

FY 2020

CONGRESSIONAL BUDGET JUSTIFICATION

EMPLOYMENT AND TRAINING ADMINISTRATION

**State Unemployment Insurance and
Employment Service Operations**

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STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

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STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

APPROPRIATION LANGUAGE

For authorized administrative expenses, [\$84,066,000] \$80,739,000, together with not to exceed [\$3,251,583,000] \$3,395,247,000 which may be expended from the Employment Security Administration Account in the Unemployment Trust Fund ("the Trust Fund"), of which:

(1) [\$2,515,816,000] \$2,615,230,000 from the Trust Fund is for grants to States for the administration of State unemployment insurance laws as authorized under title III of the Social Security Act (including not less than [\$150,000,000] \$175,000,000 to carry out reemployment services and eligibility assessments under section 306 of such Act, *and, notwithstanding subsection (a) of such section*, any claimants of regular compensation, as defined in such section, including those who are profiled as most likely to exhaust their benefits, may be eligible for such services and assessments: *Provided*, That of such amount, \$117,000,000 is specified for grants under section 306 of the Social Security Act and is provided to meet the terms of section 251(b)(2)(E)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, and [\$33,000,000] \$58,000,000 is additional new budget authority specified for purposes of section 251(b)(2)(E)(i)(II) of such Act; [and \$9,000,000] \$6,000,000 for [continued support of] *grants to State or non-State entities to operate the Unemployment Insurance Integrity Center of Excellence; and \$90,000,000 for grants to States identified by the Secretary to implement online information technology solutions that help facilitate the reporting and verification of work search activities by claimants and automated adjudication relating to such reporting and activities, where permissible under Federal law, and for States identified by the Secretary for additional validation and adjudication activities relating to potential improper payments identified through cross-matches with data sources that support prevention of improper payments resulting from the failure of claimants to report accurate and timely information regarding their earnings or their return to work, which shall include cross-matches with the National Directory of New Hires and the Unemployment Insurance Integrity Data Hub operated by the Unemployment Insurance Integrity Center of Excellence and may include*

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cross-matches with other appropriate sources), the administration of unemployment insurance for Federal employees and for ex-service members as authorized under 5 U.S.C. 8501–8523, and the administration of trade readjustment allowances, reemployment trade adjustment assistance, and alternative trade adjustment assistance under the Trade Act of 1974 and under section 231(a) of the Trade Adjustment Assistance Extension Act of 2011 and section 405(a) of the Trade Preferences Extension Act of 2015, and shall be available for obligation by the States through December 31, [2019] 2020, except that funds used for automation shall be available for Federal obligation through December 31, [2019] 2020, and for State obligation through September 30, [2021] 2022, or, if the automation is being carried out through consortia of States, for State obligation through September 30, [2024] 2026, and for expenditure through September 30, [2025] 2027, and funds for competitive grants awarded to States for improved operations and to conduct in-person reemployment and eligibility assessments and unemployment insurance improper payment reviews and provide reemployment services and referrals to training, as appropriate, shall be available for Federal obligation through December 31, [2019] 2020, and for obligation by the States through September 30, [2021] 2022, and funds for the Unemployment Insurance Integrity Center of Excellence shall be available for obligation by the State through September 30, [2020] 2021, and funds used for unemployment insurance workloads experienced through September 30, [2019] 2020 shall be available for Federal obligation through December 31, [2019] 2020;

(2) [\$12,000,000] \$48,000,000 from the Trust Fund is for national activities necessary to support the administration of the Federal-State unemployment insurance system;

(3) \$641,639,000 from the Trust Fund, together with \$21,413,000 from the General Fund of the Treasury, is for grants to States in accordance with section 6 of the Wagner-Peyser Act, and shall be available for Federal obligation for the period July 1, [2019] 2020 through June 30, [2020] 2021: *Provided, That, notwithstanding the funding allocation in section 7 of such Act, States may use up to 100 percent of the funds allotted to the State under section 6 of such Act to carry out the activities described in section 7 (a) of such Act;*

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(4) \$19,818,000 from the Trust Fund is for national activities of the Employment Service, including administration of the work opportunity tax credit under section 51 of the Internal Revenue Code of 1986, and the provision of technical assistance and staff training under the Wagner-Peyser Act;

(5) [~~\$62,310,000~~] ~~\$70,560,000~~ from the Trust Fund is for the administration of foreign labor certifications and related activities under the Immigration and Nationality Act and related laws, of which [~~\$48,028,000~~] ~~\$56,278,000~~ shall be available for the Federal administration of such activities, and \$14,282,000 shall be available for grants to States for the administration of such activities; and

(6) [~~\$62,653,000~~] ~~\$59,326,000~~ from the General Fund is to provide workforce information, national electronic tools, and one-stop system building under the Wagner-Peyser Act and shall be available for Federal obligation for the period July 1, [~~2019~~] 2020 through June 30, [~~2020~~] 2021, *of which up to \$9,800,000 shall be used to carry out research and demonstration projects related to testing effective ways to promote greater labor force participation of people with disabilities: Provided, That the Secretary may transfer amounts made available for research and demonstration projects under this paragraph to the "Office of Disability Employment Policy" account for such purposes:*

Provided, That to the extent that the Average Weekly Insured Unemployment ("AWIU") for fiscal year [~~2019~~] 2020 is projected by the Department of Labor to exceed [~~2,030,000~~] 1,758,000, an additional \$28,600,000 from the Trust Fund shall be available for obligation for every 100,000 increase in the AWIU level (including a pro rata amount for any increment less than 100,000) to carry out title III of the Social Security Act: Provided further, That funds appropriated in this Act that are allotted to a State to carry out activities under title III of the Social Security Act may be used by such State to assist other States in carrying out activities under such title III if the other States include areas that have suffered a major disaster declared by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act: Provided further, That the Secretary may use funds appropriated for grants to States under title III of the Social Security Act to make payments on behalf of States for the use of the National

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Directory of New Hires under section 453(j)(8) of such Act: *Provided further*, That the Secretary may use funds appropriated for grants to States under title III of the Social Security Act to make payments on behalf of States to the entity operating the State Information Data Exchange System: *Provided further*, That funds appropriated in this Act which are used to establish a national one-stop career center system, or which are used to support the national activities of the Federal-State unemployment insurance, employment service, or immigration programs, may be obligated [in] *through* contracts, grants, or agreements with States and non-State entities: *Provided further*, That States awarded competitive grants for improved operations under title III of the Social Security Act, or awarded grants to support the national activities of the Federal-State unemployment insurance system, may award subgrants to other States and non-State entities under such grants, subject to the conditions applicable to the grants: *Provided further*, That funds appropriated under this Act for activities authorized under title III of the Social Security Act and the Wagner-Peyser Act may be used by States to fund integrated Unemployment Insurance and Employment Service automation efforts, notwithstanding cost allocation principles prescribed under the final rule entitled "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" at part 200 of title 2, Code of Federal Regulations: *Provided further*, That the Secretary, at the request of a State participating in a consortium with other States, may reallocate funds allotted to such State under title III of the Social Security Act to other States participating in the consortium or to the entity operating the Unemployment Insurance Information Technology Support Center in order to carry out activities that benefit the administration of the unemployment compensation law of the State making the request: *Provided further*, That the Secretary may collect fees for the costs associated with additional data collection, analyses, and reporting services relating to the National Agricultural Workers Survey requested by State and local governments, public and private institutions of higher education, and nonprofit organizations and may utilize such sums, in accordance with the provisions of 29 U.S.C. 9a, for the National Agricultural Workers Survey infrastructure, methodology, and data to meet the information collection and reporting needs of such entities, which shall be credited to this appropriation and shall remain available until September 30, [2020] 2021, for such purposes. (*Department of Labor Appropriations Act, 2019.*)

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

GENERAL PROVISIONS

SEC. 113. Funds made available in prior Acts under the heading "Department of Labor—Employment and Training Administration—State Unemployment Insurance and Employment Service Operations" for fiscal years 2015 through 2019 for automation acquisitions that are being carried out through consortia of States shall be available for expenditure for six fiscal years after the final fiscal year that such funds are available to incur new obligations. [SEC.

114. The proviso at the end of paragraph (1) under the heading "Department of Labor—Employment and Training Administration—State Unemployment Insurance and Employment Service Operations" in title I of division G of Public Law 113–235 is amended by striking "six" and inserting "seven".] (*Department of Labor Appropriations Act, 2019.*)

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

ANALYSIS OF APPROPRIATION LANGUAGE

Language Provision

Explanation

\$175,000,000 to carry out reemployment services and eligibility assessments under section 306 of such Act, and, notwithstanding subsection (a) of such section, any claimants of regular compensation, as defined in such section, including those who are profiled as most likely to exhaust their benefits, may be eligible for such services and assessments:

The language clarifies that the eligibility for RESEA funds is not limited to claimants who are profiled as likely to exhaust UI benefits, as is provided under section 306(a) of the Social Security Act, but instead includes any claimants of regular UI.

\$6,000,000 for [continued support of] grants to State or non-State entities to operate the Unemployment Insurance Integrity Center of Excellence;

The language clarifies that grants awarded to operate the UI Integrity Center of Excellence may be awarded to non-State as well as State entities.

and \$90,000,000 for grants to States identified by the Secretary to implement online information technology solutions that help facilitate the reporting and verification of work search activities by claimants and automated adjudication relating to such reporting and activities, where permissible under Federal law, and for States identified by the Secretary for additional validation and adjudication activities relating to potential improper payments identified through cross-matches with data sources that support prevention of improper payments resulting from the failure of claimants to report accurate and timely information regarding their earnings or their return to work, which shall include cross-matches with the National Directory of New Hires and the Unemployment Insurance Integrity

The language targets the specified funds to activities that will assist States in reducing improper Unemployment Insurance (UI) payments. Specifically, the language provides that the funding is to assist States identified by the Secretary in implementing online information technology solutions related to the reporting and verification of work search activities of claimants and related automated adjudication (where permissible under Federal law). Reporting and carrying out work search activities is a requirement for UI claimants and the failure to report or carry out such activities is one of the primary root causes of UI improper payments. The funds are also to be used by States identified by the Secretary for additional validation and adjudication activities that relate to potential improper payments through cross matches with other data sources. Such sources would help prevent improper payments that result from the failure of claimants to report accurate and timely information regarding their earnings or when they have returned to work. The funds are to support

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

Data Hub operated by the Unemployment Insurance Integrity Center of Excellence and may include cross-matches with other appropriate sources),

cross-matches with the National Directory of New Hires (which is maintained by the Department of Health and Human Services) and the Unemployment Insurance Integrity Data Hub (which is maintained by the Unemployment Insurance Integrity Center of Excellence), and also may include cross matches with other appropriate sources.

or, if the automation is being carried out through consortia of States, for State obligation through September 30, [2024] 2026, and for expenditure through September 30, [2025] 2027,

The language requests one additional year for the obligation and expenditure of funds by State Consortia for UI automation projects awarded during fiscal year 2020. These projects require additional time due to the significant complexity of coordinating the development and implementation of such projects among multiple States and the complexity of the automation activities relating to State Consortia members' UI benefit and tax systems.

In paragraph (3):

Provided, That, notwithstanding the funding allocation in section 7 of such Act, States may use up to 100 percent of the funds allotted to the State under section 6 of such Act to carry out the activities described in section 7 (a) of such Act;

The proviso would provide flexibility to States to use all the funds allocated to the State under the Wagner-Peyser Act for the traditional labor exchange and related services, which are available to all job seekers. Under current law, 90 percent of the allotment is to be used for such activities but 10 percent must be used for activities consisting of: performance incentive payments; joint programs with WIOA or other public agencies or nonprofit organizations for populations with special needs (it may be noted that services are provided to special populations under the Wagner-Peyser Act and WIOA); the extra costs of implementing exemplary models for delivering services, including models for enhancing professional development and career advancement opportunities of State agency staff. The proviso would allow States to prioritize the provision of the core labor exchange and related services to job seekers.

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In paragraph (6):

of which up to \$9,800,000 shall be used to carry out research and demonstration projects related to testing effective ways to promote greater labor force participation of people with disabilities: Provided, That the Secretary may transfer amounts made available for research and demonstration projects under this paragraph to the "Office of Disability Employment Policy" account for such purposes:

The language provides that up to \$9.8 million is to be used for research and demonstration projects that test effective ways to increase the labor force participation of people with disabilities. The language also authorizes the Secretary of Labor to transfer the amounts available for these projects to the Office of Disability Employment Policy (ODEP) in DOL. [Similar bill language for these projects is also included under the "Office of Disability Employment" heading. The projects would be coordinated between the Employment and Training Administration (ETA) and ODEP.]

From the General Provisions:

SEC. 113. Funds made available in prior Acts under the heading "Department of Labor—Employment and Training Administration—State Unemployment Insurance and Employment Service Operations" for fiscal years 2015 through 2019 for automation acquisitions that are being carried out through consortia of States shall be available for expenditure for six fiscal years after the final fiscal year that such funds are available to incur new obligations.

