

2025

STATE SUPPLEMENTAL SURVEY REPORT

Results from FY2020 & FY2021



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Background

Beginning in 1994, the Interstate Conference of Employment Security Agencies (ICESA), now the National Association of State Workforce Agencies (NASWA) has surveyed state workforce agencies to determine the amount of state funds used to supplement federal grants for a variety of federal workforce and unemployment insurance programs. Reports exist for each year up to FY 2019, and with this report FY 2020 and FY 2021 are added to the list.

In the fall of CY 2022, NASWA released the latest State Supplemental Funding Survey to state workforce agency Administrators and Finance Directors requesting supplemental funding data for FY 2020 and FY 2021. Forty-eight states plus the District of Columbia responded to the Survey. This report was delayed due to the impact of the COVID-19 Pandemic on state operations.

The Survey, sponsored by the NASWA Administrative and Finance Committee (A&F), helps gauge the actual expenditures for Unemployment Insurance (UI), Wagner-Peyser Employment Services (ES), Workforce Innovation and Opportunity Act (WIOA) programs, labor market information (LMI) activities, interest payments on Title XII Unemployment Trust Fund Advances, and any other activities supported by state funds that cannot be classified into one single category.

The Survey also captures how states have spent the funds allocated to them from Reed Act distributions. Reed Act distributions, authorized under Section 903 of the Social Security Act (SSA), are implemented when the three federal accounts in the Unemployment Trust Fund (UTF) exceed their statutory limits at the end of a federal fiscal year. If this occurs, excess funds may be transferred to the individual State accounts in the UTF. These transfers are called "Reed Act" distributions.

For the FY 2020 & FY 2021 Survey, a separate question was included to capture how states used funds available to them through 1) Treasury's Coronavirus Relief Fund from CARES, 2) State Fiscal Recovery Relief Fund from ARPA, and 3) Families First Act.

In reporting supplemental funding information NASWA asked states to specify the source of state supplemental funds and the amount from each account used for the programs and operations mentioned above. The four categories of funding sources include: State Penalty and Interest, State General Fund, State Administrative Tax, and Other Funds.

For Reed Act distributions, states were asked in past Surveys to specify the type of distribution used to supplement UI Administration, UI Benefits and ES Administration. The three Reed Act distributions¹ collected in this Survey are from the Special Reed Act, Regular Reed Act, and the

**TABLE 1.
Supplemental
Funding Survey**

Year	States Reporting
2002	46
2003	44
2004	45
2005	47
2006	46
2007	46
2008	45
2009	45
2010	45
2011	44
2012	44
2013	52
2014	52
2015	48
2016	52
2017	52
2018	50
2019	49
2020	49
2021	49

¹ Definitions for Reed Act distributions can be found at the end of this report.

\$8 Billion Reed Act distributions. The A&F Committee asked the states to report on how UI Supplemental Budget Requests (SBRs) were allocated between UI and ES Administration funding. This request was continued for the current Survey.

Each year NASWA receives requests from states to share specific information on the number of states that reported a specific expenditure. Currently, NASWA has not received authorization from states who have submitted data to release state specific responses.

Survey Results

In this report standard Tables used in prior reports are updated for both FYs surveyed. Table 2 below shows supplemental funding by source and program (Note: a consistent color-coding schema for each respective year is used throughout the report.) The data shown below are actual expenditures, not obligations. Data reported by source of funding are summed up to determine total state funds. In both Tables, each cell shows how much of each funding source was used for a given program.

In **TABLE 2 for FY 2020**, several cells deserve special mention, including:

- *UI-PENALTY & INTEREST: 35% OF THE AMOUNT SHOWN IS FROM ONE STATE.*
- *UI-STATE GENERAL FUND: 95% OF THE AMOUNT SHOWN IS FROM ONE STATE.*
- *UI OTHER SOURCES: 90% IS FROM THREE STATES.*
- *ES PENALTY & INTEREST: 66% IS FROM ONE STATE.*
- *WIOA-STATE GENERAL FUND: 82% IS FROM TWO STATES.*
- *WIOA-OTHER SOURCES: 99% OF THE AMOUNT SHOWN IS FROM ONE STATE.*
- *UI ADMINISTRATION \$8B REED ACT: 65% IS FROM ONE STATE.*

In **TABLE 2 for FY 2021** cells that deserve special mention:

- *UI-PENALTY & INTEREST: 52% IS FROM ONE STATE.*
- *UI-STATE GENERAL FUND: 94% COMES FROM THREE STATES.*
- *ES STATE ADMINISTRATIVE TAX: 58% COMES FROM THREE STATES.*
- *UI ADMINISTRATION \$8B REED ACT: 99% OF THE AMOUNT SHOWN IS FROM ONE STATE*

TABLE 2. NASWA State Supplemental Funding (FY 2020 N=49)

NASWA State Supplemental Funding FY 20	UNEMPLOYMENT INSURANCE	EMPLOYMENT SERVICES	WIOA	LMI	MULTIPLE SOURCES	UI Modernization System Development	UI Modernization System Maintenance	GRAND TOTAL	Interest on Title XII Advances
Source	UI	ES	WIOA	LMI	Other Programs			Total	Interest on Loans
Penalty and Interest	\$150,822,081	\$29,103,647	\$4,214,848	\$1,682,787	\$4,916,738	\$9,649,845	\$1,201,754	\$201,591,700	\$0
State General Fund	50,068,096	24,198,588	24,229,515	147,071	31,230,330	408,831	0	\$130,282,431	0
State Admin Tax	83,085,350	119,779,913	1,042,016	3,029,632	6,959,166	25,556,907	0	\$239,452,984	0
Other Sources	25,582,538	5,975,709	58,681,580	343,564	14,202,753	26,505,531	6,108,747	\$137,400,422	0
Subtotal	\$309,558,065	\$179,057,857	\$88,167,959	\$5,203,054	\$57,308,987	\$62,121,114	\$7,310,501	\$708,727,537	\$0
Special Reed Act	\$20,740,802	\$0							
Regular Reed Act	2,220,441	15,365							
\$8 Billion Reed Act	14,227,590	0							
(SBR) UI Modernization Funds	31,992,229	21,237,205							
Subtotal	\$69,163,928	\$21,252,570							
Total	\$378,721,993	\$200,310,427	\$88,167,959	\$5,203,054	\$57,308,987	\$62,121,114	\$7,310,501	\$708,727,537	\$0

