

FY 2021

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] \$95,239,000, together with not to exceed [\$3,290,583,000] \$3,402,041,000 which may be expended from the Employment Security Administration Account in the Unemployment Trust Fund ("the Trust Fund"), of which:

(1) [\$2,540,816,000] \$2,646,686,000 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 [\$175,000,000] \$200,000,000 to carry out reemployment services and eligibility assessments under section 306 of such Act[, 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 [\$58,000,000] \$83,000,000 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 is for [continued support of] *grants to State or non-State entities to operate the Unemployment Insurance Integrity Center of Excellence; and \$90,000,000 is 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 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

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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, [2020] 2021, except that funds used for automation shall be available for Federal obligation through December 31, [2020] 2021, and for State obligation through September 30, [2022] 2023, or, if the automation is being carried out through consortia of States, for State obligation through September 30, [2026] 2027, and for expenditure through September 30, [2027] 2028, 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, [2020] 2021, and for obligation by the States through September 30, [2022] 2023, and funds for the Unemployment Insurance Integrity Center of Excellence shall be available for obligation by the State through September 30, [2021] 2022, and funds used for unemployment insurance workloads experienced through September 30, [2020] 2021 shall be available for Federal obligation through December 31, [2020] 2021;

(2) [\$12,000,000] \$18,000,000 from the Trust Fund is for national activities necessary to support the administration of the Federal-State unemployment insurance system;

(3) \$646,639,000 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, [2020] 2021 through June 30, [2021] 2022: *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;*

(4) [\$22,318,000] \$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

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and staff training under the Wagner-Peyser Act;

(5) [\$68,810,000] \$70,898,000 from the Trust Fund, *together with \$9,000,000 which shall be derived by transfer from funds made available to the Department of Labor under section 286(s)(2) of the Immigration and Nationality Act (8 U.S.C. 1356(s)(2)) and shall remain available until September 30, 2021*, is for the administration of foreign labor certifications and related activities under the Immigration and Nationality Act and related laws, of which [\$54,528,000] \$62,616,000 shall be available for the Federal administration of such activities, and [\$14,282,000] \$17,282,000 shall be available for grants to States for the administration of such activities; and

(6) [\$62,653,000] \$64,826,000 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, [2020] 2021 through June 30, [2021] 2022, *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 [2020] 2021 is projected by the Department of Labor to exceed [1,706,000] 1,728,000, 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

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States for the use of the National 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 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, [2021] 2022, for such purposes. (*Department of Labor Appropriations Act, 2020.*)

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GENERAL PROVISIONS

SEC. 106. (b) Notwithstanding section 102, the Secretary may transfer not more than 0.5 percent of each discretionary appropriation made available to the Employment and Training Administration by this Act to "Program Administration" in order to carry out program integrity activities [relating to] *that lead to a reduction in improper payments or prevent the unauthorized use of funds in any of the programs or activities that are funded under any such discretionary appropriations: Provided, That notwithstanding section 102 and the preceding proviso, the Secretary may transfer not more than 0.5 percent of funds made available in paragraphs (1) and (2) of the "Office of Job Corps" account to paragraph (3) of such account to carry out program integrity activities [related to] that lead to a reduction in improper payments or prevent the unauthorized use of funds in the Job Corps program: Provided further, That funds transferred under this subsection shall be available to the Secretary to carry out program integrity activities directly or through grants, cooperative agreements, contracts and other arrangements with States and other appropriate entities: Provided further, That funds transferred under the authority provided by this subsection shall be available for obligation through September 30, [2021] 2022. (Department of Labor Appropriations Act, 2020.)*

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ANALYSIS OF APPROPRIATION LANGUAGE

Language Provision

Explanation

In paragraph (1):

including not less than [\$175,000,000] \$200,000,000 to carry out reemployment services and eligibility assessments under section 306 of such Act[, 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]:

Striking the FY 2020 appropriations language allowing reemployment services and eligibility assessments (RESEAs) to be provided to any claimant of regular unemployment compensation. Instead, the Budget ensures the targeted eligibility for RESEA as contained in section 306(a) of the Social Security Act. That provision, which is contained in the authorizing law but was overridden by the FY 2020 appropriations language, targets the program to those claimants identified by the State as most in need of assistance and therefore would likely have the most significant effects in accelerating reemployment and reducing the weeks of unemployment compensation needed by claimants.

\$6,000,000 is 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 is 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

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. Cross-matching would help prevent improper payments that result

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

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 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.

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.

In paragraph (5):

[\$68,810,000] \$70,898,000 from the Trust Fund, together with \$9,000,000 which shall be derived by transfer from funds made available to the Department of Labor under section 286(s)(2) of the Immigration and Nationality Act (8 U.S.C. 1356(s)(2)) and shall remain available until September 30, 2021, is for the administration of foreign labor certifications and related activities under the Immigration and Nationality Act and

The additional language would transfer \$9 million from the funding available for the H-1B job training grants under section 286(s)(2) of the Immigration and Nationality Act to SUIESO in order to assist the Office of Foreign Labor Certification in administering labor certifications and related activities. Prior appropriations acts in FY 2017 and FY 2016 have similarly made H-1B job training grant funds available for certain OFLC activities. This transfer would help prevent potential processing delays and backlogs.

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related laws, of which [\$54,528,000] \$62,616,000 shall be available for the Federal administration of such activities, and [\$14,282,000] \$17,282,000 shall be available for grants to States for the administration of such activities; and

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 Policy" heading. The projects would be coordinated between the Employment and Training Administration (ETA), ODEP, and the Social Security Administration.]

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General Provision

Explanation

In Section 106(b):

Provided further, That funds transferred under this subsection shall be available to the Secretary to carry out program integrity activities directly or through grants, cooperative agreements, contracts and other arrangements with States and other appropriate entities:

This proviso would provide the authority for the Secretary of Labor to carry out program integrity activities through grants and cooperative agreements, in addition to carrying out the activities directly or through contracts. The Program Administration account to which funds would be transferred for these program integrity activities does not otherwise contain the authority to award grants or cooperative agreements. Adding this authority would provide important flexibility to carry out these activities in the most effective manner.

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AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2019 Enacted		FY 2020 Enacted		FY 2021 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	47	\$111,978	39	\$102,120	39	\$114,239
Discretionary	7	\$92,316	0	\$84,066	0	\$86,239
Transfer from H-1B Job Training (Pursuant to FY 2021 CBJ)	0	\$0	0	\$0	0	\$9,000
Mandatory (H-1B Fees)	40	\$19,662	39	\$18,054	39	\$19,000
<i>Subtotal Appropriation</i>	<i>47</i>	<i>\$111,978</i>	<i>39</i>	<i>\$102,120</i>	<i>39</i>	<i>\$114,239</i>
Offsetting Collections From:						
Reimbursements (DUA and NAWS)	0	\$48,236	0	\$52,500	0	\$52,500
Trust Funds	153	\$3,251,583	156	\$3,290,583	166	\$3,402,041
Uncollected Payments	0	\$517	0	\$0	0	\$0
Transfer to OLMS (Pursuant to P.L. 115-245)	0	-\$1,235	0	\$0	0	\$0
<i>Subtotal Offsetting Collections</i>	<i>153</i>	<i>\$3,299,101</i>	<i>156</i>	<i>\$3,343,083</i>	<i>166</i>	<i>\$3,454,541</i>
B. Gross Budget Authority	200	\$3,411,079	195	\$3,445,203	205	\$3,568,780
Appropriation From:						
Mandatory (H-1B Fees)	-37	-\$19,662	-36	-\$18,054	-36	-\$19,000
Shared Services Realignment (H-1B Fees)	-3	\$0	-3	\$0	-3	\$0
<i>Subtotal Appropriation</i>	<i>-40</i>	<i>-\$19,662</i>	<i>-39</i>	<i>-\$18,054</i>	<i>-39</i>	<i>-\$19,000</i>
Offsetting Collections From:						
Reimbursements (DUA and NAWS)	0	-\$48,236	0	-\$52,500	0	-\$52,500
Uncollected Payments	0	-\$517	0	\$0	0	\$0
Transfer to OLMS (Pursuant to P.L. 115-245)	0	\$1,235	0	\$0	0	\$0
Shared Services Realignment (OFLC)	-12	\$0	-12	\$0	-12	\$0
<i>Subtotal Offsetting Collections</i>	<i>-12</i>	<i>-\$47,518</i>	<i>-12</i>	<i>-\$52,500</i>	<i>-12</i>	<i>-\$52,500</i>
C. Budget Authority Before Committee	148	\$3,343,899	144	\$3,374,649	154	\$3,497,280
Appropriation From:						
Mandatory (H-1B Fees)	37	\$19,662	36	\$18,054	36	\$19,000
<i>Subtotal Appropriation</i>	<i>37</i>	<i>\$19,662</i>	<i>36</i>	<i>\$18,054</i>	<i>36</i>	<i>\$19,000</i>
Offsetting Collections From:						
Reimbursements (DUA and NAWS)	0	\$48,236	0	\$52,500	0	\$52,500
Uncollected Payments	0	\$517	0	\$0	0	\$0
Transfer to OLMS (Pursuant to P.L. 115-245)	0	-\$1,235	0	\$0	0	\$0
<i>Subtotal Offsetting Collections</i>	<i>0</i>	<i>\$47,518</i>	<i>0</i>	<i>\$52,500</i>	<i>0</i>	<i>\$52,500</i>
Unobligated Balance From:						
Brought Forward, October 1	0	\$79,648	0	\$56,718	0	\$0

