

MEMORANDUM

May 8, 2025

To: Senator Joni Ernst
Attention: Roland Foster

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Subject: Requested Data on Unemployment Insurance Payments to Millionaires and Billionaires, Tax Years 2021 and 2022

This memorandum responds to your request for recent data on Unemployment Insurance (UI) payments to millionaires and billionaires. Specifically, you asked for (1) the total the number of federal tax returns reporting an adjusted gross income equal to or greater than \$1 million that also reported receiving UI payments in tax years 2021 and 2022; and (2) the total dollar amount of UI paid to this group in each of those years.

Some of the information in this memorandum is drawn from publicly available sources and is of general interest to Congress. As such, all or part of this information may be provided by CRS in memoranda or reports for general distribution to Congress. Your confidentiality as a requester will be preserved in any case.

Background

Under the federal-state UI system, unemployed workers—including high-income workers—who meet program requirements are eligible to receive UI benefits.¹ States, which administer UI benefits and determine many of the eligibility requirements for UI benefits, may not restrict eligibility based on individual or household income other than considering those income sources deemed related to their unemployment. This requirement is based upon a 1964 U.S. Department of Labor decision that precludes states from means-testing to determine UI eligibility. In this decision, the U.S. Labor Secretary expanded the restriction on means-testing to limit the factors states may use to determine UI entitlement.² Under this interpretation, federal law requires entitlement to compensation to be determined solely from facts or causes related to the individual's state of unemployment. Thus, the Department of Labor requires that

¹ For an overview of the UI system, see CRS In Focus IF10336, *The Fundamentals of Unemployment Compensation*.

² Letter from Robert C. Goodwin, DOL administrator, to all state employment security agencies, October 2, 1964, https://oui.doleta.gov/dmstree/uipl/uipl_pre75/uipl_787.htm. The determination was in response to a South Dakota law that required longer waiting periods for unemployment benefits for individuals with higher earnings.

states pay UI benefits to all eligible workers regardless of their income level because the income levels did not influence the fact or cause of unemployment.³

Data Source and Caveats

Data on UI receipt by income level are available annually from the Internal Revenue Service (IRS) Statistics of Income (SOI), “Individual Income Tax Returns” Publication 1304.⁴ The SOI uses a stratified random sample drawn from individual tax returns.⁵ Data are selected before audit from the IRS.⁶ SOI estimates are based on tax returns from tax filing units, which include an individual’s income or a married couple’s income. Therefore, reported income may come from an individual receiving UI but may also include income from a spouse. Also, these tax filing data somewhat understate the total number of individuals receiving UI income. If a tax filer’s total income from taxable sources is below the filing threshold, the tax filer is not required to file a tax return. If the individual or household does not file a return, they are not included in SOI data. Thus, tax return data do not include the full amount of UI received by individuals.

When authorized from March 2020 until September 2021, the enhanced COVID-19 UI benefits provided an unprecedented expansion of benefit amount (an additional \$600/week or \$300/week when authorized) as well as an extension of benefits to a new population of self-employed workers and independent contractors.⁷ As a result, there were likely higher UI benefit amounts and wider benefit receipt in 2020 and 2021 than in prior years.⁸ Although the COVID-19 UI benefits expired in September 2021 (or earlier in calendar year 2021 in states that chose to terminate their agreements with DOL to administer them⁹), state administrative processes (i.e., delays, adjudication, or appeals) mean that payments of these benefits could have occurred in later tax years (e.g., 2022).

³ State UI agencies collect data on workers’ recent earnings from UI-covered employment. State UI agencies do not have other information on the workers’ other income (such as capital income, self-employment, and rental income). Additionally, the agencies generally do not know what income the worker’s spouse may have received.

⁴ See <https://www.irs.gov/statistics/soi-tax-stats-individual-income-tax-returns-complete-report-publication-1304>.

⁵ See <https://www.irs.gov/statistics/soi-tax-stats-statistical-methodology>.

⁶ “The Individual Complete Report Publication contains complete individual income tax data. The statistics are based on a sample of individual income tax returns, selected before audit, which represents a population of Forms 1040, 1040A, and 1040EZ, including electronic returns” (see <https://www.irs.gov/statistics/soi-tax-stats-individual-income-tax-returns-complete-report-publication-1304>). For information on IRS audits, see <https://www.irs.gov/businesses/small-businesses-self-employed/irs-audits>.

