

Federal

Federal **Extension**
Extension

EB
EB

EB

State Benefit Financing

Federal taxable wage base is $7,000 (Min)

State taxable wage base (TWB) varies from State to State ($7,000-$56,500)

Two most common methods

- TWB Set by Legislature
- TWB Indexed- such as % of state average weekly wage

Employee Contributions

AK, NJ, PA

Experience Rating

- Employers state UI tax rates are influenced by their “experience with unemployment.”

- Basically, experience rating works somewhat like other types of insurance, such as auto insurance, that charge customers variable rates based on certain risk factors. (provides an incentive to challenge claims).

Experience Rating

- UI benefits are financed via quarterly assessment of contributions (taxes) on employer payrolls.
- Employer begins at an initial tax rate (new employer rate)
- Subsequent tax rates will vary based upon the amount of benefits charged to the employer's account.

- States have many provisions as to what “employment” is charged to an employer and the formula used to compute their experience rating.

- Once an employer’s tax rate is determined, the rate applies to the wages paid to each employee for a specific year up to the state’s maximum taxable wage base.

Employer Tax Rates

Standard or New Employer Rate

- May vary based on industry
- Retain until requirements for a calculated rate are

met
- Generally three years

Successor Rate

- Transferred of business
- May be optional or mandatory
- Partial or total successorship

UI Experience Rating

Formulae Reserve Ratio: = Beg.

Balance+(Contributions-Benefits)

-33

Taxable Wages

Benefit Ratio: = Benefits Charged (previous 3 years)

- 2

-17

Taxable Wages Benefit

Wages Taxable Wages

Benefit Wage Ratio: =

- 1 Taxable Wages

Payroll)

Payroll Decline: =

Average Difference in Qtr.

State Benefit Financing Systems are Complex, Dynamic Systems

- A state’s UI taxing system consists of a set of tax schedules, or a single schedule, that may be revised based on specific criteria set in State law.

- The tax schedule in effect in a given year is generally a function of the state’s trust fund balance at a specific point in time.

- An employer’s tax rate is based on State’s formula for determining the employers experience with unemployment.

- The more unemployment experienced by an employer, the higher their tax

e.

rat

Wage Records

General Reporting Requirements

- Name
- Social Security Number
- Gross Wages for the period

Various State Specific Requirements

- Paid Hours Worked

- Hourly Rate
- Tips
- Probationary Status
- Demographic Information
- Occupation

Covered Wages

Wages Include:

- Any remuneration in the form of salaries, wages, tips, commissions, fees, bonuses, vacation allowances, whether paid to full-time, part time, or temporary employees, unless explicitly excluded.

- Other forms of remuneration such as value of goods, lodging, food, clothing, and non-cash fringe benefits unless incidental or for the convenience of the employer.

- Section 125 (cafeteria) plan benefits

Excluded Wages

Exclusions Include:

- Services performed by a sole proprietor or a member of a partnership

- Services performed for a sole proprietor by his or her parent, spouse, or child under the age of 18
- Services performed for a church, convention or association of churches, or any other religious organization that is supervised, controlled or principally supported by a church, if the employer is operated primarily for religious purposes.
- Railroad Workers

Benefit Charges

The Benefit Charge Function

Includes: • Distributing Benefit

Charges

• Determining Non-chargeable Benefits

• Charging Reimbursing Employers •

Applying Voluntary Contributions

Distributing Benefit Charges

States use various methods approved by USDOL to charge benefits to an employer account:

- Charging base-period employers proportionately.
- Charging the principal base period employer.
- Charging the most recent/most recent base period employer. •

Charging base period employers in inverse chronological order.

- Charging the most recent employer for some benefits; then charging base period employers proportionately.

Non-Chargeable Benefits

Some benefits are eligible for non-charging. In order to be consistent with Federal law, the benefits must be considered an unreasonable charge against the employer:

- Claimant voluntarily quit their job without good cause

- Claimant was discharged for work related misconduct

- Refusal of suitable work
- CWC charges
- Part-time work

Reimbursable Employers

Federal law (FUTA) requires the option of reimbursing the State trust fund for benefits paid to workers of:

