

ETA FISCAL YEAR 2018 BUDGET REQUEST HIGHLIGHTS

ETA FY 2018 REQUEST

FY 2018 Budget Request of \$7.66 billion includes:

- \$6.87 billion for existing discretionary programs;
- \$790 million in mandatory funding for Federal Unemployment Benefits and Allowances (FUBA); and
- Supports 1,052 FTE (730 FTE for PA, 156 FTE for Fed Admin of OFLC, 166 FTE for OJC).

Program Administration - \$154.3 million to support 730 direct FTE. The PA appropriation includes:

- \$68.6 million for Training and Employment;
- \$42.7 million for Workforce Security;
- \$33.9 million for Apprenticeship; and
- \$9.1 million for Executive Direction.

Federal Unemployment Benefits and Allowances (FUBA) - \$790 million (\$.4 million less than in FY 2017) for Trade Adjustment Assistance for Workers (TAA), including the following budget activities:

- \$450 million for Training and Other Activities (TaOA) – this amount is the statutory cap, effective under the Trade Adjustment Assistance Reauthorization Act of 2015 (TAARA 2015);
- \$301 million for Trade Readjustment Allowances (TRA); and
- \$39 million for Alternative/Reemployment Trade Adjustment Assistance (A/RTAA).

Training and Employment Services - \$2.054 billion, decrease of \$1.285 billion from FY 2017 Enacted:

- Formula Programs – \$1.747 billion, a decrease of \$1.184 billion from the FY 2017 Enacted. The FY 2018 Request includes a number of proposals to maximize the use of the flexibilities and waivers available under WIOA to help the workforce system manage with lower Federal funding. (In PY 2017, DWGs were rescinded by \$75 million);
- Reentry Employment Opportunities program - \$77.9 million, decrease of approximately \$10 million from the FY 2017 Enacted;
- Apprenticeship Grants Program - \$89.8 million, decrease of approximately \$5 million from the FY 2017 Enacted;
- Technical Assistance - \$5.2 million, an increase of \$2.7 million for the Department to respond to the needs of the workforce system and assist states as they finalize WIOA implementation;
- YouthBuild - \$84.4 million, approximately the same level as the FY 2017 Enacted;
- Indian and Native American - \$49.9 million, approximately the same level as the FY 2017 Enacted;
- Migrant and Seasonal Farmworkers – program eliminated, saving approximately \$82 million from the FY 2017 Enacted; and
- Workforce Data Quality Initiative – program eliminated, saving approximately \$6 million from the FY 2017 Enacted.

State Unemployment Insurance and Employment Service Operations (SUIESO) - \$3.213 billion including:

- Unemployment Insurance (UI) - \$2.65 billion is comprised of: \$2.51 billion for State Administration; \$130 million for UI Reemployment Service and Eligibility Assessments (RESEA), including serving all Unemployment Compensation for Ex-Service members (UCX) claimants; and \$12 million for UI National Activities;
- Employment Service (ES) - \$435.7 million, including \$415.9 million for ES Grants to States, and \$19.8 million for ES National Activities. Funding for ES Grants to States is reduced \$255.5 million from FY 2017 Enacted;
- Foreign Labor Certification - \$62.2 million, including \$47.9 million for Federal Administration (156 FTE) and \$14.3 million for State Grants; and
- E-Tools/Workforce Information/Capacity Building - \$67.5 million, approximately the same level as FY 2017 Enacted.

Job Corps - \$1.45 billion and 166 FTE, \$255.7 million below the FY 2017 Enacted:

- Operations – \$1.34 billion, a decrease of \$246 million. This decrease in funding will suspend operations and begin temporary and permanent closures of Job Corps centers. The Department will need to complete a comprehensive, strategic assessment regarding how the programs resources can be most effectively allocated and focus on a balanced approach in choosing the appropriate number of centers to temporarily or permanently close and move student slots to higher-performing and more effective centers;

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- Construction – \$74.8 million for Construction, Rehabilitation, and Acquisition, a decrease of \$9.6 million. The decrease will negatively impact the current renovations of existing buildings and delay Job Corps goal of meeting its facilities federal sustainability standards by FY 2025; and
- Administration – \$32.2 million for Job Corps Administration and 166 FTE; a decrease of \$61 thousand. This decrease will reduce Job Corps Regional Office Center Assessments (ROCA's) which impacts Job Corps ability to provide oversight of centers for quality assurance and control.

