

FY 2018

CONGRESSIONAL BUDGET JUSTIFICATION

EMPLOYMENT AND TRAINING ADMINISTRATION

Federal Unemployment Benefits and Allowances

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FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

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FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

APPROPRIATION LANGUAGE

For payments during fiscal year 2018 of trade adjustment benefit payments and allowances under part I of subchapter B of chapter 2 of title II of the Trade Act of 1974, and section 246 of that Act; and for training, employment and case management services, allowances for job search and relocation, and related State administrative expenses under part II of subchapter B of chapter 2 of title II of the Trade Act of 1974, and including benefit payments, allowances, training, employment and case management services, and related State administration provided pursuant to section 231(a) of the Trade Adjustment Assistance Extension Act of 2011 and section 405(a) of the Trade Preferences Extension Act of 2015, \$790,000,000 together with such amounts as may be necessary to be charged to the subsequent appropriation for payments for any period subsequent to September 15, 2018: Provided, That notwithstanding section 502 of this division, any part of the appropriation provided under this heading may remain available for obligation beyond the current fiscal year pursuant to the authorities of section 245(c) of the Trade Act of 1974 (19 U.S.C. 2317(c)).

Note.—A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114–254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2016 Enacted		FY 2017 Full Year C.R.		FY 2018 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	0	\$861,000	0	\$723,000	0	\$790,000
Reduction Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985	0	-\$58,548	0	-\$49,887	0	\$0
Appropriation, Revised	0	\$802,452	0	\$673,113	0	\$790,000
<i>Subtotal Appropriation</i>	<i>0</i>	<i>\$802,452</i>	<i>0</i>	<i>\$673,113</i>	<i>0</i>	<i>\$790,000</i>
B. Gross Budget Authority	0	\$802,452	0	\$673,113	0	\$790,000
C. Budget Authority	0	\$802,452	0	\$673,113	0	\$790,000
D. Total Budgetary Resources	0	\$802,452	0	\$673,113	0	\$790,000
Unobligated Balance Expiring	0	-\$175,646	0	\$0	0	\$0
E. Total, Estimated Obligations	0	\$626,806	0	\$673,113	0	\$790,000

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2017 Full Year C.R.	FY 2018 Request	Net Change	
Budget Authority				
General Funds	\$673,113	\$790,000	+\$116,887	
Total	\$673,113	\$790,000	+\$116,887	
Full Time Equivalents				
General Funds	0	0	0	
Total	0	0	0	
		FY 2018 Change		
Explanation of Change	FY 2017 Base	Trust Funds	General Funds	Total
	FTE Amount	FTE Amount	FTE Amount	FTE Amount
Increases:				
A. Built-Ins:				
To Provide For:				
Costs of pay adjustments	0 \$0	0 \$0	0 \$0	0 \$0
Grants, subsidies, and contributions	0 \$673,113	0 \$0	0 \$116,887	0 \$116,887
Built-Ins Subtotal	0 \$673,113	0 \$0	0 \$116,887	0 \$116,887
B. Programs:				
Programs Subtotal		0 \$0	0 \$0	0 \$0
Total Increase	0 \$673,113	0 \$0	0 \$116,887	0 \$116,887
Decreases:				
A. Built-Ins:				
To Provide For:				
Built-Ins Subtotal	0 \$0	0 \$0	0 \$0	0 \$0
B. Programs:				
Programs Subtotal		0 \$0	0 \$0	0 \$0
Total Decrease	0 \$0	0 \$0	0 \$0	0 \$0
Total Change	0 \$673,113	0 \$0	0 \$116,887	0 \$116,887

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY¹								
(Dollars in Thousands)								
	FY 2016 Enacted		FY 2017 Full Year C.R.		FY 2018 Request		Diff. FY18 Request / FY17 Full Year C.R.	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Trade Adjustments Assistance	0	802,452	0	673,113	0	790,000	0	116,887
General Funds	0	802,452	0	673,113	0	790,000	0	116,887
TAA Benefits	0	384,000	0	240,000	0	301,000	0	61,000
General Funds	0	384,000	0	240,000	0	301,000	0	61,000
TAA Training	0	391,452	0	400,113	0	450,000	0	49,887
General Funds	0	391,452	0	400,113	0	450,000	0	49,887
Alternative-Reemployment TAA	0	27,000	0	33,000	0	39,000	0	6,000
General Funds	0	27,000	0	33,000	0	39,000	0	6,000
Total	0	802,452	0	673,113	0	790,000	0	116,887
General Funds	0	802,452	0	673,113	0	790,000	0	116,887

NOTE: 2016 reflects actual FTE.