This General Provision allows for one additional year for the expenditure of funds by State Consortia for UI automation projects that were awarded during fiscal years 2015 through 2019. These projects require additional time due to the significant complexity of coordinating the development and implementation of such projects among multiple States and the complexity of the automation activities relating to State Consortia members' UI benefit and tax systems. The general rule for federal grants is that they must be closed at the end of the fifth fiscal year after the final fiscal year the funds were available for obligation, and this provision would provide for an additional fiscal year before these grants must be closed to facilitate the successful completion of the State Consortia automation projects. A similar extension was provided in P.L. 115-245 for funds awarded to consortia for fiscal years 2011 through 2014.

**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT
SERVICE OPERATIONS**

AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2018 Enacted		FY 2019 Enacted		FY 2020 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	41	\$104,468	47	\$110,388	40	\$98,811
Discretionary	0	\$84,066	7	\$92,316	0	\$80,739
Transfer to Chief Information Officer (Pursuant to P.L. 115-141)	0	-\$27	0	\$0	0	\$0
Transfer from OFCCP (Pursuant to P.L. 115-141)	0	\$1,000	0	\$0	0	\$0
Mandatory (Fees)	41	\$19,429	40	\$18,072	40	\$18,072
<i>Subtotal Appropriation</i>	<i>41</i>	<i>\$104,468</i>	<i>47</i>	<i>\$110,388</i>	<i>40</i>	<i>\$98,811</i>
Offsetting Collections From:						
Reimbursements (DUA and NAWS)	0	\$53,663	0	\$51,500	0	\$51,500
Trust Funds	161	\$3,380,625	153	\$3,251,583	169	\$3,395,247
Uncollected Payments	0	-\$26,213	0	\$0	0	\$0
Transfer to Chief Information Officer (Pursuant to P.L. 115-141)	0	-\$4,094	0	\$0	0	\$0
Transfer to OLMS (Pursuant to P.L. 115- 141)	0	-\$1,205	0	\$0	0	\$0
Transfer to WHD (Pursuant to P.L. 115- 141)	0	-\$1,500	0	\$0	0	\$0
Transfer to OLMS (Pursuant to P.L. 115- 245)	0	\$0	0	-\$1,235	0	\$0
<i>Subtotal Offsetting Collections</i>	<i>161</i>	<i>\$3,401,276</i>	<i>153</i>	<i>\$3,301,848</i>	<i>169</i>	<i>\$3,446,747</i>
B. Gross Budget Authority	202	\$3,505,744	200	\$3,412,236	209	\$3,545,558
Appropriation From:						
Transfer to Chief Information Officer (Pursuant to P.L. 115-141)	0	\$27	0	\$0	0	\$0
Transfer from OFCCP (Pursuant to P.L. 115-141)	0	-\$1,000	0	\$0	0	\$0
Mandatory (Fees)	-41	-\$19,429	-40	-\$18,072	-40	-\$18,072
<i>Subtotal Appropriation</i>	<i>-41</i>	<i>-\$20,402</i>	<i>-40</i>	<i>-\$18,072</i>	<i>-40</i>	<i>-\$18,072</i>
Offsetting Collections From:						
Reimbursements (DUA and NAWS)	0	-\$53,663	0	-\$51,500	0	-\$51,500
Uncollected Payments	0	\$26,213	0	\$0	0	\$0
Transfer to Chief Information Officer (Pursuant to P.L. 115-141)	0	\$4,094	0	\$0	0	\$0
Transfer to OLMS (Pursuant to P.L. 115-141)	0	\$1,205	0	\$0	0	\$0
Transfer to WHD (Pursuant to P.L. 115-141)	0	\$1,500	0	\$0	0	\$0
Transfer to OLMS (Pursuant to P.L. 115-245)	0	\$0	0	\$1,235	0	\$0
<i>Subtotal Offsetting Collections</i>	<i>0</i>	<i>-\$20,651</i>	<i>0</i>	<i>-\$50,265</i>	<i>0</i>	<i>-\$51,500</i>

**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT
SERVICE OPERATIONS**

AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2018 Enacted		FY 2019 Enacted		FY 2020 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
C. Budget Authority Before Committee	161	\$3,464,691	160	\$3,343,899	169	\$3,475,986
Appropriation From:						
Transfer to Chief Information Officer (Pursuant to P.L. 115-141)	0	-\$27	0	\$0	0	\$0
Transfer from OFCCP (Pursuant to P.L. 115-141)	0	\$1,000	0	\$0	0	\$0
Mandatory (Fees)	41	\$19,429	40	\$18,072	40	\$18,072
<i>Subtotal Appropriation</i>	<i>41</i>	<i>\$20,402</i>	<i>40</i>	<i>\$18,072</i>	<i>40</i>	<i>\$18,072</i>
Offsetting Collections From:						
Reimbursements (DUA and NAWs)	0	\$53,663	0	\$51,500	0	\$51,500
Uncollected Payments	0	-\$26,213	0	\$0	0	\$0
Transfer to Chief Information Officer (Pursuant to P.L. 115-141)	0	-\$4,094	0	\$0	0	\$0
Transfer to OLMS (Pursuant to P.L. 115-141)	0	-\$1,205	0	\$0	0	\$0
Transfer to WHD (Pursuant to P.L. 115-141)	0	-\$1,500	0	\$0	0	\$0
Transfer to OLMS (Pursuant to P.L. 115-245)	0	\$0	0	-\$1,235	0	\$0
<i>Subtotal Offsetting Collections</i>	<i>0</i>	<i>\$20,651</i>	<i>0</i>	<i>\$50,265</i>	<i>0</i>	<i>\$51,500</i>
Unobligated Balance From:						
Brought Forward, October 1	0	\$150,599	0	\$79,626	0	\$0
Transfer to Chief Evaluation Office (Pursuant to P.L. 115-31)	0	-\$1,826	0	\$0	0	\$0
Recoveries	0	\$8,812	0	\$0	0	\$0
<i>Subtotal Unobligated Balance, Unexpired</i>	<i>0</i>	<i>\$157,585</i>	<i>0</i>	<i>\$76,626</i>	<i>0</i>	<i>\$0</i>
D. Total Budgetary Resources	202	\$3,663,329	200	\$3,488,862	209	\$3,545,558
Unobligated Balance	-3	-\$61,242	0	\$0	0	\$0
E. Total, Estimated Obligations	199	\$3,602,087	200	\$3,488,862	209	\$3,545,558

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2019 Enacted	FY 2020 Request	Net Change
Budget Authority			
General Funds	\$92,316	\$80,739	-\$11,577
Trust Funds	\$3,250,348	\$3,395,247	+\$144,899
Total	\$3,342,664	\$3,475,986	+\$133,322
Full Time Equivalents			
General Funds	7	0	-7
Trust Funds	153	169	16
Total	160	169	9

Explanation of Change	FY 2020 Change							
	FY 2019 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	160	\$17,986	0	\$0	0	\$0	0	\$0
Personnel benefits	0	\$5,923	0	\$0	0	\$0	0	\$0
One day more of pay	0	\$0	0	\$87	0	\$0	0	\$87
Benefits for former personnel	0	\$0	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$90	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$0	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$2,280	0	\$561	0	\$0	0	\$561
Rental payments to others	0	\$39	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$324	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$25	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$15,064	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$0	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$0	0	\$0	0	\$0	0	\$0
Other Federal sources (Census Bureau)	0	\$0	0	\$0	0	\$0	0	\$0
Other Federal sources (DHS Charges)	0	\$0	0	\$0	0	\$0	0	\$0
Other goods and services from Federal sources	0	\$0	0	\$0	0	\$0	0	\$0
Research & Development Contracts	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of facilities	0	\$53	0	\$0	0	\$0	0	\$0

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

FY 2020 Change

Explanation of Change	FY 2019 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Operation and maintenance of equipment	0	\$10,613	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$90	0	\$0	0	\$0	0	\$0
Equipment	0	\$19	0	\$0	0	\$0	0	\$0
Grants, subsidies, and contributions	0	\$915,635	0	\$0	0	\$0	0	\$0
State Administration Workload	0	\$2,364,581	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	0	\$30	0	\$0	0	\$0	0	\$0
Investment and Loans	0	\$0	0	\$0	0	\$0	0	\$0
Built-Ins Subtotal	160	+\$3,332,752	0	+\$648	0	\$0	0	+\$648
B. Programs:								
UI Program Integrity Activities	0	\$0	0	\$90,000	0	\$0	0	\$90,000
Interstate Connection Network Modernization	0	\$0	0	\$36,000	0	\$0	0	\$36,000
RESEA Cap	0	\$33,000	0	\$25,000	0	\$0	0	\$25,000
Maintain FLC Case-Processing Capacity	7	\$8,250	16	\$8,250	-7	-\$8,250	9	\$0
Programs Subtotal			16	+\$159,250	-7	-\$8,250	9	+\$151,000
Total Increase	160	+\$3,332,752	16	+\$159,898	-7	-\$8,250	9	+\$151,648
Decreases:								
A. Built-Ins:								
To Provide For:								
Other services from non-Federal sources	0	\$1,405	0	-\$11	0	\$0	0	-\$11
Working Capital Fund	0	\$8,507	0	-\$637	0	\$0	0	-\$637
Built-Ins Subtotal	0	+\$9,912	0	-\$648	0	\$0	0	-\$648
B. Programs:								
State Administration Workload Reduction	0	\$2,364,581	0	-\$11,351	0	\$0	0	-\$11,351
Workforce Information Decrease	0	\$62,653	0	\$0	0	-\$3,327	0	-\$3,327
UI Integrity Center of Excellence	0	\$9,000	0	-\$3,000	0	\$0	0	-\$3,000
Programs Subtotal			0	-\$14,351	0	-\$3,327	0	-\$17,678
Total Decrease	0	+\$9,912	0	-\$14,999	0	-\$3,327	0	-\$18,326
Total Change	160	+\$3,342,664	16	+\$144,899	-7	-\$11,577	9	+\$133,322

**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT
SERVICE OPERATIONS**

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY (Dollars in Thousands)								
	FY 2018 ¹ Enacted		FY 2019² Enacted		FY 2020 Request		Diff. FY20 Request / FY19 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Unemployment Insurance	0	2,650,792	0	2,526,581	0	2,663,230	0	136,649
Unemployment Trust Funds	0	2,650,792	0	2,526,581	0	2,663,230	0	136,649
State Administration	0	2,516,895	0	2,364,581	0	2,440,230	0	75,649
Unemployment Trust Funds	0	2,516,895	0	2,364,581	0	2,440,230	0	75,649
Reemployment Services and Eligibility Assessments-UI Integrity	0	120,000	0	117,000	0	117,000	0	0
Unemployment Trust Funds	0	120,000	0	117,000	0	117,000	0	0
RESEA Cap Adjustment	0	0	0	33,000	0	58,000	0	25,000
Unemployment Trust Funds	0	0	0	33,000	0	58,000	0	25,000
National Activities	0	13,897	0	12,000	0	48,000	0	36,000
Unemployment Trust Funds	0	13,897	0	12,000	0	48,000	0	36,000
Employment Service	0	686,231	0	682,870	0	682,870	0	0
General Funds	0	21,413	0	21,413	0	21,413	0	0
Unemployment Trust Funds	0	664,818	0	661,457	0	661,457	0	0
Grants to States	0	666,413	0	663,052	0	663,052	0	0

¹ FY 2018 Budget Authority reflects a transfer of \$1.500 million to WHD and \$1.205 million to OLMS as reported in the Department's budget operating plan.

² FY 2019 Budget Authority reflects a transfer of \$1.235 million to OLMS as reported in the Department's budget operating plan.

**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT
SERVICE OPERATIONS**

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY

(Dollars in Thousands)

	FY 2018 ¹ Enacted		FY 2019 ² Enacted		FY 2020 Request		Diff. FY20 Request / FY19 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
General Funds	0	21,413	0	21,413	0	21,413	0	0
Unemployment Trust Funds	0	645,000	0	641,639	0	641,639	0	0
Employment Service National Activities	0	19,818	0	19,818	0	19,818	0	0
Unemployment Trust Funds	0	19,818	0	19,818	0	19,818	0	0
Foreign Labor Certification	159	62,310	160	70,560	169	70,560	9	0
General Funds	0	0	7	8,250	0	0	-7	-8,250
Unemployment Trust Funds	159	62,310	153	62,310	169	70,560	16	8,250
Federal Administration	159	48,028	160	56,278	169	56,278	9	0
General Funds	0	0	7	8,250	0	0	-7	-8,250
Unemployment Trust Funds	159	48,028	153	48,028	169	56,278	16	8,250
FLC State Grants	0	14,282	0	14,282	0	14,282	0	0
Unemployment Trust Funds	0	14,282	0	14,282	0	14,282	0	0
Workforce Information-Electronic Tools- System Building	0	62,653	0	62,653	0	59,326	0	-3,327
General Funds	0	62,653	0	62,653	0	59,326	0	-3,327
Total	159	3,461,986	160	3,342,664	169	3,475,986	9	133,322
General Funds	0	84,066	7	92,316	0	80,739	-7	-11,577
Unemployment Trust Funds	159	3,377,920	153	3,250,348	169	3,395,247	16	144,899

NOTE: 2018 reflects actual FTE.