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Transfer to ETA PA for Program Integrity (Pursuant to P.L. 115-141)	0	-\$3,000	0	\$0	0	\$0
Transfer to DM CEO for Evaluation (Pursuant to P.L. 115-245)	0	\$0	0	-\$38	0	\$0
Transfer to ETA PA for Program Integrity (Pursuant to P.L. 115-245)	0	\$0	0	-\$3,000	0	\$0
Recoveries	0	\$1,671	0	\$0	0	\$0
DUA Funding Returned to FEMA	0	-\$504	0	\$0	0	\$0
<i>Subtotal Unobligated Balance, Unexpired</i>	<i>0</i>	<i>\$77,815</i>	<i>0</i>	<i>\$53,680</i>	<i>0</i>	<i>\$0</i>
D. Total Budgetary Resources	185	\$3,488,894	180	\$3,498,883	190	\$3,568,780
Unobligated Balance	-5	-\$56,916	0	\$0	0	\$0
Shared Services Realignment (H-1B Fees)	3	\$0	0	\$0	0	\$0
Shared Services Realignment (OFLC)	12	\$0	0	\$0	0	\$0
E. Total, Estimated Obligations	195	\$3,431,978	180	\$3,498,883	190	\$3,568,780

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

SUMMARY OF CHANGES (Dollars in Thousands)

	FY 2020 Enacted	FY 2021 Request	Net Change
Budget Authority			
General Funds	\$84,066	\$95,239	+\$11,173
Trust Funds	\$3,290,583	\$3,402,041	+\$111,458
Total	\$3,374,649	\$3,497,280	+\$122,631
Full Time Equivalents			
General Funds	0	0	0
Trust Funds	144	154	10
Total	144	154	10

Explanation of Change	FY 2021 Change							
	FY 2020 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	144	\$16,525	0	\$338	0	\$0	0	\$338
Personnel benefits	0	\$5,427	0	\$0	0	\$0	0	\$0
One day less of Pay	0	\$0	0	\$0	0	\$0	0	\$0
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	\$2,841	0	\$0	0	\$0	0	\$0
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	\$13,057	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$1,394	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$11,947	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

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FY 2021 Change

Explanation of Change	FY 2020 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Operation and maintenance of equipment	0	\$8,837	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	\$960,721	0	\$0	0	\$0	0	\$0
State Administration Workload	0	\$2,353,230	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	144	+\$3,374,649	0	+\$338	0	\$0	0	+\$338
B. Programs:								
UI Program Integrity Activities	0	\$0	0	\$90,000	0	\$0	0	\$90,000
RESEA Cap Adjustment	0	\$58,000	0	\$25,000	0	\$0	0	\$25,000
ICON Modernization	0	\$4,776	0	\$6,000	0	\$0	0	\$6,000
Authority to Transfer H-1B Funding - FLC Federal Administration	0	\$0	0	\$0	0	\$6,000	0	\$6,000
Authority to Transfer H-1B Funding - FLC State Grants	0	\$0	0	\$0	0	\$3,000	0	\$3,000
ONET Enhancements	0	\$5,518	0	\$0	0	\$2,173	0	\$2,173
Maintain FLC Case-Processing Capacity	0	\$54,528	10	\$1,844	0	\$0	10	\$1,844
Programs Subtotal			10	+\$122,844	0	+\$11,173	10	+\$134,017
Total Increase	144	+\$3,374,649	10	+\$123,182	0	+\$11,173	10	+\$134,355
Decreases:								
A. Built-Ins:								
To Provide For:								
One day less of Pay	0	\$0	0	-\$94	0	\$0	0	-\$94
Built-Ins Subtotal	0	\$0	0	-\$94	0	\$0	0	-\$94
B. Programs:								
UI State Administration Workload	0	\$2,356,816	0	-\$6,130	0	\$0	0	-\$6,130
UI Integrity Center of Excellence	0	\$9,000	0	-\$3,000	0	\$0	0	-\$3,000
WOTC Backlog	0	\$20,985	0	-\$2,500	0	\$0	0	-\$2,500
Programs Subtotal			0	-\$11,630	0	\$0	0	-\$11,630
Total Decrease	0	\$0	0	-\$11,724	0	\$0	0	-\$11,724
Total Change	144	+\$3,374,649	10	+\$111,458	0	+\$11,173	10	+\$122,631

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2019 Enacted		FY 2020 Enacted		FY 2021 Request		Diff. FY21 Request / FY20 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Unemployment Insurance	0	2,527,816	0	2,552,816	0	2,664,686	0	111,870
Unemployment Trust Funds	0	2,527,816	0	2,552,816	0	2,664,686	0	111,870
State Administration	0	2,365,816	0	2,365,816	0	2,446,686	0	80,870
Unemployment Trust Funds	0	2,365,816	0	2,365,816	0	2,446,686	0	80,870
Reemployment Services and Eligibility Assessments-UI Integrity	0	117,000	0	117,000	0	117,000	0	0
Unemployment Trust Funds	0	117,000	0	117,000	0	117,000	0	0
RESEA Cap Adjustment	0	33,000	0	58,000	0	83,000	0	25,000
Unemployment Trust Funds	0	33,000	0	58,000	0	83,000	0	25,000
National Activities	0	12,000	0	12,000	0	18,000	0	6,000
Unemployment Trust Funds	0	12,000	0	12,000	0	18,000	0	6,000
Employment Service	0	682,870	0	690,370	0	687,870	0	-2,500
General Funds	0	21,413	0	21,413	0	21,413	0	0
Unemployment Trust Funds	0	661,457	0	668,957	0	666,457	0	-2,500
Grants to States	0	663,052	0	668,052	0	668,052	0	0
General Funds	0	21,413	0	21,413	0	21,413	0	0
Unemployment Trust Funds	0	641,639	0	646,639	0	646,639	0	0

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2019 Enacted		FY 2020 Enacted		FY 2021 Request		Diff. FY21 Request / FY20 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Employment Service National Activities	0	19,818	0	22,318	0	19,818	0	-2,500
Unemployment Trust Funds	0	19,818	0	22,318	0	19,818	0	-2,500
Foreign Labor Certification	144	70,560	144	68,810	154	79,898	10	11,088
General Funds	2	8,250	0	0	0	9,000	0	9,000
Unemployment Trust Funds	142	62,310	144	68,810	154	70,898	10	2,088
Federal Administration	144	56,278	144	54,528	154	62,616	10	8,088
General Funds	2	8,250	0	0	0	6,000	0	6,000
Unemployment Trust Funds	142	48,028	144	54,528	154	56,616	10	2,088
FLC State Grants	0	14,282	0	14,282	0	17,282	0	3,000
General Funds	0	0	0	0	0	3,000	0	3,000
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	64,826	0	2,173
General Funds	0	62,653	0	62,653	0	64,826	0	2,173
Total	144	3,343,899	144	3,374,649	154	3,497,280	10	122,631
General Funds	2	92,316	0	84,066	0	95,239	0	11,173
Unemployment Trust Funds	142	3,251,583	144	3,290,583	154	3,402,041	10	111,458

NOTES: 2019 reflects actual FTE. FTE for all years reflect the Shared Services Realignment.

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
	Full-Time Equivalent				
	Full-time Permanent	148	144	154	10
	Other	37	36	36	0
	Total	185	180	190	10
	Average ES Salary	\$164,008	\$165,211	\$166,379	\$1,168
	Average GM/GS Grade	12	12	12	0
	Average GM/GS Salary	\$98,861	\$99,674	\$100,548	\$874
11.1	Full-time permanent	16,160	16,247	17,690	1,443
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	278	278	278	0
11.9	Total personnel compensation	16,438	16,525	17,968	1,443
12.1	Civilian personnel benefits	5,427	5,427	6,072	645
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	90	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	2,280	2,841	2,841	0
23.2	Rental payments to others	39	39	39	0
23.3	Communications, utilities, and miscellaneous charges	324	324	324	0
24.0	Printing and reproduction	25	25	25	0
25.1	Advisory and assistance services	13,834	13,057	18,057	5,000
25.2	Other services from non-Federal sources	1,405	1,394	1,394	0
25.3	Other goods and services from Federal sources 1/	11,781	11,947	11,947	0
25.4	Operation and maintenance of facilities	53	53	53	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	10,613	8,837	9,637	800
26.0	Supplies and materials	90	90	90	0
31.0	Equipment	19	19	219	200
33.0	Investments and Loans	0	0	0	0
38.0	Depreciation Expense - Unfunded	0	0	0	0
41.0	Grants, subsidies, and contributions	3,281,451	3,313,951	3,428,494	114,543
42.0	Insurance claims and indemnities	30	30	30	0
	Total	3,343,899	3,374,649	3,497,280	122,631
	1/Other goods and services from Federal sources				
	Working Capital Fund	11,781	11,947	11,947	0

NOTE: FTE for all years reflect the Shared Services Realignment.

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

APPROPRIATION HISTORY (Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
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	\$3,213,159	\$2,830,903		\$3,464,691	161
2019					
Base Appropriation...4/5/	\$3,325,298		\$3,339,010	\$3,343,899	160
2020					
Base Appropriation...6/7/	\$3,475,986	\$3,465,761		\$3,374,649	144
2021					
Base Appropriation...7/	\$3,497,280				154

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/ 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 Senate (S. 3158). It was passed out of the House Subcommittee but was not reported out of the House Committee or by the full House.

5/ 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.

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

7/ FTE for FY 2020 and FY 2021 reflect the Shared Services Realignment.

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

Overview

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; provide job search assistance for those seeking employment; and 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 program, 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 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
Activity Appropriation	2,527,816	2,552,816	2,664,686	111,870
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 (AJCs) established under the Workforce Innovation and Opportunity Act (WIOA). The UI program consists of the following activities: State Administration, Reemployment Services and Eligibility Assessments (RESEA), and UI National Activities.

Regular UI benefits and administration are funded by state payroll and Federal taxes, respectively. RESEAs support 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. UI National Activities funds are used to support states collectively in administering state UI programs.

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. The State role in the Federal-state partnership includes administering the regular Federal-State UI program, the extended benefits (EB) program, and certain Federal UI benefit programs, including the unemployment compensation for Federal employees (UCFE) and unemployment compensation for ex-servicemembers (UCX) programs.

