

FY 2025

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 2025 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, \$414,700,000 together with such amounts as may be necessary to be charged to the subsequent appropriation for payments for any period subsequent to September 15, 2025: 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)).

Note.--A full-year 2024 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, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

ANALYSIS OF APPROPRIATION LANGUAGE

Language Provision	Explanation
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	The language change strikes the reference to section 285(a) of the Trade Act of 1974 as an authority for the use of TAA funds in FY 2025. Section 285(a) is the termination provision for the TAA program that provides that no benefits under TAA may be provided to a worker who was not in a worker group certified as eligible to apply for TAA before July 1, 2022 and also was not adversely affected (i.e., totally or partially laid off or threatened with layoff) prior to that date. Since the Budget includes a legislative proposal to reauthorize TAA under the Reversion 2021 version of the TAA program in FY 2025, the reference to the termination provision of the Trade Act in the appropriations language is deleted.

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

AMOUNTS AVAILABLE FOR OBLIGATION								
(Dollars in Thousands)								
	FY 2023 Enacted		FY 2024 Estimate		FY 2025			
					Current Law		Legislative Proposal	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	0	\$494,400	0	\$30,700	0	\$33,900	0	\$414,700
Reduction Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985	0	-\$28,181	0	\$0	0	\$0	0	\$0
Appropriation, Revised	0	\$466,219	0	\$30,700	0	\$33,900	0	\$414,700
<i>Subtotal Appropriation</i>	<i>0</i>	<i>\$466,219</i>	<i>0</i>	<i>\$30,700</i>	<i>0</i>	<i>\$33,900</i>	<i>0</i>	<i>\$414,700</i>
B. Gross Budget Authority	0	\$466,219	0	\$30,700	0	\$33,900	0	\$414,700
C. Budget Authority	0	\$466,219	0	\$30,700	0	\$33,900	0	\$414,700
D. Total Budgetary Resources	0	\$466,219	0	\$30,700	0	\$33,900	0	\$414,700
Unobligated Balance Expiring	0	-\$376,567	0	\$0	0	\$0	0	\$0
E. Total, Estimated Obligations	0	\$89,652	0	\$30,700	0	\$33,900	0	\$414,700

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2024 Estimate	FY 2025 Request	Net Change
Budget Authority			
General Funds	\$30,700	\$33,900	+\$3,200
Total	\$30,700	\$33,900	+\$3,200
 Full Time Equivalents			
General Funds	0	0	0
Total	0	0	0

Explanation of Change	FY 2025 Change							
	FY 2024 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	\$30,700	0	\$0	0	\$3,200	0	\$3,200
Built-Ins Subtotal	0	+\$30,700	0	\$0	0	+\$3,200	0	+\$3,200
B. Programs:								
Programs Subtotal			0	\$0	0	\$0	0	\$0
Total Increase	0	+\$30,700	0	\$0	0	+\$3,200	0	+\$3,200
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	+\$30,700	0	\$0	0	+\$3,200	0	+\$3,200

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2023 Enacted		FY 2024 Estimate		FY 2025			
					Current Law		Legislative Proposal	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Trade Adjustment Assistance	0	466,219	0	30,700	0	33,900	0	414,700
General Funds	0	466,219	0	30,700	0	33,900	0	414,700
TAA Benefits	0	219,000	0	21,000	0	15,000	0	34,000
General Funds	0	219,000	0	21,000	0	15,000	0	34,000
TAA Training	0	238,219	0	8,700	0	18,300	0	377,100
General Funds	0	238,219	0	8,700	0	18,300	0	377,100
Alternative-Reemployment TAA	0	9,000	0	1,000	0	600	0	3,600
General Funds	0	9,000	0	1,000	0	600	0	3,600
Total	0	466,219	0	30,700	0	33,900	0	414,700
General Funds	0	466,219	0	30,700	0	33,900	0	414,700

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2023 Enacted	FY 2024 Estimate	FY 2025	
				Current Law	Legislative Proposal
	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	466,219	30,700	33,900	414,700
	Total	466,219	30,700	33,900	414,700

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
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...1/2/	\$790,000		\$790,000	\$741,020	0
2020					
Base Appropriation...1/3/	\$680,000	\$680,000		\$639,880	0
2021					
Base Appropriation...1/	\$633,600			\$597,485	0
2022					
Base Appropriation...1/4/	\$540,000	\$551,000		\$509,220	0
2023					
Base Appropriation...1/	\$494,400			\$466,219	0
2024					
Base Appropriation...5/	\$30,700		\$30,700		0
Legislative Proposal	\$262,200				0
2025					
Base Appropriation	\$33,900				0
Legislative Proposal	\$414,700				0

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

2/ 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.

