

FY 2022

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 LANGUAGE¹

For authorized administrative expenses, [\$84,066,000] \$89,066,000, together with not to exceed [\$3,332,583,000] \$4,037,164,000 which may be expended from the Employment Security Administration Account in the Unemployment Trust Fund ("the Trust Fund"), of which:

(1) [\$2,565,816,000] \$3,125,214,000 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 [\$200,000,000] \$250,000,000 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 [\$83,000,000] \$133,000,000 is additional new budget authority specified for purposes of [section 251(b)(2)(E)(i)(II) of such Act] *the budgetary adjustments under section 314(g) of the Congressional Budget Act of 1974*; and \$9,000,000 for continued support of the Unemployment Insurance Integrity Center of Excellence), the administration of unemployment insurance for Federal employees and for ex-service members as authorized under 5 U.S.C. 8501-8523, and the administration of trade readjustment allowances, reemployment trade adjustment assistance, and alternative trade adjustment assistance under the Trade Act of 1974 and under section 231(a) of the Trade Adjustment Assistance Extension Act of 2011, [and section] *sections 405(a) and 406 of the Trade Preferences Extension Act of 2015, and section 285(a)(2) of the Trade Act of 1974 (as amended by section 406(a)(7) of the Trade Preferences Extension Act of 2015)*, and shall be available for obligation by the States through December 31, [2021] 2022, except that funds used for

¹ The appropriation language presented here for State Unemployment Insurance and Employment Service Operations does not match the appropriation language in the President's Budget Appendix. The appropriation language above includes additional citations to section 406 of the Trade Preferences Extension Act of 2015 and section 285(a)(2) of the Trade Act of 1974 as well as additional resources for the Federal administration of foreign labor certifications. There will be a correction to the Appendix in the errata package.

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automation shall be available for Federal obligation through December 31, [2021] 2022, and for State obligation through September 30, [2023] 2024, or, if the automation is being carried out through consortia of States, for State obligation through September 30, [2027] 2028, and for expenditure through September 30, [2028] 2029, 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, [2021] 2022, and for obligation by the States through September 30, [2023] 2024, and funds for the Unemployment Insurance Integrity Center of Excellence shall be available for obligation by the State through September 30, [2022] 2023, and funds used for unemployment insurance workloads experienced through September 30, [2021] 2022 shall be available for Federal obligation through December 31, [2021] 2022;

(2) [\$18,000,000] \$118,108,000 from the Trust Fund is for national activities necessary to support the administration of the Federal-State unemployment insurance system;

(3) [\$648,639,000] \$677,449,000 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, [2021] 2022 through June 30, [2022] 2023;

(4) \$22,318,000 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 (including assisting States in adopting or modernizing information technology for use in the processing of certification requests), and the provision of technical assistance and staff training under the Wagner-Peyser Act;

(5) [\$77,810,000] \$94,075,000 from the Trust Fund is for the administration of foreign labor certifications and related activities under the Immigration and Nationality Act and related laws, of which [\$57,528,000] \$67,793,000 shall be available for the Federal administration of such activities, and [\$20,282,000] \$26,282,000 shall be available for grants to States for the administration of such activities; and

(6) [\$62,653,000] \$67,653,000 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, [2021] 2022

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through June 30, [2022] 2023, 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 [2021] 2022 is projected by the Department of Labor to exceed [1,728,000] 2,008,000, an additional \$28,600,000 from the Trust Fund shall be available for obligation for every 100,000 increase in the AWIU level (including a pro rata amount for any increment less than 100,000) to carry out title III of the Social Security Act: *Provided further, That funds appropriated in this Act that are allotted to a State to carry out activities under title III of the Social Security Act may be used by such State to assist other States in carrying out activities under such title III if the other States include areas that have suffered a major disaster declared by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act: *Provided further, That the Secretary may use funds appropriated for grants to States under title III of the Social Security Act to make payments on behalf of States for the use of the National 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*******

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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, [2022] 2023, for such purposes. (*Department of Labor Appropriations Act, 2021.*)

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 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

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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, [2022] 2023. (Department of Labor Appropriations Act, 2021.)