Reed Act & UI Modernization Funds Breakout	UI Admin	UI Benefits	ES Admin	Total UI	Total ES	Total Reed Act & Modernization Funds
Special Reed Act	\$20,740,802	\$0	\$0	\$20,740,802	\$0	\$20,740,802
Regular Reed Act	2,203,307	17,134	15,365	2,220,441	0	2,218,672
\$8 Billion Reed Act	14,227,590	0	0	14,227,590	0	14,227,590
(SBR) UI Modernization Funds	31,992,229	21,237,205	0	53,229,434	1,665,945	53,229,434
Total	\$69,163,928	\$21,252,570	\$0	\$90,416,498	\$0	\$90,416,498

TABLE 2. NASWA State Supplemental Funding (FY 2021 N=49)

NASWA State Supplemental Funding FY 21	UNEMPLOYMENT INSURANCE	EMPLOYMENT SERVICES	WIOA	LMI	MULTIPLE SOURCES	UI Modernization System Development	UI Modernization System Maintenance	GRAND TOTAL	Interest on Title XII Advances
Source	UI	ES	WIOA	LMI	Other Programs			Total	Interest on Loans
Penalty and Interest	\$209,318,032	\$28,174,922	\$2,436,549	\$1,599,082	\$4,902,372	\$4,761,726	\$1,226,391	\$252,419,074	
State General Fund	101,418,795	79,706,170	15,317,778	293,507	26,304,351	5,397,813	5,724,671	\$234,163,085	
State Admin Tax	109,897,743	13,153,340	907,536	5,183,306	6,928,549	16,786,248	1,865,555	\$154,722,277	3,383,098
Other Sources	33,123,855	5,109,908	79,512,637	277,366	29,494,234	18,615,603	4,781,250	\$170,914,853	
Subtotal	\$453,758,425	\$126,144,340	\$98,174,500	\$7,353,261	\$67,629,506	\$45,561,390	\$13,597,867	\$812,219,290	\$3,383,098
Special Reed Act	\$0	\$0							
Regular Reed Act	34,978	14,268							
\$8 Billion Reed Act	86,628,140	0							
(SBR) UI Modernization Funds	261,768,540	17,777,669							
Subtotal	\$348,415,404	\$17,791,937							
Total	\$802,173,829	\$143,936,277	\$98,174,500	\$7,353,261	\$67,629,506	\$45,561,390	\$13,597,867	\$812,219,290	\$3,383,098

Reed Act & UI Modernization Funds Breakout	UI Admin	UI Benefits	ES Admin	Total UI	Total ES	Total Reed Act & Modernization Funds
Special Reed Act	\$0	\$0	\$0	\$0	\$0	\$0
Regular Reed Act	16,254	18,724	14,268	34,978	14,268	51,716
\$8 Billion Reed Act	86,628,140	0	0	86,628,140	0	86,628,140
(SBR) UI Modernization Funds	261,768,540	3,776,819	17,777,669	265,545,359	17,777,669	283,323,028
Total	\$348,415,404	\$3,795,543	\$17,791,937	\$352,210,947	\$17,791,937	\$370,002,884

TABLE 3 below provides additional details showing the number of states who provided a response for each fiscal year for the four primary funding sources, the range (max and min value), median value, and the average amount contributed for each year. Note, while the numbers shown may be helpful for understanding the states' responses, the results in each cell should be used sparingly as they can have a small sample/large cell variation bias and should be used with caution.

TABLE 3. UI Funding Breakout FY 2020

	# States	Min \$	Max \$	Median \$	Average \$
Penalty and Interest	34	45,140	53,576,343	1,970,459	4,435,944
State General Fund	9	24,343	47,546,931	284,451	5,563,122
State Admin Tax	14	386,230	32,638,174	3,401,488	5,934,668
Other Sources	10	32,879	7,949,882	241,929	2,558,254

TABLE 3. UI Funding Breakout FY 2021

	# States	Min \$	Max \$	Median \$	Average \$
Penalty and Interest	32	28,697	108,861,791	1,965,178	6,541,189
State General Fund	12	2,888	60,567,708	1,114,839	8,451,566
State Admin Tax	15	24,204	52,022,257	3,264,861	7,326,516
Other Sources	10	22,114	20,736,593	247,692	3,312,386

TABLE 4 below provides information on the number of states that entered a response in a particular cell.

TABLE 4. NASWA State Supplemental Funding Number of States Reporting (FY 2020 N=49)

NASWA State Supplemental Funding FY 20	UNEMPLOYMENT INSURANCE	EMPLOYMENT SERVICES	WIOA	LMI	MULTIPLE SOURCES	Interest on Title XII Advances
Source	UI	ES	WIOA	LMI	Other Programs	Interest on Loans
Penalty and Interest	34	13	6	6	0	0
State General Fund	9	8	7	2	0	0
State Admin Tax	14	9	3	4	0	0
Other Sources	10	2	3	1	0	0
Special Reed Act	3	0				
Regular Reed Act	2	1				
\$8 Billion Reed Act	5	0				
(SBR) UI Modernization Funds	18	3				
Reed Act & UI Modernization Funds Breakout	UI Administration	UI Benefits	ES Administration	Total UI	Total ES	Total Reed Act & Modernization Funds
Special Reed Act	3	0	0	3	0	3
Regular Reed Act	2	1	1	3	1	4
\$8 Billion Reed Act	5	0	0	5	0	5
(SBR) UI Modernization Funds	18	0	3	18	3	21
Total	28	1	4	29	4	33

