

FY 2023

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 2023 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 sections 405(a) and 406 of the Trade Preferences Extension Act of 2015, \$494,400,000 together with such amounts as may be necessary to be charged to the subsequent appropriation for payments for any period subsequent to September 15, 2023: 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)): Provided further, That the termination provisions in sections 246(b) and 285(a) of the Trade Act of 1974, as amended, including the application of those provisions described in paragraphs (4) and (7) of section 406(a) of the Trade Preferences Extension Act of 2015, shall not apply.

Note.— A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L.117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

ANALYSIS OF APPROPRIATION LANGUAGE

Language Provision	Explanation
<i>That the termination provisions in sections 246(b) and 285(a) of the Trade Act of 1974, as amended, including the application of those provisions described in paragraphs (4) and (7) of section 406(a) of the Trade Preferences Extension Act of 2015, shall not apply.</i>	The purpose of this proviso is to include funding for the TAA reversion program and to prevent the application during FY 2023 of the two termination provisions under the TAA for Workers program. The reversion program that has been in effect since July 1, 2021 would remain in effect since it is the application of the termination provisions that ends the reversion program, unless the reversion and termination provisions are subsequently superseded by a reauthorization of the TAA program. The reference to Section 246(b) is the termination of payments under the Alternative Trade Adjustment Assistance program and Reemployment Trade Adjustment Assistance program components of the TAA for Workers program, and that termination date is revised by section 406(a)(4) of the Trade Preferences Extension Act to apply “June 30, 2022” for “date that is five years after the program is implemented.” By providing that the termination section, and the revision in the application of that termination provision provided by section 406(a)(4) shall not apply, the reversion ATAA program would continue, unless subsequently superseded by reauthorization of the TAA program. The reference to section 285(a) is the termination provision for the TAA for Workers program and by providing that section, including the revision to that section in section 406(a)(7) changing the application of the termination date from December 31, 2007, to June 30, 2022, would also not take effect. Therefore, the reversion program as described section 406(a) of the Trade Preferences Extension Act would continue, unless subsequently superseded by reauthorization of the TAA program.

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2021 Revised Enacted		FY 2022 Full Year C.R.		FY 2023 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	0	\$677,000	0	\$540,000	0	\$494,400
Reduction Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985	0	-\$36,115	0	-\$30,780	0	\$0
Reduction Pursuant to Reversion 2021	0	-\$43,400	0	\$0	0	\$0
Appropriation, Revised	0	\$597,485	0	\$509,220	0	\$494,400
<i>Subtotal Appropriation</i>	<i>0</i>	<i>\$597,485</i>	<i>0</i>	<i>\$509,220</i>	<i>0</i>	<i>\$494,400</i>
B. Gross Budget Authority	0	\$597,485	0	\$509,220	0	\$494,400
C. Budget Authority	0	\$597,485	0	\$509,220	0	\$494,400
D. Total Budgetary Resources	0	\$597,485	0	\$509,220	0	\$494,400
Unobligated Balance Expiring	0	-\$155,994	0	\$0	0	\$0
E. Total, Estimated Obligations	0	\$441,491	0	\$509,220	0	\$494,400

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2022 Full Year C.R.	FY 2023 Request	Net Change
Budget Authority			
General Funds	\$509,220	\$494,400	-\$14,820
Total	\$509,220	\$494,400	-\$14,820
 Full Time Equivalents			
General Funds	0	0	0
Total	0	0	0

Explanation of Change	FY 2023 Change							
	FY 2022 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	\$509,220	0	\$0	0	-\$14,820	0	-\$14,820
Built-Ins Subtotal	0	+\$509,220	0	\$0	0	-\$14,820	0	-\$14,820
B. Programs:								
Programs Subtotal			0	\$0	0	\$0	0	\$0
Total Decrease	0	+\$509,220	0	\$0	0	-\$14,820	0	-\$14,820
Total Change	0	+\$509,220	0	\$0	0	-\$14,820	0	-\$14,820

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY¹ (Dollars in Thousands)								
	FY 2021 Revised Enacted		FY 2022 Full Year C.R.		FY 2023 Request ²		Diff. FY23 Request / FY22 Full Year C.R.	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Trade Adjustment Assistance	0	597,485	0	509,220	0	494,400	0	-14,820
General Funds	0	597,485	0	509,220	0	494,400	0	-14,820
TAA Benefits	0	207,000	0	272,000	0	219,000	0	-53,000
General Funds	0	207,000	0	272,000	0	219,000	0	-53,000
TAA Training	0	370,485	0	224,220	0	266,400	0	42,180
General Funds	0	370,485	0	224,220	0	266,400	0	42,180
Alternative-Reemployment TAA	0	20,000	0	13,000	0	9,000	0	-4,000
General Funds	0	20,000	0	13,000	0	9,000	0	-4,000
Total	0	597,485	0	509,220	0	494,400	0	-14,820
General Funds	0	597,485	0	509,220	0	494,400	0	-14,820

NOTE: FY 2021 reflects actual FTE. FY 2022 reflects estimated FTE usage at the annualized level of the CR.