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ANALYSIS OF APPROPRIATION LANGUAGE

Language Provision

Explanation

In Paragraph (1):

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 [\$83,000,000] \$133,000,000 is additional new budget authority specified for purposes of [section 251(b)(2)(E)(i)(II) of such Act] the budgetary adjustments under section 314(g) of the Congressional Budget Act of 1974;

The revised language applies the budgetary adjustments provisions included under section 314(g) of the Congressional Budget Act of 1974, as amended by section 30206(d) of the Bipartisan Budget Act of 2018 (P.L. 115-123), with respect to funds appropriated in this paragraph of SUIESO for Reemployment Services and Eligibility Assessments (RESEA) authorized under section 306 of the Social Security Act. The adjustments are applied to the discretionary spending limits, allocations to the Committees and appropriate budget aggregates for the fiscal year. For FY 2022, an adjustment of \$133 million is allowed in additional new budget authority for the RESEA program above the other \$117 million that is specified in the appropriation for RESEA grants.

And the administration of trade readjustment allowances, reemployment trade adjustment assistance, and alternative trade adjustment assistance under the Trade Act of 1974 and under section 231(a) of the Trade Adjustment Assistance Extension Act of 2011, [and section] sections 405(a) and 406 of the Trade Preferences Extension Act of 2015, and section 285(a)(2) of the Trade Act of 1974 (as amended by section 406(a)(7) of the Trade Preferences Extension Act of 2015),

The additional references provide that the funds also may be used to provide for the administration of trade readjustment allowances, reemployment trade adjustment assistance, and alternative trade adjustment assistance for workers who continue to be served by the 2015 version of the TAA program under section 406 of the Trade Preferences Act of 2015 after Reversion of the TAA program to an earlier version of the program takes effect with respect to petitions filed on or after July 1, 2021, and for administration of such allowances and assistance to workers who continue to be served under the TAA program under section 285(a)(2) of the Trade Act of 1974 (as amended by section 406(a)(7) of the Trade Preferences Act of 2016) after the TAA phase-out termination provisions take effect on July 1, 2022.

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

The additional language provides that of the funds appropriated under paragraph (6) of SUIESO to provide workforce information, national electric tools

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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:

and one-stop system building under the Wagner-Peyser Act, \$9.8 million is to be used for research and demonstration projects to test ways to effectively promote the labor force participation of people with disabilities. A proviso is included that authorizes the Secretary of Labor transfer amounts available for the research and demonstration projects to the Department's "Office of Disability Employment Policy" (ODEP) account for ODEP to carry out such projects. There is similar appropriations language proposed in the ODEP account for research and demonstration projects to promote greater labor force participation by people with disabilities and that would authorize the transfer of funds to ETA for such projects. ETA and ODEP would coordinate regarding the research and demonstration projects.

