



OPENING STATEMENT

House Committee on Education and Labor

Chairman Robert C. "Bobby" Scott

Opening Statement of Chair Mark DeSaulnier (CA-11)

Subcommittee on Health, Employment, Labor, and Pensions

Examining the Administration of the Unemployment Insurance System

Wednesday, September 21, 2022 | 10:15 a.m.

Today, we are meeting to discuss the importance of the unemployment insurance system and steps the Department of Labor and Congress can take to make improvements to the administration of the system.

Since 1935, the unemployment insurance, or UI, system has helped millions of workers who have lost their jobs support themselves and their families until they can find new employment.

This social safety net is particularly important during times of economic downturns, like the COVID-19 pandemic.

As we all know, the COVID-19 pandemic caused record unemployment. During the first week of March 2020, there were fewer than 300,000 initial UI claims. By the last week of March 2020, there were more than 6 million new UI benefit claims.

In response to the pandemic and the record unemployment, Congress passed the CARES Act, which, among other actions, created three new, temporary UI benefit programs to expand the states' capacity to provide UI benefits to workers. The CARES Act UI programs undoubtedly helped to prevent the country's economic collapse, supported 53 million workers, and put over \$870 billion back into the economy.

In fact, according to the Government Accountability Office (or G-A-O), the "expansion of unemployment programs during adverse times, such as the...COVID-19 pandemic, created overall economic stability, prevented detrimental outcomes from worsening, and had a limited effect on workers' incentives to return to work."

Unfortunately, the implementation of these programs, in conjunction with the historic surge in UI benefit claims, exacerbated many of the longstanding challenges and inequities in the UI system.

For example, people with limited internet access, people with disabilities, people with limited English proficiency, and other marginalized communities faced steeper barriers to accessing benefits.

While the UI system is a critical program that has helped millions of workers and our economy during tough times, Congress should examine the challenges in the system that were made much worse by the pandemic to help improve the administration of the UI system. These improvements would help to better serve workers and employers before the next economic downturn. When I was in the California State Legislature, I was the Chair of Labor Committee during the Great Recession, and we had many challenges. We worked with our Republican administration to try—in a bipartisan way—make the system more efficient and understand that there were absent flows to the economy and we should be prepared for challenges like the Great Recession and the pandemic.

The Department of Labor needs additional resources to help protect the integrity of the UI system, like strengthening its fraud prevention measures to stop fraud by sophisticated criminal syndicates.

We must provide states with resources to address the gaps in their UI system's technological infrastructure, to prevent improper payments and fraud, ensure better service delivery, and improve access to the UI system, especially when states must meet an increased demand for UI benefits during economic downturns.

And finally, to address longstanding inequities and barriers to access in the UI system, the Department and state agencies should proactively eliminate barriers and expand UI access for all workers, including those who have historically been ineligible to receive UI benefits.

To help implement these reforms, the Department of Labor used funding from the American Rescue Plan to create the Office of Unemployment Insurance Modernization. I am impressed by the work the Office has completed to date—particularly in ensuring more equitable distribution of benefits.

Thank you, again, to our witnesses and I look forward to discussing how we can improve the administration of the UI system, which remains an invaluable backstop for both workers and our economy.