¹ Enacted amount reflects a 6.8 percent reductions for FY 2016 for mandatory authority, pursuant to the Balanced Budget and Emergency Deficit Control Act, as amended.

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2016 Enacted	FY 2017 Full Year C.R.	FY 2018 Request	Diff. FY18 Request / FY17 Full Year C.R.
	Full-Time Equivalent				
	Total	0	0	0	0
11.1	Full-time permanent	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
41.0	Grants, subsidies, and contributions	802,452	673,113	790,000	116,887
	Total	802,452	673,113	790,000	116,887

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2008					
Base Appropriation...1/	\$888,700	\$888,700		\$888,700	0
2009					
Base Appropriation...2/	\$958,800		\$958,800	\$889,053	0
Legislative Proposal	\$6,000				0
2010					
Base Appropriation	\$1,156,400	\$1,818,400		\$975,321	0
2011					
Base Appropriation	\$1,938,200			\$704,006	0
Legislative Proposal	\$431,300				0
2012					
Base Appropriation	\$1,100,100			\$854,716	0
Legislative Proposal	\$571,000				0
2013					
Base Appropriation...3/ 4/	\$1,421,000			\$756,232	0
Legislative Proposal	-\$323,000				0
2014					
Base Appropriation...3/	\$656,000			\$604,367	0
2015					
Base Appropriation...3/	\$710,600			\$424,909	0
2016					
Base Appropriation	\$664,200				0
Legislative Proposal	\$986,000			\$802,452	0
2017					
Base Appropriation...5/	\$861,000				0
2018					
Base Appropriation	\$790,000				0

1/ Excludes \$41,000,000 included in the Advances to the Unemployment Trust Fund and Other Funds appropriation which was transferred to this account.

2/ This bill was only reported out of Subcommittee and was not passed by the full House.

3/ Reflects sequestration reduction to mandatory budget authority pursuant to the Balanced Budget and Emergency Deficit Control Act, as amended.

4/ TRA costs declined (-\$323,000) in FY 2013 due to the Emergency Unemployment Compensation (EUC) program, enacted under the American Taxpayer Relief Act of 2012 (P.L. 112-240) in effect until January 1, 2014.

5/ A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared.

TRADE ADJUSTMENT ASSISTANCE

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2016 Enacted	FY 2017 Full Year C.R.	FY 2018 Request	Diff. FY18 Request / FY17 Full Year C.R.
Activity Appropriation	802,452	673,113	790,000	116,887
FTE	0	0	0	0

Introduction

The Trade Act of 1974, as amended (the Act) (codified at 19 U.S.C. §§ 2271 et seq.), Title II, Chapter 2, established the Trade Adjustment Assistance for Workers (TAA), Alternative Trade Adjustment Assistance (ATAA), and Reemployment Trade Adjustment Assistance (RTAA) programs. These programs, collectively referred to as the Trade Adjustment Assistance Program (TAA Program), provide assistance to workers who have been adversely affected by foreign trade. The Trade Adjustment Assistance Reauthorization Act of 2015 (TAARA 2015) (P.L. 114-27, Title IV) reauthorized the Act. TAARA 2015 revised reporting requirements to align performance accountability for the TAA Program with that of other partner programs in the workforce system under the Workforce Innovation and Opportunity Act (WIOA) (P.L. 113-128). The enactment of TAARA 2015 created the 2015 Program and the continuation of grandfathered versions of the TAA Program, including:

- the 2002 Program, established under the Trade Act of 1974, as amended by the Trade Adjustment Assistance Reform Act of 2002 (TAARA);
- the 2009 Program, established under the Trade Act of 1974, as amended by the Trade and Globalization Adjustment Assistance Act of 2009 (TGAAA), Division B, title I, subtitle I of the American Recovery and Reinvestment Act of 2009 (ARRA); and
- the 2011 Program, established under the Trade Act of 1974, as amended by the Trade Adjustment Assistance Extension Act of 2011 (TAAEA).