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AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2020 Revised Enacted		FY 2021 Enacted		FY 2022 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	40	\$103,195	79	\$2,104,566	79	\$109,066
Discretionary	0	\$84,066	0	\$84,066	0	\$89,066
Mandatory (UI Integrity)	0	\$0	45	\$2,000,000	45	\$0
Mandatory (H-1B Fees)	40	\$19,129	34	\$28,000	34	\$20,000
Rescission of H-1B Fees	0	\$0	0	-\$7,500	0	\$0
<i>Subtotal Appropriation</i>	<i>40</i>	<i>\$103,195</i>	<i>79</i>	<i>\$2,104,566</i>	<i>79</i>	<i>\$109,066</i>
Offsetting Collections From:						
Reimbursements (DUA and NAWS)	0	\$6,294	0	\$52,500	0	\$52,500
Trust Funds	152	\$5,407,841	158	\$4,079,615	162	\$4,126,230
AWIU Contingency	0	\$2,117,258	0	\$747,032	0	\$0
Uncollected Payments	0	\$260	0	\$0	0	\$0
<i>Subtotal Offsetting Collections</i>	<i>152</i>	<i>\$5,414,395</i>	<i>158</i>	<i>\$4,132,115</i>	<i>162</i>	<i>\$4,178,730</i>
B. Gross Budget Authority	192	\$5,517,590	237	\$6,236,681	241	\$4,287,796
Appropriation From:						
Mandatory (UI Integrity)	0	\$0	-45	-\$2,000,000	-45	\$0
Mandatory (H-1B Fees)	-40	-\$19,129	-34	-\$28,000	-34	-\$20,000
<i>Subtotal Appropriation</i>	<i>-40</i>	<i>-\$19,129</i>	<i>-79</i>	<i>-\$2,028,000</i>	<i>-79</i>	<i>-\$20,000</i>
Offsetting Collections From:						
Reimbursements (DUA and NAWS)	0	-\$6,294	0	-\$52,500	0	-\$52,500
Uncollected Payments	0	-\$260	0	\$0	0	\$0
<i>Subtotal Offsetting Collections</i>	<i>0</i>	<i>-\$6,554</i>	<i>0</i>	<i>-\$52,500</i>	<i>0</i>	<i>-\$52,500</i>
C. Budget Authority Before Committee	152	\$5,491,907	158	\$4,156,181	162	\$4,215,296
Appropriation From:						
Mandatory (UI Integrity)	0	\$0	45	\$2,000,000	45	\$0
Mandatory (H-1B Fees)	40	\$19,129	34	\$28,000	34	\$20,000
<i>Subtotal Appropriation</i>	<i>40</i>	<i>\$19,129</i>	<i>79</i>	<i>\$2,028,000</i>	<i>79</i>	<i>\$20,000</i>
Offsetting Collections From:						
Reimbursements (DUA and NAWS)	0	\$6,294	0	\$52,500	0	\$52,500
Uncollected Payments	0	\$260	0	\$0	0	\$0
<i>Subtotal Offsetting Collections</i>	<i>0</i>	<i>\$6,554</i>	<i>0</i>	<i>\$52,500</i>	<i>0</i>	<i>\$52,500</i>
Unobligated Balance From:						
Brought Forward, October 1	0	\$56,718	0	\$669,151	0	\$1,900,000
Transfer to ETA PA for Program Integrity (Pursuant to P.L. 116-94)	0	-\$3,000	0	\$0	0	\$0
Recoveries	0	\$1,110	0	\$0	0	\$0
<i>Subtotal Unobligated Balance, Unexpired</i>	<i>0</i>	<i>\$54,828</i>	<i>0</i>	<i>\$669,151</i>	<i>0</i>	<i>\$1,900,000</i>

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D. Total Budgetary Resources	192	\$5,572,418	237	\$6,905,832	241	\$6,187,796
Unobligated Balance	2	-\$669,158	0	-\$1,900,000	0	\$0
E. Total, Estimated Obligations	194	\$4,903,260	237	\$5,005,832	241	\$6,187,796

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

SUMMARY OF CHANGES (Dollars in Thousands)

	FY 2021 Enacted	FY 2022 Request	Net Change
Budget Authority			
General Funds	\$84,066	\$89,066	+\$5,000
Trust Funds	\$4,079,615	\$4,037,164	-\$42,451
Total	\$4,163,681	\$4,126,230	-\$37,451
 Full Time Equivalents			
General Funds	0	0	0
Trust Funds	158	162	4
Total	158	162	4