⁷ The temporary, enhanced UI benefits created by Congress in response to the COVID-19 pandemic substantially increased total spending on UI benefits. For background on these benefits, see CRS Report R46687, *Unemployment Insurance (UI) Benefits: Permanent-Law Programs and the COVID-19 Pandemic Response*. These COVID-19 UI benefits expired in September 2021 (or earlier in calendar year 2021 for states that chose to terminate their agreements with DOL to administer them). However, some payments of these benefits occurred in later tax years (including 2022) due to administrative delays, adjudication, or appeals processes. Increased UI expenditures were reflected in both wider UI benefit receipt and higher UI benefit amounts by households with different levels of income.

⁸ Increased UI expenditures were reflected in both wider UI benefit receipt and higher UI benefit amounts by households with different levels of income. For tax year 2020 data, see CRS In Focus IF12289, *Unemployment Insurance and “Millionaires”:* Recent Data and Policy Considerations.

⁹ For a list of these early terminations, see CRS Insight IN11679, *States Opting Out of COVID-19 Unemployment Insurance (UI) Agreements*.

Recent Data

Table 1 presents IRS SOI estimated data from the two, most recently-released years of data, 2021 and 2022—including data on total returns with UI income as well as the data you requested on tax returns with UI income by adjusted gross income (AGI) of at least \$1 million.¹⁰

In tax year 2021, out of the estimated 15.8 million returns reporting UI income and filing a tax return, just under an estimated 15,000 returns with at least \$1 million in AGI received UI benefits. In tax year 2022, out of the estimated 4.7 million tax returns reporting UI income, fewer than 6,000 returns with at least \$1 million in AGI received UI benefits. The approximately \$213.6 million in UI benefits paid to these filers in 2021 and \$57.6 million in 2022 represent approximately 0.1% in 2021 and 0.2% in 2022 of total UI benefits reported to the IRS in each respective tax year.

Table 1. Estimated Tax Returns with Reported Unemployment Insurance (UI) Income
Tax Years 2021 and 2022

	Number of Returns	UI Income (thousands)	Share of Reported UI Income for Tax Year
Total Returns with UI Income			
2021	15,809,172	\$208,872,354	100%
2022	4,728,507	\$30,247,572	100%
Total Returns with UI Income by Requested Adjusted Gross Income (AGI) Category			
2021 AGI ≥ \$1 Million	14,972	\$213,601	0.10%
2022 AGI ≥ \$1 Million	5,773	\$57,629	0.19%

Source: Created by CRS using Internal Revenue Service (IRS) Statistics of Income (SOI) data, Table 1.4, 2021 and 2022, <https://www.irs.gov/statistics/soi-tax-stats-individual-income-tax-returns-complete-report-publication-1304-basic-tables-part-1>. Confidence intervals for the data are reported in Table 1.4CI.

Notes: AGI is total income minus statutory adjustments. Data are IRS estimates based on a stratified random sample of tax returns before any audit had been conducted. UI income is rounded to the nearest \$1,000. IRS Table 1.4 applies the term *Unemployment Compensation* when referring to UI benefits. The federal income taxation definition of *UI benefits* includes regular state Unemployment Compensation (UC) benefits, Extended Benefits (EB), Trade Adjustment Assistance (TAA) benefits, Disaster Unemployment Assistance (DUA), and railroad unemployment benefits and has included all temporary UI benefits since UI benefits became taxable.

The temporary, enhanced UI benefits created by Congress in response to the COVID-19 pandemic substantially increased total spending on UI benefits. For background on these benefits, see CRS Report R46687, *Unemployment Insurance (UI) Benefits: Permanent-Law Programs and the COVID-19 Pandemic Response*. These COVID-19 UI benefits expired in September 2021 (or earlier in calendar year 2021 for states that chose to terminate their agreements with DOL to administer them). However, some payments of these benefits occurred in later tax years (including 2022) due to administrative delays, adjudication, or appeals processes. Increased UI expenditures were reflected in both wider UI benefit receipt and higher UI benefit amounts by households with different levels of income.

¹⁰ For information on how to calculate AGI, see <https://www.irs.gov/filing/adjusted-gross-income#calculateAGI>. AGI is a measure of income that includes “wages, tips, interest, dividends, capital gains, business income, retirement income and other forms of taxable income.” AGI does not include total wealth or total household assets.