- Non-profit Organizations
- State and Local Governments

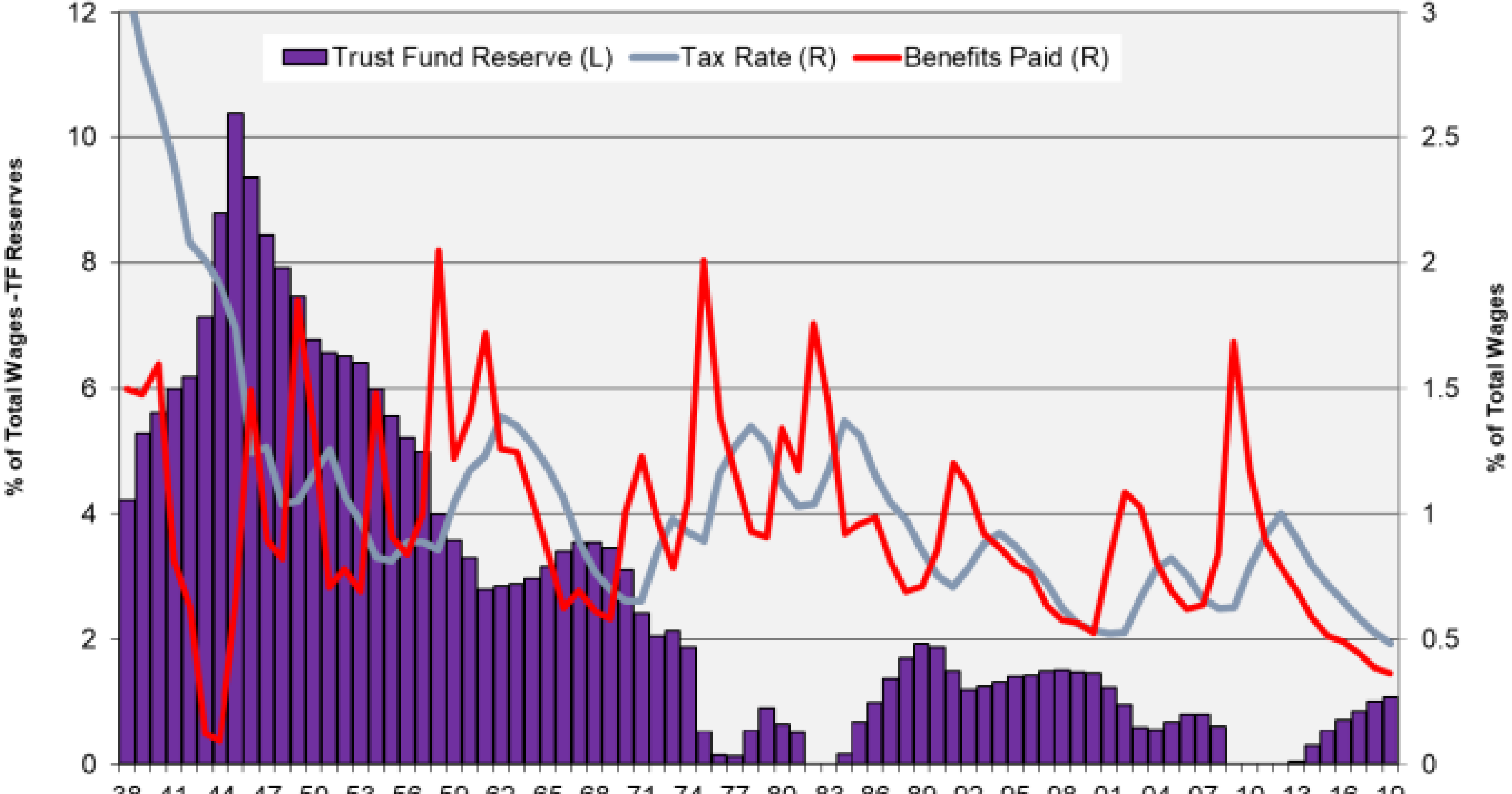
- Indian Tribes

Billed monthly or quarterly

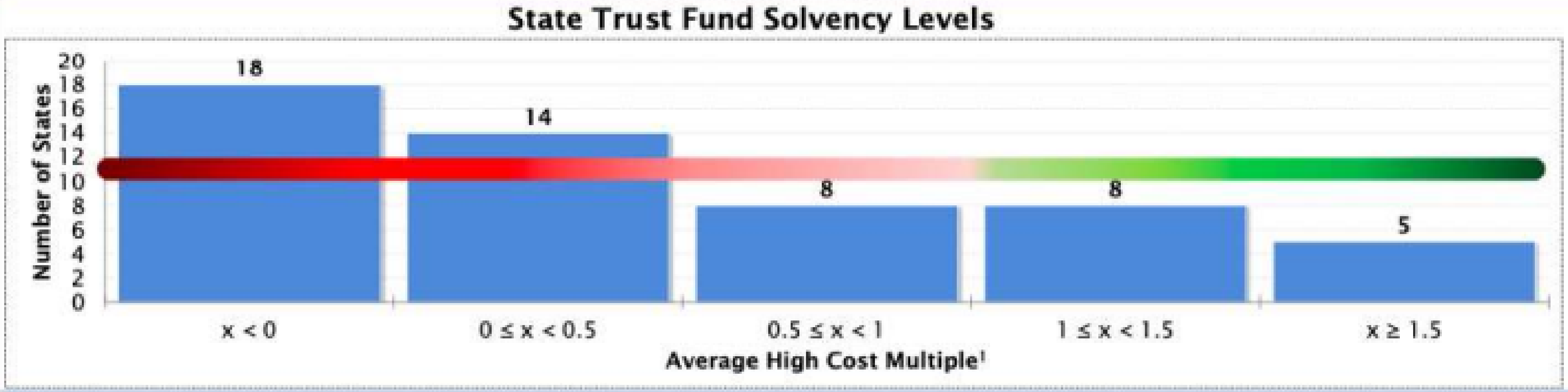
Generally, not eligible for non-charge, but credited when collected, unless by law.

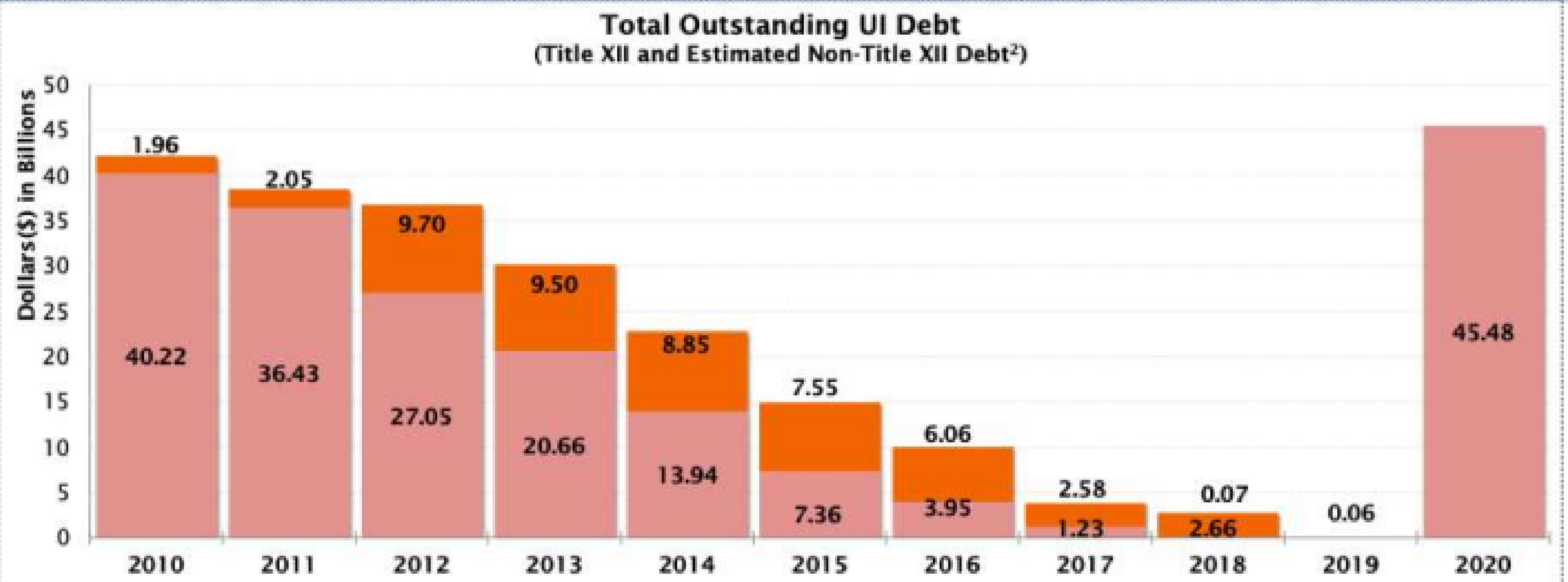
Trust Fund Solvency & Title XII Advances