FY 2022 Change

Explanation of Change	FY 2021 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	158	\$19,113	0	\$542	0	\$0	0	\$542
Personnel benefits	0	\$6,800	0	\$291	0	\$0	0	\$291
Federal Employees' Compensation Act (FECA)	0	\$96	0	\$0	0	\$0	0	\$0
Benefits for former personnel	0	\$0	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$40	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$0	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$1,731	0	\$0	0	\$0	0	\$0
Rental payments to others	0	\$0	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$70	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$250	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$13,366	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$7,917	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$9,828	0	\$1,515	0	\$0	0	\$1,515
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	\$2,355	0	\$0	0	\$0	0	\$0
Research & Development Contracts	0	\$0	0	\$0	0	\$0	0	\$0

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FY 2022 Change

Explanation of Change	FY 2021 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Operation and maintenance of facilities	0	\$400	0	\$0	0	\$0	0	\$0
Operation and maintenance of equipment	0	\$9,856	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$14	0	\$0	0	\$0	0	\$0
Equipment	0	\$0	0	\$0	0	\$0	0	\$0
Grants, subsidies, and contributions	0	\$0	0	\$0	0	\$0	0	\$0
State Administration Workload	0	\$2,420,201	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	0	\$80	0	\$0	0	\$0	0	\$0
Investment and Loans	0	\$0	0	\$0	0	\$0	0	\$0
Built-Ins Subtotal	158	+\$2,492,117	0	+\$2,348	0	\$0	0	+\$2,348
B. Programs:								
UI Resource Justification Model Updates	0	\$0	0	\$509,398	0	\$0	0	\$509,398
Modular Federal UI Technologies	0	\$0	0	\$100,000	0	\$0	0	\$100,000
RESEA Allocation Adjustment	0	\$83,000	0	\$50,000	0	\$0	0	\$50,000
ES Formula Grants Increase	0	\$648,639	0	\$28,810	0	\$0	0	\$28,810
PERM IT Modernization (FLAG)	0	\$0	0	\$7,000	0	\$0	0	\$7,000
FLC State Grants Increase	0	\$20,282	0	\$6,000	0	\$0	0	\$6,000
E-Tools Data and Capacity-Building Enhancements	0	\$0	0	\$0	0	\$5,000	0	\$5,000
FLC Federal Admin Staff for Increased Workload	0	\$0	4	\$1,025	0	\$0	4	\$1,025
Programs Subtotal			4	+\$702,233	0	+\$5,000	4	+\$707,233
Total Increase	158	+\$2,492,117	4	+\$704,581	0	+\$5,000	4	+\$709,581
Decreases:								
A. Built-Ins:								
To Provide For: Grants, subsidies, and contributions	0	\$1,671,564	0	-\$747,032	0	\$0	0	-\$747,032
Built-Ins Subtotal	0	+\$1,671,564	0	-\$747,032	0	\$0	0	-\$747,032
B. Programs:								
Programs Subtotal			0	\$0	0	\$0	0	\$0
Total Decrease	0	+\$1,671,564	0	-\$747,032	0	\$0	0	-\$747,032
Total Change	158	+\$4,163,681	4	-\$42,451	0	+\$5,000	4	-\$37,451

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SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2020 Revised Enacted		FY 2021 Enacted		FY 2022 Request		Diff. FY22 Request / FY21 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Unemployment Insurance	0	4,670,074	0	3,330,848	0	3,243,322	0	-87,526
Unemployment Trust Funds	0	4,670,074	0	3,330,848	0	3,243,322	0	-87,526
State Administration	0	2,365,816	0	2,365,816	0	2,875,214	0	509,398
Unemployment Trust Funds	0	2,365,816	0	2,365,816	0	2,875,214	0	509,398
Average Weekly Insured Unemployment	0	2,117,258	0	747,032	0	0	0	-747,032
Unemployment Trust Funds	0	2,117,258	0	747,032	0	0	0	-747,032
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	58,000	0	83,000	0	133,000	0	50,000
Unemployment Trust Funds	0	58,000	0	83,000	0	133,000	0	50,000
National Activities	0	12,000	0	18,000	0	118,108	0	100,108
Unemployment Trust Funds	0	12,000	0	18,000	0	118,108	0	100,108
Employment Service	0	690,370	0	692,370	0	721,180	0	28,810
General Funds	0	21,413	0	21,413	0	21,413	0	0
Unemployment Trust Funds	0	668,957	0	670,957	0	699,767	0	28,810