For the UI program, the FY 2021 Budget requests \$2,664,686 for UI Administration, which includes \$2,446,686,000 for State Administration, \$200,000,000 for RESEA, and \$18,000,000 for UI National Activities. The State Administration request includes \$6,000,000 for the UI Integrity Center of Excellence and \$90,000,000 for state staff to address top causes of UI improper payments. The UI National Activities request includes the first of a three-phased request for \$6,000,000 to begin modernization of critical information technology infrastructure essential to the states' administration of the UI program.

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Legislative Proposals and Appropriation Language Changes

Short Time Compensation

The FY 2021 Budget includes a new legislative proposal to simplify the UI Short Time Compensation (STC) program by removing the barriers that prevent state adoption and employer use of the program. This proposal will provide greater flexibility in the level of work reduction for impacted employees and streamline employer application requirements. STC is a voluntary state program that provides an alternative to layoffs for employers experiencing a reduction in available work. The current STC program contains statutory barriers, which make it difficult for states to implement.

STC is a program that is beneficial to both employers and employees—and it saves jobs. STC allows employers to retain a skilled work force within an affected unit through a partial reduction of employees' hours of work rather than laying-off some employees within the unit. STC preserves employees' jobs during times of lowered economic activity and cushions the negative impact of the reduced business activity within the unit by permitting employees to collect an STC payment to replace a portion of their lost wages. In addition, communities are able to keep businesses viable and their local economies strong through the use of this program.

However, only 28 states have STC programs. A study of STC implementation estimated that the program prevented approximately 570,000 layoffs during the last recession, and less than 20 percent of employers using STC eventually had permanent layoffs due to a continued lack of work.¹ However, STC programs are more costly to administer than the regular UI program, and employer participation has been underwhelming.

The Budget therefore proposes changes to reduce statutory barriers and increase state and employer take-up of the program by 1) eliminating the maximum reduction in work hours to allow more flexibility for companies, and 2) allowing employers to reduce employee retirement contributions in line with reduced work hours.

Cooperative Agreement Authority in the Program Integrity General Provision

The FY 2021 Budget requests new language be included in section 106(b) of the General Provisions in the Department's appropriation to permit the funds transferred under this subsection to be available to the Secretary to carry out program integrity activities directly or through grants, cooperative agreements, contracts and other arrangements with States and other appropriate entities. This proposed language would extend important flexibility to all funds transferred under this section to carry out program integrity activities. The Program Administration account to which these funds are transferred does not explicitly include the authority to enter into grants or cooperative agreements. The absence of this authority presents challenges to the Department's ability to leverage existing program integrity activities with States and implement certain program integrity activities on a multi-year basis.

¹ https://oui.doleta.gov/unemploy/docs/stc_report.pdf

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Paid Parental Leave

The President has pledged to provide paid leave to help new parents, and the Federal government is leading by example. At the end of 2019, the Administration secured paid parental leave for the Federal workforce. The Administration is committed to finding solutions to help working families balance the competing demands of work and family, and the 2021 Budget again delivers on this promise.

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 would 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 continuing to work 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. The Budget includes \$750,000,000 in funding for start-up costs in both 2021 and 2022.

UI Program Integrity

The FY 2021 Budget 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:

1. *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.
2. *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.

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3. *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.
4. *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.
5. *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.
6. *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.
7. *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 will 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.

Minimum Solvency Standard

Many state Unemployment Trust Fund accounts have yet to recover from the impact of the Great Recession and are not adequately financed. As of September 30, 2019, only 31 states had sufficient reserves to weather a future recession. Low state reserves remain a serious threat to the UI program. The FY 2021 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

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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 UI Trust Fund accounts to help states rebuild balances.

Offset Overlapping UI and Disability Insurance Benefits

The FY 2021 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.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2016	\$2,760,097	0
2017	\$2,702,497	0
2018	\$2,653,497	0
2019	\$2,527,816	0
2020	\$2,552,816	0

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WORKLOAD AND PERFORMANCE SUMMARY					
	FY 2019 Enacted		FY 2020 Enacted	FY 2021 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- Budget OUI-01	Employer Tax Accounts (in thousands)	8,271[p]	8,558	8,589[p]	8,651[p]
ETA- Budget OUI-02	Initial Claims Taken (in thousands)	12,727[p]	11,471	12,317[p]	12,230[p]
ETA- Budget OUI-03	Weeks Claimed (in thousands)	95,978[p]	88,578	90,869[p]	89,362[p]
ETA- OUI-01	First Payment Timeliness (Unemployment Insurance)	87.0%	85.8%[r]	87.0%	87.0%
ETA- OUI-02	Detection of Recoverable Overpayments (Unemployment Insurance)	54.5%	57.4%[e]	54.5%	57.5%
ETA- OUI-03	Improper Payment Rate (Unemployment Insurance)	14.75%	10.61%	9.50%	9.00%
ETA- OUI-04	Establish Tax Accounts Promptly (Unemployment Insurance)	89.5%	89.8%	89.6%	90.0%

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

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Workload and Performance Narrative

Past Performance Results and Future Projections

The Workload and Performance Summary table provides estimates of the number of unemployment benefit claims and contributing employer tax accounts. Based on the economic assumptions issued in November 2019,² the Department projects an increase in the number of employer tax accounts established, initial claims taken, and weeks claimed – from 8,558,000, 11,471,000, and 88,578,000 in FY 2019 to 8,651,000, 12,230,000, and 89,362,000 in FY 2021, respectively. It is important to note that UI workload volumes are influenced by economic conditions, not the administrative funds available.

Past Performance Results and Future Projections

1. **First Payment Timeliness:** In FY 2019, the target was 87.0 percent for first payments made within 14-21 days. While the performance for FY 2019 improved to 85.8 percent from the FY 2018 result of 84.5 percent, the FY 2019 target was missed. In the aftermath of the Great Recession, first payment timeliness fell to below 80.0 percent. However, performance has steadily increased since FY 2014, and the Department anticipates that performance will continue to trend positively. Thus, the target for FY 2021 will remain at 87.0 percent.
2. **Detection of Overpayments:** In FY 2019, states detected and established for recovery 57.4 percent of estimated overpayments, which is above the goal of 54.5 percent. The targets for FY 2021 have been adjusted to 57.5 percent to align with more recent performance results. However, states continue to report limitations with reduced staff and administrative funding. The requested program increase of \$90,000,000 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. The Department intends to increase the target for this measure if the requested funding of \$90,000,000 is made available to states for program integrity activities.
3. **Establish Tax Accounts Promptly:** In FY 2019, the target was 89.5 percent for new status determinations made within 90 days of the end of the quarter in which the firm became liable. Performance improved to 89.8 percent in FY 2019 from the FY 2018 result of 89.5 percent. This represents an improvement of 0.3 percentage points from the prior year. The FY 2021 target for this measure is set at 90.0 percent.
4. **Improper Payment Rate:** In FY 2019, the estimated UI improper payment rate was 10.61 percent, which is a significant improvement from the FY 2018 result of 13.05 percent and well below the target of 14.75 percent. Although significant work has been done and the Department continues to work aggressively with states to reduce the improper payment rate below the 10 percent Improper Payments Elimination and Recovery Act (IPERA) requirement, increasing work search errors have prevented the UI program from meeting the 10 percent target. These work search errors are

² https://oui.doleta.gov/unemploy/content/prez_budget.asp

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attributable to claimants who failed to meet state specific work search requirements and structural program requirements. In the 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. The Department is implementing a comprehensive strategic plan to address improper payments that includes identifying states with high improper payment rates for enhanced technical assistance. Via implementation of the strategic plan, the Department believes a target of 9.0 percent in FY 2021 can be achieved.

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:

1. Implementation of strategies to address the root causes of improper payments. The Department has developed a comprehensive Improper Payments Strategic Plan to address the primary root causes of improper payments and is aggressively working to implement the strategies outlined in the plan in collaboration with state partners. Activities include developing new improper payment prevention tools; enhancing existing tools; and intensive technical assistance and monitoring of underperforming states.
2. Continued support for the UI Integrity Center of Excellence (Center). 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 through an Integrity Data Hub 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 with the highest improper payment rates.

The FY 2021 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 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 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	1,337	1,326	1,326	0
25.3	Other goods and services from Federal sources 1/	850	865	865	0
25.7	Operation and maintenance of equipment	3,983	3,979	3,979	0
26.0	Supplies and materials	0	0	0	0
31.0	Equipment	0	0	0	0
41.0	Grants, subsidies, and contributions	2,521,646	2,546,646	2,658,516	111,870
	Total	2,527,816	2,552,816	2,664,686	111,870
	1/Other goods and services from Federal sources				
	Working Capital Fund	850	865	865	0

UNEMPLOYMENT INSURANCE

CHANGES IN FY 2021

(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	0
Working Capital Fund	0
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 **\$111,870**

Direct FTE **0**

	Estimate	FTE
Base	\$2,552,816	0
Program Increase	\$121,000	0
Program Decrease	-\$9,130	0

STATE ADMINISTRATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
Activity Appropriation	2,365,816	2,365,816	2,446,686	80,870
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 (SSA), the Federal Unemployment Tax Act (Chapter 23, Internal Revenue Code), and 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 Federal military and civilian personnel, claimants who qualify for special Federal unemployment benefits, workers certified under the Trade Adjustment Assistance for Workers program, and individuals who are unemployed due to disasters.