The TAARA 2015 restored the worker group eligibility and benefits established by the TAAEA, which had expired on January 1, 2014. The TAARA 2015 expanded coverage of certifications of petitions filed since January 1, 2014; required reconsideration of negative determinations on petitions filed since that date and before the date of enactment under 2015 Act certification requirements; established a national cap on funding for Training and Other Activities (TaOA) at \$450 million per fiscal year; and reauthorized the Health Coverage Tax Credit (HCTC) program benefit for eligible TAA participants. The TAARA 2015 reauthorized the TAA Program through June 30, 2021; however, the TAA Program remains in the budget baseline (except for wage supplements). The fiscal-related programmatic changes included in the TAARA 2015 became effective on June 29, 2015, and therefore, aligned with the enacted FY 2017 appropriation as follows: 1) a statutory cap on funds in the amount of \$450 million that may be allocated to the states for TaOA per fiscal year; and 2) the Secretary’s authority to recapture and reallocate funds that remain unobligated in the second and third year after allocation.

TRADE ADJUSTMENT ASSISTANCE

The Employment and Training Administration (ETA) has oversight responsibility for the TAA Program and, based on investigations of TAA petitions, certifies worker groups as eligible to apply for assistance. Upon receiving a petition, ETA initiates an investigation to determine whether the circumstances of the layoff meet the group eligibility criteria established by TAARA 2015. Once group eligibility has been determined and the petition is certified, workers covered under the petitions may apply for individual TAA benefits and services. Under agreements between the Secretary of Labor and each Governor, the states determine the individual eligibility based on the statutory criteria and provide the TAA benefits to workers with federal funds appropriated to the Department to carry out the TAA Program. TAA is a mandatory one-stop partner under the Workforce Innovation and Opportunity Act (WIOA) and services are delivered through American Job Centers nationwide.

Individual workers of a certified worker group may apply for benefits and services, and those who meet the qualifying criteria may receive: job training; income support in the form of Trade Readjustment Allowances (TRA); job search and relocation allowances; HCTC (as determined by the Internal Revenue Service (IRS)); and for workers age 50 and older, a wage supplement in the form of Alternative Trade Adjustment Assistance (ATAA) or Reemployment Trade Adjustment Assistance (RTAA).

TAA Program Effectiveness and the Workers it Serves

During FY 2016, an estimated 126,844 of trade-affected workers became eligible for TAA benefits and services. Of the 45,814 participants served in FY 2016, over 53 percent of participants received training during the year and over 93 percent of those who completed training received a credential. Performance remained high in FY 2016 with nearly 76 percent of TAA participants obtaining employment within six months of completing the program. For those who had received a credential in the program, 77 percent obtained employment within six months with over 79 percent of those employed changing industry sectors.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2013	\$756,232	0
2014	\$604,367	0
2015	\$424,909	0
2016	\$802,452	0
2017	\$0	0

NOTE: A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared.

Funding Mechanism

ETA provides grants to states for the operation of the TAA Program under an Annual Funding Agreement. The amount of funding allocated to each state for TaOA, which includes training, employment and case management services, and allowances for job search and relocation, is determined through a funding formula for distribution codified at 20 CFR 618.910. The funding

TRADE ADJUSTMENT ASSISTANCE

formula is designed to target funds for TaOA to the states where the resources are most needed, using a formula methodology to ensure stability of funding and transparency in the distribution. Funds for TRA and A/RTAA (wage supplements) are not determined by formula; rather states notify ETA of the projected needs and request funds to cover the wage supplement for trade-affected workers.

The amount of funds appropriated annually for the TAA Program is based on projected costs of the program for the fiscal year. Unemployment Insurance models calculate estimates of the amount of funds needed in the fiscal year for TRA and A/RTAA. These models consider the economic assumptions in the President's Budget, including the projected Gross Domestic Product, unemployment rate, and other factors to forecast the amount of funds needed. The estimate of funds for training and other activities is subject to an annual cap on the amount that may be made available according to the statutory amount specified. If the appropriated amount is insufficient to cover the costs of the program during the fiscal year, there is authority for the program to use additional amounts from the Advances to the Unemployment Trust Fund account to add funds up to the training and other activities cap amount, and authority to use such sums as required for TRA and A/RTAA.

Timely allocations ensure that trade-affected workers can access needed employment and case management services, job search allowances, relocation allowances and training as soon as an appropriate individual employment plan is developed, maximizing their opportunity to return to employment, increase credential and education attainment, and improve earnings.