¹ FY 2021 and FY 2022 amounts reflect a 5.7 percent reduction for mandatory authority pursuant to the Balanced Budget and Emergency Deficit Control Act, as amended.

² FY 2023 Request reflects full-year operation under Reversion 2021 of the TAA Program. The House-passed reauthorization language in the Build Back Better Act (H.R. 5376) contains a direct appropriation of \$1 billion for operation of the TAA Program in FY 2023. If instead the 2015 Program version of TAA is reauthorized, the FY 2023 Request would be \$704 million.

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2021 Revised Enacted	FY 2022 Full Year C.R.	FY 2023 Request	Diff. FY23 Request / FY22 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	597,485	509,220	494,400	-14,820
	Total	597,485	509,220	494,400	-14,820

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
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/	\$790,000	\$790,000		\$737,860	0
2019					
Base Appropriation...1/3/	\$790,000		\$790,000	\$741,020	0
2020					
Base Appropriation...1/4/	\$680,000	\$680,000		\$639,880	0
2021					
Base Appropriation...1/	\$633,600			\$597,485	0
2022					
Base Appropriation...5/6/	\$540,000	\$551,000			0
2023					
Base Appropriation...7/	\$494,400				

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/ This bill was passed by the Senate (S. 3158). It was passed out of the House Subcommittee but was not reported out of the House Committee or by the full House.

4/ This bill was passed by the House (H.R. 2740). It was not taken up by the Senate Appropriations Subcommittee or full Appropriations Committee.

5/ This bill was passed by the House. It was not taken up by the Senate Appropriations Subcommittee or the full Senate Appropriations Committee.

6/ The full-year FY 2022 appropriation was not enacted at the time the budget was prepared.

7/ FY 2023 Budget Estimate to Congress assumes full-year operation under Reversion 2021 of the TAA Program. The House-passed reauthorization language in the Build Back Better Act (H.R. 5376) contains a direct appropriation of \$1 billion for operation of the TAA Program in FY 2023. If instead the 2015 Program version of TAA is reauthorized, the FY 2023 budget estimate would be \$704 million.

TRADE ADJUSTMENT ASSISTANCE

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2021 Revised Enacted	FY 2022 Full Year C.R.	FY 2023 Request	Diff. FY23 Request / FY22 Full Year C.R.
Activity Appropriation	597,485	509,220	494,400	-14,820
FTE	0	0	0	0

Note: FY 2021 and FY 2022 amounts reflect a 5.7 percent reduction for mandatory authority pursuant to the Balanced Budget and Emergency Deficit Control Act, as amended. The FY 2023 Request reflects full-year operation under Reversion 2021 of the TAA Program. If instead the 2015 Program version of TAA is reauthorized, the FY 2023 Request would be \$704 million.

Introduction

The Trade Act of 1974, as amended, (the Trade Act) established the Trade Adjustment Assistance for Workers (TAA), Alternative Trade Adjustment Assistance (ATAA), and Reemployment Trade Adjustment Assistance (RTAA) programs (19 U.S.C. 2271 et seq.). These programs, collectively referred to as the Trade Adjustment Assistance Program (TAA Program or TAA), provide assistance to workers who are adversely affected by foreign trade.

Any member of a worker group certified by the Department of Labor (DOL) as trade-affected is potentially eligible to receive TAA Program benefits and services through a local American Job Center (AJC). These benefits and services include employment and case management, training, income support in the form of Trade Readjustment Allowances (TRA) for up to 130 weeks, job search allowances, and relocation allowances. The Reemployment TAA (RTAA) benefit is also available and provides wage supplements for eligible reemployed workers, age 50 and over, whose reemployment resulted in lower wages than those earned in their trade-affected employment.