STATE ADMINISTRATION

Resource and Program Data				
OUI State Administration				
State Unemployment Insurance & Employment Service Operations				
(Dollars in Thousands)				
Data Category	PY 2018 Enacted*	PY 2019 Enacted*	PY 2020 Enacted	PY 2021 President's Budget
Resource Data:				
Service Grant	2,499,277	2,349,645	2,353,880	2,434,750
Formula	2,499,277	2,349,645	2,353,880	2,434,750
Competitive				
Program Support	11,840	11,936	11,936	11,936
Total Resources	2,511,117	2,361,581	2,365,816	2,446,686
Program Data:				
Total Grants	106	106	106	106
New Starts				
#	53	53	53	53
\$	2,493,883	2,341,967	2,346,188	2,426,794
Continuing				
#	53	53	53	53
\$	5,394	7,678	7,692	7,956
Contracts				
#	2	2	2	2
\$	9,990	10,066	10,066	10,066
Interagency Agreements				
#	1	1	1	1
\$	1,850	1,870	1,870	1,870

*Total resources for PY 2018 and PY 2019 reflect transfers and therefore do not match the appropriations.

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2016	\$2,630,550	0
2017	\$2,572,600	0
2018	\$2,519,600	0
2019	\$2,365,816	0
2020	\$2,365,816	0

STATE ADMINISTRATION

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 SSA. 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.

FY 2021

For UI State Administration, the FY 2021 Budget requests \$2,446,686,000.

The funds requested are sufficient to process, on average, 1,728,000 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 FY 2021, states are expected to collect \$35.8 billion in state unemployment taxes and pay an estimated \$29.6 billion in Federal and state UI benefits to 5.4 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 1,728,000 in the request and referred to as the AWIU trigger.

UI Program Integrity Activities

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 and 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

STATE ADMINISTRATION

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 contribute to the reduction of 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 FY 2021 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 now include intensive on-site consultation and customized technical assistance strategically targeted to support states struggling the most to reduce improper payments and fraud. The Center supports the goals of the IPIA, IPERA, IPERIA, and OMB Memorandum M-12-11. It also supports the President’s Management Agenda goal to “Get Payments Right.”

FY 2020

For FY 2020, Congress appropriated \$2,365,816,000 for UI State Administration.

During the year, States are expected to collect \$34.9 billion in state unemployment taxes and pay an estimated \$27.5 billion in Federal and state UI benefits to 5.1 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 \$9,000,000 for continued support and expansion of the UI Integrity Center of Excellence.

FY 2019

For FY 2019, Congress appropriated \$2,365,816,000 for UI State Administration.

During the year, States collected \$34.6 billion in state unemployment taxes and paid \$27.3 billion in Federal and state UI benefits to 5.1 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.

STATE ADMINISTRATION

CHANGES IN FY 2021

(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 **\$80,870**

Direct FTE **0**

	Estimate	FTE
Base	\$2,365,816	0
Program Increase	\$90,000	0
Program Decrease	-\$9,130	0

REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
Activity Appropriation	150,000	175,000	200,000	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 include, support with development of an individual reemployment plan, career and labor market information, enrollment in the Wagner-Peyser Employment Service, 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

Resource and Program Data				
OUI Reemployment Services and Eligibility Assessments				
State Unemployment Insurance & Employment Service Operations				
(Dollars in Thousands)				
Data Category	PY 2018 Enacted*	PY 2019 Enacted*	PY 2020 Enacted	PY 2021 President's Budget
Resource Data:				
Service Grant	119,490	149,962	175,000	200,000
Formula	119,490	149,962	175,000	200,000
Competitive				
Research Evaluation				
Demonstration Development				
Training/Technical Assistance				
Program Support				
Total Resources	119,490	149,962	175,000	200,000
Program Data:				
Total Grants	149	151	153	154
New Starts				
#	49	52	52	52
\$	119,490	149,962	175,000	200,000
Continuing				
#	100	99	101	102
Contracts				
#				
\$				
Interagency Agreements				
#				
\$				

*Total Resources for PY 2018 and PY 2019 reflect transfers and therefore do not match the appropriations.

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2016	\$115,000	0
2017	\$115,000	0
2018	\$120,000	0
2019	\$150,000	0
2020	\$175,000	0

REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

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, states will receive base RESEA funding through formula allocations as required by Section 306(f) of the Social Security Act.

FY 2021

The FY 2021 Budget includes \$200,000,000 for RESEA, consisting of \$117,000,000 in base funding and an additional \$83,000,000 under the RESEA cap adjustment as authorized in the Bipartisan Budget Act of 2018. At the level of funding requested:

- RESEA services will be targeted to UI claimants that have been identified as likely to exhaust UI benefits. States provide these services with the appropriated funds and claimants referred to these services are required to participate. The Budget includes a repeal of the provision in the FY 2020 appropriation language that allows any claimant of regular UI to receive RESEA and restores the targeted eligibility of those most likely to exhaust benefits as provided under the Social Security Act.
- The RESEA program provides 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 of an individual reemployment plan; and access and referrals to self-service and staff-assisted reemployment services, such as skills assessments, career counseling, job matching and referrals, job search assistance workshops, and referrals to training as appropriate.

The RESEA base and cap adjustment funding is estimated to 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 \$463,000,000 in FY 2021. This would be a 131% return on investment. The RESEA program now supports 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.

RESEA provides that states must have under evaluation any RESEA interventions or service delivery strategies that have not been shown to have high or moderate causal evidence of their positive impact. States may set aside up to 10 percent of their grant funds to support these evaluations.

Beginning in FY 2021, RESEA also provides that the Department will set aside 10 percent of the appropriated program funds for outcome payments to reward states that meet or exceed the goal of the program to reduce benefit duration as a result of improved employment outcomes for RESEA participants. The funds are available in addition to the base funding to carry out the RESEA program.

REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

FY 2020

In FY 2020, Congress appropriated \$175,000,000 for RESEA, consisting of \$117,000,000 in base funding and an additional \$58,000,000 under the RESEA cap adjustment. This funding is intended to support claimants of regular UI compensation. At the level of funding requested:

- RESEA services will be targeted to UI claimants including those profiled most likely to exhaust their regular state UI benefits (800,000 claimants) and individuals recently separated from the military and receiving UCX (48,000 claimants). 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 of an individual reemployment plan; and access to self-service and staff-assisted reemployment services, such as skills assessments, career counseling, job matching and referrals, job search assistance workshops, and referrals to training as appropriate.

RESEA provides that states must have under evaluation any services that have not been shown to have high or moderate causal evidence of their positive impact. States may set aside up to 10 percent of their grant funds to support these evaluations.

The RESEA program is estimated to 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 in FY 2020 – a 145% return on investment. 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.

FY 2019

In FY 2019, Congress appropriated \$150,000,000 for RESEA, consisting of \$117,000,000 in base funding and an additional \$33,000,000 under the RESEA cap adjustment.

The Department provided grants to 47 states, the District of Columbia, Puerto Rico, and the Virgin Islands to operate RESEA programs. States had flexibility in targeting claimants to participate in RESEA services. 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 2021

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments \$0

Advisory and assistance services 0

Equipment 0

Grants, subsidies, and contributions 0

State Administration Workload 0

Built-Ins Subtotal \$0

Net Program \$25,000

Direct FTE 0

	Estimate	FTE
Base	\$175,000	0
Program Increase	\$25,000	0
Program Decrease	\$0	0

NATIONAL ACTIVITIES

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
Activity Appropriation	12,000	12,000	18,000	6,000
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 opportunity for states to use common technology-based solutions to improve the efficiency and performance of states' UI operations through the UI 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), which provides services, products, and technical assistance to state workforce agencies in support of UI information technology modernization. Both ICON and ITSC are administered through the National Association of State Workforce Agencies (NASWA).

NATIONAL ACTIVITIES

Resource and Program Data				
Unemployment Insurance National Activities				
State Unemployment Insurance & Employment Service Operations				
(Dollars in Thousands)				
Data Category	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget
Resource Data:				
Service Grant	8,874	7,525	7,525	13,525
Formula	8,874	7,525	7,525	13,525
Competitive				
Research Evaluation				
Demonstration Development				
Training/Technical Assistance	64	479	479	479
Program Support	4,959	3,996	3,996	3,996
Total Resources	13,897	12,000	12,000	18,000
Program Data:				
Total Grants	7	4	4	5
New Starts				
#	7	4	4	5
\$	8,874	7,525	7,525	13,525
Continuing				
#				
\$				
Contracts				
#	14	13	13	13
\$	4,797	4,269	4,269	4,269
Interagency Agreements				
#	1	1	1	1
\$	226	206	206	206

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2016	\$14,547	0
2017	\$14,897	0
2018	\$13,897	0
2019	\$12,000	0
2020	\$12,000	0

NATIONAL ACTIVITIES

Funding Mechanism

UI National Activities is a separate line item within the UI budget. These 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.

FY 2021

In FY 2021, the Department requests \$18,000,000 for UI National Activities.

The base amount for UI National Activities is \$12,000,000. These base funds will provide support for ICON, ITSC, the UI reporting system, actuarial projects, and 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.

ICON Modernization

The FY 2021 Budget for UI National Activities includes a request for \$6,000,000 for the first phase of work to modernize the ICON hub. These funds are 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 support the first of three phases of an incremental implementation of ICON modernization that will leverage existing infrastructure that supports the UI Integrity Data Hub and allow for replacement of the 35 year old ICON hub platform's architecture and modernization and standardization of its applications. This will create efficiencies, lower ongoing operational costs, and improve security. ICON modernization 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 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.

NATIONAL ACTIVITIES

FY 2020

In FY 2020, Congress appropriated \$12,000,000 for UI National Activities.

These funds will provide support for ICON, ITSC, the UI reporting system, actuarial projects, and training and technical assistance activities. These funds will 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 2019

In FY 2019, Congress appropriated \$12,000,000 for UI National Activities.

These funds provide support for ICON, ITSC, the UI reporting system, actuarial projects, and 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.

