

FY 2014

CONGRESSIONAL BUDGET JUSTIFICATION

EMPLOYMENT AND TRAINING ADMINISTRATION

Advances to the Unemployment Trust Fund

ADVANCES TO THE UNEMPLOYMENT TRUST FUND

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APPROPRIATION LANGUAGE

For repayable advances to the Unemployment Trust Fund as authorized by sections 905(d) and 1203 of the Social Security Act, and to the Black Lung Disability Trust Fund as authorized by section 9501(c)(1) of the Internal Revenue Code of 1986; and for nonrepayable advances to the revolving fund established by section 901(e) of the Social Security Act, to the Unemployment Trust Fund as authorized by 5 U.S.C. 8509, and to the "Federal Unemployment Benefits and Allowances" account, such sums as may be necessary, which shall be available for obligation through September 30, 2015.

Note. A full-year 2013 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under the Continuing Appropriations Resolution, 2013 (P.L. 112-175). The amounts included for 2013 reflect the annualized level provided by the continuing resolution.

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EXPLANATION OF LANGUAGE CHANGE

The Administration proposes to include language under the Advances to the Unemployment Trust Fund heading for FY 2014 to allow the use of amounts available from the appropriation under this heading to provide advances to Employment Security Administration Account (ESAA) of the Unemployment Trust Fund (UTF). Section 901(e) of the Social Security Act (SSA) establishes a revolving fund for ESAA in the Treasury and authorizes appropriations to the revolving fund as nonrepayable advances. In turn, the revolving fund may provide repayable, interest-bearing advances to the ESAA account if ESAA is short of funds due to seasonal or other variations in the account's receipts.

This amendment would help to ensure access to funds necessary to carry out the activities required under ESAA for which funds have been appropriated but when there is insufficient cash available in the account. These activities include administration by the States of the Unemployment Insurance program and the Wagner-Peyser Act Employment Service program, and Veterans employment and training programs administered by the Department of Labor.

It may be noted that the appropriation under this heading is already available for advances to the other two primary Federal accounts in the UTF (the Extended Unemployment Compensation Account (EUCA) and the Federal Unemployment Account (FUA)), and this provision would provide similar access to this appropriation for advances to ESAA.

While ESAA does have authority to borrow from cash balances in EUCA and FUA, the cash balances currently available in those accounts are not sufficient to allow for such borrowing. The reduced balances in the UTF generally relate to the impact of the recession and a 25 percent reduction in Federal Unemployment Tax (FUTA) revenue that is due to a reduction of the FUTA tax rate from 0.8 to 0.6 of covered wages that took effect July 1, 2011.

The Department of Labor anticipates a potential need for such advances to the revolving fund for ESAA on October 1, 2013. While funds have been previously appropriated to the revolving fund, there are currently no balances in that fund due to a rescission of the remaining funds in FY 1996 (PL 104-134) and the absence of any subsequent appropriations.

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ANALYSIS OF APPROPRIATION LANGUAGE

Not applicable.

ADVANCES TO THE UNEMPLOYMENT TRUST FUND

AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2012 Revised Enacted		FY 2013 Full Year C.R.		FY 2014 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	0	\$140,000	0	\$0	0	\$600,000
Other Supplementals and Rescissions	0	\$0	0	\$0	0	\$0
Balance Carried Forward	0	\$0	0	\$0	0	\$0
Appropriation, Revised	0	\$140,000	0	\$0	0	\$600,000
Comparative Transfer To:	0	\$0	0	\$0	0	\$0
Comparative Transfer From:	0	\$0	0	\$0	0	\$0
<i>Subtotal Appropriation</i>	<i>0</i>	<i>\$140,000</i>	<i>0</i>	<i>\$0</i>	<i>0</i>	<i>\$600,000</i>
B. Gross Budget Authority	0	\$140,000	0	\$0	0	\$600,000
Offsetting Collections From:						
Prior Year Balance	0	\$0	0	\$0	0	\$0
<i>Subtotal</i>	<i>0</i>	<i>\$0</i>	<i>0</i>	<i>\$0</i>	<i>0</i>	<i>\$0</i>
C. Budget Authority	0	\$140,000	0	\$0	0	\$600,000
Before Committee	0	\$140,000	0	\$0	0	\$600,000
Prior Year Balance	0	\$0	0	\$0	0	\$0
<i>Subtotal</i>	<i>0</i>	<i>\$0</i>	<i>0</i>	<i>\$0</i>	<i>0</i>	<i>\$0</i>
D. Total Budgetary Resources	0	\$140,000	0	\$0	0	\$600,000
Other Unobligated Balances	0	\$0	0	\$0	0	\$0
Unobligated Balance Expiring	0	\$0	0	\$0	0	\$0
E. Total, Estimated Obligations	0	\$140,000	0	\$0	0	\$600,000

