

**FY 2013**

**CONGRESSIONAL BUDGET JUSTIFICATION**

**EMPLOYMENT AND TRAINING ADMINISTRATION**

**Federal Unemployment Benefits and Allowances**



# FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

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# FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

## APPROPRIATION LANGUAGE

For payments during fiscal year [2012] 2013 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, 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, [\$1,100,100,000] \$1,421,000,000, together with such amounts as may be necessary to be charged to the subsequent appropriation for payments for any period subsequent to September 15, [2012] 2013. (*Department of Labor Appropriations Act, 2012*)

# **FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES**

## **EXPLANATION OF LANGUAGE CHANGE**

Not applicable.

# **FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES**

## **ANALYSIS OF APPROPRIATION LANGUAGE**

Not applicable.

## FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

<b>AMOUNTS AVAILABLE FOR OBLIGATION</b>						
(Dollars in Thousands)						
	FY 2011 Enacted		FY 2012 Enacted		FY 2013 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
<b>A. Appropriation</b>	<b>0</b>	<b>\$1,818,400</b>	<b>0</b>	<b>\$1,100,100</b>	<b>0</b>	<b>\$1,421,000</b>
Other Supplementals and Rescissions	0	\$0	0	\$0	0	\$0
Appropriation, Revised	0	\$1,818,400	0	\$1,100,100	0	\$1,421,000
<i>Subtotal Appropriation</i>	<i>0</i>	<i>\$1,818,400</i>	<i>0</i>	<i>\$1,100,100</i>	<i>0</i>	<i>\$1,421,000</i>
Offsetting Collections From:						
Reimbursements	0	\$40,000	0	\$40,000	0	\$40,000
Advances	0	\$0	0	\$71,000	0	\$0
<i>Subtotal Offsetting Collections From:</i>	<i>0</i>	<i>\$40,000</i>	<i>0</i>	<i>\$111,000</i>	<i>0</i>	<i>\$40,000</i>
<b>B. Gross Budget Authority</b>	<b>0</b>	<b>\$1,858,400</b>	<b>0</b>	<b>\$1,211,100</b>	<b>0</b>	<b>\$1,461,000</b>
Offsetting Collections						
Deduction	0	\$0	0	\$0	0	\$0
Reimbursements	0	-\$40,000	0	-\$40,000	0	-\$40,000
Advances	0	\$0	0	\$0	0	\$0
<i>Subtotal Offsetting Collections</i>	<i>0</i>	<i>-\$40,000</i>	<i>0</i>	<i>-\$40,000</i>	<i>0</i>	<i>-\$40,000</i>
<b>C. Budget Authority</b>	<b>0</b>	<b>\$1,818,400</b>	<b>0</b>	<b>\$1,171,100</b>	<b>0</b>	<b>\$1,421,000</b>
Before Committee	0	\$1,818,400	0	\$1,100,100	0	\$1,421,000
Legislative Proposal	0	\$410,000	0	\$0	0	\$0
Offsetting Collections From:						
Reimbursements	0	\$40,000	0	\$40,000	0	\$40,000
Advances	0	\$0	0	\$71,000	0	\$0
Adjustment for Appropriated	0	\$0	0	\$0	0	\$0
<i>Subtotal Budget Authority</i>	<i>0</i>	<i>\$2,268,400</i>	<i>0</i>	<i>\$1,211,100</i>	<i>0</i>	<i>\$1,461,000</i>
<b>D. Total Budgetary Resources</b>	<b>0</b>	<b>\$2,268,400</b>	<b>0</b>	<b>\$1,211,100</b>	<b>0</b>	<b>\$1,461,000</b>
Other Unobligated Balances	0	\$0	0	\$0	0	\$0
Unobligated Balance Expiring	0	\$0	0	\$0	0	\$0
<b>E. Total, Estimated Obligations</b>	<b>0</b>	<b>\$2,268,400</b>	<b>0</b>	<b>\$1,211,100</b>	<b>0</b>	<b>\$1,461,000</b>

Note: For FY 2011, Congress enacted a full-year continuing appropriations bill, which continued funding for appropriated entitlements at the rate to maintain program levels under current law. Because of this provision, the sunset of the Recovery Act authorization, and the availability of extended unemployment benefits from the Emergency Unemployment Compensation program and the Extended Benefits program, ETA's current law estimated and apportioned funding requirements for FY 2011 were \$721,312,000.

# FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

## SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2012 Enacted	FY 2013 Request	Net Change
<b>Budget Authority</b>			
General Funds	\$1,100,100	\$1,421,000	+\$320,900
Trust Funds	\$0	\$0	\$0
<b>Total</b>	<b>\$1,100,100</b>	<b>\$1,421,000</b>	<b>+\$320,900</b>
 <b>Full Time Equivalents</b>			
General Funds	0	0	0
Trust Funds	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

Explanation of Change	FY 2012 Base		Trust Funds		FY 2013 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Increases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
TAA Training	0	\$575,000	0	\$0	0	\$0	0	\$0
TAA Benefits	0	\$482,100	0	\$0	0	\$313,900	0	\$313,900
RTAA	0	\$43,000	0	\$0	0	\$7,000	0	\$7,000
<b>Built-Ins Subtotal</b>	<b>0</b>	<b>+\$1,100,100</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>+\$320,900</b>	<b>0</b>	<b>+\$320,900</b>
<b>B. Programs:</b>								
<b>Programs Subtotal</b>			<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>
<b>Total Increase</b>	<b>0</b>	<b>+\$1,100,100</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>+\$320,900</b>	<b>0</b>	<b>+\$320,900</b>
<b>Decreases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
<b>Built-Ins Subtotal</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>
<b>B. Programs:</b>								
<b>Programs Subtotal</b>			<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>
<b>Total Decrease</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>
<b>Total Change</b>	<b>0</b>	<b>+\$1,100,100</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>+\$320,900</b>	<b>0</b>	<b>+\$320,900</b>

## FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

<b>SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY</b>								
(Dollars in Thousands)								
	FY 2011 Enacted		FY 2012 Enacted		FY 2013 Request		Diff. FY13 Req. / FY12 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Trade Adjustments Assistance</b>	<b>0</b>	<b>721,312</b>	<b>0</b>	<b>1,100,100</b>	<b>0</b>	<b>1,421,000</b>	<b>0</b>	<b>320,900</b>
General Funds	0	721,312	0	1,100,100	0	1,421,000	0	320,900
<b>TAA Benefits</b>	<b>0</b>	<b>250,000</b>	<b>0</b>	<b>482,100</b>	<b>0</b>	<b>796,000</b>	<b>0</b>	<b>313,900</b>
General Funds	0	250,000	0	482,100	0	796,000	0	313,900
<b>TAA Training</b>	<b>0</b>	<b>426,312</b>	<b>0</b>	<b>575,000</b>	<b>0</b>	<b>575,000</b>	<b>0</b>	<b>0</b>
General Funds	0	426,312	0	575,000	0	575,000	0	0
<b>Alternative/ Reemployment TAA</b>	<b>0</b>	<b>45,000</b>	<b>0</b>	<b>43,000</b>	<b>0</b>	<b>50,000</b>	<b>0</b>	<b>7,000</b>
General Funds	0	45,000	0	43,000	0	50,000	0	7,000
<b>Total</b>	<b>0</b>	<b>721,312</b>	<b>0</b>	<b>1,100,100</b>	<b>0</b>	<b>1,421,000</b>	<b>0</b>	<b>320,900</b>
<b>General Funds</b>	<b>0</b>	<b>721,312</b>	<b>0</b>	<b>1,100,100</b>	<b>0</b>	<b>1,421,000</b>	<b>0</b>	<b>320,900</b>

# FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

<b>BUDGET AUTHORITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2011 Enacted</b>	<b>FY 2012 Enacted</b>	<b>FY 2013 Request</b>	<b>Diff. FY13 Req./ FY12 Enacted</b>
	Full-Time Equivalent				
	<b>Total</b>	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	721,312	1,100,100	1,421,000	320,900
	<b>Total</b>	<b>721,312</b>	<b>1,100,100</b>	<b>1,421,000</b>	<b>320,900</b>

# FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

## PERFORMANCE STRUCTURE

<b>Strategic and Outcome Goals Supporting Secretary Solis' Vision of <i>Good Jobs for Everyone</i></b>	<b>Supporting Appropriations</b>
<b>Strategic Goal 1 – Prepare Workers for Good Jobs and Ensure Fair Compensation</b>	
1.1 Increase workers' incomes and narrow wage and income inequality.	Trade Adjustment Assistance
1.2 Assure skills and knowledge that prepare workers to succeed in a knowledge-based economy, including in high-growth and emerging industry sectors like "green" jobs.	
1.3 Help workers who are in low-wage jobs or out of the labor market find a path into middle class jobs.	Trade Adjustment Assistance
1.4 Help middle-class families remain in the middle class.	Trade Adjustment Assistance
1.5 Secure wages and overtime.	
1.6 Foster acceptable work conditions and respect for workers' rights in the global economy to provide workers with a fair share of productivity and protect vulnerable people.	
<b>Strategic Goal 2 – Ensure Workplaces Are Safe and Healthy</b>	
2.1 Secure safe and healthy workplaces, particularly in high-risk industries.	
<b>Strategic Goal 3 – Assure Fair and High Quality Work-Life Environments</b>	
3.1 Break down barriers to fair and diverse work places so that every worker's contribution is respected.	
3.2 Provide workplace flexibility for family and personal care-giving.	
3.3 Ensure worker voice in the workplace.	
<b>Strategic Goal 4 – Secure Health Benefits and, for Those Not Working, Provide Income Security</b>	
4.1 Facilitate return to work for workers experiencing workplace injuries or illnesses who are able to work.	
4.2 Ensure income support when work is impossible or unavailable.	
4.3 Improve health benefits and retirement security for all workers.	
<b>Strategic Goal 5 – Assure the Production of Timely and Accurate Data on Social and Economic Conditions of Workers and their Families</b>	
5.1 Provide sound and impartial information on labor market activity, working conditions, and price changes in the economy for decision making, including support for the formulation of economic and social policy affecting virtually all Americans.	

## FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

<b>APPROPRIATION HISTORY</b>					
(Dollars in Thousands)					
	<b>Budget Estimates to Congress</b>	<b>House Allowance</b>	<b>Senate Allowance</b>	<b>Appropriations</b>	<b>FTE</b>
2003...1/2/	\$972,200	\$972,200	\$972,200	\$972,200	0
2004	1,338,200	1,338,200	1,338,200	1,338,200	0
2005	1,057,300	1,057,300	1,057,300	1,057,300	0
2006	966,400	966,400	966,400	966,400	0
2007...3/	938,600	837,600	837,600	837,600	0
2008...4/	888,700	888,700	888,700	888,700	0
2009...5/	958,800	0	958,800	958,800	0
2010	1,818,400	1,818,400	0	1,818,400	0
2011	1,938,200	0	0	721,312	0
2012	1,100,100	0	0	1,100,100	0
2013	1,421,000	0	0	0	0

1/ Reflects a reauthorization under the Trade Adjustment Assistance Reform Act of 2002.

2/ Excludes \$7,000,000 included in the Advances to the Unemployment Trust Fund and Other Funds appropriation which was transferred from this account.

3/ Excludes \$17,500,000 included in the Advances to the Unemployment Trust Fund and Other Funds appropriation which was transferred to this account.

4/ Excludes \$41,000,000 included in the Advances to the Unemployment Trust Fund and Other Funds appropriation which was transferred to this account.

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



## TRADE ADJUSTMENT ASSISTANCE

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2011 Enacted</b>	<b>FY 2012 Enacted</b>	<b>FY 2013 Request</b>	<b>Diff. FY 13 Req. / FY 12 Enacted</b>
Budget Authority	721,312	1,100,100	1,421,000	320,900
FTE	0	0	0	0