**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT
SERVICE OPERATIONS**

BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request	Diff. FY20 Request / FY19 Enacted
	Full-Time Equivalent				
	Full-time Permanent	161	160	169	9
	Other	41	40	40	0
	Total	202	200	209	9
	Average ES Salary	\$162,910	\$164,008	\$165,211	\$1,203
	Average GM/GS Grade	12	12	12	0
	Average GM/GS Salary	\$97,326	\$98,861	\$99,674	\$813
11.1	Full-time permanent	17,035	17,708	17,795	87
11.3	Other than full-time permanent	33	0	0	0
11.5	Other personnel compensation	397	278	278	0
11.9	Total personnel compensation	17,465	17,986	18,073	87
12.1	Civilian personnel benefits	5,775	5,923	5,923	0
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	72	90	90	0
22.0	Transportation of things	0	0	0	0
23.0	Rent, Communications, and Utilities	0	0	0	0
23.1	Rental payments to GSA	2,502	2,280	2,841	561
23.2	Rental payments to others	48	39	39	0
23.3	Communications, utilities, and miscellaneous charges	395	324	324	0
24.0	Printing and reproduction	200	25	25	0
25.1	Advisory and assistance services	10,500	15,064	15,064	0
25.2	Other services from non-Federal sources	4	1,405	1,394	-11
25.3	Other goods and services from Federal sources 1/	7,808	8,507	7,870	-637
25.4	Operation and maintenance of facilities	50	53	53	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	3,083	10,613	10,613	0
26.0	Supplies and materials	43	90	90	0
31.0	Equipment	33	19	19	0
33.0	Investments and Loans	0	0	0	0
38.0	Depreciation Expense - Unfunded	0	0	0	0
41.0	Grants, subsidies, and contributions	3,413,958	3,280,216	3,413,538	133,322
42.0	Insurance claims and indemnities	50	30	30	0
	Total	3,461,986	3,342,664	3,475,986	133,322
	1/Other goods and services from Federal sources				
	Working Capital Fund	7,808	8,507	7,870	-637

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

APPROPRIATION HISTORY (Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2010					
Base Appropriation	\$4,101,556			\$4,438,681	181
2011					
Base Appropriation...1/	\$4,435,327			\$4,790,657	209
2012					
Base Appropriation...2/	\$4,202,057			\$5,049,888	181
2013					
Base Appropriation	\$3,962,240			\$4,171,233	181
Legislative Proposal	\$3,000				0
2014					
Base Appropriation...3/	\$3,825,699			\$3,879,339	188
2015					
Base Appropriation...3/	\$3,676,455			\$3,597,150	177
2016					
Base Appropriation	\$4,138,023			\$3,589,878	182
2017					
Base Appropriation	\$3,631,085			\$3,523,691	165
2018					
Base Appropriation...4/	\$3,213,159	\$2,830,903		\$3,464,691	161
2019					
Base Appropriation...5/6/	\$3,325,298		\$3,339,010	\$3,343,899	160
2020					
Base Appropriation	\$3,475,986				169

1/ Reflects a 0.2% across-the-board rescission pursuant to P.L. 112-10.

2/ Reflects a 0.189% across-the-board rescission pursuant to P.L. 112-74.

3/ Reflects actual appropriation. Other exhibits in this document reflect Foreign Labor Certification Federal Administration funding and FTE adjusted for the comparative transfer for the indirect costs realignment.

4/ A full-year 2018 appropriation for this account was not enacted at the time the budget was prepared.

5/ The FY 2019 budget estimate to Congress was revised from \$3,070,200 due to an addendum providing supplemental funding. This bill was passed by the House Subcommittee but was not reported out of the House Committee or by the full House. The full Senate passed S. 3158.

6/ The FY 2019 appropriation includes the \$8,250,000 for processing Foreign Labor Certification CW-1 applications and associated tasks, per Section 118(b) of P.L. 115-245.

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

SUIESO Introduction

State Unemployment Insurance and Employment Service Operations (SUIESO) funds are allocated to states to administer programs that provide temporary assistance for eligible unemployed workers based on estimated claims levels; job search assistance for those seeking employment; and to increase the capacity of the public workforce system to serve job seekers, including job seekers with disabilities. Funds are also used for administering the labor certification program for permanent and temporary foreign workers.

The SUIESO account includes the following four programmatic activities: the Unemployment Insurance program, which provides temporary wage replacement for unemployed workers; the Employment Service, which connects job seekers with job opportunities in their local workforce area; the Office of Foreign Labor Certification, which protects the wages and working conditions of American and foreign nationals through the processing of permanent and temporary labor certifications; and the American Job Center system, which prepares workers and job seekers for their next jobs by devoting resources to workforce information services and system building.

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BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request	Diff. FY20 Request / FY19 Enacted
Activity Appropriation	2,650,792	2,526,581	2,663,230	136,649
FTE	0	0	0	0

Introduction

The Federal-State Unemployment Insurance (UI) program, authorized by Title III of the Social Security Act (SSA), provides temporary, partial wage replacement to eligible workers temporarily or permanently laid off from their jobs. The UI program, an integral part of the public workforce system, serves as one of the key entry points for unemployed workers into the American Job Centers (AJC) established under the Workforce Innovation and Opportunity Act (WIOA) and to the services that speed their return to work. The Wagner-Peyser Act program is an integral part of the AJCs and emphasizes reemployment service delivery to UI claimants and other job seekers. Wagner-Peyser Act employment services are required to be co-located with the AJC delivery system and WIOA and the Wagner-Peyser Act put a focus on the alignment of data systems that support effective service delivery.

Regular UI benefits and administration are funded by state payroll and Federal taxes, respectively. States administer the regular UI program directly and administer certain Federal UI benefit programs, including the unemployment compensation for Federal employees (UCFE), unemployment compensation for ex-servicemembers (UCX), and the extended benefit (EB) program. UI National Activities funds are used to support states collectively in administering state UI programs. Funding for Reemployment Services and Eligibility Assessments (RESEAs) supports states in providing in-person reemployment services and eligibility assessments in AJCs for UI beneficiaries to promote faster reemployment and reduce UI improper payments by ensuring that continued eligibility requirements are met.

The Federal role in the Federal-state partnership that administers the UI program includes setting overall program policies, establishing and monitoring performance measures and standards, providing technical assistance to states, ensuring the conformity of state laws and the compliance of state operations with Federal law, and funding the administration of state and Federal UI programs.

For the UI program, the Department's FY 2020 Budget requests \$2,440,230,000 for State UI Administration, which includes \$90,000,000 for state staff to address top causes of UI improper payments, \$6,000,000 for UI Integrity Center of Excellence, \$175,000,000 for RESEA activities, and \$48,000,000 for UI National Activities. The UI National Activities request includes a one-time request for \$36,000,000 to modernize critical information technology infrastructure essential to the states' administration of the UI program.

The FY 2020 Budget continues to include legislative proposals to support paid parental leave, strengthen program integrity in the UI program, institute a minimum solvency standard for State

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trust fund accounts, and offset overlapping UI and Disability Insurance benefits. The Budget includes a new proposal to require all state UI agencies to implement the Integrated Data Hub developed by the UI Integrity Center of Excellence.

Paid Parental Leave

The President has pledged to provide paid family leave to help new parents. As the first Administration to call for a nationwide paid family leave program in its Budget, the Administration is committed to finding solutions to help working families balance the competing demands of both work and family. The Budget delivers on this promise with a proposal that is aimed at families most in need. The Administration is committed to working with Congress on this important policy and considers this proposal a starting point for constructive conversations throughout the year.

The proposal would provide at least six weeks of paid family leave to new mothers and fathers, including adoptive parents, so families can afford to take time to recover from childbirth and bond with a new child without worrying about paying their bills. Using the UI system as a base, the proposal will allow states to establish paid parental leave programs in a way that is most appropriate for their workforce and economy. States would be required to provide at least six weeks of parental leave and the proposal gives states broad latitude to design and finance the program.

The proposal is significantly offset by a package of sensible reforms to the UI system -- including reforms to reduce improper payments and encourage states to maintain reserves in their Unemployment Trust Fund accounts. The Administration looks forward to working with Congress to advance policies that would make paid parental leave a reality for families across the nation.

The proposal provides mandatory funding for the states' start-up costs and administrative costs to operate the program through grants provided by the Employment and Training Administration, including \$750 million in funding for start-up costs in 2020.

UI Program Integrity

ETA proposes a comprehensive integrity legislative package 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 access data sources available through the UI Integrity Center's Integrity Data Hub (IDH).* The IDH contains a Suspicious Actor Repository (SAR) for states to exchange data elements from known fraudulent UI claims and will soon contain additional near real time data sources to detect improper payments and fraud, including an identity verification tool to prevent fraudulent UI benefit claims. This proposal will require states to cross-match against the data sources available through the IDH. UI system-wide use of the IDH will result in increased prevention, detection, and recovery of improper and fraudulent payments. This proposal is new to the FY 2020 President's

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Budget and builds on the UI Program Integrity proposals submitted in the FY 2019 Budget.

- *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 National Directory of New Hires (NDNH).* This proposal will require state UI agencies to use the National Directory of 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 greater authority to require 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. Currently, the Secretary has very limited options to require State UI agencies to take actions to respond to poor performance and high improper payment rates.
- *Require states to cross match with SSA's prisoner database and other repositories of prisoner information.* Under current law, state UI agencies' use of this cross-match is permissible, but the Social Security Administration's (SSA) Prisoner Update Processing System (PUPS) is currently only used by some states for UI verification. Requiring 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 cross match hits as required by law.
- *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. States with high improper payment rates would be required to use a portion of the funds for program integrity activities. Currently, states have discretion to use these funds for non-UI purposes.

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Minimum Solvency Standard

Many state Unemployment Trust Fund accounts have yet to recover from the impact of the Great Recession and are still not adequately financed. As of December 31, 2018, only 29 states had sufficient reserves to weather another recession. Low state reserves remain a serious threat to the UI program. 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. (An AHCM of 1.0 indicates that a state has sufficient funds in its trust fund account to pay benefits for one year of an average recession.) This approach would strengthen states' incentive to adequately fund their UI systems before their Trust Funds face any future recessionary demands, resulting in a decrease in the likelihood of insolvency and the need to borrow. All funds received through the credit reduction would be applied to state Unemployment Trust Fund accounts to help states rebuild balances.

Offset Overlapping UI and Disability Insurance Benefits

The Budget includes a proposal to offset overlapping UI and Disability Insurance (DI) benefits in the DI program. Under the proposal, an individual who receives benefits in both programs covering the same period of unemployment would have their DI benefit reduced by the amount of unemployment benefits received during the period. UI benefit payments would not be affected by this policy; however, some individuals may choose to forgo receiving UI if they know they will be receiving a higher DI benefit.

UI Information Technology Modernization State Consortia

The House Report 115-244 that accompanied the Consolidated Appropriations Act, 2018, stated the following:

The Committee directs the Department to include in the fiscal year 2019 Congressional Justification any necessary recommendations for language or direction that would be helpful to ensure the long-term viability of the consortia projects and ensure that funds being used for IT modernization projects are achieving the intended results.

In response to the Committee's directive, the Department proposes to modify the SUIESO appropriation language to extend the expenditure period of FY 2015 through FY 2020 consortia grant funds by one additional year. This change will align the length of the expenditure periods for the FY 2015 through FY 2020 consortia grant funds with the expenditure periods for the FY 2011 through FY 2014 consortia grant funds as provided in the FY 2019 appropriation. In addition, the Department proposes to extend the obligation period of FY 2020 consortia grant funds by one additional year.

UNEMPLOYMENT INSURANCE

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2015	\$2,790,685	0
2016	\$2,760,097	0
2017	\$2,702,497	0
2018	\$2,653,497	0
2019	\$2,527,816	0

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WORKLOAD AND PERFORMANCE SUMMARY					
		FY 2018 Enacted		FY 2019 Enacted	FY 2020 Request
		Target	Result	Target	Target
Unemployment Insurance					
Reemployment Services and Eligibility Assessments-UI Integrity					
Strategic Goal 3 - Administer Strong Workers' Compensation and Benefits Programs					
Strategic Objective ETA 3.2 - Support states' timely and accurate benefit payments for unemployed workers.					
ETA-B OUI-01	Employer Tax Accounts (in thousands)	8,107[p]	8,442	8,271[p]	8,589[p]
ETA-B OUI-02	Initial Claims Taken (in thousands)	14,894[p]	11,891	12,727[p]	12,317[p]
ETA-B OUI-03	Weeks Claimed (in thousands)	111,173[p]	96,077	95,978[p]	90,869[p]
ETA- OUI-01	Improper payment rate (Unemployment Insurance)	13.75%	13.05%	14.75%	TBD
ETA- UI-01	First payment timeliness (Unemployment Insurance)	87.0%	84.7%	87.0%	87.0%
ETA- UI-02	Detection of recoverable overpayments (Unemployment Insurance)	61.9%	53.7%	54.5%	54.5%
ETA- UI-03	Establish Tax Accounts Promptly (Unemployment Insurance)	84.0%[e]	89.5%	88.0%	89.6%

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

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Workload and Performance Narrative

The Detailed Workload and Performance table provides estimates of the number of unemployment benefit claims and contributing employer tax accounts. Based on the economic assumptions issued in November 2018, the Department projects a decrease in the number of weeks claimed from 96,077,000 in FY 2018 to 90,869,000 in FY 2020 and an increase in the number of initial claims taken and employer tax accounts established – from 11,891,000 and 8,442,000 in FY 2018 to 12,317,000 and 8,589,000 in FY 2020, respectively. It is important to note that UI workload volumes are influenced by economic conditions, not the administrative funds available. Based on estimates that the unemployment rate in FY 2020 will average 3.6 percent (down from 4.0 percent in FY 2018) and the fact that a number of states have enacted reduced maximum durations, ETA projects a downward pressure on the number of UI claims. As workloads decline, the funding level for state UI administration also declines, which impacts the quality and timeliness of state UI operations.