ADVANCES TO THE UNEMPLOYMENT TRUST FUND

SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2012 Revised Enacted	FY 2014 Request	Net Change
Budget Authority			
General Funds	\$140,000	\$600,000	+\$460,000
Total	\$140,000	\$600,000	+\$460,000
Full Time Equivalents			
General Funds	0	0	0
Total	0	0	0

Explanation of Change	FY 2012 Base		Trust Funds		FY 2014 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Grants, subsidies, and contributions	0	\$140,000	0	\$0	0	\$0	0	\$0
Built-Ins Subtotal	0	+\$140,000	0	\$0	0	\$0	0	\$0
B. Programs:								
Advances to the Unemployment Trust Fund (Non-add)								
	0	\$140,000	0	\$0	0	\$460,000	0	\$460,000
Programs Subtotal			0	\$0	0	+\$460,000	0	+\$460,000
Total Increase	0	+\$140,000	0	\$0	0	+\$460,000	0	+\$460,000
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	+\$140,000	0	\$0	0	+\$460,000	0	+\$460,000

ADVANCES TO THE UNEMPLOYMENT TRUST FUND

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2012 Revised Enacted		FY 2013 Full Year C.R.		FY 2014 Request		Diff. FY 14 Request / FY 12 Rev. Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Advances to the Unemployment Trust Fund (Non-add)	0	140,000	0	0	0	600,000	0	460,000
General Funds	0	140,000	0	0	0	600,000	0	460,000
Total	0	140,000	0	0	0	600,000	0	460,000
General Funds	0	140,000	0	0	0	600,000	0	460,000

ADVANCES TO THE UNEMPLOYMENT TRUST FUND

BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2012 Revised Enacted	FY 2013 Full Year C.R.	FY 2014 Request	Diff. FY14 Request / FY 12 Rev. Enacted
	Full-Time Equivalent				
	Total	0	0	0	0
	Average ES Salary	\$0	\$0	\$0	\$0
	Average GM/GS Grade	0	0	0	0
	Average GM/GS Salary	\$0	\$0	\$0	\$0
	Average Salary of Ungraded Positions	0	0	0	0
41.0	Grants, subsidies, and contributions	140,000	0	600,000	460,000
	Total	140,000	0	600,000	460,000

ADVANCES TO THE UNEMPLOYMENT TRUST FUND

APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2004					
Base Appropriation...1/	\$0	\$463,000	\$463,000	\$80,000	0
Legislative Proposal	\$2,318,000	\$0	\$0	\$0	0
2005					
Base Appropriation...2/	\$517,000	\$467,000	\$467,000	\$71,000	0
Legislative Proposal	\$2,764,000	\$517,000	\$517,000	\$0	0
2006					
Base Appropriation	\$0	\$465,000	\$465,000	\$20,000	0
Legislative Proposal	\$3,808,000	\$0	\$0	\$0	0
2007					
Base Appropriation	\$0	\$465,000	\$465,000	\$39,000	0
Legislative Proposal	\$2,734,000	\$0	\$0	\$0	0
2008					
Base Appropriation	\$0	\$437,000	\$437,000	\$437,000	0
Legislative Proposal	\$2,752,000	\$0	\$0	\$0	0
2009					
Base Appropriation...3/4/	\$0	\$0	\$422,000	\$35,000	0
Legislative Proposal	\$2,710,000	\$0	\$0	\$0	0
2010					
Base Appropriation	\$120,000	\$0	\$0	\$105,000	0
2011					
Base Appropriation	\$200,000	\$0	\$0	\$260,000	0
2012					
Base Appropriation	\$0	\$0	\$0	\$140,000	0
2013					
Base Appropriation	\$0	\$0	\$0	\$0	0
2014					
Base Appropriation	\$600,000	\$0	\$0	\$0	0

1/ Includes \$110,000,000 advanced to the Black Lung Disability Trust Fund by using the "such sums as may be necessary" language included in the appropriation.