Benefits, Contributions and Trust Fund Reserves (1938 - 2019)



State Trust Fund Solvency





Title XII Advances

The SSA allows states to borrow from the FUA (UTF) to pay: “cash benefits payable to individuals with respect to their unemployment, exclusive of expenses of administration.”

Current Outstanding Loans from the Federal Unemployment Account

(As of September 15, 2021)

California $19,544,067,601.25 Colorado $1,014,167,918.51 Connecticut $725,070,962.65 Hawaii $58,620.01 Illinois $4,232,873,381.35 Massachusetts $2,268,015,459.63 Minnesota $1,104,044,091.06 New Jersey $267,693,285.74 New York $9,019,846,769.99 Pennsylvania $740,538,007.76 Texas $5,941,473,530.57 Virgin Islands $96,715,084.53

Total $44,954,564,713.05

FUTA Credit Reduction

- If a state has outstanding loan balances on Jan 1st for two consecutive years, and does not repay the full amount of its loans by Nov 10th of the second year, the FUTA credit rate for employers will be reduced until the loan is repaid.
- The reduction schedule is 0.3% for the first year, plus 0.3% for the second year, and an additional 0.3% for each year thereafter that the state has not repaid its loan in full.
- Additional offset credit reductions may apply to a state beginning

with the third and fifth taxable years if a loan balance is still outstanding and certain criteria are not met.

FUTA Credit Reduction Relief

To avoid a FUTA credit reduction for a taxable year the state must:

- Pay the amount of the credit reduction prior to Nov 10th of the year for which avoidance is sought;
- Repay all FUA loans received during the one-year period ending November 9th prior to November 10th;
- Increase solvency for the taxable year through legislative action by an amount

equal to or greater than the amount of the FUTA credit reduction; and

- Not borrow before the next January 31st.

- I have an idea, I'll "close" the business and start a "new" one so I go back to the base rate!!!

- After I had to layoff a couple workers, my new tax rate is what???

SUTA Dumping

Common SUTA Dumping Schemes:

Establishing multiple accounts and shuffling employees around to the account number with the lowest rate each year.

Acquire a business with a lower unemployment insurance rate and shuffle employees to that other business to pay the lower tax rate.