Past Performance Results and Future Projections

1) First Payment Timeliness: In FY 2018, the target was 87.0 percent for first payments made within 14-21 days. Performance improved to 84.7 percent in FY 2018 from the FY 2017 result of 84.5 percent. In the aftermath of the Great Recession, first payment timeliness fell below 80.0 percent. However, this performance measure has steadily increased since FY 2014; and the Department anticipates that performance will continue to trend positively.

2) Detection of Overpayments: In FY 2018, states detected and established for recovery 53.7 percent of estimated overpayments, which fell short of the goal of 61.9 percent. The target for FYs 2019 and 2020 was lowered to 54.5 percent to align with more recent performance results and to recognize state limitations with reduced staff and administrative funding. The requested FY 2020 program increase for UI Program Integrity Activities would enable improved performance in future years for this measure as additional staffing beyond the base administrative grant would be made available to help states detect, establish and recover improper payments.

3) Establish Tax Accounts Promptly: In FY 2018, 89.5 percent of new status determinations were made within 90 days of the end of the quarter in which the firm became liable. ETA met the GPRA performance target. This represents an improvement of 0.9 percentage points from the prior year. The FY 2020 target for this measure is set at 89.6 percent.

4) Improper Payment Rate: In FY 2018, the UI improper payment rate was 13.05 percent, which is below the target of 13.75 percent. Although significant work has been done and ETA continues to work aggressively with states to reduce the improper payment rate below the 10 percent Improper Payments Elimination and Recovery Act requirement, increasing work search errors have prevented the UI program from meeting the 10 percent target. These work search errors are attributable to claimants who failed to meet state specific work search requirements and structural program requirements. In the

UNEMPLOYMENT INSURANCE

past few years, states have implemented stringent work search requirements, which has increased the state/national work-search error rate. The vast majority of work search errors are not preventable due to legal requirements to pay benefits when due and to provide individuals previously determined to be eligible for UI benefits with an opportunity to be heard prior to halting benefit payments. ETA is implementing a comprehensive strategic plan to address improper payments that includes identifying states with high improper payment rates for enhanced technical assistance. The improper payment target for FY 2019 is set at 14.75 percent.

A top priority for the Department is to improve overall program integrity by improving the ability of states to prevent, detect, and recover UI improper payments and fraud as quickly as possible. Strategies designed to advance these efforts include:

- Implementation of strategies to address the root causes of improper payments. The Department has developed a comprehensive Improper Payments Strategic Plan to address the root causes of improper payments and is aggressively working to implement the strategies outlined in the plan in collaboration with state partners. Activities include the implementation of new performance measures; developing new improper payment prevention tools; enhancing existing tools; and intensive monitoring of and technical assistance to underperforming states.
- Continued support for the UI Integrity Center of Excellence. The Center is a state-driven source of innovative program integrity strategies to prevent and detect improper payments and reduce fraud. Activities include providing sophisticated data access and data analytic tools to rapidly alert state staff of fraud schemes; supporting ongoing knowledge-sharing on UI integrity practices; increasing state staff capacity through on-line training of fraud solutions and integrity strategies, identifying model integrity state operations; and providing intensive, on-site technical assistance and consultation to states.

The FY 2020 Budget includes expansion of the Center's secure Integrity Data Hub to provide states with access to valuable data sources that they would be unable to afford individually.

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BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request	Diff. FY20 Request / FY19 Enacted
11.1	Full-time permanent	0	0	0	0
11.5	Other personnel compensation	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
12.1	Civilian personnel benefits	0	0	0	0
21.0	Travel and transportation of persons	0	0	0	0
23.0	Rent, Communications, and Utilities	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	0	0	0	0
24.0	Printing and reproduction	0	0	0	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	0	1,337	1,326	-11
25.3	Other goods and services from Federal sources 1/	0	850	861	11
25.7	Operation and maintenance of equipment	0	3,983	3,983	0
26.0	Supplies and materials	0	0	0	0
31.0	Equipment	0	0	0	0
41.0	Grants, subsidies, and contributions	2,650,792	2,520,411	2,657,060	136,649
	Total	2,650,792	2,526,581	2,663,230	136,649
	1/Other goods and services from Federal sources				
	Working Capital Fund	0	850	861	11

UNEMPLOYMENT INSURANCE

CHANGES IN FY 2020

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
Personnel benefits	0
Travel and transportation of persons	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	-11
Working Capital Fund	11
Other goods and services from Federal sources	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
State Administration Workload	0

Built-Ins Subtotal **\$0**

Net Program **\$136,649**

Direct FTE **0**

	Estimate	FTE
Base	\$2,526,581	0
Program Increase	\$151,000	0
Program Decrease	-\$14,351	0

STATE ADMINISTRATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request	Diff. FY20 Request / FY19 Enacted
Activity Appropriation	2,516,895	2,364,581	2,440,230	75,649
FTE	0	0	0	0

Introduction

States administer the Unemployment Insurance (UI) program directly and are responsible for establishing policies and operating methods that conform to Title III of the Social Security Act, the Federal Unemployment Tax Act (Chapter 23, Internal Revenue Code), and other Federal regulations. The major functions performed by the states are: (1) determining benefit entitlement; (2) paying benefits; and (3) establishing and collecting UI taxes from employers.

The states also administer Federal programs for payments to former military and federal civilian personnel, claimants who qualify for extended or special Federal unemployment benefits, workers certified under the Trade Adjustment Assistance for Workers Program, and individuals who are unemployed due to disasters.

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2015	\$2,697,793	0
2016	\$2,630,550	0
2017	\$2,572,600	0
2018	\$2,519,600	0
2019	\$2,365,816	0

Funding Mechanism

The Department provides annual workload-based grants to states for the administration of UI programs in accordance with Section 302(a) of the Social Security Act. This Act requires the Secretary to determine, within appropriated funds, the amount “necessary for proper and efficient administration” of each state’s UI law during the fiscal year. A “base” administrative grant is issued at the beginning of each fiscal year. States may receive additional administrative funds above their base grant levels, on a quarterly basis, when claims-related workloads exceed the amount funded by the base grant.

In developing the administrative funding allocations for states, the Department uses state-specific information that relates directly to the administrative costs in each state, including the number of claims processed, the average amount of time required to process a claim, state-level personnel costs, and the number of employers subject to the UI tax. The funding formula is designed to provide each state with an amount that will support a roughly equal level of services across states.

STATE ADMINISTRATION

FY 2020

For UI State Administration, the FY 2020 Budget includes \$2,440,230,000.

The funds requested are sufficient to process, on average, 1,758,000 continued claims per week (referred to as the average weekly insured unemployment or AWIU), including claims made under the Trade Act of 1974, as amended. During the year, States are expected to collect \$39.5 billion in state unemployment taxes and pay an estimated \$27.9 billion in Federal and state UI benefits to 5.6 million beneficiaries, including former Federal military and civilian personnel, recipients of Federal-State extended benefits (EB), and workers adversely affected by foreign trade who may be eligible for benefits under the Trade Act.

The request continues the existing contingency reserve language that provides for additional funds to meet unanticipated UI workloads. This contingency reserve provides \$28,600,000 for each 100,000 increase in the total AWIU, which is set at 1,758,000 in the request and referred to as the AWIU trigger.

The FY 2020 proposed appropriation language provides states with one additional year to expend FY 2015 to FY 2019 funds for automation when engaged through a consortium of State agencies. In addition, the Budget proposes to extend the obligational period of FY 2020 consortia funds by one additional year. Doing so will provide adequate time for states to successfully navigate the complexities and challenges of modernizing state UI information technology systems that support multiple states.

The Budget includes \$90,000,000 for state staff to address the two top causes of UI improper payments – work search and benefit year earnings. There is sufficient funding in the Employment Security Administration Account (ESSA) to support this increase. This request includes \$45,000,000 to provide targeted state UI agencies with supplemental funding to implement online systems that help facilitate the reporting and verification of claimants' work search activities. This initiative will also provide the Secretary with the authority to target funding to states with significant challenges in addressing work search improper payments that could benefit most from implementation of this solution. An additional \$45,000,000 is requested to provide states with resources to validate and adjudicate "hits" from cross-matches designed to prevent, detect, and recover improper payments. "Hits" will be cross-matched from data sources that include the National Directory of New Hires, the Integrity Data Hub operated by the UI Integrity Center of Excellence, and may include other data sources available to states. Based on this investigative work, states will prevent, establish, and recover significantly more improper payments. The use of the \$45,000,000 will result in an estimated savings of \$183,065,000 to state UI trust fund accounts and reduce the UI improper payment rate. If the full amount of the funding to implement online work search reporting and verification systems is not utilized, it will be repurposed and made available to states to validate and adjudicate "hits" from cross-matches.

The Budget also includes \$6,000,000 for continued support for the UI Integrity Center of Excellence, including support for an expanded Integrity Data Hub (IDH). The IDH will make new data sources available for state cross-matching and provide a wide array of resources and tools to assist states in identifying fraud and preventing, detecting, and recovering improper payments. These services also include intensive on-site consultation and customized technical

STATE ADMINISTRATION

assistance to support states struggling the most to reduce improper payments and fraud. The Center supports the goals of the Improper Payment Information Act, IPERA, IPERIA, OMB Memorandum M-12-11, and the President's Management Agenda goal to "Get Payments Right."

FY 2019

The FY 2019 enacted level of \$2,365,816,000 is sufficient to process, on average, 1,860,000 continued claims per week (referred to as the average weekly insured unemployment or AWIU), including claims made under the Trade Act of 1974, as amended. The FY 2019 revised enacted level of \$2,364,581,000 reflects a transfer of \$1,235,000 to the Office of Labor Management Standards (OLMS). During the year, States are expected to collect \$37.9 billion in state unemployment taxes and pay an estimated \$27.0 billion in Federal and state UI benefits to 5.2 million beneficiaries, including former Federal military and civilian personnel, recipients of Federal-State EB, and workers adversely affected by foreign trade who may be eligible for benefits under the Trade Act.

The appropriation included the contingency reserve language that provides for additional funds to meet unanticipated UI workloads. This contingency reserve provides \$28,600,000 for each 100,000 increase in the total AWIU, which is set at 2,030,000 in the appropriation.

The appropriation included \$9,000,000, allowing for continued support and expansion of the UI Integrity Center of Excellence.

FY 2018

The FY 2018 enacted level was \$2,519,600,000. The FY 2018 revised enacted level of \$2,516,895,000 reflects a transfer of \$1,500,000 to the Wage and Hour Division and a transfer of \$1,205,000 to OLMS. During the year, states collected \$36.4 billion in state unemployment taxes and paid \$28.0 billion in Federal and state UI benefits to 5.3 million beneficiaries, including former Federal military and civilian personnel, recipients of Federal-State EB, and workers adversely affected by foreign trade who may be eligible for benefits under the Trade Act.

The appropriation included \$6,000,000 for continued support and expansion of the UI Integrity Center of Excellence.

STATE ADMINISTRATION

CHANGES IN FY 2020

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
Other services from non-Federal sources	0
Operation and maintenance of equipment	0
Grants, subsidies, and contributions	0
State Administration Workload	0

Built-Ins Subtotal **\$0**

Net Program **\$75,649**

Direct FTE **0**

	Estimate	FTE
Base	\$2,364,581	0
Program Increase	\$90,000	0
Program Decrease	-\$14,351	0

REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request	Diff. FY20 Request / FY19 Enacted
Activity Appropriation	120,000	150,000	175,000	25,000
FTE	0	0	0	0

Introduction

The Reemployment Services and Eligibility Assessments (RESEA) program is based on a dual service-delivery strategy that includes conducting UI eligibility assessments in combination with the provision of reemployment services. These reemployment services must include orientation to available services, development of an individual reemployment plan, career and labor market information, registration with the state’s job bank, enrollment in Wagner-Peyser Employment Services, and appropriate referrals or job search assistance. The Bipartisan Budget Act of 2018 (P.L 115-123) amended the Social Security Act (SSA) and permanently authorized the RESEA program. The combination of eligibility assessment and reemployment services helps ensure the proper payment of UI, reduce the duration of benefits, and deliver successful employment outcomes for unemployed workers. To improve the effectiveness of these services, states are required to use evidence-based service delivery strategies or to evaluate any strategies that are not currently evidence-based.