2/ Includes \$71,000,000 that was not needed for advances to the Black Lung Disability Trust Fund.

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

4/ P.L. 111-46 amended the appropriations language to provide "such sums as may be necessary" for advances. Actual non-repayable advances to the Federal Employees Compensation Account totaled \$50,000,000. Additional repayable advances were also provided to other accounts in the Unemployment Trust Fund.

ADVANCES TO THE UNEMPLOYMENT TRUST FUND

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2012 Revised Enacted	FY 2013 Full Year C.R.	FY 2014 Request	Diff. FY 14 Request / FY 12 Rev. Enacted
Activity Appropriation	140,000	0	600,000	460,000
FTE	0	0	0	0

Introduction

The general fund appropriation for Advances to the Unemployment Trust Fund (Advances) makes funds available for interest-bearing, repayable advances (loans) to two accounts in the Unemployment Trust Fund (UTF): (1) the Extended Unemployment Compensation Account (EUCA), which pays the Federal share of extended unemployment benefits; and (2) the Federal Unemployment Account (FUA), which makes loans to states to pay unemployment benefits. In addition, this appropriation may make interest-bearing, repayable advances to the Black Lung Disability Trust Fund (BLDTF) whenever its balances prove insufficient to make payments from that account. These repayable advances are shown as borrowing authority within the UTF or the BLDTF, and they do not appear as budget authority or outlays in the Advances account.

This account also makes available funding as needed for non-repayable advances to the Federal Employees Compensation Account (FECA) to pay the costs of unemployment compensation for former Federal employees and ex-servicepersons, to a revolving fund from which the Employment Security Administration Account (ESAA) may borrow to cover administrative costs, and to the Federal Unemployment and Benefits and Allowances (FUBA) account to pay the costs of benefits and services under the Trade Adjustment Assistance for Workers (TAA) program.

To address the potential need for significant, and somewhat unpredictable, advances to various accounts, the Congress amended the previous appropriations language for the Advances account to appropriate such sums as needed for advances to all of the potential recipient accounts. The 2014 request continues the appropriations language providing “such sums as may be necessary.”

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2009	\$35,000	0
2010	\$105,000	0
2011	\$260,000	0
2012	\$140,000	0
2013	\$0	0

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FY 2014

The Department estimates that \$4,000,000,000 will be needed for repayable advances to FUA to fund continued borrowing by states to pay unemployment benefits, \$200,000,000 will be needed for repayable advances to EUCA to fund interest payments on outstanding advances, and \$600,000,000 will be needed for nonrepayable advances for the ESAA) revolving fund. This request assumes continuation of the FY 2012 Advances appropriations language providing “such sums as may be necessary” authority for advances to the accounts described above.

FY 2013

Figures shown for FY 2013 reflect the annualized Continuing Resolution (P.L. 112-175) as a full-year appropriation, which had not been replaced or amended at the time the budget was produced. In addition, these numbers do not reflect the impact of sequestration. The operating plans for Department of Labor programs for FY 2013 including sequestration are being provided to the Committee in a separate communication.

FY 2012

In FY 2012, \$8,660,000,000 of repayable advances were made to FUA and \$4,200,000,000 of repayable advances were made to EUCA. In addition, \$140,000,000 of non-repayable advances were made to FECA. The majority of these non-repayable advances were needed to offset the \$180,000,000 in benefits paid to laid-off decennial census workers, which are not subject to reimbursement by the Department of Commerce. Also, advances were necessary to cover FECA cash flow problems attributable to the large increase in benefits paid to ex-federal employees and ex-service members.