### **Introduction**

On February 17, 2009, the Trade and Globalization Adjustment Assistance Act of 2009 (TGAAA) was signed into law. The TGAAA reauthorized the Trade Adjustment Assistance (TAA) program and expanded coverage to more workers and firms, including those in the service sector; made benefits available to workers whose jobs have been off-shored to another country, as opposed to only covering countries in a free-trade agreement with the United States; and improved workers' training opportunities and access to health insurance coverage. The reauthorization also expanded the scope of the program to better assist trade-dislocated workers in finding new employment. It raised the cap on the maximum amount of funds that may be allocated to the States for training from \$220,000,000 to \$575,000,000 per year, and authorized additional funding for employment, case management, and administration services that will provide the type of long-term training necessary for jobs in the 21st century economy. Included in the expansion of benefits to workers was an extension of income support, an expansion of the wage insurance option available to older workers, and earlier access to training for some employees. The TGAAA extended the TAA program through December 31, 2010, and the Omnibus Trade Act of 2010 further extended TAA through February 12, 2011, after which the program reverted back to the provisions that were in place prior to TGAAA, under the Trade Act of 2002 (2002 Amendments).

On October 21, 2011 the TAA Extension Act of 2011 (TAAEA) was signed into law. The TAAEA restored nearly all of the eligibility expansions contained in the 2009 TAA reforms, including eligibility for service workers and workers who lose their jobs due to competition from countries that do not have a free trade agreement with the U.S. TAAEA also amended Section 236(a)(2)(A) of the Trade Act to establish a \$575 million annual cap on TAA funding for Training, Job Search Allowances and Relocation Allowances, Employment and Case Management services and State Administration of these benefits for both FY 2012 and FY 2013, and established a \$143,750,000 cap for this funding for the first quarter of FY 2014 (October 1, 2013 through December 31, 2013).

The TAAEA allows workers to have access to income support for their families as they undergo job training and other development that will lead to a credential or degree and increased reemployment opportunities. Similar to the TGAAA, TAAEA reauthorized the expansion of the wage insurance option available to older workers. Many of the TAAEA provisions will expire on December 31, 2013. As part of the Administration's effort to reform and modernize the Nation's job training system, the Budget proposes a universal core set of services where the focus is on helping *all* dislocated workers, including trade-impacted workers, find new jobs.

## TRADE ADJUSTMENT ASSISTANCE

To be eligible for TAA benefits, a group of workers, company officials, union or other duly authorized representatives, One-Stop operators or One-Stop partners must file a petition with the Department of Labor. In response to the petition, the Department institutes an investigation to determine whether the workers' jobs were affected as a result of foreign trade. If the Department determines that the workers meet the statutory criteria, it issues a certification of eligibility for the workers in the group to apply for benefits and services through the One-Stop Career Center system.

Once covered by a certification, individual workers apply for benefits and services through the One-Stop Career Center system. Each benefit and service has specific individual eligibility criteria that must be met based on previous work history, unemployment insurance eligibility, individual skill levels, etc. This individual eligibility determination is determined on a state level.

Under TAAEA, the TAA program offers the following services to eligible individuals: employment and case management services, training, weekly income support, out-of-area job search and relocation allowances, assistance with health insurance coverage through the utilization of the Health Coverage Tax Credit offered by the Internal Revenue Service, and wage insurance for older workers.

At a minimum, TAA participants must be offered the following services:

- Comprehensive and specialized assessments of skill levels and needs
- Individual employment plans for each impacted worker
- Information on available training and how to apply for training
- Information on how to apply for financial aid
- Short-term prevocational services
- Individual career counseling
- Employment statistics information (labor market information)
- Information on the availability of supportive services.

These services help workers to upgrade their skills or retrain in new careers leading to good jobs that ensure they remain in America's middle class and even increase their average earnings.

Training and Employment Guidance Letter (TEGL) No. 22-08 provides further information on services available to trade-affected workers.

As part of DOL's priority problem statement of Maintaining a Viable and Strong Safety Net, the TAA program provides income maintenance to trade affected workers while they obtain new occupational skills. The Trade Readjustment Allowance (TRA) benefit provides weekly income maintenance to support trade-affected workers during longer term training. When these workers lose their jobs due to the effects of foreign trade, they are faced with the need to prepare themselves for new careers when the type of work they formerly performed no longer exists. TRA provides a safety net to allow them to devote the time to training needed to prepare for new careers in high growth fields.

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For older workers, Alternative/Reemployment Trade Adjustment Assistance (A/RTAA) provides up to two years of wage insurance that replaces half of the difference between the old and new wage for trade-affected workers over the age of 50 who find reemployment at a lower wage to mitigate the effect of entry level salaries in new careers, and further serves as a transitional safety net.