The RESEA program is based on a successful model established in Nevada in which eligibility assessments were delivered seamlessly with reemployment services. Research on that service-delivery model found it to be effective in the following ways³:

- Claimants were significantly less likely to exhaust their benefits;
- Claimants had significantly shorter UI durations and lower total benefits paid (on average 1.82 fewer weeks and \$536 lower total benefits paid);
- Claimants were more successful in returning to work sooner, earning higher wages in the measurement period, and retaining their jobs; and
- Every \$1.00 of cost produced \$2.60 of savings.

Previous research also identified that when both eligibility assessments and reemployment services are provided seamlessly, reemployment outcomes for claimants improve and the duration of benefits is shorter.⁴

³ IMPAQ International. January 2012. *Impact of the Reemployment and Eligibility Assessment (REA) Initiative in Nevada*.

⁴ IMPAQ International. June 2011. *Impact of the Reemployment and Eligibility Assessment (REA) Initiative*.

REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2015	\$80,000	0
2016	\$115,000	0
2017	\$115,000	0
2018	\$120,000	0
2019	\$150,000	0

Funding Mechanism

Currently discretionary funding is provided to states at levels that reflect cost per participant, projected workloads, and state capacity. Beginning in FY 2021, the Department will transition to a formula-based allocation of funds to states as required by the recent amendments to the SSA.

FY 2020

In FY 2020, the Department request includes \$175,000,000 for RESEA, consisting of \$117,000,000 in base funding and an additional \$58,000,000 under the RESEA cap adjustment. At the level of funding requested:

- RESEA services will be targeted to UI claimants, including those who are profiled as most likely to exhaust their regular state UI benefits. States will provide these services with the appropriated funds and claimants referred to these services will be required to participate.
- The RESEA program will provide integrated reemployment services to UI claimants including: one-on-one reviews of eligibility for UI benefits; provision of labor market and career information to claimants to inform their career choices; support for the development or revision of an individual reemployment plan; and provision of self-service and staff-assisted reemployment services, including skills assessments, career counseling, job matching and referrals, job search assistance workshops, and referrals to training as appropriate.

It is estimated that the RESEA base and cap adjustment funding will reduce the average duration of UI benefit receipt by 1.4 weeks for claimants participating in the RESEA program and result in benefits savings of approximately \$429,000,000. Looking forward, the RESEA proposal will support a more comprehensive approach to reemployment, including strategies to encourage more sophisticated communication between UI and the workforce system that will allow both systems to view claimant outcomes on a continuum as they move from assessment, to employment services, and then to job placement.

REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

FY 2019

The FY 2019 enacted level includes \$150,000,000 for RESEA, consisting of \$117,000,000 in base funding and an additional \$33,000,000 under the RESEA cap adjustment. At this level of funding, RESEA services will target an estimated 848,000 claimants, including those who are profiled as most likely to exhaust their regular state UI benefits. States will provide these services with the appropriated funds and claimants referred to these services will be required to participate.

Applying this integrated approach is estimated to reduce the average duration of UI and unemployment compensation for ex-servicemembers (UCX) benefit receipt by 1.4 weeks for claimants participating in the RESEA program and result in benefits savings of approximately \$316,000,000.

FY 2018

In FY 2018, Congress appropriated \$120,000,000 for RESEA, which the Department used to provide grants to 48 states, the District of Columbia, Puerto Rico, and the Virgin Islands to operate RESEA programs. RESEA services were primarily targeted to claimants profiled as most likely to exhaust their regular state UI benefits and to claimants receiving UCX. Claimants referred to these services were required to participate. Approximately 17 percent of new claimants received these services.

REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

CHANGES IN FY 2020

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
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Advisory and assistance services	0
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Equipment	0
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Grants, subsidies, and contributions	0
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State Administration Workload	0
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Built-Ins Subtotal	\$0
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Net Program	\$25,000
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Direct FTE	0
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	Estimate	FTE
Base	\$150,000	0
Program Increase	\$25,000	0
Program Decrease	\$0	0

NATIONAL ACTIVITIES

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request	Diff. FY20 Request / FY19 Enacted
Activity Appropriation	13,897	12,000	48,000	36,000
FTE	0	0	0	0

Introduction

UI National Activities funding supports the states collectively in administering their UI programs. These investments help the Department improve program performance and accountability, and support critical information technology infrastructure for use by states.

UI National Activities funding provides an avenue for states to apply common technology-based solutions to improve the efficiency and performance of states' UI operations through the Interstate Connection Network (ICON), which is a data exchange network that allows state workforce agencies to share claims information; and through the Information Technology Support Center (ITSC) that is administered through the National Association of State Workforce Agencies, which provides services, products, and technical assistance to state workforce agencies in support of UI information technology modernization.

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2015	\$12,892	0
2016	\$14,547	0
2017	\$14,897	0
2018	\$13,897	0
2019	\$12,000	0

Funding Mechanism

UI National Activities support the Federal-State UI system as a whole, are interstate or multi-State in nature, or are performed more efficiently and cost-effectively on a consolidated rather than decentralized basis. Funding for these activities is generally issued through cooperative agreements and contracts.

NATIONAL ACTIVITIES

FY 2020

In FY 2020, the Department request includes \$48,000,000 for UI National Activities. These funds will provide support for ICON, ITSC, the UI reporting system, actuarial projects and training, and other training and technical assistance activities. Funds also provide for acquisition of technical services, hardware, and software to support state UI activities and to support infrastructure used for communications to stakeholders and beneficiaries.

The FY 2020 Budget proposal for National Activities includes a one-time request for \$36,000,000 to modernize the ICON hub, which is critical to enable states to administer the UI program nationally and to support access to interstate wage record data for performance measurement under the Workforce Innovation and Opportunity Act (WIOA). ICON is operating on an antiquated network of mainframes that will no longer be supported in a few years. This funding will allow replacement of the 35 year old ICON hub platform's architecture and modernization and standardization of its applications, creating efficiencies, lowering ongoing operational costs, and improving security. It will also result in improved data quality and reliability.

States access ICON for every UI claim filed in the country in order to access wage data and other information to establish eligibility for benefits. ICON's continued operation is critical and cannot cease for even one day without disrupting the ability of states to determine eligibility for unemployment benefits. An interruption of ICON operations would delay the ability of states to make timely eligibility determinations and make payment of benefits "when due" as required in Federal law, thus creating a disruption in program services and harming unemployed workers and their families who rely on these benefits. ICON also supports performance accountability for workforce programs that need access to UI wage record data to calculate key performance measures. Under WIOA, Department of Labor and Department of Education funded programs are statutorily required to use interstate wage record data to support performance measures; and ICON is the source of that data.

FY 2019

In FY 2019, the enacted amount includes \$12,000,000 for UI National Activities. These funds will provide support for ICON, ITSC, the UI reporting system, actuarial projects and training, and other training and technical assistance activities. Funds also provide for acquisition of technical services, hardware, and software to support state UI activities and to support infrastructure used for communications to stakeholders and beneficiaries.

FY 2018

The FY 2018 enacted amount provided \$13,897,000 for UI National Activities. In addition to funding activities that support states collectively, the funding supported projects to connect UI claimants to reemployment services through the American Job Center network and improve the integration of UI with the public workforce system.

NATIONAL ACTIVITIES

CHANGES IN FY 2020

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
Personnel benefits	0
Travel and transportation of persons	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	-11
Working Capital Fund	11
Other goods and services from Federal sources	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
State Administration Workload	0

Built-Ins Subtotal **\$0**

Net Program **\$36,000**

Direct FTE **0**

	Estimate	FTE
Base	\$12,000	0
Program Increase	\$36,000	0
Program Decrease	\$0	0

EMPLOYMENT SERVICE

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request	Diff. FY20 Request / FY19 Enacted
Activity Appropriation	686,231	682,870	682,870	0
FTE	0	0	0	0

Introduction

The Wagner-Peyser Act of 1933, amended by the Workforce Innovation and Opportunity Act (WIOA), establishes a nationwide system of public employment offices, known as the Employment Service (ES). ES is a required partner under the WIOA American Job Center system, providing labor exchange services to all job seekers, and helping businesses to meet their hiring needs by referring qualified workers. ES also supports the reemployment of UI claimants and other job seekers by providing career counseling and labor market information, job search assistance, and other career services. When job seekers do not have the skills that employers need, ES refers them to the WIOA formula programs to obtain comprehensive career services and access to education and skills development that help close the skills gap, including work-based learning opportunities like apprenticeship, paid and unpaid work experiences for youth, and on-the-job training.

ES career services also include appropriate referrals to other programs and services outside of WIOA, such as Pell Grants, GI Bill benefits, Jobs for Veterans State Grants programs, and other partner programs. Activities within the Wagner-Peyser employment services include ES Grants to States and ES National Activities.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2015	\$684,002	0
2016	\$699,818	0
2017	\$691,231	0
2018	\$686,231	0
2019	\$682,870	0

EMPLOYMENT SERVICE

WORKLOAD AND PERFORMANCE SUMMARY							
		PY 2017 Enacted		PY 2018 Enacted		PY 2019 Enacted	PY 2020 Request
		Target	Result	Target	Result	Target	Target
Employment Service							
Strategic Goal 1 - Support the Ability of All Americans to Find Good Jobs							
Strategic Objective ETA 1.1 - Create customer-focused workforce solutions for American workers.							
ETA-WIOA ES-01	Employment Rate - 2nd Quarter After Exit (WIOA Employment Service)	base	--	base	--	TBD	TBD
ETA-WIOA ES-02	Employment Rate – 4th Quarter After Exit (WIOA Employment Service)	base	--	base	--	TBD	TBD
ETA-WIOA ES-03	Median Earning – 2nd Quarter After Exit (WIOA Employment Service)	base	--	base	--	TBD	TBD
ETA-WIOA ES-04	Effectiveness in Serving Employers (WIOA Employment Service)	base	--	base	--	TBD	TBD
ETA-Budget ES-01	Number of Participants Served (WIOA Employment Service)	5,328,674	--	5,288,992[p]	--	5,262,317[p]	5,262,317[p]
	Cost Per Participant Served (Employment Service)	\$126[p]	--	\$126[p]	--	\$126[p]	\$126[p]

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

EMPLOYMENT SERVICE

Workload and Performance Narrative

ES services are delivered through the American Job Center system and are designed to increase employment opportunities for all workers and meet the needs of businesses for work-ready job seekers. One of the primary goals of ES is to ensure that job seekers and employers have universal access to basic labor exchange services. States can also leverage ES program funds to support business services and to provide a broader range of career services, such as case management, assessments, and career counseling, with a particular focus on service delivery to UI claimants. All of these services are intended to further the goal of preparing workers for better jobs.

Beginning in PY 2016, the performance measures for the ES were revised based on WIOA authorization, which established six key measures. The Department is tracking ES program progress on the following four measures: 1) employment in the second quarter after exit; 2) employment in the fourth quarter after exit; 3) median earnings of those employed in the second quarter after exit; and 4) effectiveness in serving employers. The results of these measures will demonstrate the value of these investments to help address the employment and skill needs of workers, job seekers, and employers. The Department is currently collecting baseline data for the performance measures and expects the data for the measures based on the second quarter after exit to be available at the end of PY 2018.

Also beginning in PY 2016, the WIOA authorization implemented a new definition of “participant” which impacted the counts and costs of the ES participants served. The Department is collecting information on both participants and reportable individuals.

The Department monitors grantee performance through Federal Project Officers (FPOs) located in the Department regional offices, to ensure that the grantees are in compliance with the statute and on target to meet performance goals. Such monitoring informs the design and delivery of technical assistance to improve performance. As part of program monitoring, the Department looks at the following system outputs:

- Number of people served by the system;
- Number of people that receive workforce information services;
- Number of people that receive staff-assisted services; and
- Number of people exiting the program.

These outputs help the Department understand whether the states are implementing strategies that will help them meet their strategic goals. The Department conducts evaluations to assess the specific strategies promoted to support goal achievement. The results of such evaluations and research are used to revise and regularly update strategies.

EMPLOYMENT SERVICE

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request	Diff. FY20 Request / FY19 Enacted
11.1	Full-time permanent	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	0	0	0	0
25.2	Other services from non-Federal sources	0	0	0	0
33.0	Investments and Loans	0	0	0	0
38.0	Depreciation Expense - Unfunded	0	0	0	0
41.0	Grants, subsidies, and contributions	686,231	682,870	682,870	0
	Total	686,231	682,870	682,870	0

EMPLOYMENT SERVICE

CHANGES IN FY 2020

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
Communications, utilities, and miscellaneous charges	0
Other services from non-Federal sources	0
Grants, subsidies, and contributions	0
State Administration Workload	0
Investment and Loans	0

Built-Ins Subtotal \$0

Net Program \$0

Direct FTE 0

	Estimate	FTE
Base	\$682,870	0
Program Increase	\$0	0
Program Decrease	\$0	0

GRANTS TO STATES

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request	Diff. FY20 Request / FY19 Enacted
Activity Appropriation	666,413	663,052	663,052	0
FTE	0	0	0	0

Introduction

The ES Grants to States play an important role in providing opportunities for workers to obtain good jobs by effectively responding to employer needs for skilled workers. The ES and labor exchange services are essential to helping millions of job seekers find new or better jobs and employers find the skilled workers they need. During PY 2016, the ES provided 5,414,815 individuals with access to labor exchange services (both virtually and through the American Job Center network) and helped over 4,235,928 unemployed individuals and nearly 360,000 veterans⁵.