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SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2020 Revised Enacted		FY 2021 Enacted		FY 2022 Request		Diff. FY22 Request / FY21 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Grants to States	0	668,052	0	670,052	0	698,862	0	28,810
General Funds	0	21,413	0	21,413	0	21,413	0	0
Unemployment Trust Funds	0	646,639	0	648,639	0	677,449	0	28,810
Employment Service National Activities	0	22,318	0	22,318	0	22,318	0	0
Unemployment Trust Funds	0	22,318	0	22,318	0	22,318	0	0
Foreign Labor Certification	153	68,810	158	77,810	162	94,075	4	16,265
Unemployment Trust Funds	153	68,810	158	77,810	162	94,075	4	16,265
Federal Administration	153	54,528	158	57,528	162	67,793	4	10,265
Unemployment Trust Funds	153	54,528	158	57,528	162	67,793	4	10,265
FLC State Grants	0	14,282	0	20,282	0	26,282	0	6,000
Unemployment Trust Funds	0	14,282	0	20,282	0	26,282	0	6,000
Workforce Information-Electronic Tools-System Building	0	62,653	0	62,653	0	67,653	0	5,000
General Funds	0	62,653	0	62,653	0	67,653	0	5,000
Total	153	5,491,907	158	4,163,681	162	4,126,230	4	-37,451
General Funds	0	84,066	0	84,066	0	89,066	0	5,000
Unemployment Trust Funds	153	5,407,841	158	4,079,615	162	4,037,164	4	-42,451

NOTE: 2020 reflects actual FTE.

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2020 Revised Enacted	FY 2021 Enacted	FY 2022 Request	Diff. FY22 Request / FY21 Enacted
	Full-Time Equivalent				
	Full-time Permanent	144	158	162	4
	Other	36	36	36	0
	Total	180	194	198	4
	Average ES Salary	\$165,211	\$166,379	\$170,871	\$4,492
	Average GM/GS Grade	12	12	12	0
	Average GM/GS Salary	\$99,674	\$100,548	\$103,262	\$2,714
11.1	Full-time permanent	17,795	18,617	19,819	1,202
11.3	Other than full-time permanent	0	65	65	0
11.5	Other personnel compensation	278	431	435	4
11.9	Total personnel compensation	18,073	19,113	20,319	1,206
12.1	Civilian personnel benefits	5,923	6,896	7,548	652
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	90	40	40	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	2,841	1,731	1,731	0
23.2	Rental payments to others	39	0	0	0
23.3	Communications, utilities, and miscellaneous charges	324	70	70	0
24.0	Printing and reproduction	25	250	250	0
25.1	Advisory and assistance services	13,057	13,366	13,366	0
25.2	Other services from non-Federal sources	1,394	7,917	7,917	0
25.3	Other goods and services from Federal sources 1/	9,903	12,183	13,698	1,515
25.4	Operation and maintenance of facilities	53	400	400	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	8,837	9,856	16,856	7,000
26.0	Supplies and materials	90	14	14	0
31.0	Equipment	19	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	5,431,209	4,091,765	4,043,941	-47,824
42.0	Insurance claims and indemnities	30	80	80	0
91.0	Other Fund Sources	0	0	0	0
99.0	Other Fund Sources	0	0	0	0
	Total	5,491,907	4,163,681	4,126,230	-37,451
	1/Other goods and services from Federal sources				
	Working Capital Fund	9,903	9,828	11,343	1,515

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

APPROPRIATION HISTORY (Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2012					
Base Appropriation...1/	\$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...2/	\$3,825,699			\$3,879,339	188
2015					
Base Appropriation...2/	\$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...3/4/	\$3,325,298		\$3,339,010	\$3,343,899	160
2020					
Base Appropriation...5/6/7/	\$3,475,986	\$3,465,761		\$5,491,907	144
2021					
Base Appropriation...6/8/	\$3,497,280			\$4,163,681	158
2022					
Base Appropriation	\$4,126,230				162

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

2/ 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.