TABLE 4. NASWA State Supplemental Funding Number of States Reporting (FY 2021 N=49)

NASWA State Supplemental Funding FY 20	UNEMPLOYMENT INSURANCE	EMPLOYMENT SERVICES	WIOA	LMI	MULTIPLE SOURCES	Interest on Title XII Advances
Source	UI	ES	WIOA	LMI	Other Programs	Interest on Loans
Penalty and Interest	32	10	5	6	10	0
State General Fund	12	8	8	8	6	0
State Admin Tax	15	11	4	5	5	1
Other Sources	10	2	5	1	3	0
Special Reed Act	2	0				
Regular Reed Act	1	1				
\$8 Billion Reed Act	6	0				
(SBR) UI Modernization Funds	22	3				
Reed Act & UI Modernization Funds Breakout	UI Administration	UI Benefits	ES Administration	Total UI	Total ES	Total Reed Act & Modernization Funds
Special Reed Act	2	0	0	2	0	2
Regular Reed Act	1	1	0	2	0	2
\$8 Billion Reed Act	6	2	0	8	0	8
(SBR) UI Modernization Funds	22	4	5	26	5	31
Total	31	7	5	38	5	43

FY 2020 State Supplementary Program Funding Expenditures

In FY 2020, state workforce agencies contributed \$576.8m of state funds to UI, ES, and WIOA programs. Beginning in FY 2020 states were also asked to report on funds utilized for UI modernization and UI system Maintenance. States contributed \$62.1m and \$7.31m respectively. An additional \$37.19m was used for UI and ES from Reed Act distributions and \$53.23m from SBRs.²

Approximately 81% of all supplemental funds provided by states went to three primary programs: UI, ES, and WIOA, a slight decline from 87% in FY 2019. Funding for LMI and activities across multiple programs received substantially less in comparison to funds in FY 2019.

FY 2021 State Supplementary Program Funding Expenditures

In FY 2021, state workforce agencies contributed \$678.1m of state funds to UI, ES, and WIOA programs. In FY 2021 states also reported on funds utilized for UI modernization and UI system Maintenance. States contributed \$45.6m and \$13.60m respectively. An additional \$86.7m was used for UI and ES from Reed Act distributions and \$261.8m from SBRs.

Approximately 83% of all supplemental funds provided by states went to three primary programs: UI, ES, and WIOA, a slight increase from 81% in FY 2020. Funding for LMI and activities across multiple programs received slightly more than in comparison to funds in FY 2020.

Funding Comparisons FY 2007 to FY 2021

CHART 1 below, along with the accompanying **TABLE 5**, shows the trends in expenditure for each of the five programs. Funding for the UI program declined after FY 2007, and remained at lower levels until FY 2013, largely reflecting the increase in Penalty and Interest funds available. Funding for WIOA remained relatively constant over the period, but very few states supported the program. Funding for UI increased in FY 2014 and peaked in FY 2016 but has remained relatively high especially when compared to other programs. While there is some variation, this level has remained dominant through FY 2021. Funding for WIOA remained constant until FY 2019, with relatively large declines in FY 2020 and FY 2021. *To allow year to year comparisons, all funding levels have been adjusted to FY 2017 dollars.*

CHART 1. State Supplementary Program Expenditures FY 2007-2021 Constant 2017\$

² Unemployment Insurance Supplemental Budget Requests are additional funding the U.S. Department of Labor has made available to state workforce agencies to modernize and improve their UI businesses processes and information technology systems. State's report expenditures of SBRs based upon whether they were spent on UI Administration, UI Benefits, or ES Administration.