The ES supports universal access to the public workforce system through a public labor exchange where job search assistance and related services are made available to all job seekers, and job listing services and referrals of qualified job applicants are available to any employer. Specifically, the ES achieves the following objectives:

- Increases employment opportunities for all workers by reaching out to businesses to better identify local and regional hiring needs and connect businesses and employers to the skilled workers they need;
- Connects job seekers to employment services and job opportunities through American Job Centers, including assessments, timely labor market information, career counseling, job search assistance, and referrals to other training/education opportunities and services;
- Utilizes technology to enable remote and online access to labor exchange services and career and labor market information;
- Accelerates reemployment for UI claimants through provision of career services, assessments, and referrals; and
- Improves the transition of separating service members and eligible spouses by reducing unemployment periods through similar reemployment services with the Jobs for Veterans State Grants program.

⁵ Wagner-Peyser/WIOA PY 2016 Annual Performance Report

GRANTS TO STATES

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2015	\$664,184	0
2016	\$680,000	0
2017	\$671,413	0
2018	\$666,413	0
2019	\$663,052	0

FY 2020

In FY 2020, the Department is requesting \$663,052,000 to operate the ES in all 50 states and three territories. The funding will be awarded under the regular formula allotment to states supporting labor exchange services to a projected 5,262,317 individuals.

The ES serves as a foundation of the public workforce system by providing universal access to labor exchange and other career services, with over 5 million individuals receiving services in PY 2016. In most instances, the ES serves as an individual's first contact with the public workforce system, and individuals rely on the ES staff to provide career guidance on and referrals to training and education services. Under the WIOA American Job Center system, the ES serves as a central hub for individuals navigating Federal, state, and local employment, training, education and other supportive services. Emerging technologies have enabled many labor exchange services to be provided virtually or online through electronic tools, allowing for future reduced costs and efficiencies.

FY 2019

In FY 2019, the Department was appropriated \$663,052,000 to operate the ES in all 50 states and three territories. This amount will be awarded under the regular formula procedure to states supporting services to a projected 5,262,317 participants based on PY 2016 data.

States will use PY 2019 resources to continue to provide career services, staff-assisted counseling, and other reemployment services to unemployed workers. These staff-assisted services include the use of workforce and labor market information to guide workers in their job search and training decision, as well as other assessment tools and resources to assist individuals with identifying occupations in in-demand industries.

The Department and states implemented the WIOA performance indicators for the WIOA core programs, which include the Department of Labor-administered WIOA Adult, Dislocated Worker and Youth programs and the Wagner-Peyser Employment Service; and the Department of Education-administered Vocational Rehabilitation and Adult Education and Family Literacy Act programs. PY 2016 was the first year of reporting for these grantees. Targets were negotiated for some indicators using proxy, historical data from the Workforce Investment Act of 1998 and ES.

GRANTS TO STATES

FY 2018

In FY 2018, the Department received \$666,413,000 to operate the ES in all 50 states and three territories. This amount was awarded under the regular formula procedure to states supporting services to a projected 5,288,992 participants based on PY 2016 data.

GRANTS TO STATES

CHANGES IN FY 2020

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments \$0

Grants, subsidies, and contributions 0

State Administration Workload 0

Built-Ins Subtotal \$0

Net Program \$0

Direct FTE 0

	Estimate	FTE
Base	\$663,052	0
Program Increase	\$0	0
Program Decrease	\$0	0

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request	Diff. FY20 Request / FY19 Enacted
Activity Appropriation	18,485	18,485	18,485	0
FTE	0	0	0	0

Introduction

The Work Opportunity Tax Credit (WOTC) program, which is the successor of the Targeted Jobs Tax Credit program, was created by the Small Business Job Protection Act of 1996 (Pub. L.104-188). It established a Federal tax incentive to businesses for hiring new individuals from target groups with consistently significant barriers to employment. Subsequent authorizing legislation has changed the eligible target groups over time. The target groups under WOTC include: Temporary Assistance for Needy Families (TANF) recipients, long-term family assistance recipients, Supplemental Nutrition Assistance Program (food stamps) recipients, designated community residents, summer youth employees, vocational rehabilitation referrals, ex-felons, Supplemental Security Income recipients, long-term unemployment recipients, and veterans. WOTC provides businesses with over \$1,000,000,000 in tax credits each year for hiring individuals from the targeted groups.

The WOTC program is jointly administered by the Departments of Treasury and Labor. The Treasury Department's Internal Revenue Service (IRS) is responsible for overseeing the tax credits claimed by employers. The Department of Labor (DOL) receives funds to administer the WOTC certification process. These funds for WOTC are allocated to State Workforce Agencies (SWA) to support processing WOTC applications submitted by employers. SWAs certify that the individual hired by the employer is a member of one of the WOTC target groups. Employers are required to receive this certification from SWAs prior to claiming the tax credit with the IRS.

Five-Year Program Category History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2015	\$18,485	0
2016	\$18,485	0
2017	\$18,485	0
2018	\$18,485	0
2019	\$18,485	0

Funding Mechanism

WOTC funding historically has been distributed to SWAs using a three-part funding formula based on: 1) civilian labor force, 2) WOTC workload, and 3) a percentage of adult recipients of Temporary Assistance for Needy Families.

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

FY 2020

To support states' processing of WOTC certification requests, the Department requests \$18,485,000 for FY 2020. SWAs will use the funding to accept applications submitted by employers, either denying ineligible applications or certifying applications that meet all requirements.

SWAs are responsible for the timely processing of applications. The operational management of the WOTC certification process includes: 1) establishing processes and systems for receiving applications from employers; 2) determining whether the applications received were filed within required timelines; 3) verifying that the employee hired meets eligibility for one of the WOTC target groups; and 4) issuing to employers the state's final determination (i.e., a certification or a denial). SWAs may also use these funds to move towards automation of the application process.

The Department contributes to efforts to process WOTC applications more efficiently by providing on-going technical assistance to SWAs and the employer community. Strong partnerships with the IRS and other external and internal partners allow the Department to provide states with legal and programmatic clarifications that help improve the accuracy of their processing systems.

FY 2019

To support states' processing of WOTC certification requests, the Department was appropriated \$18,485,000 for FY 2019.

FY 2018

To support states' processing of WOTC certification requests, the Department was appropriated \$18,485,000 for FY 2018.

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

CHANGES IN FY 2020

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
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Grants, subsidies, and contributions	0
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State Administration Workload	0
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Investment and Loans	0
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Built-Ins Subtotal	\$0
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Net Program	\$0
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Direct FTE	0
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	Estimate	FTE
Base	\$18,485	
Program Increase	\$0	
Program Decrease	\$0	

**EMPLOYMENT SERVICE NATIONAL ACTIVITIES -
TECHNICAL ASSISTANCE AND TRAINING**

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request	Diff. FY20 Request / FY19 Enacted
Activity Appropriation	1,333	1,333	1,333	0
FTE	0	0	0	0

Introduction

The ES National Activities supports technical assistance (TA) and training activities helping to ensure public workforce system front line staff and leaders have the tools and information necessary to design and implement high quality employment and training services. The Workforce Innovation and Opportunity Act (WIOA), which strengthens interconnectivity between WIOA Title I programs and the Wagner-Peyser Act Employment Service, requires the Department to provide comprehensive TA to grantees, particularly to any grantee that fails a performance measure. The Department also uses TA to inform good program design and service delivery in order to achieve program performance goals and quality customer service.

These funds support states' continuous improvement to implement an integrated and effective American Job Center delivery system through two main strategies:

1. Identifying, evaluating, and encouraging adoption of effective workforce practices that lead to positive employment outcomes for job seekers and unemployed individuals and that meet the workforce challenges of employers; and
2. Delivering TA to grantees and the public workforce system, including online and in-person resources and information to improve grantee support.

Five-Year Program Category History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2015	\$1,333	0
2016	\$1,333	0
2017	\$1,333	0
2018	\$1,333	0
2019	\$1,333	0

Funding Mechanism

Funding for Employment Service Technical Assistance and Training activities is provided through grants or contracts.

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - TECHNICAL ASSISTANCE AND TRAINING

FY 2020

The Department requests \$1,333,000 for Employment Service TA activities in FY 2020. Resources will be used to support online and in-person assistance for states to improve provision of labor market information and services to business customers, and increase employment opportunities for all populations. TA will be delivered in-person and online and focus on strategies that research indicates are promising or proven.

FY 2019

The Department was appropriated \$1,333,000 for Employment Service TA activities in FY 2019. Resources are being used to support online and in-person assistance for states to improve provision of labor market information and services to business customers, and increase employment opportunities for all populations. TA is being delivered in-person and online and is focused on strategies that research indicates are promising or proven.

FY 2018

The Department was appropriated \$1,333,000 for Employment Service TA activities in FY 2018. Resources were used to support improvements in how states provide useful labor market information to business customers and job seekers, and increased employment opportunities for all populations. TA was delivered in-person and online and focused on strategies that research indicates are promising or proven.

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - TECHNICAL ASSISTANCE AND TRAINING

CHANGES IN FY 2020 (Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments \$0

Other services from non-Federal sources 0

Grants, subsidies, and contributions 0

State Administration Workload 0

Built-Ins Subtotal \$0

Net Program \$0

Direct FTE 0

	Estimate	FTE
Base	\$1,333	
Program Increase	\$0	
Program Decrease	\$0	

FOREIGN LABOR CERTIFICATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request	Diff. FY20 Request / FY19 Enacted
Activity Appropriation	62,310	70,560	70,560	0
FTE	159	160	169	9

NOTE: FY 2018 reflects actual FTE. Authorized FTE for FY 2018 was 161.

Introduction

The Immigration and Nationality Act and related laws assign certain responsibilities to the Secretary of Labor for employment-based immigration and guest worker programs. These responsibilities include determining whether there are able, willing, and qualified U.S. workers available for the job and whether there would be any adverse impact on similarly-employed U.S. workers if a labor certification allowing the admission of a foreign worker were granted. The Secretary has delegated the processing of labor certification applications to the Employment and Training Administration’s (ETA) Office of Foreign Labor Certification (OFLC).

Employers seeking to hire permanent or temporary foreign workers in certain visa categories are generally required to apply to the Secretary for a labor certification. OFLC processes applications and issues determinations in the following programs: the immigrant Permanent Labor Certification Program (PERM) or “Green Card”; nonimmigrant (temporary worker) H-1B and H-1B1 (Chile and Singapore) Specialty Occupations Programs; E-3 Specialty Worker Program (Australia); H-2A Temporary Agricultural Program; H-2B Temporary Non-agricultural Program; CW-1 Temporary Program; and D-1 Longshore Crewmember Program. OFLC also issues prevailing wage determinations for a number of these programs to ensure that the wages offered to foreign nationals do not adversely affect the wages of similarly-employed U.S. workers.

OFLC is comprised of a national office and three national processing centers (NPCs). The national office is responsible for policy and regulatory activities, program management, finance, and other management-related activities. OFLC administers its labor certification and prevailing wage determination responsibilities through its three NPCs. The Chicago NPC primarily adjudicates temporary nonimmigrant applications, the Atlanta NPC primarily adjudicates immigrant PERM applications, and the Prevailing Wage Center in Washington, D.C. primarily provides prevailing wage determinations.

The Northern Marianas U.S. Workforce Act of 2018 (P.L. 115-218) established new labor certification requirements for the CW-1 visa category available in the Commonwealth of the Northern Mariana Islands (Commonwealth). The Act aligns the requirements for CW-1 visas with similar nonimmigrant guest worker programs and creates new categories of labor certifications and prevailing wage determinations for OFLC. OFLC will begin receiving CW-1 applications in FY 2019.

FOREIGN LABOR CERTIFICATION

Five-Year Budget Activity History⁶

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2015	\$62,310	177
2016	\$62,310	182
2017	\$62,310	165
2018	\$62,310	161
2019	\$70,560	160

Funding Mechanism

Congress appropriates funding for foreign labor certification activities through the State Unemployment Insurance and Employment Service Operations (SUIESO) account. The Federal Administration activity funds federal program functions, including salaries and expenses, IT development and maintenance, contract services to support case processing, rent, and overhead costs. The State Grants activity funds services provided by State Workforce Agencies (SWAs) in support of the foreign labor certification program. OFLC distributes this grant funding annually in accordance with approved state plans.

In addition to Congressional appropriations, OFLC receives five percent of the revenue from the processing fee for H-1B applications authorized by the American Competitiveness and Workforce Improvement Act (ACWIA) of 1998, as amended. These resources support H-1B and PERM case-processing activities and are separate from the H-1B funding allocated to the Labor Department for U.S. job-training programs.

⁶ Foreign Labor Certification Federal Administration funding and FTE for FY 2014 and FY 2015 have been adjusted for the indirect cost realignment. The adjustment for FTE in FY 2014 and FY 2015 was made to the authorized FTE level.

