

FY 2020

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 [2019] 2020 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] \$680,000,000 together with such amounts as may be necessary to be charged to the subsequent appropriation for payments for any period subsequent to September 15, [2019] 2020: *Provided*, That notwithstanding section 502 of this Act, 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)).
(Department of Labor Appropriations Act, 2019.)

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2018 Enacted		FY 2019 Enacted		FY 2020 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	0	\$790,000	0	\$790,000	0	\$680,000
Reduction Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985	0	-\$52,140	0	-\$48,980	0	\$0
Appropriation, Revised	0	\$737,860	0	\$741,020	0	\$680,000
<i>Subtotal Appropriation</i>	<i>0</i>	<i>\$737,860</i>	<i>0</i>	<i>\$741,020</i>	<i>0</i>	<i>\$680,000</i>
B. Gross Budget Authority	0	\$737,860	0	\$741,020	0	\$680,000
C. Budget Authority	0	\$737,860	0	\$741,020	0	\$680,000
D. Total Budgetary Resources	0	\$737,860	0	\$741,020	0	\$680,000
Unobligated Balance Expiring	0	-\$70,718	0	\$0	0	\$0
E. Total, Estimated Obligations	0	\$667,142	0	\$741,020	0	\$680,000

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2019 Enacted	FY 2020 Request	Net Change
Budget Authority			
General Funds	\$741,020	\$680,000	-\$61,020
Total	\$741,020	\$680,000	-\$61,020
 Full Time Equivalents			
General Funds	0	0	0
Total	0	0	0

Explanation of Change	FY 2020 Change							
	FY 2019 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	\$0	0	\$0	0	\$0	0	\$0
Built-Ins Subtotal	0	\$0	0	\$0	0	\$0	0	\$0
B. Programs:								
Programs Subtotal			0	\$0	0	\$0	0	\$0
Total Increase	0	\$0	0	\$0	0	\$0	0	\$0
Decreases:								
A. Built-Ins:								
To Provide For:								
Grants, subsidies, and contributions	0	\$741,020	0	\$0	0	-\$61,020	0	-\$61,020
Built-Ins Subtotal	0	+\$741,020	0	\$0	0	-\$61,020	0	-\$61,020
B. Programs:								
Programs Subtotal			0	\$0	0	\$0	0	\$0
Total Decrease	0	+\$741,020	0	\$0	0	-\$61,020	0	-\$61,020
Total Change	0	+\$741,020	0	\$0	0	-\$61,020	0	-\$61,020

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY¹								
(Dollars in Thousands)								
	FY 2018 Enacted		FY 2019 Enacted		FY 2020 Request		Diff. FY20 Request / FY19 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Trade Adjustments Assistance	0	737,860	0	741,020	0	680,000	0	-61,020
General Funds	0	737,860	0	741,020	0	680,000	0	-61,020
TAA Benefits	0	301,000	0	301,000	0	208,000	0	-93,000
General Funds	0	301,000	0	301,000	0	208,000	0	-93,000
TAA Training	0	397,860	0	401,020	0	450,000	0	48,980
General Funds	0	397,860	0	401,020	0	450,000	0	48,980
Alternative-Reemployment TAA	0	39,000	0	39,000	0	22,000	0	-17,000
General Funds	0	39,000	0	39,000	0	22,000	0	-17,000
Total	0	737,860	0	741,020	0	680,000	0	-61,020
General Funds	0	737,860	0	741,020	0	680,000	0	-61,020

NOTE: 2018 reflects actual FTE.

¹ FY 2018 Enacted amount reflects 6.6 percent reduction and FY 2019 Enacted amount reflects 6.2 percent reduction 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 2018 Enacted	FY 2019 Enacted	FY 2020 Request	Diff. FY20 Request / FY19 Enacted
	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	737,860	741,020	680,000	-61,020
	Total	737,860	741,020	680,000	-61,020

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2010					
Base Appropriation	\$1,156,400	\$1,818,400		\$1,818,400	0
2011					
Base Appropriation	\$1,938,200			\$721,312	0
Legislative Proposal	\$431,300				0
2012					
Base Appropriation	\$1,100,100			\$1,100,100	0
Legislative Proposal	\$571,000				0
2013					
Base Appropriation...1/2/	\$1,421,000			\$756,353	0
Legislative Proposal	-\$323,000				0
2014					
Base Appropriation...1/	\$656,000			\$608,768	0
2015					
Base Appropriation...1/	\$710,600			\$658,726	0
2016					
Base Appropriation...1/	\$664,200			\$802,452	0
Legislative Proposal	\$986,000				0
2017					
Base Appropriation...1/	\$861,000			\$790,419	0
2018					
Base Appropriation...1/3/	\$790,000	\$790,000		\$737,860	0
2019					
Base Appropriation...1/4/	\$790,000		\$790,000	\$741,020	0
2020					
Base Appropriation	\$680,000				0

1/ Appropriations reflect sequestration reduction for mandatory authority, pursuant to the Balanced Budget and Emergency Deficit Control Act, as amended.

2/ 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.

3/ A full-year 2018 appropriation for this account was not enacted at the time the budget was prepared.