Background

The TAA program provides workers displaced by foreign trade with an opportunity to reskill for a new career and is currently authorized under the TAA Reauthorization Act of 2015 (TAARA 2015 or 2015 Program), enacted on July 29, 2015. While the TAA program is authorized through June 30, 2022, the program includes a sunset provision that took effect on July 1, 2021. At that time, TAA reverted to more restrictive eligibility criteria, covering only manufacturing workers and excluding those in service sectors, and a reduced annual training cap of \$220 million from \$450 million, among other changes. DOL refers to this more restrictive version of the TAA program as Reversion 2021.³ The Budget’s request for FY 2023 assumes the Department will continue to operate TAA under Reversion 2021 and the program will not begin the statutorily required phaseout on July 1, 2022. As America continues to recover from the devastating challenges of a deadly pandemic, an economic crisis, and a reckoning on race that resurfaced

³ Reversion 2021 refers to the Trade Adjustment Assistance for Workers program, chapter 2 of title II of the Trade Act of 1974 as administered under section 233 Sunset Provisions of the Trade Adjustment Assistance Extension Act of 2011, Title II of P. L. No. 112-40 (TAAEA).

TRADE ADJUSTMENT ASSISTANCE

longstanding disparities; at a minimum, operating the TAA program under Reversion 2021 to continue the availability of the program is critical to the workers who need it most: women, people of color, older, high tenured, less educated, American workers.

While Reversion 2021 significantly restricts the types of trade-affected workers who can receive services and reduces the scope of the services provided, termination is even worse. Under termination, a phaseout of the TAA program will occur on July 1, 2022, where there will be no new investigations conducted, no new TAA certifications will be issued, and no new workers will be enrolled in the program. This will impact over 100,000 workers yearly who will lose eligibility for TAA. Workers covered by petitions certified on or before June 30, 2022 and adversely affected (totally or partially separated from trade-affected employment) on or before that date will continue to be eligible for TAA benefits if they otherwise meet or continue to meet the requirements for such benefits on and after that date.

The President strongly believes that workers who are affected by trade need robust services and support to help them find new jobs or retrain for careers in other fields. The Administration and the Department are committed to working with Congress to reauthorize TAA before phaseout begins on July 1, 2022 along the lines of the reauthorizations included in the House-passed Build Back Better Act (BBBA) and the America COMPETES Act (COMPETES). The reforms in BBBA and COMPETES ensure that displaced workers receive effective training and adequate supports and services to transition to a good job. Absent the enactment of these legislations that reauthorize TAA, the Administration supports the continuation of Reversion 2021 in FY 2023 instead of phasing out the TAA program, which would mean turning away hundreds of thousands of trade-affected workers.

The FY 2023 Budget Request amount of \$494.4 million reflects the amount needed to support TAA operating under Reversion 2021 in FY 2023. This Budget assumes program termination did not begin on July 1, 2022, i.e., the termination provisions in sections 246(b) and 285(a) of the Trade Act of 1974, as amended, including the application of those provisions described in paragraphs (4) and (7) of section 406(a) of the Trade Preferences Extension Act of 2015, did not take effect.

TRADE ADJUSTMENT ASSISTANCE

Resource and Program Data (Dollars in Thousands)

Data Category	FY 2020 Enacted	FY 2021 Enacted	FY 2022 Full Year C.R.	FY 2023 President's Budget
<u>Resource Data:</u>				
Service Grant	\$553,000	\$597,485	\$509,220	494,400
Formula	\$553,000	\$597,485	\$509,220	494,400
Competitive				
Research Evaluation				
Demonstration				
Development				
Training/Technical Assistance				
Program Support				
Total Resources	\$553,000	\$597,485	\$509,220	494,400
<u>Program Data:</u>				
Total Grants				
New Starts				
#	144	144	144	144
\$	\$553,000	\$597,485	\$509,220	494,400
Continuing				
#				
\$				
Contracts				
#				
\$				
Interagency Agreements				
#				
\$				

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2018	\$737,860	0
2019	\$741,020	0
2020	\$639,880	0
2021	\$597,485	0
2022	\$0	0

NOTE: A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared.

TRADE ADJUSTMENT ASSISTANCE

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 FY for TRA and A/RTAA (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.

DOL 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 618.930. 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 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, increases credential and education attainment, and improves earnings.

FY 2023

Under current law, the TAA Program is operating under a version of the TAA Program created out of the sunset provisions, Reversion 2021. The FY 2023 Budget assumes TAA continues operating under Reversion 2021 in 2023. The Administration is committed to working with Congress to extend the TAA Program along the lines of the reauthorization contained in the House-passed Build Back Better Act and the COMPETES Act, or through other legislation that would prevent termination.