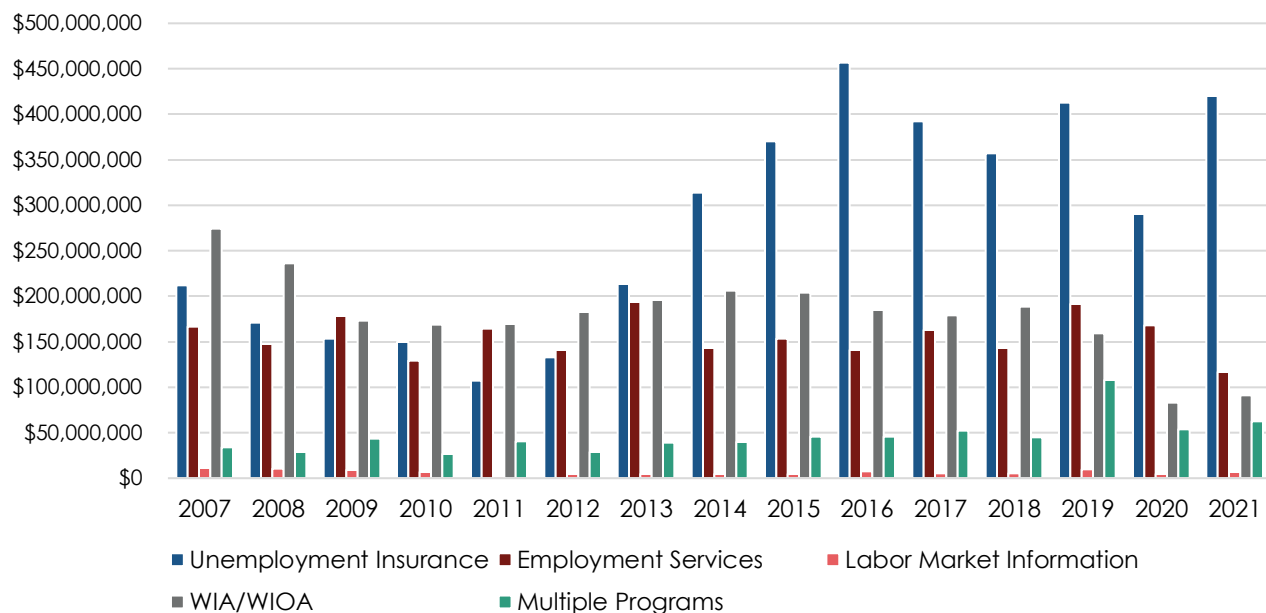


TABLE 5. State Supplementary Program Expenditures FY 2007-2021 Constant 2017\$

Year	UI	ES	LMI	WIA/WIOA	Multiple Programs	Grand Total
2007	\$212,330,142	\$166,541,132	\$10,919,993	\$274,035,710	\$34,272,601	\$698,099,578
2008	\$170,909,398	\$147,220,102	\$10,229,797	\$236,253,011	\$28,984,158	\$593,596,466
2009	\$153,732,288	\$178,455,141	\$9,248,046	\$173,107,447	\$43,509,290	\$484,330,122
2010	\$149,786,643	\$129,074,312	\$6,942,135	\$168,926,915	\$26,561,682	\$489,327,267
2011	\$107,194,152	\$164,609,492	\$2,495,849	\$169,551,889	\$40,478,741	\$646,082,736
2012	\$132,618,201	\$141,221,661	\$4,330,527	\$182,704,564	\$28,452,314	\$707,588,457
2013	\$213,402,531	\$194,040,792	\$4,358,921	\$195,528,885	\$38,751,607	\$777,891,199
2014	\$314,223,231	\$143,103,096	\$4,701,317	\$205,946,156	\$39,614,657	\$835,453,794
2015	\$370,074,075	\$153,577,591	\$4,693,845	\$203,612,364	\$45,933,324	\$791,544,177
2016	\$456,736,814	\$140,947,681	\$7,300,360	\$184,904,676	\$45,564,264	\$739,862,216
2017	\$392,403,768	\$162,975,216	\$5,282,144	\$178,888,287	\$51,994,762	\$791,544,177
2018	\$357,029,651	\$143,272,875	\$5,572,930	\$188,861,220	\$45,125,539	\$739,862,216
2019	\$412,860,474	\$191,648,411	\$9,521,055	\$159,159,966	\$108,162,852	\$881,352,758
2020	\$290,489,048	\$168,027,754	\$4,882,542	\$82,736,744	\$53,778,709	\$599,914,797
2021	\$419,946,831	\$116,744,754	\$6,805,336	\$90,859,074	\$62,590,125	\$696,946,121
Total	\$4,153,737,248	\$2,341,460,011	\$97,284,796	\$2,695,076,907	\$693,774,625	\$10,473,396,082

FY 2020 & FY 2021 State Supplementary Funding Sources

For FY 2020 & FY 2021, states reported the primary funding sources used to supplement the programs discussed above. The four sources included: Penalty and Interest, State General Revenue Funds, State Administrative Taxes, and Other Sources. For a description of the funding source see the Survey Definitions at the end of this report.

CHART 2 and **TABLE 6** (two parts) below show the trends in supplemental state funding for the four primary sources that NASWA has captured in the previous 16 fiscal years, adjusted for inflation in FY 2017 dollars.

As shown in Chart 2:

- STATE ADMINISTRATIVE TAXES, EXCEPT FOR FY 2009, HAVE REMAINED RELATIVELY CONSTANT
- STATE GENERAL FUNDS INCREASED DURING THE GREAT RECESSION, DECLINED SIGNIFICANTLY FROM FY 2009 TO FY 2013, AND HAVE SHOWN STEADY GROWTH THROUGH FY 2021
- PENALTY AND INTEREST DROPPED FROM FY 2010 TO FY 2013 BUT HAS GROWN SIGNIFICANTLY IN RECENT YEARS EXCEPT FOR FY 2020
- OTHER SOURCES HAVE GROWN SLIGHTLY OVER THE PERIOD DISPLAYED BUT HAVE GENERALLY REMAINED RELATIVELY CONSTANT, DECLINING SOMEWHAT IN FY 2020 AND FY 2021

The total funding for each year in **TABLE 6** shows that supplemental state funding over the past 15 years reached a level in FY 2007 of \$706m – a level not reached again until FY 2014. From FY 2008 to FY 2012, supplemental funding declined each year, as state tax revenues dropped significantly during the Great Recession and subsequent slow recovery constrained state resources.