4/ This bill was passed by the Senate. It was passed out of the House Subcommittee but was not reported out of the House Committee or by the full House.

TRADE ADJUSTMENT ASSISTANCE

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request	Diff. FY20 Request / FY19 Enacted
Activity Appropriation	737,860	741,020	680,000	-61,020
FTE	0	0	0	0

NOTE: FY 2018 Enacted amount reflects 6.6 percent reduction and FY 2019 Enacted amount reflects 6.2 percent reduction for mandatory authority, pursuant to the Balanced Budget and Emergency Deficit Control Act, as amended.

Introduction

The Trade Act of 1974 (Pub. L. No. 93-618), as amended (the Trade 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 reauthorized the TAA Program through June 30, 2021; however, the TAA Program remains in the budget baseline (except for wage supplements). The enactment of TAARA 2015 created the 2015 Program and continued grandfathered versions of the TAA Program for workers who had been certified under those programs, including:

- The 2002 Program, established under the Trade Act, as amended by the Trade Adjustment Assistance Reform Act of 2002 (TAARA);
- The 2009 Program, established under the Trade Act, 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, 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; 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 recipients and eligible ATAA and RTAA recipients through January 1, 2020. The fiscal-related programmatic changes included in the TAARA 2015 became effective on June 29, 2015.

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 adjustment 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

TRADE ADJUSTMENT ASSISTANCE

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. The TAA Program is a required 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 TAA benefits and services, and those who meet the qualifying criteria may receive: job training; employment and case management services; income support in the form of Trade Readjustment Allowances (TRA); job search and relocation allowances; a wage supplement in the form of ATAA or RTAA for workers age 50 and older; and, while available, HCTC (administered by the Internal Revenue Service).

TAA Program and the Workers it Serves

During FY 2017, an estimated 94,017 trade-affected workers became eligible for TAA benefits and services. Of the 43,615 TAA Program participants served in FY 2017, over 63 percent received training during the year and 75 percent obtained employment within six months of completing the program. Over 71 percent of participants who exited the program were re-employed in non-manufacturing industry sectors.

According to the *Annual Report on the Trade Adjustment Assistance (TAA) for Workers Program for FY 2017*, more than 89 percent of those who completed training earned a post-secondary credential, including an industry-recognized credential, or a secondary school diploma or equivalent. The chart below shows the trend of credentialing rates among TAA participants:

Fiscal Year	Completed Training (Exiters)	Credentials (Exiters)	Rate of Credentialing
2013	16,929	13,348	78.8%
2014	12,451	10,927	87.8%
2015	10,567	9,610	90.9%
2016	8,754	8,121	92.8%
2017	6,499	5,792	89.1%

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Simpler, More Streamlined Program Operations

In FY 2017, the Department began efforts to update and codify the regulations governing the TAA Program into a single section of the Code of Federal Regulations. The Department undertook both regulatory and deregulatory actions, eliminating 20 CFR 617 and 29 CFR 90 and including all program regulations in 20 CFR 618. The TAA Program regulations have not been updated since 1994, and since that time, five major reauthorizations have occurred. WIOA reaffirms the TAA Program as a required partner program in the one-stop delivery system. As such, the Department is seeking greater alignment with the WIOA in drafting the Notice of Proposed Rulemaking (NPRM).

In FY 2018, the Department continued to develop regulations and a TAA NPRM is scheduled to be issued in March 2019 for public comment. The update to the TAA regulations will guide the worker group certification process at the Federal level, guide the individual benefit and training authorization process at the state level, and provide Federal and state courts with the Department's authoritative interpretation of the TAARA 2015. The Department will respond accordingly to comments received and will work towards issuing a Final Rule in FY 2019. Once the Final Rule is issued, the Department will provide training and technical assistance to the state workforce system.

TAA Reform Legislative Proposal

A rigorous 2012 evaluation of the TAA Program demonstrated that workers who participated in the program had lower earnings than the comparison group at the end of a four-year follow-up period, in part because they were more likely to participate in long-term job training programs rather than immediately reentering the workforce. However, this training was not targeted to in-demand industries and occupations, and only 37 percent of participants became employed in the occupations for which they trained.²

The 2020 Budget proposes legislation for a 10-year reauthorization of the TAA for Workers Program, which is currently authorized through June 30, 2021, through FY 2029. This reauthorization proposal shifts the focus of TAA from traditional classroom education to work-based education. This proposal refocuses the TAA Program by making apprenticeship—which provides wages along with a learning component—and on-the-job training the only forms of allowable training, while still allowing participants to access other forms of training if insufficient work-based training opportunities are available in their area. Focusing the program on these earn-as-you-learn strategies will ensure that participants are obtaining skills for relevant occupations. States will also be encouraged to place a greater emphasis on intensive reemployment services for workers who are not participating in work-based education by getting those workers into the workforce more quickly. This transformation of the TAA Program into an earn-as-you-learn program will significantly reduce workers' reliance on TRA benefits; and, combined with adjustments to the available training funds, these changes would be expected to save roughly \$849 million over ten years.