Federal Response to SUTA Dumping

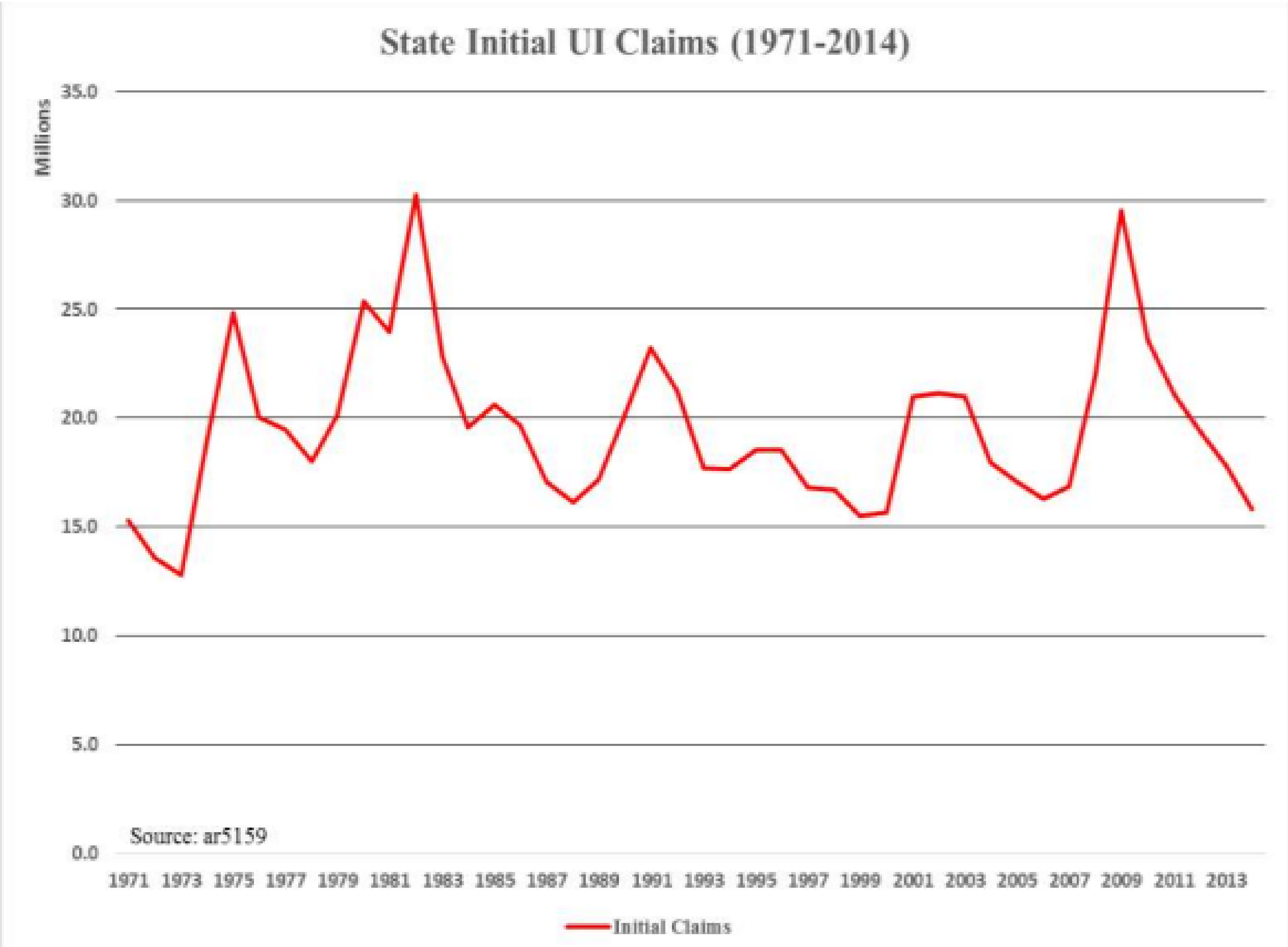
SUTA Dumping Act of 2004

- Program in place
- Meaningful penalty
- 581 Reporting requirement

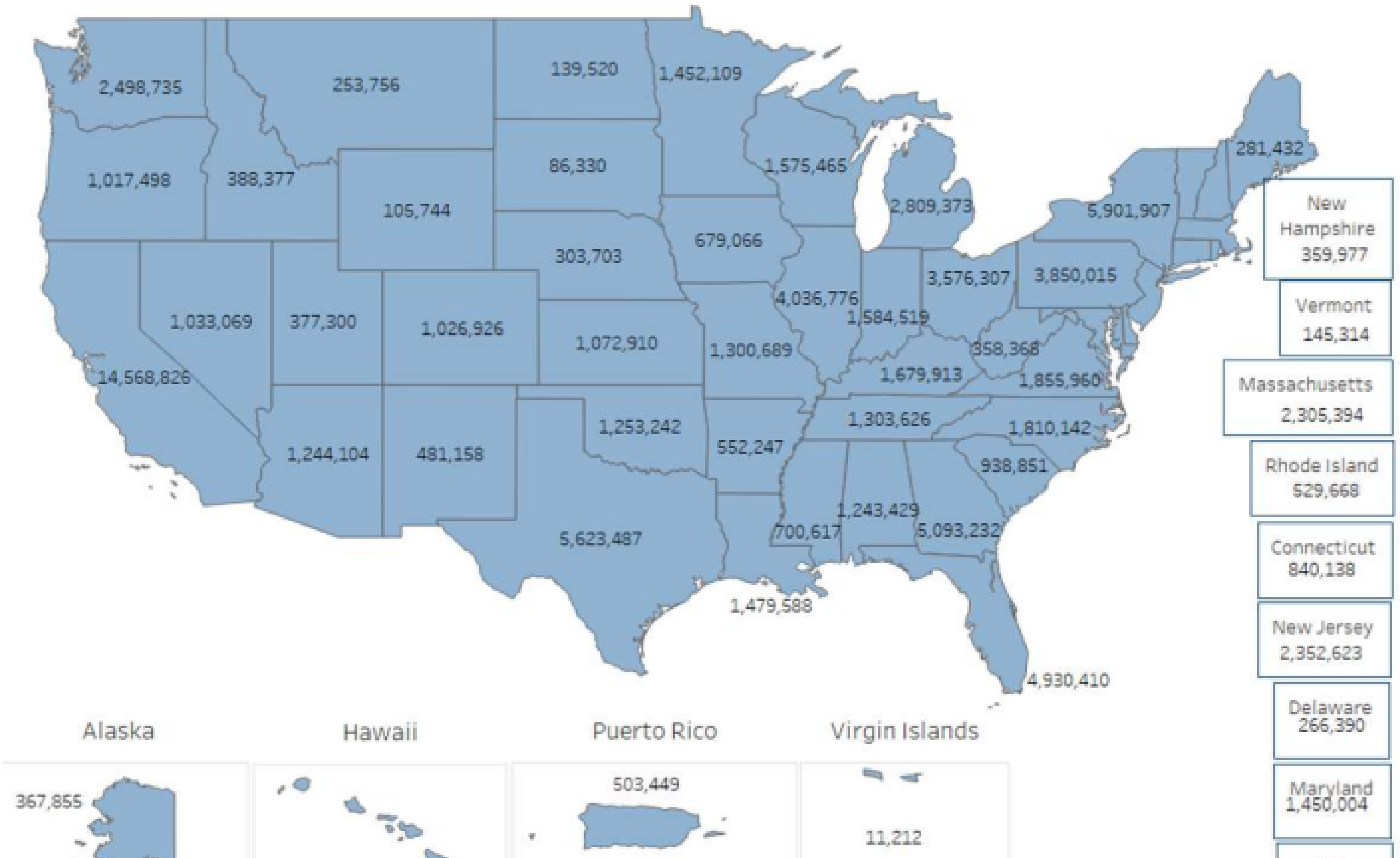
Outcome

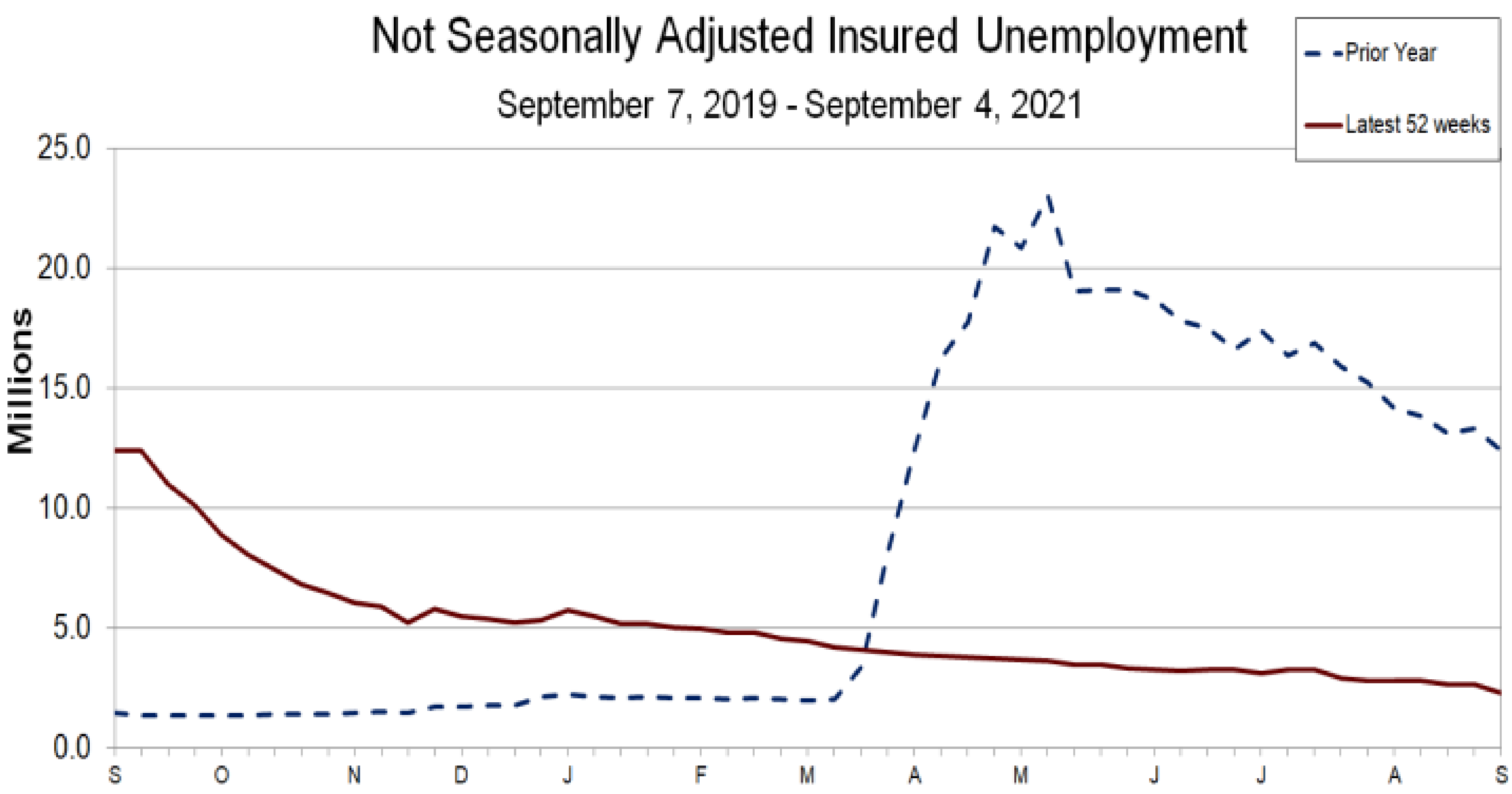
- Reactivation of employer accounts
- Recalculation of employer rate
- Transfer of contribution and wages among accounts
- Application of penalty rate

Benefits Determination Process


State Initial UI Claims (1971-2014)
Millions
35.0
30.0
25.0
20.0
15.0
10.0
5.0
0.0
Source: ar5159
1971 1973 1975 1977 1979 1981 1983 1985 1987 1989 1991 1993 1995 1997 1999 2001 2003 2005 2007 2009 2011 2013
Initial Claims

Total Initial Claims Filed Weeks Ending 3/21/2020 through 10/09/2021




Not Seasonally Adjusted Insured Unemployment
September 7, 2019 - September 4, 2021
Prior Year
Latest 52 weeks
Millions
25.0
20.0
15.0
10.0
5.0
0.0
S
O
N
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J
J
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Basic Question: Is the Claimant Monetarily Eligible under State Law?

- Aside from being out of work, individuals seeking to collect unemployment benefits must demonstrate that they have met a minimum standard in earned wages just prior to their separation.
- Normally, monetary claim eligibility is **directly related to a claimant's prior wages** (during the base period).

- First the state calculates the individual Weekly Benefit Amount or WBA.

Base Period

- The base period is the time period during which wages earned and possible hours or weeks worked are used to calculate monetary entitlement to benefits. Original policy reason for this requirement: Labor force attachment.