FOREIGN LABOR CERTIFICATION

WORKLOAD AND PERFORMANCE SUMMARY					
		FY 2018 Enacted		FY 2019 Enacted	FY 2020 Request
		Target	Result	Target	Target
Foreign Labor Certification					
Strategic Goal 1 - Support the Ability of All Americans to Find Good Jobs					
Strategic Objective ETA 1.1 - Create customer-focused workforce solutions for American workers.					
ETA-Budget OFLC-02	PERM New Applications Filed	108,400[p]	104,360	111,500[p]	117,000[p]
ETA-Budget OFLC-03	PERM Applications Processed	102,600	119,779	143,500	164,700
ETA-Budget OFLC-05	H-1B New Applications Filed	610,800[p]	626,907	640,400[p]	649,300[p]
ETA-Budget OFLC-06	H-1B Applications Processed	637,800	654,360	669,300	683,700
ETA-Budget OFLC-08	H-2A New Applications Filed	11,700[p]	11,806	13,800[p]	16,100[p]
ETA-Budget OFLC-09	H-2A Applications Processed	11,500	11,698	13,600	15,900
ETA-Budget OFLC-11	H-2B New Applications Filed	9,500[p]	9,465	11,000[p]	13,000[p]
ETA-Budget OFLC-12	H-2B Applications Processed	9,400	9,490	11,700	14,500
ETA-FLC-01	Average Number of Days to Resolve PERM Applications NOT Subject to Integrity Review (Analyst Review) (OFLC)	185	116	185	185[e]

FOREIGN LABOR CERTIFICATION

WORKLOAD AND PERFORMANCE SUMMARY					
		FY 2018 Enacted		FY 2019 Enacted	FY 2020 Request
		Target	Result	Target	Target
ETA-FLC-02	Average Number of Days to Resolve PERM Applications Subject to Integrity Review (Audit) (OFLC)	305	243	305	305[e]
ETA-FLC-03	Percent of H-1B Employer Applications Resolved in 7 Business Days (OFLC)	100.0%	100.0%	100.0%	100.0%[e]
ETA-FLC-04	Percent of Complete H-2A Employer Applications Resolved 30 Days Before the Date of Need (OFLC)	95.0%	91.7%	95.0%	95.0%[e]
ETA-FLC-05	Percent of H-2B employer applications resolved 30 days before the date of need (OFLC)	60.0%	78.4%	75.0%	75.0%[e]

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

FOREIGN LABOR CERTIFICATION

Workload and Performance Summary

OFLC has experienced a dramatic rise in application volumes in recent years, receiving 96 percent more applications in FY 2018 than in FY 2010. Increasing application volumes and the intensifying seasonality of the peak H-2B filing period are currently the primary factors contributing to the risk of delays in the OFLC programs.

Rising demand for a limited number of H-2B visas has condensed the peak H-2B filing season, as an increasing percentage of employers submit their applications within the first few minutes of the allowable application period. This is done in order to increase their chances of obtaining their requested visas under the mandated semi-annual cap of 33,000. For example, during the first thirty minutes that employers could apply for the April semi-annual cap in FY 2019, OFLC received applications covering more than 79,500 worker positions. Thus, within the first half an hour that applications could be submitted, OFLC received requests for nearly two and half times as many workers as can obtain visas under the semi-annual cap. These application spikes can temporarily overload OFLC's case-processing capacity and increase the risk of delays for applications filed during these periods.

Application increases have not been limited to H-2B. Application volumes in most OFLC programs have more than doubled since FY 2010. PERM applications were 137 percent higher in FY 2018 than in FY 2010, H-1B applications were 87 percent higher, and H-2A applications were 169 percent higher. At the same time, a new CW-1 program was implemented in FY 2019; and a temporary funding transfer supporting H-2A and H-2B operations expired at the end of FY 2018. Without additional resources, OFLC will no longer be able to support the case adjudicators financed by the transfer, thus reducing the number of case-processing analysts available during peak filing seasons and increasing the risk of delays. Despite continuing administrative and technological improvements to increase operational flexibility and efficiency, this loss of staff adversely impacts DOL's ability to process applications in a timely manner and effectively safeguard against fraud and abuse in the guest worker and PERM immigration programs.

FOREIGN LABOR CERTIFICATION

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request	Diff. FY20 Request / FY19 Enacted
11.1	Full-time permanent	17,035	17,708	17,795	87
11.3	Other than full-time permanent	33	0	0	0
11.5	Other personnel compensation	397	278	278	0
11.9	Total personnel compensation	17,465	17,986	18,073	87
12.1	Civilian personnel benefits	5,775	5,923	5,923	0
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	72	90	90	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	2,502	2,280	2,841	561
23.2	Rental payments to others	48	39	39	0
23.3	Communications, utilities, and miscellaneous charges	395	324	324	0
24.0	Printing and reproduction	200	25	25	0
25.1	Advisory and assistance services	10,500	15,064	15,064	0
25.2	Other services from non-Federal sources	4	68	68	0
25.3	Other goods and services from Federal sources 1/	7,808	7,657	7,009	-648
25.4	Operation and maintenance of facilities	50	53	53	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	3,083	6,630	6,630	0
26.0	Supplies and materials	43	90	90	0
31.0	Equipment	33	19	19	0
41.0	Grants, subsidies, and contributions	14,282	14,282	14,282	0
42.0	Insurance claims and indemnities	50	30	30	0
	Total	62,310	70,560	70,560	0
	1/Other goods and services from Federal sources				
	Working Capital Fund	7,808	7,657	7,009	-648

FOREIGN LABOR CERTIFICATION

CHANGES IN FY 2020

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
Personnel benefits	0
One day more of pay	87
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	561
Rental payments to others	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	0
Working Capital Fund	-648
Other Federal sources (Census Bureau)	0
Other Federal sources (DHS Charges)	0
Other goods and services from Federal sources	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
State Administration Workload	0
Insurance claims and indemnities	0

Built-Ins Subtotal **\$0**

Net Program **\$0**

Direct FTE **9**

	Estimate	FTE
Base	\$70,560	160
Program Increase	\$8,250	16
Program Decrease	-\$8,250	-7

FEDERAL ADMINISTRATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request	Diff. FY20 Request / FY19 Enacted
Activity Appropriation	48,028	56,278	56,278	0
FTE	159	160	169	9

NOTE: FY 2018 reflects actual FTE. Authorized FTE for FY 2018 was 161.

Introduction

The Federal Administration appropriation supports most of the labor certification case-adjudication activities administered by the Department. The exception is the H-1B Specialty Occupations Program, which is supported by application fees collected by DHS and transferred to the Department. OFLC administrative costs include the Federal and contractor staff who process applications; the IT systems that support application-filing and processing operations; rent; supplies; equipment; and agency indirect costs, which include essential support for human resources, financial and administrative oversight, and grants and contracts management.

Appropriated funding for labor certification processing has not kept pace with the rise in application volumes. In FY 2010, OFLC had an appropriated budget authority for Federal Administration of \$53.3 million. In FY 2018, OFLC's appropriation for Federal Administration was \$48.0 million. However, OFLC received 96 percent more applications in FY 2018 than in FY 2010. The Department proposes to transition labor certification processing to a fee-based funding structure and to increase the existing AWCIA fee that supports the operation of the H-1B program. These proposals would help prevent processing delays, enhance fraud prevention, and expand job-training, apprenticeship, and National Science Foundation scholarship opportunities for U.S. workers.

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2015	\$48,028	177
2016	\$48,028	182
2017	\$48,028	165
2018	\$48,028	161
2019	\$56,278	160

FEDERAL ADMINISTRATION

FY 2020

In FY 2020, the Department requests \$56,278,000 and 169 FTE for the Federal Administration of the foreign labor certification programs. These resources will support the operation, management, and oversight of the OFLC. Applications for foreign labor certifications are likely to increase in FY 2020 due to the enactment of the Northern Mariana Islands U.S. Workforce Act of 2018. This law requires employers seeking CW-1 visas to obtain a labor certification from DOL. In FY 2020, the Department is projected to receive 981,400 applications. This projection includes 117,000 PERM applications; 649,900 for H-1B; 16,100 for H-2A; 13,000 for H-2B; 7,700 for CW-1; and 177,700 for prevailing wage determinations.

The FY 2020 Budget includes a legislative proposal to increase the ACWIA fee for the H-1B visa program to \$3,000 per worker for large employers and \$1,500 for small employers. The increased revenue would expand job-training and apprenticeship opportunities for U.S. workers, increase National Science Foundation scholarships, and support the administration of the H-1B program at both DOL and the Department of Homeland Security (DHS).

The Budget also requests authority to charge cost-based fees for foreign labor certification and prevailing wage determination applications. This proposal includes the authority for the Department to adjust and retain the H-2A fees already collected as well as establish similar fees for other OFLC application types (Permanent, H-2B, CW-1, and prevailing wage determination programs). This proposal aligns DOL with the funding structures used by DHS and the Department of State to finance their application-processing activities related to these programs. Employing a similar model for foreign labor certifications would eliminate the need for Congressional appropriations and create a funding structure responsive to market conditions. A fee-based structure would also assign the costs of the OFLC programs to the employers seeking foreign workers, rather than requiring all employers subject to the Federal Unemployment Tax Act to bear the costs of these activities. Fees charged directly to the programs' users would be more equitable and better targeted.

The number of annual applications in most OFLC programs has more than doubled since FY 2010. Consequently, ETA struggles to process all applications timely during peak filing seasons. In response to increasing FLC application levels, the FY 2016 and FY 2017 Consolidated Appropriations Acts authorized one-time funding transfers to support OFLC operations. The Department successfully utilized these transfers to bolster its case-processing capacity, enhance its technology, and reduce backlogs and delays.

The Department utilized the \$13 million funding transfer authorized in FY 2016 to substantially reduce the number of pending PERM applications. By the transfer's expiration at the end of FY 2017, OFLC had reduced the queue of pending PERM cases by over 23,000 from its height in FY 2015. The achieved reduction exceeded the target identified in Senate Report 114-74 by 43 percent.

The Department utilized the \$20 million transfer authorized in FY 2017 to enhance H-2A and H-2B case-processing capacity, allowing more applications to be completed timely. The availability of the transfer, coupled with other administrative efficiencies, enabled DOL to issue

FEDERAL ADMINISTRATION

78 percent more H-2B certifications within 30 days of the requested start date in FY 2018 than in FY 2017. At the height of the peak H-2B filing season in early January 2018, DOL issued 90 percent more first H-2B case actions than during the same period of 2017. From January to March 2018, DOL issued final decisions on 4,353 H-2B applications, compared to 2,555 in FY 2017. In the H-2A program, employers filed 17 percent more applications during the first two quarters of FY 2018 than during the same period of FY 2017. Despite this growth, DOL issued first actions for all H-2A cases within seven calendar days of receipt.

The requested FY 2020 resources and nine additional FTE will help the Department maintain the existing case-processing capacity previously supported by the FY 2016 and FY 2017 transfers and administer the new CW-1 labor certification program. These resources will reduce the risk of delays in all programs and help preserve program integrity amidst sharply rising application levels. Processing delays are likely to increase in the OFLC programs if the requested resources are not enacted. These delays will likely manifest most acutely during the peak H-2B filing season in January and February 2020 and 2021.

FY 2019

The enacted FY 2019 appropriation for OFLC Federal Administration was \$56,278,000. These resources support the operation, management, and oversight of the OFLC. In FY 2019, the Department projects that it will receive 941,800 applications, including 111,500 for PERM; 640,400 for H-1B; 13,800 for H-2A; 11,000 for H-2B; and 165,100 prevailing wage determination requests.

The FY 2019 appropriation included \$8,250,000 to help OFLC implement new labor certification requirements for CW-1 visas. OFLC is utilizing these resources to develop the IT infrastructure necessary for employers to submit CW-1 applications and hire personnel to adjudicate CW-1 applications.

FY 2018

The enacted FY 2018 appropriation for OFLC Federal Administration was \$48,028,000. The Department utilized these resources to issue 945,841 labor certification and prevailing wage determinations: 119,779 for PERM; 654,360 for H-1B; 11,698 for H-2A; 9,490 for H-2B program; and 150,514 prevailing wage determinations.

In addition, OFLC received a \$1,000,000 transfer from the Office of Federal Contract Compliance Programs (OFCCP) to help develop and launch a nationwide online directory for seasonal jobs (Seasonaljobs.dol.gov). This website allows U.S. workers to easily find and apply for these positions and provides an easily-accessible means for employers to recruit American workers for jobs often filled by H-2A and H-2B visa holders.

FEDERAL ADMINISTRATION

The Department continually gains administrative efficiencies that enhance OFLC operations without increasing costs. In FY 2018, these accomplishments included:

- Cross-training staff in the NPCs to increase the number of trained staff that can be directed to a particular application type during peak filing periods;
- Empowering more employees to issue first action decisions on routine cases;
- Revamping the case assignment methodology to ensure each case is assigned immediately to an analyst upon submission;
- Streamlining communication flows with DOL's partners in the SWAs;
- Improving technology to ensure that all required supporting documentation is present before an application can be submitted;
- Enhancing IT systems to streamline SWAs' ability to upload required documents; and
- Expanding stakeholder outreach in advance of peak application seasons to provide filing tips and best practices.