CHART 2. State Supplementary Funding by Source FY 2007-2021 Constant 2017\$

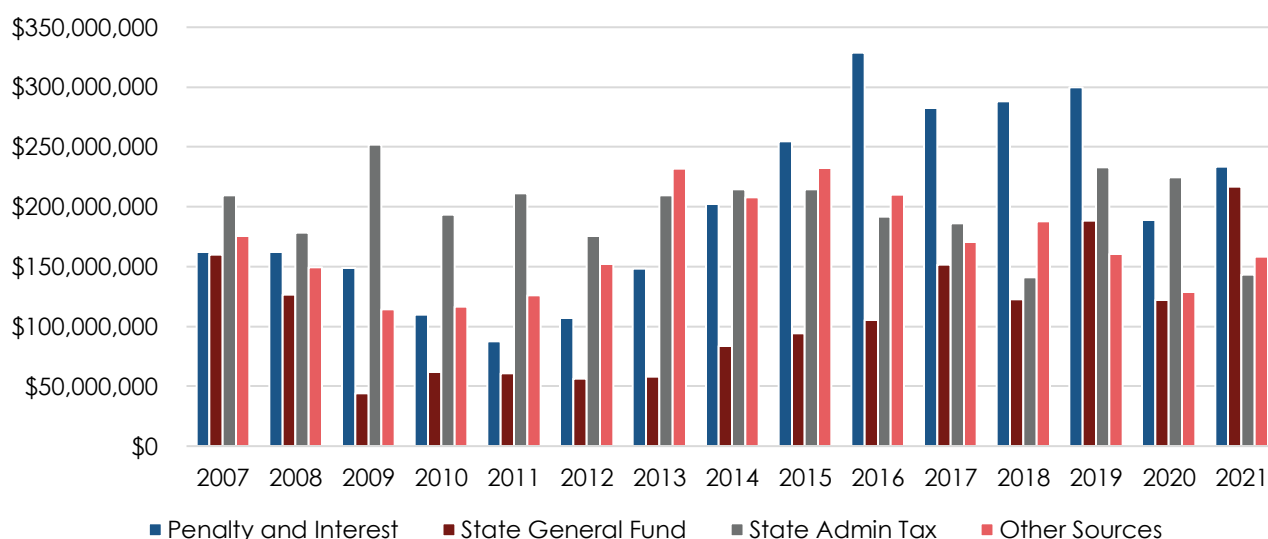


TABLE 6. State Supplementary Funding by Source FY 2007-2021 Constant 2017\$

Year	Penalty and Interest	State General Fund	State Admin Tax	Other Sources	Total
2007	\$162,043,969	\$160,010,024	\$209,315,840	\$175,590,061	\$706,959,894
2008	\$162,043,969	\$126,459,703	\$178,384,816	\$149,429,342	\$602,751,607
2009	\$149,111,148	\$44,134,437	\$251,617,286	\$114,123,713	\$558,986,585
2010	\$109,826,443	\$62,182,427	\$193,354,695	\$116,498,541	\$481,862,106
2011	\$87,363,110	\$60,712,919	\$210,998,982	\$126,143,112	\$485,218,123
2012	\$107,089,658	\$56,638,925	\$175,463,386	\$152,463,079	\$491,655,048
2013	\$148,024,718	\$57,981,611	\$209,298,318	\$231,610,290	\$646,914,936
2014	\$202,344,352	\$83,674,332	\$214,372,303	\$208,096,235	\$708,487,223
2015	\$254,851,667	\$94,115,891	\$214,372,303	\$232,285,658	\$778,980,489
2016	\$329,011,888	\$105,509,015	\$191,882,236	\$210,283,911	\$836,687,051
2017	\$282,462,203	\$151,834,082	\$186,401,397	\$170,846,495	\$791,544,177
2018	\$287,881,453	\$122,704,654	\$141,270,315	\$188,005,794	\$739,862,216
2019	\$299,910,160	\$188,156,577	\$232,984,737	\$160,301,284	\$881,352,758
2020	\$189,173,495	\$122,256,932	\$224,702,495	\$128,936,450	\$665,069,371
2021	\$233,610,187	\$216,714,534	\$143,193,220	\$158,179,214	\$751,697,154

From FY 2010 to FY 2012, state supplemental funding remained essentially level, increasing by about 1% each year, respectively. Data for FY 2013 showed an over 32% increase in supplemental funding, with states reporting over \$155m in additional state funds, an increase of over 40% from FY 2012 to FY 2014. (Note the relative changes for years before FY 2013 are likely impacted to some degree by states that did not respond to earlier Surveys—see section on missing state bias later in this report. Data for FYs 2013 through FY 2021 are not or less likely to subject to this bias). Although the level of funding has increased since FY 2013, the level reached in FY 2007 was not surpassed until FY 2014, reaching a high in FY 2019, and turning down somewhat in FY 2020 and FY 2021.

There has been a relatively large increase in the amount shown for UI from Penalty & Interest, and while the increase has been across many states, one state accounted for a significant portion of the increase from FY 2013 to FY 2019.

State Administrative Tax, and Other Sources, funding has varied some from year to year but the levels in FY 2017, while continuing a small downward trend, are not very different from the levels shown for FY 2007. Funding from State Administrative Taxes increased significantly during FY 2019 and FY 2020 before declining in FY 2021. Funds provided from Penalty and Interest contributed the largest amount of funds during the 15-year period, followed closely by State Administrative Taxes, and Other Sources, with only slightly less.

Funding from State Penalty and Interest accounts have continued to grow, remaining at a level first seen in FY 2015. This may be due to several factors, including an increased emphasis on integrity efforts by the states and the continuing reduction in UI workloads from the highs of the Great Recession but dropping by a relatively large amount likely because of the Covid Pandemic.

Contributions from State General Funds, which first peaked in FY 2007 at \$160m and then declined for several years, reached \$188m in FY 2019, declining to \$122m in FY 2020 before rebounding to a new high of \$216m in FY 2021. From FY 2009 to FY 2013, contributions from

State General Funds declined but have increased throughout the rest of the reporting period, likely because of reduced state tax revenue during and after the Great Recession.

Special Funding Sources

For the Fiscal Years included in this Survey we have also added a separate question to capture how states used funds available to them through 1) Treasury's Coronavirus Relief Fund from CARES, 2) State Fiscal Recovery Relief Fund from ARPA, and 3) Families First Act. **TABLE 7** below shows the respective amounts reported by the states for each year and the number of states that reported. For a further description of these funds see the section on Survey Definitions.

TABLE 7. FY 2020 Alternative Federal Funding Sources

Alternative Federal Funding Sources	Treasury's Coronavirus Relief Funds From CARES	State Fiscal Recovery Relief Fund From ARPA	Families First Coronavirus Response Act	Total
Unemployment Insurance	\$589,669,132	\$68,714,955	\$117,937,169	\$776,321,256
Interest on Title XII Advances	\$0	\$0	\$0	\$0
State Trust Fund	\$1,193,912,651	\$500,000,000	\$0	\$1,693,912,651
Other	\$1,364,472,456	\$0	\$658,186	\$1,365,130,642
Total	\$3,148,054,239	\$568,714,955	\$118,595,355	\$3,835,364,549

Number of States Reporting

Alternative Federal Funding Sources	Treasury's Coronavirus Relief Funds From CARES	State Fiscal Recovery Relief Fund From ARPA	Families First Coronavirus Response Act	Total
Unemployment Insurance	22	1	21	44
Interest on Title XII Advances	0	0	0	0
State Trust Fund	6	1	0	7
Other	4	0	2	6