NATIONAL ACTIVITIES

CHANGES IN FY 2021

(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	0
Working Capital Fund	0
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 **\$6,000**

Direct FTE **0**

	Estimate	FTE
Base	\$12,000	0
Program Increase	\$6,000	0
Program Decrease	\$0	0

EMPLOYMENT SERVICE

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
Activity Appropriation	682,870	690,370	687,870	-2,500
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 unemployment insurance (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 training 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 Act 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>
2016	\$699,818	0
2017	\$691,231	0
2018	\$686,231	0
2019	\$682,870	0
2020	\$690,370	0

EMPLOYMENT SERVICE

WORKLOAD AND PERFORMANCE SUMMARY							
		PY 2018 Enacted		PY 2019 Enacted		PY 2020 Enacted	PY 2021 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]	68.30%	[base]	--	68.40%[e]	68.40%[e]
ETA-WIOA ES-02	Employment Rate – 4th Quarter After Exit (WIOA Employment Service)	[base]	67.9%	[base]	--	TBD	TBD
ETA-WIOA ES-03	Median Earnings – 2nd Quarter After Exit (WIOA Employment Service)	[base]	\$5,789	[base]	--	\$5,947[e]	\$5,943[e]
ETA-WIOA ES-04	Effectiveness in Serving Employers (WIOA Employment Service)	--	--	TBD	--	TBD	TBD
ETA-Budget ES-01	Number of Participants Served (WIOA Employment Service)	4,277,755[p]	3,807,389	3,810,644[p]	--	3,839,379[p]	3,839,379[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.

The Department tracks 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 demonstrate the value of these investments to help address the employment and skill needs of workers, job seekers, and employers.

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 who receive workforce information services;
- Number of people who receive staff-assisted services; and
- Number of people who exited 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 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 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
25.1	Advisory and assistance services	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	682,870	690,370	687,870	-2,500
	Total	682,870	690,370	687,870	-2,500

EMPLOYMENT SERVICE

CHANGES IN FY 2021

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
Communications, utilities, and miscellaneous charges	0
Advisory and assistance services	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	-\$2,500
Direct FTE	0

	Estimate	FTE
Base	\$690,370	0
Program Increase	\$0	0
Program Decrease	-\$2,500	0

GRANTS TO STATES

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
Activity Appropriation	663,052	668,052	668,052	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 2018, the ES provided 3,807,389 participants with access to labor exchange services (both virtually and through the American Job Center network), including over 3,200,000 unemployed individuals and over 253,000 veterans⁵. Additionally, 5.4 million individuals accessed self-service or informational services and activities online, but did not become participants. These services can include creating accounts with the state’s job bank, viewing/applying for automated job postings and referrals, accessing labor market information, as well as accessing information on partner programs in the workforce system.

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 PY 2018 Quarter 4 WIOA State Performance Records

GRANTS TO STATES

Resource and Program Data				
Employment Service Grants to States				
State Unemployment Insurance & Employment Service Operations				
(Dollars in Thousands)				
Data Category	PY 2018 Enacted*	PY 2019 Enacted	PY 2020 Enacted	PY 2021 President's Budget
Resource Data:				
Service Grant	665,580	663,052	668,052	668,052
Formula	665,580	663,052	668,052	668,052
Competitive				
Research Evaluation				
Demonstration Development				
Training/Technical Assistance				
Program Support				
Total Resources	665,580	663,052	668,052	668,052
Program Data:				
Total Grants	162	162	162	162
New Starts				
#	54	54	54	54
\$	665,580	663,052	668,052	668,052
Continuing				
#	108	108	108	108
Contracts				
#				
\$				
Interagency Agreements				
#				
\$				

* Total Resources for PY 2018 reflect transfers and therefore do not match the appropriation.

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2016	\$680,000	0
2017	\$671,413	0
2018	\$666,413	0
2019	\$663,052	0
2020	\$668,052	0

GRANTS TO STATES

FY 2021

In FY 2021, the Department is requesting \$668,052,000 to operate the ES in all 50 states and three territories. The FY 2021 request continues to provide greater responsibility for funding these services to states, localities, and employers. The funding will be awarded under the regular formula allotment to states supporting labor exchange services to a projected 3,839,379 participants.

FY 2020

In FY 2020, the Department was appropriated \$668,052,000 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 3,839,379 participants.

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 was awarded under the regular formula allotment to states to support services to a projected 3,810,644 participants.

GRANTS TO STATES

CHANGES IN FY 2021

(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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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	\$668,052	0
Program Increase	\$0	0
Program Decrease	\$0	0

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
Activity Appropriation	18,485	20,985	18,485	-2,500
FTE	0	0	0	0

Introduction

The Work Opportunity Tax Credit (WOTC) program is authorized under Section 51⁶ of the Internal Revenue Code of 1986. WOTC is a Federal tax incentive to businesses for hiring new employees 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 compensation 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 Department of Treasury’s Internal Revenue Service (IRS) and the Department of Labor’s Employment and Training Administration (ETA). The IRS is responsible for overseeing the tax credits claimed by employers, and ETA 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.

⁶ Internal Revenue Code: [https://uscode.house.gov/view.xhtml?req=\(title:26%20section:51%20edition:prelim\)](https://uscode.house.gov/view.xhtml?req=(title:26%20section:51%20edition:prelim))

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

Resource and Program Data				
Employment Service National Activities WOTC				
State Unemployment Insurance & Employment Service Operations				
(Dollars in Thousands)				
Data Category	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget
Resource Data:				
Service Grant	18,485	18,485	20,985	18,485
Formula	18,485	18,485	20,985	18,485
Competitive				
Research Evaluation				
Demonstration Development				
Training/Technical Assistance				
Program Support				
Total Resources	18,485	18,485	20,985	18,485
Program Data:				
Total Grants	53	53	53	53
New Starts				
#	53	53	53	53
\$	18,485	18,485	20,985	18,485
Continuing				
#				
\$				
Contracts				
#				
\$				
Interagency Agreements				
#				
\$				

Five-Year Program Category History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2016	\$18,485	0
2017	\$18,485	0
2018	\$18,485	0
2019	\$18,485	0
2020	\$20,985	0

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

Funding Mechanism

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

FY 2021

To support states' processing of WOTC certification requests, the Department requests \$18,485,000 for FY 2021. SWAs will use the funding to accept applications submitted by employers, and either deny ineligible applications or certify 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 requirements by being from 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 2020

In FY 2020, Congress appropriated \$20,985,000 to support states' processing of WOTC certification requests. This represents an increase of \$2,500,000 from the FY 2019 appropriated level to reduce the processing backlog for the WOTC program.

FY 2019

In FY 2019, Congress appropriated \$18,485,000 to support states' processing of WOTC certification requests.

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

CHANGES IN FY 2021

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
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Grants, subsidies, and contributions	0
--------------------------------------	---

State Administration Workload	0
-------------------------------	---

Investment and Loans	0
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Built-Ins Subtotal	\$0
---------------------------	------------

Net Program	-\$2,500
--------------------	-----------------

Direct FTE	0
------------	---

	Estimate	FTE
Base	\$20,985	
Program Increase	\$0	
Program Decrease	-\$2,500	

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

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
Activity Appropriation	1,333	1,333	1,333	0
FTE	0	0	0	0

Introduction

The Employment Service (ES) National Activities support Technical Assistance and Training (TAT) activities helping to ensure public workforce system front line staff and leaders have the tools and information necessary to design and provide high quality employment and training services. The Department also uses TAT 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 efforts 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 TAT to grantees and the public workforce system, including online and in-person resources and information to improve grantee support.

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

Resource and Program Data				
Employment Service National Activities TAT				
State Unemployment Insurance & Employment Service Operations				
(Dollars in Thousands)				
Data Category	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget
Resource Data:				
Service Grant	242	350	350	350
Formula				
Competitive	242	350	350	350
Research Evaluation				
Demonstration Development				
Training/Technical Assistance	840	853	853	853
Program Support	251	130	130	130
Total Resources	1,333	1,333	1,333	1,333
Program Data:*				
Total Grants	1	2	2	2
New Starts				
#	1	2	2	2
\$	242	350	350	350
Continuing				
#				
\$				
Contracts				
#	2	6	6	6
\$	514	628	628	628
Interagency Agreements				
#	1			
\$	82			

*Program Data does not include funding for the salaries and overhead costs of Technical Assistance to Program Administration (TA to PA), and therefore does not equal the amounts listed under Resource Data.

Five-Year Program Category History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2016	\$1,333	0
2017	\$1,333	0
2018	\$1,333	0
2019	\$1,333	0
2020	\$1,333	0

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - TECHNICAL ASSISTANCE AND TRAINING

Funding Mechanism

Funding for ES Technical Assistance and Training (TAT) activities is provided through grants or contracts.

FY 2021

The FY 2021 Budget requests \$1,333,000 for ES TAT activities. 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 2020

In FY 2020, Congress appropriated \$1,333,000 for ES TAT activities. 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

In FY 2019, Congress appropriated \$1,333,000 for ES TAT activities. Resources were 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.

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - TECHNICAL ASSISTANCE AND TRAINING

CHANGES IN FY 2021 (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	\$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 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
Activity Appropriation	70,560	68,810	79,898	11,088
FTE	144	144	154	10

NOTE: FY 2019 reflects actual FTE. FTE for all years reflect the Shared Services Realignment.

Introduction

The Immigration and Nationality Act and related laws assign certain responsibilities to the Secretary of Labor (Secretary) 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 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 (commonly known as “PERM” or the “Green Card” program); 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 Mariana Islands 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 (CNMI). This legislation aligns the requirements for CW-1 visas with similar nonimmigrant guest worker programs by requiring that an employer in the CNMI obtain a prevailing wage and temporary labor certification from the Department of Labor (the Department) for use in petitioning the Department of Homeland Security (DHS) to employ a nonimmigrant worker in CW-1 status. OFLC began receiving CW-1 applications from employers in the CNMI during the latter half of Fiscal Year (FY) 2019.