3/ 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.

4/ 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.

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

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

7/ Includes \$2,117,258,000 for the estimated use of the AWIU contingency trigger.

8/ Includes \$747,032,000 for the estimated use of the AWIU contingency trigger.

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; job search assistance for those seeking employment; and increased capacity of the public workforce system to serve all job seekers, including job seekers with disabilities. Funds are also used for administering the labor certification program for permanent and temporary foreign workers.

Programmatic activities under the SUIESO account include the Unemployment Insurance (UI) program which provides temporary wage replacement for eligible unemployed workers; the Reemployment Services and Eligibility Assessments (RESEA) program that provides reemployment services to selected UI claimants to reduce duration and improve employment outcomes; and the U.S. Employment Service which serves to connect job seekers with job opportunities in their local workforce area. Activities also include those conducted by the Office of Foreign Labor Certification which protects the wages and working conditions of Americans and foreign nationals through the processing of both permanent and temporary work programs. Finally, resources devoted to system building and workforce information services bolster the capacity of the public workforce system to prepare workers for their next jobs.

Unemployment Insurance Reform Principles

The COVID-19 pandemic and the related recession have shined a spotlight on the centrality of unemployment insurance to the social safety net. UI allowed millions of workers to continue to pay rent and buy groceries and helped stabilize the economy, preventing further job losses by injecting over \$700 billion into the economy. The enhanced UI benefits provided by the CARES Act and subsequent extensions, including the American Rescue Plan, prevented the widespread suffering that occurred during the COVID crisis from growing even worse.

The pandemic also revealed major shortcomings of the regular UI system after decades of underinvestment. Overburdened and outdated state UI systems kept millions of workers from getting benefits quickly and left many unable to access to the program. The current crisis has also shown that regular UI benefits in most states are far too low, leaving families without the resources they need to make ends meet in times of economic crises. Additionally, millions of workers who lost income due to the pandemic and recession were ineligible for UI benefits. All three of these systemic problems only exacerbated longstanding racial and gender inequalities embedded in the UI system.

The Biden-Harris Administration has taken stock of these deficiencies and developed a set of high-level principles that should guide future efforts to reform the UI system. These reforms build on critical investments in UI administrative funding and in quality job training and effective career services proposed in the Administration's discretionary request and the American Jobs Plan.

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

Benefit Access Issues for Eligible Workers

As record numbers of workers attempted to claim benefits, some UI agencies' outdated systems collapsed. Many systems were only able to accept online applications at certain hours or required workers to file on certain days of the week based on the first letter of their last name. Payment timeliness declined drastically and remains at near all-time lows, with some workers waiting months to receive the benefits they need to support themselves and their families. Millions of eligible workers received far less in benefits than they were entitled to and many were unable to navigate their state's unemployment system and did not receive the benefits or services they deserved. The rate of UI claims wrongfully denied for separation reasons, for example, grew from 8 percent to 17 percent between 2007 and 2017. A 24 percent decline in UI administrative funding, adjusted for inflation, between 2001 and 2020 contributed to these unacceptable outcomes, as did an increasing emphasis on preventing overpayments at the expense of paying appropriate and timely benefits to support dislocated workers.

Inadequate Benefit Levels

The pandemic and recession made it clear that UI benefits in most states are too low. Numerous states' maximum benefit levels are less than the equivalent minimum wage and in 13 states benefits replace less than one-third of workers' wages on average. In the CARES Act, Congress acknowledged that UI benefits are insufficient and temporarily supplemented benefits by \$600. Political gridlock caused this supplement to expire in August 2020 before it was renewed at \$300 per week in December 2020.