Assuming a continuation of Reversion 2021, the FY 2023 Request is \$494,400,000. This request includes \$219,000,000 for TRA; \$9,000,000 for A/RTAA; and \$266,400,000 for TaOA.

FY 2022

The FY 2022 Annualized Continuing Resolution supports the current law operation of the TAA Program (Reversion 2021) with \$509,220,000. This amount includes \$272,000,000 for TRA; \$13,000,000 for A/RTAA; and \$224,220,000 for TaOA.

TRADE ADJUSTMENT ASSISTANCE

FY 2021

The FY 2021 Revised Enacted amount is \$597,485,000. This amount includes \$207,000,000 for TRA; \$20,000,000 for A/RTAA; and \$370,485,000 for TaOA. The funding for TaOA is lower than the prior fiscal year due to the sunset provisions of Reversion 2021. The FY 2021 Enacted funded TaOA for the first three quarters of the fiscal year at the \$450,000,000 statutory level of the 2015 Program, and for the fourth quarter at the \$220,000,000 statutory level of Reversion 2021 as required under current law, less sequester of 5.7 percent.

TRADE ADJUSTMENT ASSISTANCE

WORKLOAD AND PERFORMANCE SUMMARY						
	FY 2021 Revised Enacted		FY 2022 Full Year C.R.	FY 2023 Request		
	Target	Result	Target	Target		
Trade Adjustment Assistance						
Strategic Goal 1 - Build Opportunity and Equity for All						
Strategic Objective 1.1 - Advance training, employment, and return-to-work opportunities that connect workers to higher-wage jobs, especially in ways that address systemic inequities.						
ETA-TAA-01	Employment Rate – 2nd Quarter After Exit (Trade Adjustment Assistance)(annual)		73.8%	67.3%	70.8%	73.8%
ETA-TAA-02	Employment Rate – 4th Quarter After Exit (Trade Adjustment Assistance) (annual)		75.5%	69.9%	73.1%	74.3%
ETA-TAA-03	Median Earnings – 2nd Quarter After Exit (Trade Adjustment Assistance)		\$9,853	\$9,348	\$10,050	\$10,251

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

TRADE ADJUSTMENT ASSISTANCE

Workload and Performance

The performance indicators for the TAA Program align with WIOA authorization for five key common performance indicators. DOL is highlighting the following three TAA Program performance indicators in order to track program progress, as they reflect the primary purpose of the program — to increase the employment and earnings of participants. These measures are: 1) Employment Rate – 2nd Quarter After Exit; 2) Employment Rate – 4th Quarter After Exit; and 3) Median Earnings – 2nd Quarter After Exit.

In FY 2021, 731 petitions were filed. The Department certified 801 petitions covering an estimated 107,454 workers, up more than 11 percent from the previous year. 21,286 participants received benefits and services. Performance declined from near 5-year highs in FY 2021 due in large part to the pandemic with approximately 67 percent of TAA participants obtaining new employment within 6 months of completing the program. While 67 percent of FY 2021 TAA petitions were from the manufacturing industry, approximately 68 percent of participants who exited the program were re-employed in non-manufacturing industry sectors, coinciding with the general U.S. economic trend of growth in non-manufacturing industry employment.

Of the 5,296 TAA exiters who received training in FY 2021, approximately 78 percent (4,156) completed training and about 72 percent of training completers received a credential. The fourth-quarter employment rate of those participants who completed training and received a credential was higher than those participants who did not, continuing a multi-year trend.

These performance results demonstrate that even during a year of economic crisis such as FY 2021, the TAA Program is vastly relevant in providing important benefits and services to help trade-affected workers obtain reemployment. FY 2022 results will continue to reflect outcomes measured during and affected by current U.S. economic impacts, including the COVID-19 emergency.

TRADE ADJUSTMENT ASSISTANCE

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2021 Revised Enacted	FY 2022 Full Year C.R.	FY 2023 Request	Diff. FY23 Request / FY22 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	597,485	509,220	494,400	-14,820
	Total	597,485	509,220	494,400	-14,820

TRADE ADJUSTMENT ASSISTANCE

CHANGES IN FY 2023

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments \$0

Grants, subsidies, and contributions -14,820

Built-Ins Subtotal **-\$14,820**

Net Program **\$0**

Direct FTE **0**

	Estimate	FTE
Base	\$494,400	0
Program Increase	\$0	0
Program Decrease	\$0	0