² <https://www.mathematica-mpr.com/our-publications-and-findings/publications/the-evaluation-of-the-trade-adjustment-assistance-program-a-synthesis-of-major-findings>

TRADE ADJUSTMENT ASSISTANCE

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2015	\$658,726	0
2016	\$802,452	0
2017	\$790,419	0
2018	\$737,860	0
2019	\$741,020	0

Funding Mechanism

The amount of funding 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 Trade Readjustment Allowances (TRA) and Alternative/Reemployment Trade Adjustment Assistance (A/RTAA), or wage supplements. 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 (TaOA) is subject to an annual cap 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 cap amount, and authority to use such sums as required for TRA and A/RTAA.

The Department 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 is determined through a funding formula for distribution codified at 20 CFR §§ 618.910 through 618.940. The funding 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 the requisite funds for trade-affected workers.

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

TRADE ADJUSTMENT ASSISTANCE

FY 2020

The FY 2020 Request is \$680,000,000. This request includes the \$450,000,000 statutory cap on funds for TaOA that became effective under the TAARA 2015; \$280,000,000 for TRA; and \$22,000,000 for A/RTAA. The FY 2020 Request is lower than the FY 2019 appropriation due to improved economic assumptions, which project lower unemployment and less demand for the TAA Program.

The Department, states, and local workforce development areas are in the process of implementing new WIOA performance indicators across workforce programs, including the TAA Program. Complete information will not be available until the end of PY 2018 to calculate outcomes for these measures, as certain data will not yet be available. FY 2020 outcomes will be available at the end of calendar year 2021.

FY 2019

The FY 2019 appropriation is \$790,000,000. The FY 2019 Revised Enacted amount is \$741,020,000. This amount includes the \$401,020,000 for TaOA, which is the statutory cap of \$450,000,000 sequestered by 6.2 percent of the TAA Program appropriation; \$301,000,000 for TRA; and \$39,000,000 for A/RTAA.

The Department, states, and local workforce development areas are in the process of implementing new WIOA performance indicators across workforce programs, including the TAA Program. FY 2019 outcomes will be available at the end of calendar year 2020.

FY 2018

The FY 2018 appropriation is \$790,000,000. The FY 2018 Revised Enacted amount is \$737,860,000. This amount includes the \$397,860,000 for TaOA, which is the statutory cap of \$450,000,000 sequestered by 6.6 percent of the TAA Program appropriation; \$301,000,000 for TRA; and \$39,000,000 for A/RTAA.

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. FY 2018 outcomes will be available at the end of calendar year 2019.

TRADE ADJUSTMENT ASSISTANCE

WORKLOAD AND PERFORMANCE SUMMARY						
	FY 2018 Enacted		FY 2019 Enacted	FY 2020 Request		
	Target	Result	Target	Target		
Trade Adjustments Assistance						
Strategic Goal 1 - Support the Ability of All Americans to Find Good Jobs						
Strategic Objective ETA 1.1 - Create customer-focused workforce solutions for American workers.						
ETA-WIOA TAA-01	Employment Rate – 2nd Quarter After Exit (WIOA Trade Adjustment Assistance)		[base]	--	[base]	TBD
ETA-WIOA TAA-02	Employment Rate – 4th Quarter After Exit (WIOA Trade Adjustment Assistance)		[base]	--	[base]	TBD
ETA-WIOA TAA-03	Median Earning – 2nd Quarter After Exit (WIOA Trade Adjustment Assistance)		[base]	--	[base]	TBD

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

TRADE ADJUSTMENT ASSISTANCE

Workload and Performance Summary

Continuing in FY 2020, the common measures for the TAA Program are being revised based on the TAARA 2015 alignment with WIOA authorization for six key common performance indicators. The Department is highlighting the following three in the TAA Program for the purpose of tracking program progress, as they reflect one of the primary purposes of the program—to increase the employment and earnings of participants. These measures include: 1) Employment Rate – 2nd Quarter After Exit, placement in employment, in the second quarter after exit; 2) Employment Rate – 4th Quarter After Exit, placement in employment, in the fourth quarter after exit; and 3) Median Earning – 2nd Quarter After Exit, median earnings of those employed in the second quarter after exit. The results of these measures will demonstrate the value of these investments to help address the employment and skill needs of workers, jobseekers, and employers.

The Department will use baseline data collected in FY 2017 and FY 2018 to establish targets for these measures beginning with the FY 2021 budget. As such, targets and results for these indicators are not included in the budget request.

TRADE ADJUSTMENT ASSISTANCE

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request	Diff. FY20 Request / FY19 Enacted
11.1	Full-time permanent	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
41.0	Grants, subsidies, and contributions	737,860	741,020	680,000	-61,020
	Total	737,860	741,020	680,000	-61,020

TRADE ADJUSTMENT ASSISTANCE

CHANGES IN FY 2020

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments \$0

Grants, subsidies, and contributions -61,020

Built-Ins Subtotal **-\$61,020**

Net Program **\$0**

Direct FTE **0**

	Estimate	FTE
Base	\$680,000	0
Program Increase	\$0	0
Program Decrease	\$0	0