- Nearly all states define the base period for claimants as the first 4 of the last 5 completed calendar quarters.

  - For individuals who do not qualify for monetary entitlement under the usual base period, most states also use <u>alternate base periods that take into account more recent wages</u> in the last complete calendar quarter.

Benefit Year

- A benefit year is the <u>one year or 52-week period</u> during which an individual may receive benefits based on base period wages/employment.

- The <u>benefit year generally begins when an individual files a “valid claim</u>,” which is when the individual meets minimum wage/employment requirements.

Other Aspects of Monetary Eligibility

- Many states automatically adjust their maximum WBAs to a set percentage of the state average weekly wage, such as 60% in Kansas.

- Individuals otherwise eligible for benefits must serve a waiting period in most states, which usually is one week.

- A Claimant can earn “partial benefits” if they earn less than their WBAs in a given week. (A small amount often is disregarded.)

- 13 states also provide dependents’ allowances.

Duration of Benefits

<u>Maximum weeks of benefits available vary, but in most states it is 26 weeks.</u>

A few state maximums do not vary or are “uniform” at 26 weeks, and some are less than 26 weeks.

• Alabama currently provides up to 14 weeks of UI for new enrollees, with an additional five-week extension for those enrolled in a state-approved training program; • Georgia was providing 14 weeks of UI, but in the COVID-19 emergency that has risen to 26 weeks;

• Florida currently provides up to 19 weeks for claims filed after January 1, 2021;