TABLE 7. FY 2021 Alternative Federal Funding Sources

Alternative Federal Funding Sources	Treasury's Coronavirus Relief Funds From CARES	State Fiscal Recovery Relief Fund From ARPA	Families First Coronavirus Response Act	Total
Unemployment Insurance	\$1,880,493,406	\$167,809,486	\$280,780,002	\$2,329,082,894
Interest on Title XII Advances	\$3,544	\$0	\$0	\$3,544
State Trust Fund	\$2,275,768,343	\$1,887,663,022	\$0	\$4,163,431,365
Other	\$3,365,464,012	\$4,156,500	\$271,381	\$3,369,891,893
Total	\$7,521,729,305	\$2,059,629,008	\$281,051,383	\$9,862,409,696

NUMBER OF STATES REPORTING

Alternative Federal Funding Sources	Treasury's Coronavirus Relief Funds From CARES	State Fiscal Recovery Relief Fund From ARPA	Families First Coronavirus Response Act	Total
Unemployment Insurance	32	6	22	60
Interest on Title XII Advances	1	0	0	1
State Trust Fund	13	3	0	16
Other	9	1	1	11

Reed Act Funds

In FY 2020, states reported approximately \$37m in Reed Act funds used to supplement UI Administration, a large increase from the \$13m in the prior year. The amount reported for FY 2021 shows an even bigger increase to almost \$87m. The increase in spending reflects the need of the states to support UI operations during the significantly high workload caused by the Pandemic. Ten states used Reed Act funds for UI Administration, three used Special Reed Act funds, two used Regular Reed Act funds and five used \$8 Billion Reed Act funds. The similar numbers for FY 2021 Reed Act sources were: 1) Special—two, 2) Regular—one, and 3) \$8 Billion—six.

The differences in the source of Reed Act funding for UI Administration are shown for selected years in **TABLE 8** below.

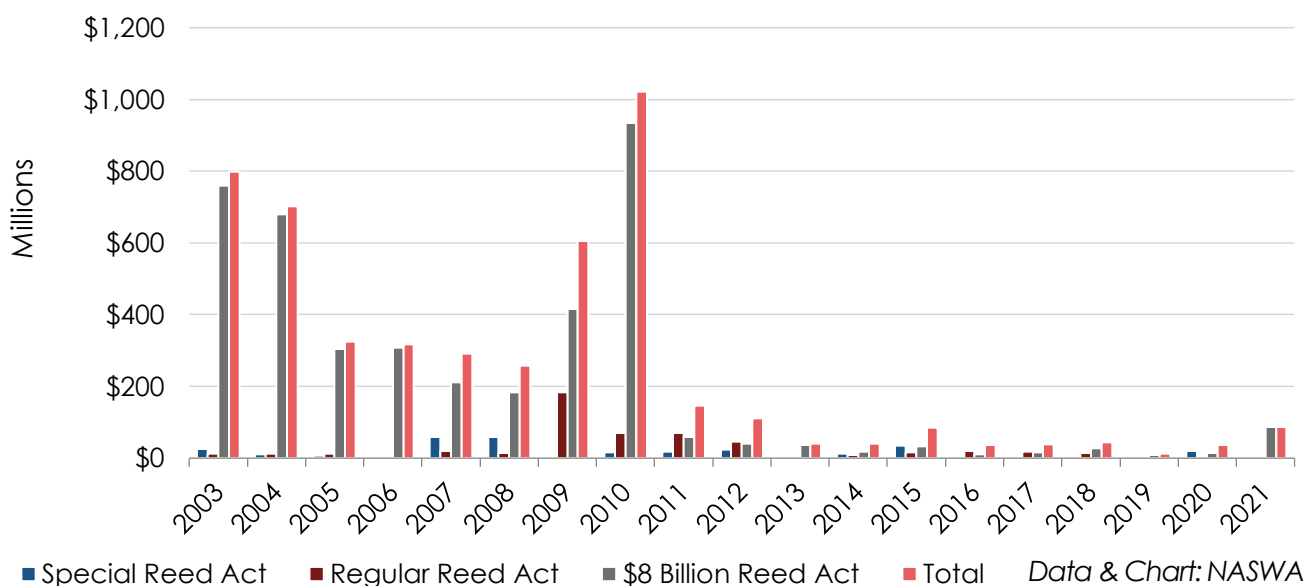
TABLE 8. UI Administration Funding Reed Act (Selected Years)

Year	Special Reed Act	Regular Reed Act	\$8 Billion Reed Act	Total
2003	\$25,451,621	\$13,337,818	\$759,551,929	\$798,341,368
2004	\$9,944,405	\$11,878,622	\$680,223,316	\$702,046,343
2009	\$5,602,210	\$183,413,465	\$416,229,127	\$605,244,802

2010	\$16,682,518	\$70,547,611	\$934,940,243	\$1,022,170,372
2019	\$500,224	\$3,918,696	\$8,724,790	\$13,143,710
2020	\$20,740,802	\$2,218,672	\$14,227,590	\$37,187,064
2021	\$0	\$51,716	\$86,628,140	\$86,679,856

As shown in **CHART 3**, state use of Reed Act funds declined from FY 2003 to FY 2008 and then increased significantly in FY 2009 and FY 2010, because of the \$8 billion allocation. After FY 2010, Reed Act expenditures dropped substantially, with lower amounts expended in FY 2013 and FY 2014 and an increase from FY 2014 to FY 2015, with declines shown in all subsequent years until FY 2021.

CHART 3. Total Reed Act Distribution State Expenditures FY 2003-2021



Payment of Interest on Title XII Advances

At the direction of the NASWA A&F Committee, a new category was added to the Survey in FY 2013 to capture the amount, and source, of state funds used to pay the interest on Title XII Advances from the Unemployment Trust Fund. States receive Title XII Advances when their state unemployment trust funds do not have sufficient funds to pay benefits. With the large increase in individuals receiving unemployment benefits during and after the Great Recession, many states had to borrow from the Federal Unemployment Trust Fund to pay benefits. The outstanding balances were significantly reduced prior to the COVID Pandemic when they significantly increased, see amounts in the following paragraph.