A skilled workforce is essential to the United States' long-term economic growth and competitiveness. TAA training is a vital way for workers to gain new skills and become more competitive and part of a more modernized, well trained workforce. Workers with improved job skills ultimately help American industries become more effective and productive. These workers also support industry's growing need for a skilled workplace and enhance the competitiveness of American industries. Concurrently, the TAA program offers a safety net for workers who are displaced by trade and are unable to find suitable employment.

### **Performance Indicators**

In order to measure the program's progress towards returning workers who are displaced from the workforce into middle-class jobs, the TAA program utilizes the three Federal job training program common measures: Entered Employment Rate, Employment Retention Rate and Average Earnings. These performance indicators measure whether TAA participants entered the workforce after exiting the program, retained their employment, and were employed in well paying jobs.

TAA uses the common measures for planning and budgeting to facilitate comparison of outcomes to programs with similar goals; these results and targets are presented in the Detail Workload Performance Table following this section.

*Entered Employment Rate:* Percent of TAA participants who were employed in the first quarter following the calendar quarter in which the workers ceased receiving benefits and services.

*Employment Retention Rate:* Percent of TAA participants who are employed in the first, second, and third quarters following the calendar quarter in which the workers cease receiving TAA benefits and services.

*Six Months Average earnings:* For those TAA participants that received wages in the first, second and third quarters following program exit, the combined earnings in the second and third quarters following the quarter in which the workers ceased receiving TAA benefits and services.

The TAAEA established additional measures for TAA that are identical to the three common measures, except the time period for measurement is extended by one quarter, and a fourth measure relating to the percent of workers that obtain a credential was added. These measures will be implemented in FY 2012, and a baseline will be established before FY 2013 targets are set.

In FY 2009, the results for the entered employment rate, employment retention rate, and six months average earning were 69%, 88%, and \$15,117, respectively. In FY 2010, the impact of

## TRADE ADJUSTMENT ASSISTANCE

the recession was more pronounced; results were 56.9% for the entered employment rate, 86.3% for the employment retention rate, and \$14,322 for six months average earnings. In FY 2011, the adverse effects of the recession began to ease and results exceeded targets; results were 65.9% for the entered employment rate, 89.9% for employment retention rate, and \$18,184 for six months average earnings.

Results for all three performance measures are expected to increase from FY 2012 to FY 2013, reflecting the projected economic recovery. Performance targets for FY 2012 are 58.00% for the Entered Employment Rate, 83.20% for the Employment Retention Rate, and \$13,248 for Six Months Average Earnings. For FY 2013 the targets are; 58.90%, 83.60%, and \$13,660, respectively.

The FY 2012-2013 common measure targets are based on a methodology developed by DOL for setting national targets using regression analysis. This regression uses program results, labor market conditions and individual characteristics to predict outcomes of employment and training programs, producing targets that objectively reflect the impact of the economic environment on program performance.

The data source is the Trade Act Participant Report, an administrative data set for the TAA program.

### Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$888,700	0
2009	\$958,800	0
2010	\$1,818,400	0
2011	\$721,312	0
2012	\$1,100,100	0

### Funding Mechanism

DOL provides grants to states for the operation of the TAA program through a funding formula for distribution. This funding formula is designed to target training funds to the states where the resources are most needed using a formula methodology to ensure stability of funding and transparency in the distribution. Timely allocations ensure that trade affected workers can access needed training as soon as an appropriate plan is developed, maximizing their opportunity to take advantage of training that will help them return to employment, increase the rates of credential and education attainment and improve earnings. In FY 2013, states will be providing services to participants under three different sets of program rules: workers being served under the 2002 Amendment provisions, workers being served under the 2009 provisions, and workers being served under the 2011 provisions.

Funding provided to states is used to support the training needs of TAA-certified individuals, job search allowances, relocation allowances, income support, and case management and employment services for individuals adversely affected by foreign trade. Under the 2011

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provisions, funds for training, case management and employment services, job search and relocation allowances, and associated administration costs are subject to a legislative cap of \$575,000,000 per year. States are required to use no more than 10% of the amount of funds they receive for these purposes on TAA administration. No less than 5% of the amount of funds they receive for these purposes may be spent for case management and employment services. The 2011 provisions will allow the DOL to create a mechanism to capture from the states funds that remain unobligated up to three years and re-distribute such funds to states in need.