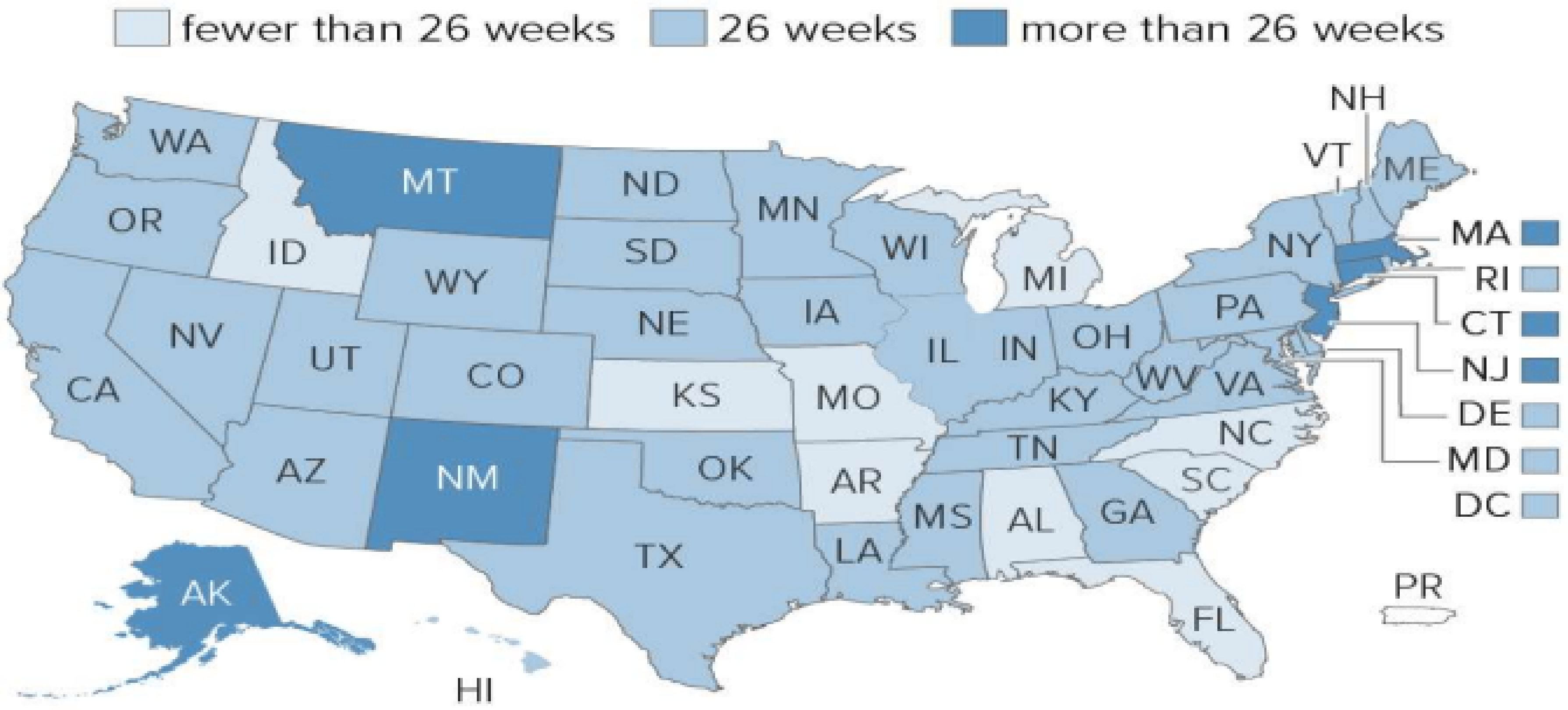
• Idaho currently provides up to 21 weeks for new enrollees based on its May unemployment rate;

• North Carolina currently provides 13 weeks; and

• Kansas currently provides up to 16 weeks of UI

Maximum Duration of Unemployment Insurance

Regular UI and extended benefits available



Source: Congressional Research Service, Department of Labor

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COVID -19: Coronavirius Aid, Relief and Economic Security (CARES) Act, Continued Assistance Act, and American Rescue Plan Act

State Extended Benefits

13 week extension when a state met the unemployment rate threshold for a designated period.

Pandemic Emergency Unemployment Compensation (PEUC)

Extension of unemployment benefits for claimants beyond the traditional 13 weeks. PEUC provided an extension of 13 weeks of benefits to regular UI benefits for those eligible.

Pandemic Unemployment Assistance (PUA)

Benefits for those who would not usually qualify, such as the self-employed, gig workers, 1099 independent contractors, employees of churches, employees of non-profits, or those with limited work history who will not qualify for state unemployment benefits, and part-time workers who have been unable to work as a direct result of COVID-19. This includes individuals diagnosed or quarantined.

Federal Pandemic Unemployment Compensation (FPUC)

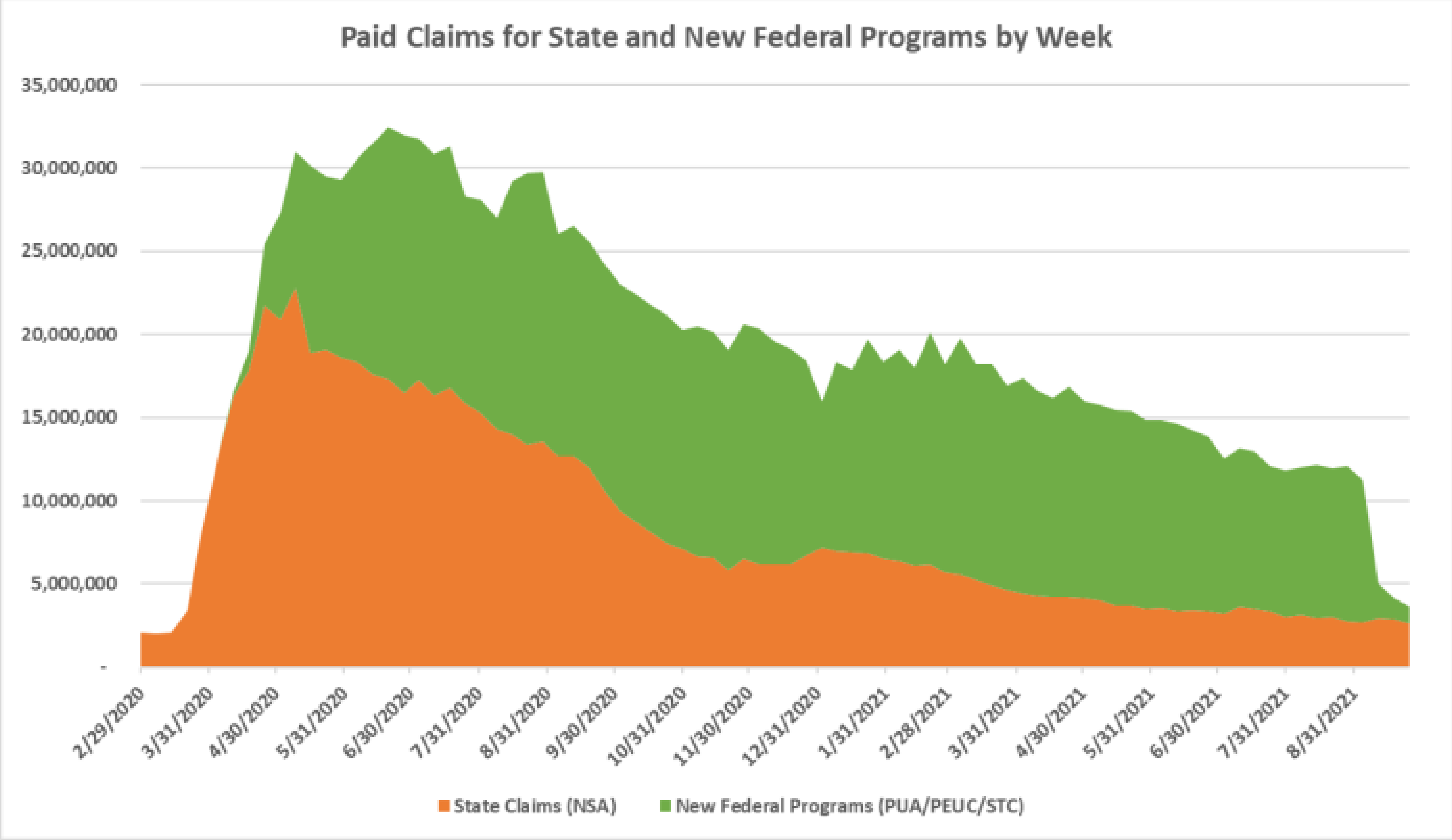
Originally $600 and later $300 weekly supplemental benefit for all types of unemployment assistance.

