

Conclusion



Building Resilience:
A plan for transforming unemployment insurance

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As the depth and breadth of strategies contained in this plan make evident, the Department of Labor (the Department) is taking decisive, wide-ranging action to respond to the Government Accountability Office (GAO)'s recommendations and transform the unemployment insurance (UI) system, one of the oldest, most vital programs in the U.S., into a stable, equitable, high-integrity system that provides eligible unemployed individuals a reliable pathway to new employment and stabilizes the economy against recessions.

Work plays a central role in Americans' lives. It provides essential economic resources, fosters social connections, and offers structure and purpose. The absence of work, as experienced during unemployment, can have destabilizing and far-reaching consequences. The UI system is there to help people and families maintain their dignity during a vulnerable time and swiftly connect them to suitable work opportunities, enabling them to regain stability. This requires a system that provides access to benefits that are simple, secure, and timely, with effective protections against fraud.

As in previous downturns, UI played a crucial role in lifting the nation out of crisis when COVID-19 struck. But the pandemic's upheaval also exposed long-standing systemic deficiencies, reflecting years of federal administrative underfunding and the erosion of state benefit adequacy and financial health. Furthermore, the pandemic exposed a challenged UI system to significant risk of fraud and improper payments.

The Department and its state partners have been engaged in a major effort to translate the difficult lessons of the pandemic into a roadmap for the program's future. First and foremost, the American Rescue Plan Act (ARPA) has provided \$783 million in grants to 52 of 53 states to combat fraud, promote equitable access, improve timely delivery of payments, and modernize information technology infrastructure. Beyond grant funding, ARPA has fostered deeper collaboration with states and set the stage for critical ongoing and planned activities in areas like fraud prevention, improving customer service, and strengthening connections to work.

The Department will continue to monitor and report on progress in the strategies elaborated in this transformation plan. This includes monitoring and assessing the rate of improvement in the UI system's core performance standards, particularly those related to timeliness, payment accuracy and program integrity, claimant reemployment, and related indicators like trust fund solvency and UI reciprocity.

However, the strategies contained in this plan only take the UI system part of the way on the path to change. As suggested by the GAO, and grounded in the Department's reform principles, this plan also outlines challenges that call for legislative solutions. This includes adequate and sustainable funding for program administration, new standards around eligibility and adequacy, and investments to broaden the reach of personalized reemployment services that reflect how people actually find work in today's labor market. Today's strong economy gives Congress, the Department, and states the opportunity to transform the UI system before the next crisis. A lack of meaningful action now to address the UI system's major vulnerabilities puts us all at risk when the next recession hits.