The combined effect of these administrative enhancements improved the Department's operational performance. DOL plans to implement further administrative enhancements in future peak filing seasons and is committed to continuously improving the operational efficiency and program integrity of the foreign labor certification programs.

FEDERAL ADMINISTRATION

BUDGET ACTIVITY COMPONENT BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request	Diff. FY20 Request / FY19 Enacted
11.1	Full-time permanent	17,035	17,708	17,795	87
11.3	Other than full-time permanent	33	0	0	0
11.5	Other personnel compensation	397	278	278	0
11.9	Total personnel compensation	17,465	17,986	18,073	87
12.1	Civilian personnel benefits	5,775	5,923	5,923	0
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	72	90	90	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	2,502	2,280	2,841	561
23.2	Rental payments to others	48	39	39	0
23.3	Communications, utilities, and miscellaneous charges	395	324	324	0
24.0	Printing and reproduction	200	25	25	0
25.1	Advisory and assistance services	10,500	15,064	15,064	0
25.2	Other services from non-Federal sources	4	68	68	0
25.3	Other goods and services from Federal sources 1/	7,808	7,657	7,009	-648
25.4	Operation and maintenance of facilities	50	53	53	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	3,083	6,630	6,630	0
26.0	Supplies and materials	43	90	90	0
31.0	Equipment	33	19	19	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	50	30	30	0
	Total	48,028	56,278	56,278	0
	1/Other goods and services from Federal sources				
	Working Capital Fund	7,808	7,657	7,009	-648

FEDERAL ADMINISTRATION

CHANGES IN FY 2020

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
Personnel benefits	0
One day more of pay	87
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	561
Rental payments to others	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	0
Working Capital Fund	-648
Other Federal sources (Census Bureau)	0
Other Federal sources (DHS Charges)	0
Other goods and services from Federal sources	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

Built-Ins Subtotal **\$0**

Net Program **\$0**

Direct FTE **9**

	Estimate	FTE
Base	\$56,278	160
Program Increase	\$8,250	16
Program Decrease	-\$8,250	-7

STATE GRANTS

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request	Diff. FY20 Request / FY19 Enacted
Activity Appropriation	14,282	14,282	14,282	0
FTE	0	0	0	0

Introduction

The Department provides annual grants to State Workforce Agencies (SWAs) in 50 states and U.S. territories for required state-level activities that support the foreign labor certification program. These activities include, but are not limited to, reviewing and placing job orders to recruit U.S. workers; providing assistance to employers in the effective recruitment of U.S. workers; conducting safety inspections of employer-provided housing in the H-2A Temporary Agricultural Program; and performing the prevailing practice and wage surveys used to set the wages and standards for a number of occupations within each state.

SWAs submit annual work plans to establish continued eligibility for these grants. These work plans describe the specific activities and workload expectations of each SWA during the upcoming year.

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2015	\$14,282	0
2016	\$14,282	0
2017	\$14,282	0
2018	\$14,282	0
2019	\$14,282	0

FY 2020

In FY 2020, the Department requests \$14,282,000 for OFLC state grants. SWAs are expected to continue to conduct housing inspections for temporary agricultural workers employed under H-2A visas, post job orders to recruit U.S. workers for temporary and permanent positions, direct prevailing practice and wage surveys, and provide assistance to employers to effectively recruit U.S. workers. The increased demand for labor certifications experienced in recent years is projected to continue in FY 2020, creating corresponding increases in SWA workloads.

As noted earlier, the Department proposes legislation to establish and retain fees to cover the operating costs of the OFLC programs. Once fully implemented, these fees would reduce the risk of delays and eliminate the need for appropriations for OFLC state grants.

STATE GRANTS

FY 2019

The enacted FY 2019 appropriation for OFLC state grants was \$14,282,000. SWAs utilize these resources to post job orders to recruit U.S. workers, direct prevailing practice and wage surveys, provide assistance to employers in effectively recruiting U.S. workers, and conduct H-2A housing inspections.

FY 2018

The enacted FY 2018 appropriation for OFLC state grants was \$14,282,000. SWAs utilized these resources to conduct 9,723 H-2A housing inspections, post 24,461 job orders to recruit U.S. workers, and direct 2,713 prevailing practice and wage surveys.

STATE GRANTS

BUDGET ACTIVITY COMPONENT BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request	Diff. FY20 Request / FY19 Enacted
11.1	Full-time permanent	0	0	0	0
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
12.1	Civilian personnel benefits	0	0	0	0
41.0	Grants, subsidies, and contributions	14,282	14,282	14,282	0
	Total	14,282	14,282	14,282	0

STATE GRANTS

CHANGES IN FY 2020

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments \$0

One day more of pay 0

Grants, subsidies, and contributions 0

State Administration Workload 0

Built-Ins Subtotal \$0

Net Program \$0

Direct FTE 0

	Estimate	FTE
Base	\$14,282	0
Program Increase	\$0	0
Program Decrease	\$0	0

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request	Diff. FY20 Request / FY19 Enacted
Activity Appropriation	62,653	62,653	59,326	-3,327
FTE	0	0	0	0

Introduction

The Workforce Information/Electronic Tools/System Building activity provides workforce information; online career tools, performance accountability systems, and builds the capacity of the public workforce system to improve employment outcomes of the American Job Center system. The Department invests in Workforce Information/Electronic Tools/System Building through the following strategies:

- 1) **Collect and communicate workforce information.** Under section 15 of the Wagner-Peyser Act, as amended by the Workforce Innovation and Opportunity Act (WIOA), collecting and communicating workforce information informs strategic and career planning. This activity includes workforce information grants to states, including the production of state and local employment projections. States collect data, produce economic and workforce analyses, and communicate changing labor market conditions, including shifts in what jobs and skills are in demand. This data informs individuals' job search, education and training planning, businesses' location and human resources decisions, as well as local decision-makers' policies and investments. Federal, state, and local workforce system program administrators rely on this information for strategic planning, targeting participants, and selecting training courses and providers.

- 2) **Deliver Web-based information and interactive career tools.** DOL's online career tools are visited more than 70 million times annually, including CareerOneStop, Occupational Information Network (O*NET), the *mySkills myFuture* skills transferability tool, and the *My Next Move* and the *My Next Move for Veterans* career exploration sites. Between January and July 2018, the monthly average of the number of unemployed job seekers using public employment agencies was 846,000.⁷ Virtual services provided through the online tools expand the reach of the American Job Center network and staff, and also enable self-service use by customers around the clock.

The services provided via these tools include:

- Employment, career, and job search information;
- Education and training information;
- A skill transferability tool that enables previously employed job seekers to match their occupational skills and experiences with the skills needed in other occupations;
- Information about other assistance to individuals (e.g., unemployment insurance and social, family, housing and emergency services);

⁷ Unpublished BLS data on job search methods from the *Current Population Survey*.

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

- Employer and economic development tools; and
- Tools specifically tailored for veterans and transitioning military service members.

- 3) Operate a performance-driven system.** The performance systems supported by these funds enable the Department to advance transparency and accountability in its employment and training programs, and inform policy and program improvements. These resources support performance reporting systems; systems used by states to ensure reported performance results are accurate and consistent across all states; the Wage Record Interchange System, which provides interstate administrative wage records collected through the UI system; the WIOA Eligible Training Provider scorecard, which will allow job seekers to view training provider outcomes at the program of study level; and other performance analyses to promote continuous improvement in the workforce system.
- 4) Expand the capacity of the workforce system, including capacity to serve persons with disabilities.** ETA uses these funds to support technical assistance to build the capacity of states, local areas, and American Job Center partner programs through online technical assistance delivered through the Workforce GPS platform.

To expand the capacity to serve persons with disabilities, the Department launched a new grant program in FY 2018, the Retaining Employment and Talent After Injury/Illness (RETAIN) Demonstration Projects. RETAIN projects are jointly funded with DOL’s Office of Disability Employment Policy and the Social Security Administration.

The FY 2020 Budget proposes to continue to expand these RETAIN grants and maintain related technical assistance activities. The projects test the potential of certain interventions to: (1) increase employment retention and labor force participation of individuals who acquire or are at risk of developing work disabilities; and (2) reduce long-term work disability among project participants, including the need for federal disability benefits (i.e., Social Security Disability Insurance [SSDI] and Supplemental Security Income [SSI]). RETAIN grants emphasize service delivery through an integrated network of partners including state and local workforce development boards, health care systems, and health care provider networks.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2015	\$60,153	0
2016	\$67,653	0
2017	\$67,653	0
2018	\$62,653	0
2019	\$62,653	0

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

Funding Mechanism

The workforce information grants are funded by an administrative formula to all states and a portion for the Virgin Islands and Guam – with 40 percent distributed equally to all states and 60 percent distributed based on each state’s share of the Civilian Labor Force.

The online career tools and other investments in workforce information core products and tools are managed through grants to certain states. The Department awards contracts to implement elements of the performance accountability systems and the agency’s technical assistance platform. The disability grants are awarded through a competitive solicitation to state workforce agencies.

FY 2020

The Department requests \$59,326,000 for the Workforce Information/Electronic Tools/System Building activity for FY 2020. These funds will support workforce information grants to states, and will continue formal consultation with the Workforce Information Advisory Council established by WIOA. The funds will also continue to support the ongoing operation and maintenance of the suite of online career tools, including the CareerOneStop portal and the O*NET data collection, as well as data dissemination. The Department will further use these resources to support performance reporting systems, which continue to undergo updates and modifications to meet requirements of WIOA, and to share information about the performance of training providers to inform job seekers’ training decisions. Lastly, the Department will continue to support the implementation of WIOA through technical assistance to build the capacity of the workforce system to serve individuals with disabilities, particularly individuals seeking to re-enter the workforce after the onset of a disability or after receiving Social Security disability benefits.

FY 2019

The Department was appropriated \$62,653,000 for the Workforce Information/Electronic Tools/System Building activity for FY 2019. These funds will support workforce information grants to states, operation and maintenance of online career tools, performance reporting systems, and the workforce system’s capacity to serve individuals with disabilities.

FY 2018

The Department was appropriated \$62,653,000 for the Workforce Information/Electronic Tools/System Building activity for FY 2018. These funds supported workforce information grants to states, the ongoing operation and maintenance of online career tools, data dissemination, and performance reporting systems.

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

WORKLOAD AND PERFORMANCE SUMMARY								
	PY 2017 Enacted		PY 2018 Enacted		PY 2019 Enacted	PY 2020 Request		
	Target	Result	Target	Result	Target	Target		
Workforce Information-Electronic Tools-System Building								
Strategic Goal 1 - Support the Ability of All Americans to Find Good Jobs								
Strategic Objective ETA 1.1 - Create customer-focused workforce solutions for American workers.								
ETA- eTools- 01	Combined CareerOneStop and O*NET site visits (in millions)		NA	70.7	85.0	NA	95.75	72.6
ETA- eTools- 02	Combined CareerOneStop and O*NET page views (in millions)		NA	855.4	NA	NA	675.0	900.0
ETA- eTools- 03	Web Services Usage (Combined CareerOneStop and O*NET)		NA	81.9	NA	NA	89.0	85.0

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

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

Workload and Performance Narrative

Performance for the workforce information and electronic tools program is measured by the number of site visits to various electronic tools Web sites. Performance targets for PY 2020 for combined CareerOneStop and O*NET websites are 72.65 million site visits and 900 million combined page views. In addition, the PY 2020 target for web service calls combined for CareerOneStop and O*NET is 85.0 million.

The primary outputs of this funding are workforce information and the electronic delivery of information and personalized career exploration tools for job seekers. The Department is able to measure the number of Web site visitors who access information and services. The Department has chosen not to collect registration or private identifying information when individuals access the site, and, as a result, is not able to collect data on how site visitors use these services or their subsequent employment experience. The currently collected information on site visits reflects intermediate outputs rather than final outcomes.

The steadily increasing traffic to the electronic tool Web sites over time demonstrates the ongoing demand for Web-based products and services, particularly for web services which indicate that multiple website developers use data and services from the Department. The data and workforce information disseminated through the sites is regularly refreshed with new and updated postings to ensure that the sites reflect changing skill requirements in the economy, and respond to various economic dislocations. Continuous improvement in customer service remains a top priority, and the Department utilizes multiple approaches to obtain customer feedback and input through the use of social media and other forms of interactive communication.

For FY 2020, the Department will establish measures for the new demonstration project focused on (1) increased labor force participation of people with disabilities, and (2) prevention of permanent labor force detachment resulting from temporary or permanent illness or injury.

**WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM
BUILDING**

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request	Diff. FY20 Request / FY19 Enacted
11.1	Full-time permanent	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	0	0	0	0
41.0	Grants, subsidies, and contributions	62,653	62,653	59,326	-3,327
	Total	62,653	62,653	59,326	-3,327

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

CHANGES IN FY 2020 (Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
Advisory and assistance services	0
Other services from non-Federal sources	0
Grants, subsidies, and contributions	0
State Administration Workload	0

Built-Ins Subtotal **\$0**

Net Program **-\$3,327**

Direct FTE **0**

	Estimate	FTE
Base	\$62,653	0
Program Increase	\$0	0
Program Decrease	-\$3,327	0