Mixed Earners (MEUC)

$100 weekly added benefit. Had to be eligible for regular UI benefits and earned self-employment income. Individual has to have earned at least $5,000 in net income self-employment income.

<u>Lost Wages Assistance</u>

6 week Trump program. Funding from the FEMA. $300 weekly supplement.



Paid Claims for State and New Federal Programs by Week
35,000,000
30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
-
2/29/2020
3/31/2020
4/30/2020
5/31/2020
6/30/2020
7/31/2020
8/31/2020
9/30/2020
10/31/2020
11/30/2020
12/31/2020
1/31/2021
2/28/2021
3/31/2021
4/30/2021
5/31/2021
6/30/2021
7/31/2021
8/31/2021
State Claims (NSA)
New Federal Programs (PUA/PEUC/STC)

Deduction and Withholding

- Under federal law, benefits may not be intercepted to satisfy debts, except for:
- UI Overpayments;
- Child Support payments;
- “Over-issuances” of Supplemental Nutrition Assistance Program (SNAP) benefits (Previously called Food Stamps); and
- Income Tax Withholding (voluntary for beneficiary)

Non-Monetary Eligibility

In general, individuals must have lost their jobs through "no fault of their own" and must be "able to work," "available for work" and "actively seeking work."

States make three determinations:

- Are their any issues related to separating from employment and becoming unemployed?
- Are there any weekly issues, such as refusal of suitable work offers?
- Was any deductible income received, such as severance payments?

Separation from Employment: Voluntarily Leaving a Job

- In general, voluntarily leaving a job "without good cause" is a reason for disqualification.

- Some examples of "good cause" are leaving for other work, compulsory retirement, or sexual harassment.

- Disqualified Individuals have no right to benefits until they requalify, usually by obtaining new work and/or by serving a disqualification period.

- Qualified individuals are not necessarily eligible for benefits. They could be ineligible for a given week until the conditions, such as unavailability for work due to illnesses, cease to exist in a week.

Separations from Employment: Discharge for Misconduct Connected with Work

- Disqualifications for discharge for misconduct are similar to that for voluntary leaving, but can be more severe for "gross misconduct," such as dishonesty or criminal behavior.

- To requalify individuals usually must work again and/or serve a disqualification period.

- Federal law permits cancellation of wage credits for misconduct in connection with work, fraud in connection with a claim or receipt of disqualifying income.

Able to Work, Available for Work and Actively Seeking Work

Able to work generally means physically and mentally able to work. Evidence of this is filing claims and registering for work at the public employment office.

Availability to work generally means ready, willing and able to work. Evidence of this is registering for work at the public employment office.

A<u>ctively seeking work involves showing a certain number of employer contacts per week, 2 or 3 being most common</u>.

Deductible Income

- Most states have provisions making individuals ineligible in a week during which they receive income such as dismissal wages, worker's compensation, holiday or vacation pay, back pay, or benefits from a supplemental benefit plan.
- In many states, if the deductible income is less than the weekly

benefit amount in a week, the individual will receive the difference.

Special Disqualified Groups

Some groups are disqualified under certain conditions:

- Students who worked for educational institutions;
- School personnel between terms or academic years;

- Professional athletes in the off season; and

- Aliens generally who were not lawfully admitted for permanent residence, not lawfully present to work, or not permanently residing “under color of law.”

Refusal of “Suitable Work”

Under certain circumstances, <u>states disqualify individuals for refusal of “suitable work.”</u>