Funds provided to states for income support, including TRA and A/RTAA are not subject to the legislative cap explained above. States notify the Department of projected need and request funds to cover the income support costs for trade-affected workers. Administrative costs of providing income support are funded through discretionary grants out of the State Unemployment Insurance and Employment Service Operations account.

### **FY 2013**

For FY 2013, ETA requests \$1,421,000,000, which includes funds for Training, Job Search and Relocation Allowances, Employment and Case Management Services, Trade Readjustment Allowances (TRA), Alternative Trade Adjustment Assistance (ATAA), and Reemployment Trade Adjustment Assistance (RTAA), and State Administration in the provision of these services to trade affected workers. The request is an increase of \$320,900,000 over the FY 2012 appropriation. Due to the expansion of the program under the TAAEA in FY 2012, the amount of workers certified in FY 2013 is expected to increase for FY 2013. In addition, TRA costs are expected to increase due to the expiration of the Emergency Unemployment Compensation (EUC). EUC payments substituted for TRA payments for many TAA participants in FY 2011 and the beginning of FY 2012, decreasing TRA costs.

### **FY 2012**

For FY 2012, ETA was appropriated \$1,100,100,000, an increase of \$379,100,000 over FY 2011. Although the Department experienced a sharp increase in certified workers in FY 2009 and 2010, that spike began to level off in FY 2011. Although the economy continues to recover in FY 2012, the reauthorization of the program under TAAEA on October 21, 2011 increased the number of workers expected to be certified in FY 2012 due to its expanded certification criteria.

In addition, spending on TRA continues to be impacted by Emergency Unemployment Compensation (EUC). EUC payments substitute for TRA payments for many TAA participants, which decrease overall TRA costs. Current legislation extends EUC through March 6, 2012, after which a phase-out period of up to five months will occur. As EUC is phased out, TRA will be phased in, increasing TRA spending in FY 2012. For these reasons ETA projects that FY 2012 obligations may exceed the appropriated amount by \$71,000,000. If needed, this amount will be transferred to the FUBA account from the Advances to the Unemployment Trust Fund account.

## **TRADE ADJUSTMENT ASSISTANCE**

### **FY 2011**

For FY 2011, Congress enacted a full-year continuing appropriations bill, which continued funding for appropriated entitlements at the rate to maintain program levels under current law. Because of this provision, the sunset of the Recovery Act authorization, and the availability of extended unemployment benefits from the Emergency Unemployment Compensation program and the Extended Benefits program, ETA's current law funding level was \$721,312,000, a decrease of \$1,097,088,000 from the FY 2010 level.

Petition activity leveled off in FY 2011 as the economy recovered. There were 1,347 petitions filed with the Department compared with 2,542 in FY 2010. The number of petitions certified in FY 2011 was 1,115, compared with 2,810 in FY 2010. The estimated number of workers covered by TAA certifications in FY 2011 was 98,515 compared with 287,061 in FY 2010.

## TRADE ADJUSTMENT ASSISTANCE

<b>DETAILED WORKLOAD AND PERFORMANCE</b>				
	<b>FY 2011 Enacted</b>		<b>FY 2012 Enacted</b>	<b>FY 2013 Request</b>
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
<b>Trade Adjustments Assistance</b>				
<b>Strategic Goal 1 - Prepare workers for good jobs and ensure fair compensation.</b>	--	--	--	--
<b>Outcome Goal 1.1 – Increase workers’ incomes and narrow wage and income inequality.</b>	--	--	--	--
Average Six Months Earnings	\$13,074.00	\$18,184.00	\$13,248.00	\$13,660.00
<b>Strategic Goal 1 - Prepare workers for good jobs and ensure fair compensation.</b>	--	--	--	--
<b>Outcome Goal 1.3 - Help workers who are in low-wage jobs or out of the labor market find a path into middle class jobs.</b>	--	--	--	--
Entered Employment Rate	57.60%	65.90%	58.00%	58.90%
<b>Strategic Goal 1 - Prepare workers for good jobs and ensure fair compensation.</b>	--	--	--	--
<b>Outcome Goal 1.4 – Help middle-class families remain in the middle class.</b>	--	--	--	--
Employment Retention Rate	82.90%	89.90%	83.20%	83.60%
Individuals in TAA	54,336	196,029	82,870	107,043
Cost per participant	\$13,275.00	\$3,678.00	\$13,275.00	\$13,275.00

