

Stability and Opportunity for Workers Act of 2026

Section-by-Section Summary

No one can be certain how artificial intelligence will transform the economy in the coming years, but it has the potential to cause massive disruptions in the American workforce. For generations, Congress has failed to prepare for such large-scale disruptions and stumbled in reaction to them after they arrive. For example, predation by the Chinese government and other economic forces wiped out millions of U.S. manufacturing jobs over decades, and the COVID-19 pandemic crash demonstrated that the nation's unemployment insurance (UI) system was too brittle and outdated to function in a crisis. In both cases Congress's lack of preparation was made worse by its inadequate response after crisis hit. With an AI transformation looming over our economy, Congress must act now. Even if the integration of AI into our economy does not permanently raise the baseline rate of unemployment, it will almost certainly impact specific industries and communities in ways that cause real economic hardship for large numbers of Americans.

The *Stability and Opportunity for Workers Act* is the vital first step toward making sure the system is prepared for AI disruption. The coming economic changes may force many workers to acquire new skills and pursue different career paths. To help workers who need to find a new career because AI has eaten away at jobs in their field, the bill creates a new Transition Wages program that alongside the UI reforms described below would provide workers with income support for up to two years while they retrain. The bill will also create a pilot program to provide tuition assistance for workers enrolled in job training programs, which will be vital to ensure that workers can make ends meet as they transition to in-demand careers. The bill also includes provisions to ensure that workers aren't forced into low-paying jobs, with the aim of placing workers in positions that pay at least 75 percent of their prior wages.

The *Stability and Opportunity for Workers Act* also includes provisions from Senator Wyden's [*Unemployment Insurance Modernization and Recession Readiness Act*](#), which would update and expand unemployment insurance so that the program is ready to respond to the next recession and meet the needs of the modern workforce. UI is the first line of defense when a worker loses their job, so UI reform is essential to ensure workers displaced due to AI disruption immediately have the income they need to get by. The bill would establish new requirements for state unemployment programs to provide adequate benefits to support workers through job loss and cover more workers when they lose their jobs. It would also update the federal-state Extended Benefits program so that up to 52 additional weeks of benefits will automatically become available when unemployment rises. Combining these UI improvements with the new Transition Wages program will support all displaced workers by providing immediate income security whether they decide to look for new work right away or to pursue training to expand their skills for future job opportunities.

The bill would further expand work sharing programs, which help employers keep workers on payroll rather than laying them off, to every state. It would also establish new permanent federal programs for unemployed workers, including a Jobseeker Allowance that would be available to any unemployed workers not covered by the traditional UI system, such as self-employed workers and new entrants to the labor force. Finally, the bill creates tax fairness for displaced workers by ensuring they do not lose access to the earned income tax credit (EITC) while they look for new work or retrain for a new career.

Stability and Opportunity for Workers Act of 2026

Section-by-Section Summary

Title I – Modernization of Regular Unemployment. This title would ensure the adequacy of unemployment benefits and expand the number of workers they reach. Most provisions of this title create standards for state programs by imposing new requirements that states must meet in order for employers in the state to claim tax credits against federal unemployment tax. All changes are effective as of the earlier of the date a state changes its laws or policies to comply and January 1, 2028.

Sec. 101. States must offer at least 26 weeks of benefits.

Sec. 102. Weekly benefit amounts must replace 75 percent of the claimant’s average weekly earnings in the claimant’s highest quarter of earnings during the base period, subject to the state’s maximum benefit amount.

Sec. 103. The state maximum benefit amount must be equal to at least two-thirds of state’s average weekly wage.

Sec. 104. States may not deny unemployment to an individual because their base period includes part-time work or because they are seeking part-time work, provided that they are seeking work for a number of hours equal to at least half of the typical number of hours per week the individual worked during the base period. This section also requires states to disregard earnings equal to at least 1/3 of the individual’s benefit amount when calculating partial unemployment benefits.

Sec. 105. States are required to use a base period or alternative base period that includes the most recently completed calendar quarter, and to use an extended base period that includes at least four additional quarters if the individual was incapable of work or took parental leave or other family leave with reduced or no pay during the base period.

Sec. 106. States cannot deny unemployment compensation to an individual if they quit their job for certain compelling reasons, including illness or disability of a family member, relocation of the individual’s workplace or the individual’s spouse’s workplace, loss of child care, unusual risk to health or safety, the employer’s failure to conform to state and federal laws, or resuming participation in an approved training program.

Sec. 107. States cannot deny unemployment compensation to an individual who voluntarily separates from work due to sexual harassment, other harassment, domestic violence, dating violence, sexual assault, or stalking.

Sec. 108. Eliminates the “waiting week” policies that deny individuals unemployment compensation during their first week of unemployment.