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

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

5/ The full-year FY 2024 appropriation was not enacted at the time the budget was prepared.

TRADE ADJUSTMENT ASSISTANCE

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2023 Enacted	FY 2024 Estimate	FY 2025	
			Current Law	Legislative Proposal
Activity Appropriation	466,219	30,700	33,900	414,700
FTE	0	0	0	0

NOTE: FY 2023 amount reflects a 5.7 percent reduction for mandatory authority pursuant to the Balanced Budget and Emergency Deficit Control Act, as amended.

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 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.

The TAA Program provides workers displaced by foreign trade with an opportunity to reskill for a new career and was last authorized under the TAA Reauthorization Act of 2015 (TAARA 2015 or 2015 Program), enacted on July 29, 2015. The TAARA 2015 authorized TAA through June 30, 2022. Workers covered by petitions filed before July 1, 2021, continued to receive the benefits and services under the 2015 Program, but workers covered by petitions filed on or after July 1, 2021, were served under what DOL refers to as the Reversion 2021 Program.¹ That version of TAA included more limited eligibility and benefits.

Reversion 2021 was in effect from July 1, 2021, through June 30, 2022. On July 1, 2022, a termination provision in Section 285(a) of the Trade Act of 1974, as amended, took effect. Under this termination provision, DOL ceased investigations of petitions and could only provide TAA benefits and services to workers covered by petitions certified prior to July 1, 2022, who were also adversely affected (totally or partially separated or threatened with separation) prior to that date. The TAA Program continues in termination status until legislation to reauthorize TAA is enacted.

Reauthorization to end the termination status of TAA is critical. While in the FY 2025 Budget, the Department is requesting enactment of a legislative proposal that restores Reversion 2021,

¹ 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 406 of the Trade Adjustment Assistance Reauthorization Act of 2015.

TRADE ADJUSTMENT ASSISTANCE

we also continue to support broader reauthorization efforts that innovate and modernize TAA to ensure the program delivers the best mix of benefits and services to assist trade-affected workers return to quality employment as quickly as possible.

Resource and Program Data (Dollars in Thousands)

Data Category	FY 2023 Enacted	FY 2024 Estimate	FY 2025 Current Law	FY 2025 Legislative Proposal
<u>Resource Data:</u>				
Service Grant	\$466,219	\$30,700	\$33,900	\$414,700
Formula	\$466,219	\$30,700	\$33,900	\$414,700
Competitive				
Research Evaluation				
Demonstration				
Development				
Training/Technical Assistance				
Program Support				
Total Resources	\$466,219	\$30,700	\$33,900	\$414,700
<u>Program Data:</u>				
Total Grants	144	144	144	144
New Starts	144	144	144	144
#	144	144	144	144
\$	\$466,219	\$30,700	\$33,900	\$414,700
Continuing				
#				
\$				
Contracts				
#				
\$				
Interagency Agreements				
#				
\$				

TRADE ADJUSTMENT ASSISTANCE

Legislative Proposal

The FY 2025 legislative proposal for TAA emphasizes the immediate need to end program termination and return TAA to a viable and productive safety net for adversely affected workers. It requests restoration of Reversion 2021 as the governing law for the program.