FOREIGN LABOR CERTIFICATION

Legislative Proposals and Appropriation Language Changes

Codifying the Department's H-2B Regulatory Authority

The FY 2021 Budget proposes legislation to stabilize the administration of the H-2B program by codifying the Department's H-2B rulemaking authority. DHS, by regulation, consults with the Department regarding whether a qualified U.S. worker is available to fill an H-2B employer's job, and whether a foreign worker's employment will adversely affect the wages or working conditions of similarly-employed U.S. workers. The Department's efforts to regulate its H-2B labor certification program have resulted in ongoing litigation following conflicting court decisions concerning the Department's authority to independently issue H-2B regulations.

Although DHS and the Department each have authority to independently issue rules implementing their respective duties under the H-2B program, the Departments have issued joint regulations governing H-2B labor certification as one way to reflect the legal authority for such regulations. Issuing joint regulations, however, further complicates an already complex Administrative Procedure Act process and significantly slows the Department's ability to adjust its regulations timely to changing economic conditions. Legislation clarifying the Department's regulatory authority would help streamline the rulemaking process and save significant time and resources across the Federal government.

One-year Authority to Transfer H-1B Funds to OFLC

The FY 2021 Budget proposes, in paragraph (5) of the SUIESO appropriation, to transfer \$9,000,000 from the H-1B Job Training Grants account to OFLC. The \$9,000,000 is approximately two percent of FY 2019 ACWIA collections. Of this amount, \$6,000,000 will go to fund OFLC Federal Administration. The remaining \$3,000,000 will fund grants to State Workforce Agencies (SWAs) for job order processing and other SWA activities that support the labor certification program.

Congress has taken similar actions in past fiscal years, in recognition of the growing demands on the foreign labor certification program. The FY 2016 appropriation made H-1B job training grant funds available for the processing of PERM applications. The FY 2017 appropriation made H-1B job training grant funds available for H-2A and H-2B program activities. With the additional H-1B funds requested for FY 2021, the Department could take preventive action against anticipated case-processing delays, while placing limits on the transfer authority to ensure that the vast majority of ACWIA revenue for job training activities is allocated as specified in section 286(s)(2) of the INA (8 USC 1356(s)(2)).

The Department proposes this H-1B funding as a "bridge," pending Congressional approval of permanent fee authority to offset costs in the foreign labor certification program.

FOREIGN LABOR CERTIFICATION

Doubling the H-1B ACWIA Fee

The Department's FY 2021 Budget brings forward a legislative proposal from FY 2020 to increase the ACWIA fee to \$3,000 per worker for large employers and \$1,500 for small employers. The increased revenue generated from this proposal would be used to expand job training and apprenticeship opportunities for U.S. workers, maintain National Science Foundation scholarships, introduce a new funding stream for the Department of Education's Career and Technical Education formula grants, and enhance OFLC case-processing capability to prevent backlogs and delays in the H-1B and PERM programs.

FLC Fee Proposal

The FY 2021 Budget also carries forward the FY 2020 proposal for legislative authority to institute cost-based fees in the foreign labor certification program.

In order to better protect the job opportunities, wages, and working conditions of U.S. workers, reduce delays, and improve application processing, the Department requests authority to charge cost-based fees for applications for foreign labor certification and prevailing wage determinations. The Department already collects a fee for approved applications filed in the H-2A Temporary Agricultural Worker Program, but current law does not expressly authorize the use of these resources to support case-processing operations. Proceeds from this particular fee go to the U.S. Treasury General Fund. This proposal includes the authority for the Department to adjust and retain these H-2A fees, already collected, and establish similar fees for other foreign labor certification programs administered by OFLC.

DHS and the Department of State have financed similar immigration case-adjudication activities through application fees for many years. The legislation proposed would align the Department with that established precedent. Once fully implemented, these fees would offset all appropriated Federal costs for administering foreign labor certification programs, eliminate the need for future annual appropriations, and establish a funding structure that is more responsive to changes in workload.

A fee-based structure would also assign the costs of the foreign labor certification programs to the employers seeking foreign workers, rather than requiring all employers subject to the Federal Unemployment Tax Act to bear the costs of federal and state administrative activities. The vast majority of employers do not apply for foreign labor certification, yet pay indirectly for these activities under the current funding structure. Fees charged directly to labor certification program users would be more equitable and better targeted.

FOREIGN LABOR CERTIFICATION

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2016	\$62,310	182
2017	\$62,310	165
2018	\$62,310	161
2019	\$70,560	160
2020	\$68,810	144

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, information technology 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, including the review and placement of job orders to recruit U.S. workers, conducting housing inspections for agricultural workers, and administering prevailing practice and wage surveys. 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 H-1B application fee authorized by the ACWIA and collected by DHS. These resources support H-1B and PERM case-processing activities and are separate from the H-1B funding allocated to the Department for U.S. job training programs.

FOREIGN LABOR CERTIFICATION

WORKLOAD AND PERFORMANCE SUMMARY					
		FY 2019 Enacted		FY 2020 Enacted	FY 2021 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	111,500[p]	113,014	119,800[p]	126,600[p]
ETA-Budget OFLC-03	PERM Applications Processed	143,500	102,655	102,200	110,200
ETA-Budget OFLC-05	H-1B New Applications Filed	640,400[p]	635,792	644,000[p]	664,600[p]
ETA-Budget OFLC-06	H-1B Applications Processed	669,300	664,616	673,300	695,200
ETA-Budget OFLC-08	H-2A New Applications Filed	13,800[p]	13,801	15,000[p]	17,100[p]
ETA-Budget OFLC-09	H-2A Applications Processed	13,600	13,095	15,100	17,300
ETA-Budget OFLC-11	H-2B New Applications Filed	11,000[p]	9,253	10,400[p]	11,100[p]
ETA-Budget OFLC-12	H-2B Applications Processed	11,700	9,236	11,000	12,400
ETA-FLC-01	Average Number of Days to Resolve PERM Applications NOT Subject to Integrity Review (Analyst Review) (OFLC)	185	76	82[e]	TBD

FOREIGN LABOR CERTIFICATION

WORKLOAD AND PERFORMANCE SUMMARY					
		FY 2019 Enacted		FY 2020 Enacted	FY 2021 Request
		Target	Result	Target	Target
ETA-FLC-02	Average Number of Days to Resolve PERM Applications Subject to Integrity Review (Audit) (OFLC)	305	210	210[e]	TBD
ETA-FLC-03	Percent of H-1B Employer Applications Resolved in 7 Business Days (OFLC)	100.0%	100.0%	100.0%[e]	TBD
ETA-FLC-04	Percent of Complete H-2A Employer Applications Resolved 30 Days Before the Date of Need (OFLC)	95.0%	86.1%	95.0%[e]	TBD
ETA-FLC-05	Percent of H-2B Employer Applications Resolved 30 days Before the Date of Need (OFLC)	75.0%	73.9%	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

The primary factors contributing to the risk of delays in the OFLC programs include annual increases in application volumes across all foreign labor certification programs, lack of adequate funding for State Workforce Agencies to review job orders for temporary or seasonal employment and perform inspections of housing for agricultural workers under the H-2A program, and the recurring concentration of applications filed in January by employers seeking to employ H-2B workers for the spring and summer seasons.

The Department received 157 percent more PERM applications in FY 2019 than in FY 2010, 90 percent more H-1B applications; 198 percent more H-2A applications; and 123 percent more applications for prevailing wage determinations. New CW-1 labor certification and prevailing wage requirements were also implemented in FY 2019, further driving up application levels. Despite continuing administrative and technological improvements to increase operational flexibility and efficiency, this upsurge in application levels can adversely impact the Department's ability to process applications in a timely manner during peak filing seasons.

Rising demand for a limited number of H-2B visas has condensed the peak H-2B filing season, as an increasing number of employers submit their applications within a few hours or days of the beginning of the allowable application period. Employers do this to increase their chances of obtaining their requested visas under the mandated semi-annual cap of 33,000 administered by DHS. For example, the Department received 5,677 applications requesting more than 99,300 workers within the first three days that applications could be submitted in January 2020 – more than triple the semi-annual cap for the second half of FY 2020. These application spikes can temporarily overload OFLC's case-processing capacity and increase the risk of delays for applications filed during these periods.

With the expiration of the one-time funding increases authorized by Congress for FY 2016 and FY 2017, the Department expects to reduce the level of contractor analysts available during peak filing seasons. This staff reduction may adversely impact OFLC's ability to process applications in a timely manner and to effectively safeguard against fraud and abuse in the guest worker and PERM immigration programs. To partially offset the risk of delays due to the expiration of these funds, OFLC continues to cross-train and align federal and contractor staff in the NPCs to increase the number of trained staff that can be directed to a particular application type during peak filing periods. Additionally, in collaboration with the Department's Wage and Hour Division and other major stakeholder associations, OFLC will expand its technical assistance and outreach events in advance of peak filing periods to provide filing tips and best practices designed to improve the initial quality of applications being submitted for processing.

FOREIGN LABOR CERTIFICATION

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
11.1	Full-time permanent	16,160	16,247	17,690	1,443
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	278	278	278	0
11.9	Total personnel compensation	16,438	16,525	17,968	1,443
12.1	Civilian personnel benefits	5,427	5,427	6,072	645
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	90	90	90	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	2,280	2,841	2,841	0
23.2	Rental payments to others	39	39	39	0
23.3	Communications, utilities, and miscellaneous charges	324	324	324	0
24.0	Printing and reproduction	25	25	25	0
25.1	Advisory and assistance services	13,834	13,057	18,057	5,000
25.2	Other services from non-Federal sources	68	68	68	0
25.3	Other goods and services from Federal sources 1/	10,931	11,082	11,082	0
25.4	Operation and maintenance of facilities	53	53	53	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	6,630	4,858	5,658	800
26.0	Supplies and materials	90	90	90	0
31.0	Equipment	19	19	219	200
41.0	Grants, subsidies, and contributions	14,282	14,282	17,282	3,000
42.0	Insurance claims and indemnities	30	30	30	0
	Total	70,560	68,810	79,898	11,088
	1/Other goods and services from Federal sources				
	Working Capital Fund	10,931	11,082	11,082	0

FOREIGN LABOR CERTIFICATION

CHANGES IN FY 2021

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$338
Personnel benefits	0
One day less of Pay	-94
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	0
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	0
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 **\$244**

Net Program **\$10,844**

Direct FTE **10**

	Estimate	FTE
Base	\$69,054	144
Program Increase	\$10,844	10
Program Decrease	\$0	0

FEDERAL ADMINISTRATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
Activity Appropriation	56,278	54,528	62,616	8,088
FTE	144	144	154	10

NOTE: FY 2019 reflects actual FTE. FTE for all years reflect the Shared Services Realignment.