Sec. 109. States must consider the completion of a temporary work assignment to be an involuntary layoff.

Sec 110. Requires states to operate self-employment assistance programs to support unemployed workers seeking to pursue self-employment.

Stability and Opportunity for Workers Act of 2026

Section-by-Section Summary

Sec. 111. Requires states to operate a short-time compensation (work share) program and makes workers who have lost up to 80% of their hours potentially eligible for short-time compensation. Also requires states to allow employers to file short-time compensation claims on behalf of their employees.

Sec. 112. Requires states to cover individuals who have at least \$1,000 of covered wages in the high quarter and at least \$1,500 in the base period.

Sec. 113. Requires states use the “ABC test” for the purpose of determining whether a worker is considered a UI-eligible employee.

Sec. 114. Expands UI eligibility to certain student workers who are not eligible under current law.

Sec. 115. Provides an additional federal benefit of \$25 per dependent per week for individuals with dependents claiming unemployment compensation.

Sec. 116. Prohibits states from denying unemployment compensation to workers involved in labor disputes under certain circumstances.

Sec. 117. Amends the “reasonable assurance” rules for instructional, research, or head administrative school employees (e.g., principals) so that employees may claim retroactive compensation for school breaks if they are not offered employment at the start of the new term.

Sec. 118. Increases the wage replacement rate of unemployment benefits to 100 percent during public health emergencies or other major disasters or emergencies. The benefit increase is federally funded.

Sec. 119. Unemployment claimants are generally required to accept any job offer they receive if the offer is for “suitable work”. Under this provision, state definitions of suitable work must ensure that claimants do not have to accept a position that pays less than the minimum wage or the lesser of 75 percent of their prior rate of pay or the state’s average weekly wage; is not offered in writing; poses an unreasonable risk to the individual’s health, safety, or morals; is not in the individual’s capability to perform; is outside of their commuting area; or meets other criteria established by the Secretary of Labor or state law.

Title II – Modernization of Extended Benefits. The Extended Benefits (EB) program makes additional weeks of unemployment benefits available in times of high unemployment. This title would reform EB to ensure additional benefits automatically become available during economic downturns.

Sec. 201. Increases federal financing of EB from 50 percent to 100 percent.

Sec. 202 and Sec. 203. Sections 202 and 203 reform the “triggers” used to determine whether additional weeks of benefits are available and how many weeks are available.

Stability and Opportunity for Workers Act of 2026

Section-by-Section Summary

Under this proposal, a state will be in an EB period (which makes 13 additional weeks of benefits available) when it meets any of the following conditions:

- A. When the state or national three-month average total unemployment rate (seasonally adjusted) is at or above 5.5 percent.
- B. When the three-month average rate of total unemployment (seasonally adjusted) at the national level is at least 0.5 percentage points higher than the lowest average rate of total unemployment for any continuous three-month period in the preceding 12 months.
- C. When the insured unemployment rate (IUR) trigger is at least 5 percent. The insured unemployment rate is the percentage of the labor force receiving unemployment benefits. (See section 108(c) and (d) for additional changes to the IUR trigger.)

When the total unemployment rate rises above 6.5 percent, additional weeks of benefits may become available.

- When unemployment is at least 6.5 percent, 26 total weeks of EB are available.
- When unemployment is at least 7.5 percent, 39 total weeks of EB are available.
- When unemployment is at least 8.5 percent, 52 total weeks of EB are available.

Sec. 204. Changes the calculation of the total amount of an individual's EB entitlement to the greater of 50 percent of their total entitlement to regular unemployment compensation or 13 times their average weekly benefit amount.

Sec. 205. Allows individuals who are claiming EB when their state unemployment rate goes down to continue to claim EB until they exhaust the amounts to which they were entitled.

Sec. 206. Creates a coordination rule to allow individuals to continue to claim EB even when they begin a new benefit year if their EB amount would be higher than their regular compensation amount.

Sec. 207. Clarifies coordination rules for individuals living or working in multiple states.

Sec. 208. Makes several additional improvements to the extended benefits program:

- (a) Eliminates EB requirements that may conflict with state law to make it easier for states to administer the EB program. This section would eliminate the EB-specific definition of "actively engaged in seeking work", allowing states to use their own definitions of actively seeking work. It also eliminates EB-specific work history requirements and limits on whether individuals may qualify for EB if the state has terminated a disqualification from receiving benefits.
- (b) Eliminates the mandatory 13-week off period that prohibits a state from triggering a new EB period less than 13 weeks after a previous EB period ended.
- (c) Modifies the insured unemployment rate (IUR) trigger to eliminate the requirement that a state's IUR be at least 20 percent greater than each of the same 13-week periods during the prior two years in order for a state to enter an EB period based on the IUR trigger.
- (d) Changes the calculation of the insured unemployment rate to include regular unemployment compensation claimants, claimants of extended benefits, and claimants of unemployment compensation for federal employees and ex-service members.