In **TABLE 9**, the data for FY 2019 shows a large drop in interest paid from prior years, with no interest in FY 2020 ³ and very minimal interest in FY 2021. This generally reflects a drop in Title XII

loans prior to the Pandemic reflecting the reduction in Title XII advances from \$13.9b at the end of CY 2014 to \$7.4b (CY 2015), \$4.0b (CY 2016), \$1.2b (CY 2017), \$680m (CY 2018), \$630m (CY 2019), then a rapid increase to \$45.5b (CY 2020), and \$39.9b (CY 2021).

TABLE 9. Payment of Interest on Title XII Advances

INTEREST ON LOANS					
	Penalty and Interest	State General Fund	State Admin Tax	Other Sources	Total
FY 2014	\$0	\$276,174,435	\$130,266,886	\$54,944,472	\$461,385,793
FY 2015	\$2,060,320	\$254,548,515	\$90,241,985	\$30,981,601	\$361,936,887
FY 2016	\$0	\$171,051,109	\$38,007,960	\$108,317	\$209,167,386
FY 2017	\$0	\$3	\$5	\$108,317	\$108,325
FY 2018	\$49,794,901	\$0	\$0	\$10,733,543	\$60,528,444
FY 2019	\$15,889,917	\$10,528,206	\$0	\$0	\$26,418,123
FY 2020	\$0	\$0	\$0	\$0	\$0
FY 2021	\$0	\$0	\$0	\$0	\$0
NUMBER OF STATES REPORTING					
	Penalty and Interest	State General Fund	State Admin Tax	Other Sources	Total
FY 2014	0	3	3	5	16
FY 2015	1	2	4	7	14
FY 2016	0	1	4	1	6
FY 2017	0	0	0	1	1
FY 2018	1	0	0	1	1
FY 2019	1	1	0	0	1
FY 2020	0	0	0	0	0
FY 2021	0	0	1	0	1

Federal Funding

Federal funding for the programs included in the Survey have remained relatively constant or have declined over the past few years as shown below in **TABLE 10**. Funding levels for UI State Operations are largely driven by the economic assumptions that underlie the federal appropriation process and therefore show a reduction as the economy continues to recover from the Great Recession. **While the bulk of the funding for the programs covered in the Survey comes from federal funds, the contribution of state funds remains a critical component of the total funds available.**

TABLE 10. Federal Appropriations (\$000s)

Program	Training & Employment Services				SUIESO		Employment Service
	WIA/WIOA Adult E&T*	WIA/WIOA Youth Activities	Dislocated Workers E&T	Total	UI State Operations	ES State Admin	One-Stop /LMI
FY 2013	\$730,624	781,375	958,652	\$2,470,651	\$3,184,531	664,184	\$63,861
FY 2014	\$766,080	820,430	1,001,598	\$2,588,108	\$2,949,685	664,184	\$60,153
FY 2015	\$776,736	831,842	1,015,530	\$2,624,108	\$2,757,793	664,184	\$60,153
FY 2016	\$815,556	873,416	1,020,860	\$2,709,832	\$2,635,547	680,000	\$67,653
FY 2017	\$815,556	873,416	1,020,860	2,709,832	\$2,687,600	671,413	\$67,653
FY 2018	\$845,556	903,416	1,040,860	2,789,832	\$2,639,600	663,052	\$67,653
FY 2019	\$845,556	903,416	1,040,860	2,789,832	\$2,356,816	663,052	\$62,653
FY 2020	\$854,649	913,130	1,052,053	2,819,832	\$2,356,816	668,052	\$62,653
FY 2021	\$862,649	921,130	1,061,553	2,845,332	\$2,356,816	670,052	\$62,653

*E&T = Employment & Training

Missing State Bias

Historical data is adjusted for changes in year-to-year inflation levels. However, the comparison of data over time is still impacted by which states reported each year. The number of states reporting since FY 2013 has been relatively high (over 90%), implying the Survey does capture a relatively complete picture of state spending. The absence of states with significant spending will understate the funding levels shown, whereas the absence of states that spend very little would have a small impact. Since the yearly spending of missing states is not known, the best thing that can be said is that the numbers displayed are at a minimum base and actual spending is likely higher than the amount shown.

It is not known what the non-response bias is for data prior to FY 2013, as the variability of the data for states that did not report can be significant. Since all states reported in FY 2013 and FY 2014, the year-to-year comparison does not contain a non-response bias.

A comparative number for FY 2013 was computed based on the additional states that reported in that year versus the two prior years. The increase in the FY 2013 number, caused by the addition of eight states, increased the FY 2013 total by about \$119 m or 17% of the final

amount. If this applied to earlier years, and it may not, it would imply a non-response understatement bias of 15-20% for the prior years.

Conclusion

The results from the FY 2020 & FY 2021 NASWA State Supplemental Funding Survey show state supplemental funding continues to increase from the low period during the Great Recession and continues through the Covid Pandemic and plays a relatively significant role in funding programs. Not all states utilize state funds to cover program operations, and this could be due to a variety of reasons including the need, availability of funds, and the ability to access them. States that do utilize the funds generally talk about the critical role they play in the operations of state programs and in some cases demonstrate the shortfall of federal funding.

Survey Definitions

Penalty and Interest Funds

In every state, an employer is subject to certain interest or penalty payments for delay or default in payment of contributions and usually incurs penalties for failure or delinquency in filing required reports. Many states have set up special administrative funds (i.e., penalty and interest funds), made up of such interest and penalties, to meet special needs. Additionally, federal law requires a mandatory penalty assessment for fraudulent benefit claims of not less than 15% of the erroneous payment. The first 15% of these benefit penalty assessments collected must be deposited into the state's account in the UTF. Any penalty imposed beyond 15% is, once collected, generally deposited into the state's penalty and interest fund. The most usual statement of purpose includes one or more of these three items:

- *TO COVER EXPENDITURES FOR WHICH FEDERAL FUNDS HAVE BEEN REQUESTED BUT NOT YET RECEIVED, SUBJECT TO REPAYMENT TO THE FUND*
- *TO PAY COSTS OF ADMINISTRATION FOUND NOT TO BE PROPERLY CHARGEABLE AGAINST FUNDS OBTAINED FROM FEDERAL SOURCES*
- *TO REPLACE FUNDS LOST OR IMPROPERLY EXPENDED FOR PURPOSES OTHER THAN, OR FOR AMOUNTS IN EXCESS OF, THOSE FOUND NECESSARY FOR PROPER ADMINISTRATION*

A few of these states use such funds for the purchase of land and erection of buildings for agency use or for the payment of interest on Federal advances. In some states, the fund is capped; when it exceeds a specified sum, the excess is transferred to the unemployment fund or, in one state, to the general fund.