Introduction

The Federal Administration appropriation supports most of the labor certification case-processing 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 adjudicate applications; the IT systems that support application-filing and processing; rent; supplies; and agency indirect costs, which include essential support for human resources, financial and administrative oversight, and grants and contracts management.

The Department's FY 2021 Budget proposes to strengthen the OFLC program by:

- 1) Authorizing the Secretary of Labor to transfer a portion of existing resources from the H-1B Job Training Account to the OFLC program;
- 2) Transitioning labor certification processing to a fee-based funding structure;
- 3) Codifying the Department's H-2B rulemaking authority; and
- 4) Increasing the existing H-1B ACWIA fee to expand job training, apprenticeship, and National Science Foundation scholarship opportunities for U.S. workers and enhance case-processing operations at both the Department and DHS.

These legislative proposals and appropriations language change will help avert processing delays while ensuring a thorough review of applications to protect the integrity of foreign labor certification programs.

FEDERAL ADMINISTRATION

Resource and Program Data				
FLC Federal Administration				
State Unemployment Insurance & Employment Service Operations				
(Dollars in Thousands)				
Data Category	FY 2018 Enacted*	FY 2019 Enacted*	FY 2020 Enacted*	FY 2021 President's Budget*
Resource Data:				
Service Grant				
Formula				
Competitive				
Research Evaluation				
Demonstration Development				
Training/Technical Assistance				
Program Support	8,564	11,506	14,663	14,663
Total Resources	8,564	11,506	14,663	14,663
Program Data:**				
Total Grants				
New Starts				
#				
\$				
Continuing				
#				
\$				
Contracts				
#	27	31	33	33
\$	14,779	22,203	19,835	19,835
Interagency Agreements				
#	2	2	2	2
\$	1,238	1,285	1,443	1,443

*The remaining appropriated amounts in each fiscal year are obligated toward salaries and overhead costs.

** Program Data includes funding for contract support and equipment and therefore does not equal the amounts listed under Resource Data.

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2016	\$48,028	182
2017	\$48,028	165
2018	\$48,028	161
2019	\$56,278	160
2020	\$54,528	144

FEDERAL ADMINISTRATION

FY 2021

In FY 2021, the Department requests \$62,616,000 and 154 FTE for the Federal Administration of the foreign labor certification program. The Department projects that it will receive 1,007,600 foreign labor certification applications in FY 2021. The requested resources will support the operation, management, and oversight of OFLC and help reduce the risk of delays and preserve program integrity amidst sharply rising application levels.

Maintain FLC Case-Processing Capacity

The FY 2021 Budget requests \$1,844,000 and 10 FTE to help support case-processing in the foreign labor certification programs, particularly in the CW-1 temporary program. Applications for CW-1 foreign labor certifications are likely to increase in FY 2021 due to the enactment of the Northern Mariana Islands U.S. Workforce Act of 2018. This law enacts a new requirement for employers seeking CW-1 visas to obtain a labor certification and prevailing wage determination from the Department.

One-year Authority to Transfer H-1B Funds to OFLC – Federal Activities Portion

In FY 2021, the Department seeks authority to transfer \$9,000,000 in H-1B job training funds to OFLC. Of that amount, \$6,000,000 would be transferred to OFLC Federal Administration for case-adjudication. The funds will act as a safeguard against case-processing delays without permanently increasing the program's annual appropriation. The Department views this additional funding as a short-term backlog-prevention measure, pending enactment of permanent fee authority for foreign labor certification programs.

Enterprise Shared Services

In FY 2021, the Department is committed to implementing the President's Management Agenda (PMA) and an Enterprise Shared Services delivery model for administrative functions. The purpose of the Enterprise Shared Services initiative is to create an administrative services delivery model that is streamlined, consistent, and efficient. Instead of directly funding information technology, procurement, personnel security, and human resources functions, the Department's current plan is that ETA will use shared service providers through the Working Capital Fund (WCF) and the proposed IT Working Capital Fund (IT WCF).

Under this plan, 12 FTE will be realigned from OFLC to the WCF and IT WCF as part of the implementation of this model. The FY 2021 President's Budget reflects this FTE realignment and the corresponding realignment of personnel compensation and benefits. The Budget does not include any related changes to non-personnel funding. The Department continues to develop and implement plans for Enterprise Shared Services. All FTE and funding estimates related to the Enterprise Shared Services initiative are preliminary and will be validated before final implementation.

FEDERAL ADMINISTRATION

FY 2020

In FY 2020, Congress appropriated \$54,528,000 for the Federal Administration of the foreign labor certification program. The Department projects that it will receive 976,500 applications in FY 2020: 119,800 for PERM, 644,000 for H-1B, 15,000 for H-2A, 10,400 for H-2B, 7,700 for CW-1 and 179,600 for prevailing wage determinations.

Congressional Directive

Pursuant to a congressional directive in the FY 2020 Explanatory Statement, this Budget provides an update on the upgrades to the OFLC technical system, including the launch of the Foreign Labor Application Gateway (FLAG). The Department made a number of improvements to the IT systems used in the foreign labor certification process in FY 2019.

Beginning January 2019, the Department officially implemented the FLAG system and successfully deployed a series of new electronic filing and application processing modules covering the CW-1 (April 2019), Prevailing Wage (June 2019), H-2B (July 2019), H-2A (September 2019), and H-1B LCA (September 2019) visa programs. To ensure OFLC systems keep pace with the latest application filing technologies and are supported by a network infrastructure that is more stable to increased workload demands, the Department initiated an aggressive technology modernization schedule during FY 2019 to replace OFLC's legacy iCERT system with the FLAG system, a new cloud-based solution. For employers seeking prevailing wages and temporary labor certification, the FLAG system offers enhanced and mobile-friendly form preparation options, improved automated data validations and case alerts to improve the quality of applications, and real-time electronic access to OFLC decisions and documentation. For the Department, the FLAG system is more reliable and resilient to peak workload demands and provides OFLC staff with a more integrated and consistent process for reviewing applications and tracking performance.

During the course of this modernization initiative and recognizing budgetary constraints, OFLC also worked collaboratively with the Department's Office of the Chief Information Officer (OCIO) to develop an innovative technology solution designed to transform the current IT system. Working together, OFLC and OCIO submitted a proposal to the General Services Administration (GSA) under the Technology Modernization Fund (TMF), presented the proposal to the TMF Board of Directors, and ultimately received an award of \$3.5 million in November 2018 to support the OFLC modernization plan. The Department utilized funding available under the TMF to transform its paper-based labor certification decisions to an electronic "Labor Certification Boarding Pass" for employers and enhance the sharing of labor certification decisions with the Departments of Homeland Security, State, and Agriculture through a modernized data-sharing infrastructure.

Beginning December 2018, the Department launched SeasonalJobs.dol.gov, a mobile-friendly online portal that is designed to help Americans identify and apply for open seasonal and temporary jobs. The new site is a modernized and complete redesign of OFLC's Public Job Registry, which has served as a repository for seasonal and temporary jobs under the H-2A and H-2B programs for nearly 10 years. SeasonalJobs.dol.gov posts the employer's job opportunity in

FEDERAL ADMINISTRATION

a concise and easy-to-read format, at no burden to employers using information the Department already collects on H-2A and H-2B application forms. SeasonalJobs.dol.gov offers a more targeted and robust set of search options and provides a new geolocation Application Programming Interface which connects a jobseeker's current geographic location (when available) to the website's automated search tool, so that search results favor job opportunities near the user's current location. The new site also facilitates broader dissemination of available job opportunities by making a standard set of job data available to third-party job search websites, which currently allows job search websites such as Jobs on Google and LinkedIn to extract new job opportunities posted on SeasonalJob.dol.gov and index them for advertising to American jobseekers. The Department continues to evaluate further enhancements to SeasonalJobs.dol.gov, such as translation services for jobseekers with limited English proficiency and additional integrations with other commonly used job search and social media websites to cast as wide a net as possible to help Americans find jobs.

FY 2019

In FY 2019, Congress appropriated \$56,278,000 for the Federal Administration of the foreign labor certification program. The Department received 949,575 applications in FY 2019: 113,014 for PERM, 635,792 for H-1B, 13,081 for H-2A, 9,253 for H-2B, 5,584 for CW-1, and 172,851 prevailing wage determination requests.