Reauthorization Under Prior Law: DOL requests the authority to operate TAA under Reversion 2021. Enactment of TAA under Reversion 2021 would halt the termination status and reinstate TAA. This proposal would retroactively apply eligibility for Reversion 2021 to July 1, 2022. The proposal would also include an adjustment to the annual cap on obligations for Training and Other Activities (TaOA) to accommodate the retroactive application of the program. Reversion 2021 aligns with the Administration's Executive Order on *Advancing Racial Equity and Support for Underserved Communities Through the Federal Government* that directs agencies to promote equitable delivery of benefits and opportunities across Federal programs and services. TAA directly serves vulnerable, underrepresented groups – including women, people of color, and older workers – and combats structural barriers by providing more Americans a fair shot to participate in an inclusive workforce. TAA is therefore a powerful program through which ETA ensures that the changing economy does not leave behind our country's most vulnerable workers.

Unlike TAA Program operation under the phase-out termination status, Reversion 2021 provides a pathway for adversely affected workers with limited access to training to become eligible to apply for the TAA training and income support they need to transition into and thrive in new employment in in-demand industries, like infrastructure, clean energy, and artificial intelligence. Restoring Reversion 2021 would establish the funding cap for training of \$220,000,000 per fiscal year to ensure states can serve eligible workers, including having funding to hire, train, and retain diverse staffs to work directly with TAA Program participants. Enacting this legislative proposal would reinstate TAA operating under Reversion 2021 to provide resources for outreach to workers impacted by trade imports and exports located in underserved communities and to provide training to these workers for good jobs and equitable opportunities for advancement in employment that provides career advancement and increases opportunities to pay fair wages. Restoration of TAA under Reversion 2021 provides access to benefits and on-the-job training opportunities that accelerate credential attainment to help participants maintain financial security, mitigate mental health impacts of long-term job loss, and retain their ability to save for their retirements.

TAA Program participants under Reversion 2021 are more likely to be workers of color, have High School or Graduation Educational Development (GED) level education, are older, and have higher tenures than the American civilian workforce at large. Reversion 2021 serves these groups' unique needs through the provision of tailored training programs, individualized case management, income supports, and on the job training for prompt reentry into high-quality reemployment. Additional supports and individualized case management services have proven to be effective in improving outcomes for TAA program participants due their unique needs.²

² Trade Adjustment Assistance for Workers Program FY 2021 Annual Report
<https://www.dol.gov/sites/dolgov/files/ETA/tradeact/pdfs/AnnualReport21.pdf>

TRADE ADJUSTMENT ASSISTANCE

As of this writing, the TAA Program is operating in a phase-out termination status. Section 285(a) of the Trade Act (relating to termination and phase-out of the TAA for Workers Program) and section 246(b) of the Trade Act (relating to the termination of the Alternative/Reemployment Adjustment Assistance program that provides wage subsidies to certain older workers) took effect on July 1, 2022, and required a phase out of TAA Program beginning on that date. Unlike an immediate termination, the phase-out termination provision of the Trade Act requires workers who were covered by a certification issued before July 1, 2022, and who were also adversely affected before that date, to continue to be entitled to benefits and services. Under termination, state TAA operations must continue, including state's action to conduct outreach to workers covered by petitions certified before July 1, 2022, and to provide such workers access to all appropriate benefits and services to which they are entitled. Under termination, as of July 1, 2022, no new worker groups may be certified as eligible to apply for benefits and services, DOL ceased investigations of petitions filed for group eligibility and ceased issuance of certifications of petitions filed starting on that date. As of December 11, 2023, the Department estimates more than 84,578 workers covered by petitions filed with the Department on and after July 1, 2022, may be eligible to apply for TAA benefits and services. In addition to service and factory workers, states are reporting more high-tech workers are seeking out TAA to reskill for careers in the US in new industries, such as infrastructure, climate aligned industries, artificial intelligence, health care, finance, and civic tech, but are unable to receive TAA assistance.

The TAA Program was initially enacted in 1962 and reflects a long-standing commitment by the Federal government to assist workers adversely affected by trade in obtaining quality reemployment. 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 in-demand fields. The Administration and the Department are committed to working with Congress to ensure that TAA is reauthorized.

The FY 2025 Budget Request amount of \$414,700,000 reflects the amount needed to support TAA operating under the Reversion 2021 program in FY 2025.

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 TaOA (up to the statutory cap) and for TRA and A/RTAA in such sums as necessary.