State General Fund

In government accounting, this is a fund used to account for all assets and liabilities of a nonprofit entity except those particularly assigned for other purposes in another more specialized fund. It is the primary operating fund of a governmental unit. Much of the usual activities of a municipality are supported by the general fund. Examples are the purchase of supplies and meeting operating expenditures. An example of a specialized fund, on the other hand, is the capital projects fund that accounts for financial resources used for the acquisition or construction of major capital facilities.

State Administrative Tax

Taxes for UI Administration or Non-UI Purposes —States collect a wide array of taxes, which are established for administrative purposes. These purposes may be UI administration, job training, employment service administration, or special improvements in technology. These taxes are not deposited in the state's unemployment fund, but in another fund designated by state law. Since Federal grants for the administration of the UI program may not be used to collect non-UI taxes, almost all legislation establishing non-UI taxes provide that a portion of the revenues generated will be used for payments of costs of collecting the tax. Expired taxes are not listed.

UI Supplemental Budget Requests

Unemployment Insurance Supplemental Budget Requests (SBRs) are additional funding the U.S. Department of Labor has made available to state workforce agencies to modernize and improve their UI business processes and information technology systems.

Treasury's Coronavirus Relief Fund from CARES Act

The CARES Act established the \$150 billion Coronavirus Relief Fund. Treasury has made payments from the Fund to States; the District of Columbia; Commonwealth of Puerto Rico, and the US Virgin Islands. The CARES Act requires that the payments from the Coronavirus Relief Fund only be used to cover expenses that are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) and:

- WERE NOT ACCOUNTED FOR IN THE BUDGET MOST RECENTLY APPROVED AS OF MARCH 27, 2020 (THE DATE OF ENACTMENT OF THE CARES ACT) FOR THE STATE OR GOVERNMENT
- WERE INCURRED DURING THE PERIOD THAT BEGINS ON MARCH 1, 2020, AND ENDS ON DECEMBER 31, 2021.

State Fiscal Recovery Relief Fund from ARPA

The Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program, a part of the American Rescue Plan, delivers \$350 billion to state, local, and Tribal governments across the country to support their response to and recovery from the COVID-19 public health emergency. State and local government recipients could use the funds to cover costs incurred until Dec. 31, 2024. Recipients may use SLFRF funds to:

- **REPLACE LOST PUBLIC SECTOR REVENUE**, USING THIS FUNDING TO PROVIDE GOVERNMENT SERVICES UP TO THE AMOUNT OF REVENUE LOST DUE TO THE PANDEMIC.
- **RESPOND TO THE FAR-REACHING PUBLIC HEALTH AND NEGATIVE ECONOMIC IMPACTS OF THE PANDEMIC**, BY SUPPORTING THE HEALTH OF COMMUNITIES, AND HELPING HOUSEHOLDS, SMALL BUSINESSES, IMPACTED INDUSTRIES, NONPROFITS, AND THE PUBLIC SECTOR RECOVER FROM ECONOMIC IMPACTS.
- **PROVIDE PREMIUM PAY FOR ESSENTIAL WORKERS**, OFFERING ADDITIONAL SUPPORT TO THOSE WHO HAVE AND WILL BEAR THE GREATEST HEALTH RISKS BECAUSE OF THEIR SERVICE IN CRITICAL SECTORS.
- **INVEST IN WATER, SEWER, AND BROADBAND INFRASTRUCTURE**, MAKING NECESSARY INVESTMENTS TO IMPROVE ACCESS TO CLEAN DRINKING WATER, TO SUPPORT VITAL WASTEWATER AND STORM WATER INFRASTRUCTURE, AND TO EXPAND AFFORDABLE ACCESS TO BROADBAND INTERNET.

Families First Act

Families First Coronavirus Response Act, Division D Emergency Unemployment Insurance Stabilization and Access Act of 2020. EUISAA - Emergency Administrative Grants authorized under PL 116-127 (\$1B) Families First Coronavirus Response Act and Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding to States through June 18, 2022.

Reed Act

Reed Act Distributions are authorized under Section 903 of the Social Security Act, which provides that when, among other things, three accounts in the Unemployment Trust Fund (UTF) reach their statutory limits at the end of a Federal fiscal year, any excess funds will be transferred to the individual State accounts in the UTF. These transfers are called "Reed Act" distributions.

Under the SSA, the primary purpose of Reed Act funds is the payment of "cash benefits to individuals with respect to their unemployment, exclusive of expenses of administration" (Section 903(c)(1), SSA). However, subject to the conditions specified in Section 903(c)(2), SSA, a State is permitted, at its discretion, to use Reed Act funds for "the administration of its unemployment compensation law and public employment offices."

There are three groups of Reed Act Distributions. Funds should be reported based on the group by which the state received the funds. The three groups are:

Regular Reed Act: Distributions which occurred:

- JULY 1, 1956 \$33.4 MILLION
- JULY 1, 1957 \$71.0 MILLION
- JULY 1, 1958 \$33.5 MILLION
- OCT. 1, 1998 \$15.9 MILLION

Special Reed Act: Distributions which occurred:

- OCTOBER 1, 1999 \$100.0 MILLION
- OCTOBER 1, 2000 \$100.0 MILLION
- OCTOBER 1, 2001 \$100.0 MILLION

\$8 Billion Reed Act: Distribution which occurred:

- MARCH 13, 2002 \$8,000 MILLION