Stability and Opportunity for Workers Act of 2026

Section-by-Section Summary

Sec. 209. Exempts EB from sequestration, effective as of date of enactment.

Sec. 210. The amendments made by this title (other than section 109) will be effective by January 1, 2028.

Title III—Transition Wages for Retraining.

Sec. 301. This section would expand the types of trainings unemployment compensation claimants can participate in and create a new Transition Wages program that would provide an additional 26 weeks of federally funded benefits for unemployed workers who are enrolled full time in an approved training program. The amount of the weekly benefit is equal to the amount of unemployment compensation for which the individual would be eligible. Approved training programs must meet at least one of the following criteria:

- Is provided by an entity that is eligible to provide the training program under the Workforce Innovation and Opportunity Act (WIOA).
- Is an eligible workforce program for the purpose of Workforce Pell Grants.
- Prepares the worker receiving training for employment in an in-demand industry sector or occupation.
- Is a course to assist in obtaining the recognized equivalent of a secondary school diploma.
- Consists of any training program, or coursework, at an accredited institution of higher education that leads to a recognized postsecondary credential and for which there is a reasonable expectation of employment in the field of study following completion of such training program or coursework.
- Meets other criteria established by the Secretary of Labor and is approved by the Secretary or the state agency.

Workers must exhaust any unemployment compensation, EB, or Jobseeker Allowance (described below) before claiming Transition Wages. However, this section also includes a conforming amendment that would ensure that workers claiming regular unemployment compensation or EB can participate in any training program that would be approved under the Transition Wages program. As a result, workers in training can receive up to a total of 52 weeks of benefits during their training participation, and up to a total of 104 weeks during high unemployment. For a training program to be approved, it must be designed to be completed within one year, unless EB is triggered, in which case longer training programs may be approved.

Sec. 302. The Transition Scholarship pilot program would provide grants to states to provide scholarships to unemployment claimants participating in approved training programs to cover their tuition and fees. Claimants must have demonstrated financial need for tuition assistance and be unable to obtain assistance from other sources (such as Pell Grants or WIOA) to be eligible for the program.

Stability and Opportunity for Workers Act of 2026

Section-by-Section Summary

Title IV—Jobseeker Allowance.

Sec. 401. This new program would provide a federal weekly benefit to unemployed workers who are seeking full-time work but are not covered by unemployment insurance. This would include coverage for workers newly entering the labor force and self-employed workers. The Jobseeker Allowance is 100 percent federally financed.

To be eligible for a Jobseeker Allowance, workers must:

- Be unemployed or partially unemployed
- Have no rights to regular unemployment compensation or extended benefits
- Be able to work, available to work, and actively seeking full-time work
- Be at least 19 years of age (or at least 18 in the case of foster youth), or have earned a high school diploma or equivalent
- Have adjusted gross income (AGI) less than the Social Security taxable wage base during the most recently completed tax year
- Be participating in or have completed the reemployment services and eligibility assessment program (RESEA)

The amount of the Jobseeker Allowance is \$250 per week (indexed annually for inflation). Individuals are entitled to 26 times the weekly benefit amount (meaning most individuals will qualify for 26 weeks of Jobseeker Allowance payments). The number of weeks that the Jobseeker Allowance is available can increase in times of high unemployment in a similar manner as Extended Benefits. The total amount of Jobseeker Allowance for which an individual is eligible is reduced by the amount of any unemployment compensation or Extended Benefits the individual received during their benefit year. In general, an individual cannot claim more than 26 weeks of jobseeker allowance (plus any additional weeks available during times of high unemployment) during any five-year period.

When unemployment is above 7.5 percent, individuals claiming a Jobseeker Allowance who have documented histories of self-employment may claim a supplement to their weekly Jobseeker Allowance such that their total Jobseeker Allowance replaces roughly 75% of their average weekly earned income in the most recently completed tax year, subject to a cap.

Title V—Tax Fairness for Displaced Workers.

Sec. 501. In line with a 2026 [recommendation from the National Taxpayer Advocate](#), this provision would amend the definition of earned income for the purpose of the earned income tax credit (EITC) to include unemployment compensation. Because claiming unemployment compensation requires work search and is tied to prior wages, receipt of unemployment compensation demonstrates workforce attachment. Allowing workers to count their unemployment compensation toward EITC eligibility ensures they do not lose access to a vital tax credit while “[still maintaining the nexus between working and receiving the EITC](#).” This provision is effective beginning in tax year 2027.