Community Service Employment for Older Americans – this program is proposed for elimination in FY 2018, saving \$400 million from the FY 2017 Enacted.

LEGISLATIVE PROPOSALS

Paid Parental Leave

The Paid Parental Leave proposal is for new legislation that will provide mandatory funding for the states' start-up costs and administrative costs to operate the program through grants provided by the Employment and Training Administration. Paid Leave will provide six weeks of paid family leave to new mothers and fathers. The cost of this proposal is offset by a package of reforms to the UI system.

Unemployment Insurance

- UI Program Integrity: The proposed comprehensive integrity legislative package is designed to provide states with new tools and resources to combat UI fraud and improper payments. The package includes the following components:
 - *Require States to use SIDES*. This proposal will require state UI agencies to use the State Information Data Exchange System (SIDES) to exchange information with employers concerning reasons for a claimant's separation from employment;
 - *Require States to cross-match against the NDNH*. This proposal will require state UI agencies to use the National Directory for New Hires to better identify individuals continuing to claim unemployment compensation after returning to work, which is one of the leading root causes of UI improper payments;
 - *Allow the Secretary of Labor to establish UI corrective actions*. This proposal will allow the Secretary of Labor to require states to implement corrective action measures for poor State performance in the UI program, helping to reduce improper payments in States with the highest improper payment rates;
 - *Require States to crossmatch with SSA's prisoner database and other repositories of prisoner information*. This will require States to cross-match claims against the PUPS or other repositories of prisoner information will help identify those individuals ineligible for benefits due to incarceration and reduce improper payments;
 - *Allow States to retain up to 5 percent of UI overpayments for program integrity use*. This proposal will allow States to retain up to 5 percent of overpayment recoveries to fund additional program integrity activities in each State's UI program. This provides an incentive to States to increase detection and recovery of improper payments and provides necessary resources to carry out staff-intensive work to validate crossmatch hits as required by law; and
 - *Require States to use penalty and interest collections solely for UI administration*. This proposal will require States to deposit all penalty and interest payments collected through the UI program into a special state fund and require the funds be used for improving State administration of the UI program and reemployment services for UI claimants.
- Minimum Solvency Standard: The Budget proposes to strengthen the incentive for States to adequately fund their UI systems by applying the Federal Unemployment Tax Act (FUTA) credit reduction rules to states that have an Average High Cost Multiple (AHCM) of less than 0.5 on two or more consecutive January firsts.

Formula Programs

ETA requests legislative proposals to maximize the use of the flexibilities and waivers available under WIOA in order to help the workforce system manage with lower Federal funding. These flexibilities include:

- Enable states, through waivers, to re-designate local areas without adhering to current regulatory provisions that generally provide automatic designation to local areas;
- Enable states to use all funds under section 7 of the Wagner-Peyser Act for labor exchange activities;

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- Establish 100 percent transfer flexibility between the Adult and Youth funding streams, similar to the flexibility between the Adult and Dislocated Worker funding streams at the local level;
- Allow greater flexibility in using State Set-Aside funds, making required activities optional;
- Allow greater flexibility for Rapid Response Funds – up to 100 percent, to support activities of the State Set-Aside, including additional assistance to local areas;
- Allow the percentage of funding that can be used on administrative costs for State and local grantees to be raised by a small amount since core administrative functions must still be performed. The cost of these administrative functions does not decrease at the same rate as program costs decrease when funding levels decline. The current limit is 5 percent at the state level and 10 percent at the local level;
- Lessen administrative and reporting requirements envisioned by WIOA, which may also decrease administrative costs; and
- Ensure that small States receive allotments that allow for the administration of viable statewide formula programs. Under current law, the Adult and Youth formula programs have a small State minimum that would be only 0.25 percent of the total available. At the appropriations level proposed for the formula programs, these minimum amounts may be insufficient for small States to operate programs statewide. The change increases the minimum percentage to 0.3 percent of the total, which would provide small states with approximately the funding level they are currently receiving.