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

TRADE ADJUSTMENT ASSISTANCE

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. When the TAA Program operates in a termination status, the Department determines the amount of TaOA based on each state's expenditures. Funds for TRA and A/RTAA are not determined by formula; rather, ETA projects the amount of funds needed and provides those amounts to states 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 high-quality employment, increases credential and education attainment, and improves earnings.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2020	\$639,880	0
2021	\$597,485	0
2022	\$509,220	0
2023	\$466,219	0
2024	\$0	0

NOTE: A full-year 2024 appropriation for this account was not enacted at the time the budget was prepared.

FY 2025

Authorization for the TAA Program ended on June 30, 2022. The Department is requesting reinstatement of the Reversion 2021 Program to reauthorize TAA in FY 2025 at \$414,700,000. This request includes \$34,000,000 for TRA; \$3,600,000 for A/RTAA; and \$377,100,000 for Training and Other Activities (TaOA). The Department strongly supports reauthorizing the TAA Program under Reversion 2021, and also looks forward to working with Congress on broader reauthorization efforts that innovate and modernize the program to ensure it delivers the best mix of benefits and services to help trade-affected workers return to quality employment as quickly as possible.

Under termination, the Department requests \$33,900,000.

FY 2024

Figures for FY 2024 are an estimate. Discretionary amounts shown for FY 2024 reflect an annualized Continuing Resolution (Division A of P.L. 118-15, as amended), as a full-year appropriation, had not been enacted at the time the budget was produced. Mandatory amounts are equal to the FY 2024 President's Budget and do not reflect sequestration.

TRADE ADJUSTMENT ASSISTANCE

FY 2023

Authorization for the TAA Program ended on June 30, 2022. The FY 2023 Enacted amount was \$494,400,000, reduced to \$466,219,000 after sequestration. The Department distributed \$45,635,000 for TRA; \$40,292,721 for Training and Other Activities; and \$3,724,000 for A/RTAA for a total of \$89,651,721 to states for TAA Program operation.

TRADE ADJUSTMENT ASSISTANCE

WORKLOAD AND PERFORMANCE SUMMARY					
		FY 2023 Enacted		FY 2024 Estimate	FY 2025 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%	75.5%	75.9%	76.1%
ETA-TAA-02	Employment Rate – 4th Quarter After Exit (Trade Adjustment Assistance) (annual)	73.1%	73.3%	74.3%	77.4%
ETA-TAA-03	Median Earnings – 2nd Quarter After Exit (Trade Adjustment Assistance)	\$10,251	\$11,438	\$10,456	\$10,665

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

TRADE ADJUSTMENT ASSISTANCE

Workload and Performance Narrative

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.

As of January 22, 2024, states, unions, and groups of workers have filed 577 petitions covering 88,764 workers since the program entered termination on July 1, 2022, and these petitions are pending investigation. No petitions are being investigated until the program is reauthorized. For this reason, the FY 2025 Budget requests approval of the legislative proposal to reinstate the Reversion 2021 Program. In 2022, before the July 1, 2022, termination date, which required DOL to cease certifications of petitions filed for group eligibility, the Department certified 168 petitions (43.3 percent), which included petitions filed during the previous fiscal year, and denied 220 petitions. The higher percentage of denials this fiscal year was due to program reversion, which unlike program operation under the 2015 Program, limits worker group eligibility to the manufacturing sector. Service sector workers traditionally represent approximately half of the worker groups certified each year. The certified petitions covered an estimated 25,099 workers from various industries.

TRADE ADJUSTMENT ASSISTANCE

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
				FY 2025	
				FY 2023 Enacted	FY 2024 Estimate
11.1	Full-time permanent	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
41.0	Grants, subsidies, and contributions	466,219	30,700	33,900	414,700
	Total	466,219	30,700	33,900	414,700

TRADE ADJUSTMENT ASSISTANCE

CHANGES IN FY 2025

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments \$0

Grants, subsidies, and contributions 3,200

Built-Ins Subtotal \$3,200

Net Program \$0

Direct FTE 0

	Estimate	FTE
Base	\$33,900	0
Program Increase	\$0	0
Program Decrease	\$0	0