FEDERAL ADMINISTRATION

BUDGET ACTIVITY COMPONENT BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
11.1	Full-time permanent	16,160	16,247	17,690	1,443
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	278	278	278	0
11.9	Total personnel compensation	16,438	16,525	17,968	1,443
12.1	Civilian personnel benefits	5,427	5,427	6,072	645
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	90	90	90	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	2,280	2,841	2,841	0
23.2	Rental payments to others	39	39	39	0
23.3	Communications, utilities, and miscellaneous charges	324	324	324	0
24.0	Printing and reproduction	25	25	25	0
25.1	Advisory and assistance services	13,834	13,057	18,057	5,000
25.2	Other services from non-Federal sources	68	68	68	0
25.3	Other goods and services from Federal sources 1/	10,931	11,082	11,082	0
25.4	Operation and maintenance of facilities	53	53	53	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	6,630	4,858	5,658	800
26.0	Supplies and materials	90	90	90	0
31.0	Equipment	19	19	219	200
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	30	30	30	0
	Total	56,278	54,528	62,616	8,088
	1/Other goods and services from Federal sources				
	Working Capital Fund	10,931	11,082	11,082	0

FEDERAL ADMINISTRATION

CHANGES IN FY 2021

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$338
Personnel benefits	0
One day less of Pay	-94
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	0
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	0
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 **\$244**

Net Program **\$7,844**

Direct FTE **10**

	Estimate	FTE
Base	\$54,772	144
Program Increase	\$7,844	10
Program Decrease	\$0	0

STATE GRANTS

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
Activity Appropriation	14,282	14,282	17,282	3,000
FTE	0	0	0	0

Introduction

The Department provides annual grants to State Workforce Agencies (SWAs) in 55 states and U.S. territories for required state-level activities supporting 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 for H-2A agricultural workers; and performing the prevailing practice and wage surveys used to set the wages and standards for a number of occupations within their state.

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

STATE GRANTS

Resource and Program Data				
FLC Grants to States				
State Unemployment Insurance & Employment Service Operations				
(Dollars in Thousands)				
Data Category	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget
Resource Data:				
Service Grant	14,282	14,282	14,282	17,282
Formula	14,282	14,282	14,282	17,282
Competitive				
Research Evaluation				
Demonstration Development				
Training/Technical Assistance				
Program Support				
Total Resources	14,282	14,282	14,282	17,282
Program Data:				
Total Grants	165	165	165	165
New Starts				
#	55	55	55	55
\$	14,282	14,282	14,282	17,282
Continuing				
#	110	110	110	110
Contracts				
#				
\$				
Interagency Agreements				
#				
\$				

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2016	\$14,282	0
2017	\$14,282	0
2018	\$14,282	0
2019	\$14,282	0
2020	\$14,282	0

STATE GRANTS

FY 2021

In FY 2021, the Department requests \$17,282,000 for FLC state grants. SWAs will use these resources to conduct housing inspections for temporary agricultural workers employed under H-2A visas, post job orders to recruit U.S. workers for open 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 2021, creating corresponding increases in SWA workloads.

One-year Authority to Transfer H-1B Funds to OFLC – State Grants Portion

In FY 2021, the Department seeks authority to transfer \$9,000,000 in H-1B job training funds to OFLC. Of that amount, \$3,000,000 would be transferred to OFLC State Grants to prevent delays at the state level, contributing to efficient H-2A and H-2B application processing.

In cases where the Department fails to meet statutory or regulatory processing times for H-2A labor certification applications, the biggest contributor is often SWA delays in processing employer applications, particularly regarding the completion of inspections required for farmworker housing. The growing number of H-2A and H-2B applications has strained existing SWA resources. The proposed funding would help ease that strain without increasing current annual appropriations or application fees. For example, by regulation, OFLC may not issue H-2A certifications without first obtaining required documentation from SWAs (e.g. proof of adequate housing). While the number of H-2A workers certified by DOL increased by 226 percent from 79,000 in FY 2010 to over 257,000 in FY 2019, the resources available to SWAs to conduct housing inspections and fulfill other requirements decreased by 6 percent.

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.

FY 2020

In FY 2020, Congress appropriated \$14,282,000 for foreign labor certification state grants. SWAs utilize these resources to conduct required state-level activities supporting the foreign labor certification program.

FY 2019

In FY 2019, Congress appropriated \$14,282,000 for foreign labor certification state grants. SWAs utilized these resources to conduct 9,232 H-2A housing inspections, post 22,587 job orders to recruit U.S. workers, and direct 2,093 prevailing practice and wage surveys.

STATE GRANTS

BUDGET ACTIVITY COMPONENT BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 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	17,282	3,000
	Total	14,282	14,282	17,282	3,000

STATE GRANTS

CHANGES IN FY 2021

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments \$0

One day less of Pay 0

Grants, subsidies, and contributions 0

State Administration Workload 0

Built-Ins Subtotal \$0

Net Program \$3,000

Direct FTE 0

	Estimate	FTE
Base	\$14,282	0
Program Increase	\$3,000	0
Program Decrease	\$0	0

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
Activity Appropriation	62,653	62,653	64,826	2,173
FTE	0	0	0	0

Introduction

The Workforce Information/Electronic Tools/System Building activity provides workforce information, online career tools, 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.** The Department'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. Virtual services provided through the online tools expand the reach of the American Job Center network and staff, and facilitate self-service use by customers around the clock.

The services provided via these tools include:

- Employment, career, and job search information;
- Education, training, and outcomes 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);
- Employer and economic development tools; and
- Tools specifically tailored for veterans and transitioning military service members.

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

- 3) Expand the capacity of the workforce system, including capacity to serve persons with disabilities.** The Department 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 the Department's Office of Disability Employment Policy and the Social Security Administration.

The FY 2021 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. 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.

- 4) 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 systems used by states to ensure reported performance results are accurate and consistent across all states including the WIOA Eligible Training Provider scorecard, which allows job seekers to view training provider outcomes at the program of study level. These resources also support other performance analyses to promote continuous improvement in the workforce system.

Performance reporting systems previously funded through this program are currently being supported through the Technical Assistance and Training set-aside in the Dislocated Worker National Reserve (DWNR). The activities now funded through the DWNR include the Wage Record Interchange System, which provides interstate administrative wage records collected through the UI system, as well as support for other performance reporting systems.

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

Resource and Program Data				
Workforce Information/Etools/System Building				
State Unemployment Insurance & Employment Service Operations				
(Dollars in Thousands)				
Data Category	PY 2018 Enacted	PY 2019 Enacted	PY 2020 Enacted	PY 2021 President's Budget
Resource Data:				
Service Grant	53,638	53,649	53,649	55,823
Formula	31,904	31,915	31,915	31,915
Competitive	21,734	21,734	21,734	23,908
Research Evaluation				
Demonstration Development				
Training/Technical Assistance	3,940	3,930	3,930	3,930
Program Support	5,075	5,074	5,074	5,073
Total Resources	62,653	62,653	62,653	64,826
Program Data:				
Total Grants	63	63	63	63
New Starts				
#	63	61	63	63
\$	53,638	43,382	53,638	55,811
Continuing				
#		2		
\$		10,256		
Contracts				
#	13	13	13	13
\$	8,395	8,395	8,395	8,395
Interagency Agreements				
#	1	1	1	1
\$	620	620	620	620

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2016	\$67,653	0
2017	\$67,653	0
2018	\$62,653	0
2019	\$62,653	0
2020	\$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 2021

The FY 2021 Budget requests \$64,826,000 for the Workforce Information/Electronic Tools/System Building activity. 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 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 continue to support the implementation of WIOA through technical assistance to build the capacity of the workforce system including to serve individuals with disabilities, particularly individuals seeking to re-enter the workforce after the onset of a disability or after receiving SSDI benefits.

O*NET Enhancements

The FY 2021 Budget request includes an increase of \$5,500,000 (\$2,173,000 of which represents new budget authority and \$3,327,000 of which will be derived from the base funding of other activities) to modernize and update O*NET across a broader range of occupations by leveraging data science techniques like artificial intelligence, machine learning, and data mining. This investment seeks to increase the Department’s capacity to identify emerging occupations and identify the impact of technological changes, like automation, on the workforce. In September 2019, the American Workforce Policy Advisory Board (AWPAB), created by Executive Order 13845 *Establishing the President’s National Council for the American Worker*, recommended developing a “flexible skills-based ontology and structured, living taxonomies to create an adaptable common data foundation (Develop recommendations to modernize O*Net).” The GAO has also noted the need to “expand the O*NET data system...to track the spread of advanced technologies.”⁷

In response to the AWPAB’s recommendation, the Department requests additional funding to test the application of new methods—such as artificial intelligence, natural language processing, and machine learning—on O*NET occupational information. The requested resources would

⁷ GAO 19-257. *Workforce Automation: Better Data Needed to Assess and Plan for Effects of Advanced Technologies on Jobs*.

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

allow the Department to identify appropriate methods, enhance O*NET capacities, incorporate new data science techniques, and modernize O*NET functionality. These enhancements will allow for O*NET data to be updated more frequently and efficiently, better monitor changing business skill demands over time, and identify the occupations most likely to be impacted by automation.

FY 2020

In FY 2020, Congress appropriated \$62,653,000 for the Workforce Information/Electronic Tools/System Building activity. 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 operation and maintenance of online career tools, performance reporting systems, the workforce system's capacity to serve individuals with disabilities, and the NAWS.

FY 2019

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

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

WORKLOAD AND PERFORMANCE SUMMARY								
	PY 2018 Enacted		PY 2019 Enacted		PY 2020 Enacted	PY 2021 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)		85.00	77.60	75.00	--	72.50	72.50
ETA-eTools-02	Combined CareerOneStop and O*NET page views (in millions)		--	922.00	900.00	--	900.00	900.00
ETA-eTools-03	Combined CareerOneStop and O*NET Web Service Usage (in millions)		--	130.6	140.0	--	150.0	160.0

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, page views, and web services calls to various electronic tools web sites. Performance targets for PY 2021 for combined CareerOneStop and O*NET Websites are 72.5 million site visits and 900 million combined page views. In addition, the PY 2021 target for web service calls combined for CareerOneStop and O*NET is 160 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 Website visitors who access information and services. The Department has chosen not to collect registration or personal 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 continued, intensive usage of the electronic tool web sites over time demonstrates the ongoing demand for web-based products and services, particularly the increasing use of web services and application programming interfaces, 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 using social media and other forms of interactive communication.

In FY 2021, 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 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 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	64,826	2,173
	Total	62,653	62,653	64,826	2,173

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

CHANGES IN FY 2021 (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 **\$2,173**

Direct FTE **0**

	Estimate	FTE
Base	\$62,653	0
Program Increase	\$2,173	0
Program Decrease	\$0	0