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

### **Workload and Performance Summary**

The TAA program offers a variety of benefits and services to support workers in their search for reemployment. This includes job training, job search and relocation allowances, income support, and assistance with healthcare premium costs. TAA participants come from a variety of backgrounds and industries and therefore, many enter the program with a wide array of skills and experiences. However, as described in a report released as part of the National Evaluation of the Trade Adjustment Assistance Program, *Characteristics of Workers Eligible under the 2002 TAA Program and Their Early Program Experiences*, June 2010, the majority of TAA participants who enter the program face challenges in obtaining reemployment. These challenges include no post-secondary degree, job skills solely in the manufacturing sector, and an average age of 46 with over 12 years of experience in a specific job that may no longer exist.

The TAA program provides the resources to serve the needs of this unique population to allow them to reenter the workforce in new careers in growth occupations that will enable them to remain self-sufficient. Both entered employment rate and average earnings reflect success in this area.

## TRADE ADJUSTMENT ASSISTANCE

By statute, the TAA program is intended to provide flexibility to states to determine the appropriate mix of service strategies to best address the needs of populations they serve. However, unit costs may vary from year to year, primarily because of changes in service mix, costs for income support, time in training, and population needs. In addition, during recessionary periods, increased unemployment and fewer jobs available increase average time in training and especially income support, resulting in higher unit costs, while availability of extended unemployment benefits can provide reductions in TAA-funded income support. In other words, higher unit cost in one year compared to the previous year may reflect participants' needs and external effects rather than a less efficient program.

As part of DOL's priority to Maintain a Viable and Strong Safety Net, the TAA program provides income maintenance to unemployed workers while they obtain new occupational skills. The TRA benefit provides weekly income maintenance to support trade-affected workers during longer term training. When these workers lose their jobs due to the effects of foreign trade, they are faced with the need to prepare themselves for new careers when the type of work they formerly performed no longer exists. TRA provides a safety net to allow them to devote the time to training needed to prepare for new careers in high growth fields. In addition, A/RTAA provides up to two years of wage insurance that replaces half of the difference between the old and new wage for trade-affected workers who find reemployment at a lower wage to mitigate the effect of entry level salaries in new careers, and further serves as a transitional safety net.

The following workload measures track the level of program activity:

- Individuals in TAA training; and
- Cost per participant

Results for the workload measures are tied to program funding: as cost per participant remains constant at \$13,275, the expected number of individuals in training increases or decreases in relation to appropriation levels. In FY 2011 the cost per participant was significantly below the target, due to the availability of Emergency Unemployment Compensation (EUC). EUC payments substituted for TRA payments for many TAA participants, which decreased overall TRA costs, and thus the cost per participant.

The data source is the Trade Act Participant Report, an administrative data set for the TAA program.

## TRADE ADJUSTMENT ASSISTANCE

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2011 Enacted</b>	<b>FY 2012 Enacted</b>	<b>FY 2013 Request</b>	<b>Diff. FY13 Req./ FY12 Enacted</b>
41.0	Grants, subsidies, and contributions	721,312	1,100,100	1,421,000	320,900
	<b>Total</b>	<b>721,312</b>	<b>1,100,100</b>	<b>1,421,000</b>	<b>320,900</b>

# TRADE ADJUSTMENT ASSISTANCE

## CHANGES IN FY 2013

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

TAA Training	\$0
TAA Benefits	313,900
RTAA	7,000

<b>Built-Ins Subtotal</b>	<b>\$320,900</b>
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<b>Net Program</b>	<b>\$0</b>
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<b>Direct FTE</b>	<b>0</b>
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<b>Estimate</b>	<b>FTE</b>
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<b>Base</b>	<b>\$1,421,000</b>	<b>0</b>
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