FY 2018

The FY 2018 Request is \$790,000,000. This request includes the \$450,000,000 statutory cap on funds for TaOA that became effective under the TAARA 2015; \$301,000,000 for TRA; and \$39,000,000 for A/RTAA. The increase addresses the broader eligibility requirements required by TAARA 2015 including service sector workers.

The Department, states, and local workforce development areas are in the process of implementing new WIOA performance indicators, which are implemented across WIOA core programs administered by the Departments of Labor and Education and other Department of Labor workforce programs authorized by WIOA, including the TAA program. Complete information will not be available until the end of FY 2018 to calculate complete outcomes for these measures, as certain data will not yet be available. FY 2018 outcomes will be available at the end of calendar year 2019.

FY 2017

Figures shown for FY 2017 reflect the annualized Continuing Resolution level, as a full-year appropriation had not been enacted at the time the budget was produced. The Department will provide an Operating Plan after a full-year appropriation bill is enacted.

TRADE ADJUSTMENT ASSISTANCE

DETAILED WORKLOAD AND PERFORMANCE					
		FY 2016 Enacted		FY 2017 Enacted	FY 2018 Request
		Target	Result	Target	Target
Trade Adjustments Assistance					
ETA-WIOA TAA-01	Employment Rate – 2nd Quarter After Exit (WIOA Trade Adjustment Assistance)	--	--	[base]	TBD
ETA-WIOA TAA-02	Employment Rate – 4th Quarter After Exit (WIOA Trade Adjustment Assistance)	--	--	[base]	TBD
ETA-WIOA TAA-03	Median Earning – 2nd Quarter After Exit (WIOA Trade Adjustment Assistance)	--	--	[base]	TBD
Number of Participants Served (Trade Adjustment Assistance)		69,073[p]	45,814	47,201[p]	49,773[p]
Cost per Participant (Trade Adjustment Assistance)		\$12,465[r]	\$17,521	\$14,260[p]	\$15,872[p]
ETA-WIA TAA-01	Entered Employment Rate (WIA Trade Adjustment Assistance)	71.5%	74.0%	--	--
ETA-WIA TAA-02	Employment Retention Rate (WIA Trade Adjustment Assistance)	91.2%	92.4%	--	--
ETA-WIA TAA-03	Six Months Average Earnings (WIA Trade Adjustment Assistance)	\$20,149	\$18,754	--	--

Legend: (r) Revised (e) Estimate (base) Baseline -- Not Applicable TBD - To Be Determined [p] - Projection

TRADE ADJUSTMENT ASSISTANCE

Workload and Performance Summary

The TAA Program benefits include TAA-funded job training, job search and relocation allowances, employment and case management services, income support in the form of TRA, wage supplements in the form of A/RTAA, and HCTC for workers covered under the 2009 Program, 2011 Program, and 2015 Program. All workers covered by certified petitions are entitled to receive employment and case management services; however, TAA funds may not be used to provide employment and case management services to the workers covered by the 2002 Program. TEGL No. 15-12 informs states which alternate funding sources can be used to provide employment and case management services to these workers.

Beginning in FY 2017, the common measures for the TAA Program are revised based on the TAARA 2015 alignment with WIOA authorization for six key common performance indicators that are consistent across populations served. These six indicators are: 1) placement in employment, education or long-term training in the second quarter after exit; 2) placement in employment, education or long-term training in the fourth quarter after exit; 3) median earnings of those employed in the second quarter after exit; 4) credential attainment; 5) measurable skill gains toward credential attainment/employment; and 6) effectiveness in serving employers. The targets and results for the six new performance indicators have not been included in the budget because of changes WIOA made to the methodology for calculating the performance indicators. To accurately determine targets and results, the Department is required to collect new baseline data in FY 2017. Based on those data, targets will need to be established in subsequent years.

TRADE ADJUSTMENT ASSISTANCE

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2016 Enacted	FY 2017 Full Year C.R.	FY 2018 Request	Diff. FY18 Request / FY17 Full Year C.R.
11.1	Full-time permanent	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
41.0	Grants, subsidies, and contributions	802,452	673,113	790,000	116,887
	Total	802,452	673,113	790,000	116,887

TRADE ADJUSTMENT ASSISTANCE

CHANGES IN FY 2018

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments \$0

Grants, subsidies, and contributions \$116,887

Built-Ins Subtotal \$116,887

Net Program \$0

Direct FTE 0

	Estimate	FTE
Base	\$790,000	0
Program Increase	\$0	0
Program Decrease	\$0	0