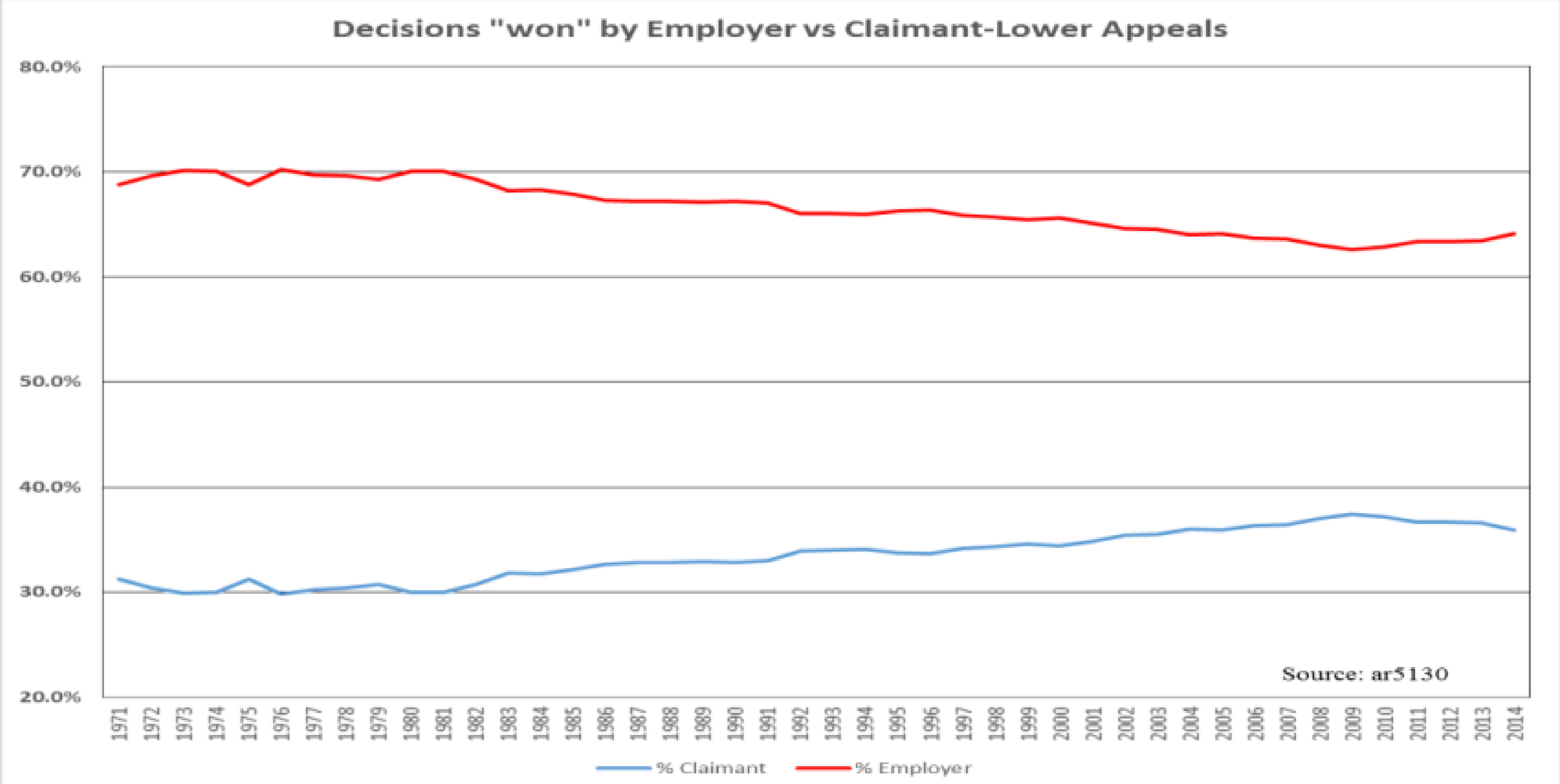
“Suitable work” is defined by state laws and usually considers the degree of risk to the individual’s health, safety, and morals; the individual’s physical fitness, prior training, experience and earnings; the length of unemployment and prospects for obtaining employment in a customary occupation; and distance from the individual’s residence.

To requalify, individuals usually must work again and/or serve a disqualification period, often the duration of unemployment.

Appeals

- Social Security Act requires states to offer “…opportunity for a fair hearing before an impartial tribunal, for all individuals whose claims for unemployment compensation are denied.”

- In all states employers who have an interest are granted the right to appeal decisions on claims also.
- All but a few states have second-level appeals.
- administrative appeals may be made to state and federal court systems.


Decisions "won" by Employer vs Claimant-Lower Appeals
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
Source: ar5130
1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014
% Claimant
% Employer

Overpayments

BAM – Benefits Accuracy Measurement

- Sample selections made from pool of claimants who received or were denied benefits

- Investigators review quality of decision
- Originally designed as a quality improvement product
- Now used by many to measure “overpayments.”

Improper Payments/Overpayments

- All state laws have provisions dealing with identifying, establishing, and collecting UI benefit overpayments.

- A <u>state law generally treats overpayments differently when the individual is not at fault</u> versus when the individual has committed fraud or willful misrepresentation or concealed material facts.

Fraud Overpayments

- Some states provide if the overpayment is without fault or fraud by the individual, the individual is not liable to repay the amount overpaid.

- Overpayments can be recovered by direct repayment and other means, such as deducting the overpayments from future benefits payable.

- In December 2010, states were given the ability to collect overpayments using the federal income tax refund through the Treasury Offset Program (TOP)

- States have other means such as offsetting state income tax, liens, garnishments, intercepting lottery winnings, prosecution, or taking civil action in state courts.

State UI Administrative Funding

Title III Section 302(a) Social Security Act: Secretary of Labor shall certify to the Secretary of Treasury such amounts as necessary for “proper and efficient administration” of each State’s law.

Budget Formulation

- Federal UI Admin Budget is a lengthy process
- Estimate is submitted as part of the President’s Budget to Congress

- Congress modifies as necessary, then passes it in a Federal Budget or most often a Continuing Resolution.

Components of Federal Administration Funding

- Base—Computed as part of the federal budget process and allocated to states each year. Includes funding postage.

- Above Base—Estimated as part of the federal budget process and earned by states if they process workload above base estimate
- Supplemental Budget Requests (SBR) funding depends on the difference between federal budget levels and actual state usage
- Funding for extended benefits or special programs
- Funding for special activities--employee misclassification, REA/RES
- Contingency funding in times of higher unemployment

Funding UI Base Administration

President’s FY 2022 Budget Proposal

The President’s 2022 Budget includes “principles for reform”:

- Ensuring adequate benefit levels and duration for unemployed workers;
- Ensuring the UI system can ramp up quickly and automatically in response to recessions;
- Addressing the lack of access to UI for workers misclassified as independent contractors, low-income and part-time workers, and workers with non-traditional work histories;
- Improving state and federal solvency;
- Investing in expanded reemployment services; and
- Improving UI program access and integrity.

Questions?