The number of weeks workers can claim benefits under the regular UI system was also exposed to be woefully insufficient. Several states' regular UI programs offered fewer than the standard 26 weeks of benefits. In Alabama, for example, workers can only claim benefits for 14 weeks. And no state offered a sufficient number of weeks of benefits to get workers through the pandemic. Even the Extended Benefits program, which is intended to increase the number of weeks of benefits a worker can receive when the labor market is weak, proved to be inadequate given the prolonged nature of the crisis. Extended Benefits are currently only available in a limited number of states because the program triggers are poorly designed.

Congress has had to increase the number of weeks workers can receive benefits three times since the pandemic began. Many workers have experienced lapses in benefits as gridlock prevented Congress from extending benefits in time and outdated technology prevented states from implementing these changes quickly, while continuously changing standards for these temporary extensions created confusion for people navigating the different programs.

Inadequate benefit levels undermine a core purpose of the UI program, which is keeping unemployed workers connected to the labor market. Sufficient UI benefits provide workers with the income they need to look for a job that matches their skills, experience, and prior wages instead of taking the first job available even if it is a poor match. UI recipients also gain access to crucial reemployment services to help with job search or connect them to retraining where necessary. Ensuring that unemployed workers find a job that is a good match is one of the UI program's primary goals.

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

Limited Eligibility

Perhaps most of all, the crisis demonstrated that a large share of workers—especially low-wage workers—are ineligible for regular UI benefits. Before the crisis, only about a quarter of unemployed workers claimed UI benefits. Many other unemployed workers were ineligible because states' formulas for determining benefits penalize workers with shorter work histories and completely exclude independent contractors. Part-time workers—the majority of whom are women—and those forced to leave a job for family, health, or safety concerns were also excluded from receiving UI in many states.

Congress recognized that these holes in the UI system would cut millions of workers off from vital income support and created an entirely new program, Pandemic Unemployment Assistance (PUA), to provide benefits to workers ineligible for regular UI. The number of workers receiving PUA exploded in 2020 with more workers receiving it than regular UI during the summer, highlighting how the UI system was not designed to support many of the workers who need UI the most.

Yet, standing up PUA in a matter of weeks posed severe implementation challenges for states. Congress made program design choices meant to make it possible to spin up PUA from scratch that, when combined with decades of underinvestment in state UI systems, left those systems vulnerable to attacks from sophisticated international criminal rings, which used stolen identities to fraudulently claim benefits. This fraud exacerbated benefit access issues as states slowed claims processing to address it. California, for example, temporarily shut down its UI system to all new claimants in order to update its identity verification system.

Racial Disparities in the UI System

Each of these problems resulted in enormous racial disparities in UI benefit receipt and amplified the disparate racial and economic impacts of the labor market collapse. Data early on in the crisis showed that Black unemployed workers were about half as likely to receive UI benefits as white unemployed workers, a disparity that has been observed since the Great Recession.²

Moreover, the longstanding problems with state-based UI systems and their deterioration over time caused disproportionate harm to Black workers. Throughout the business cycle, Black workers are twice as likely to be unemployed as white workers so they bear the brunt of the insufficiency of regular UI benefits. In addition, the states with the lowest unemployment benefits generally have the largest Black populations—the average maximum unemployment benefit for white workers is \$463 compared to \$423 for Black workers based on where they live.³ The fact that some states with disproportionately large Black populations offer fewer than 26 weeks of benefits has an especially pernicious racial impact since Black unemployed workers were more likely to be unemployed for over 26 weeks than any other group before the crisis.⁴

² <https://www.propublica.org/article/black-workers-are-more-likely-to-be-unemployed-but-less-likely-to-get-unemployment-benefits> and <https://www.urban.org/sites/default/files/publication/25541/412596-Racial-and-Ethnic-Differences-in-Receipt-of-Unemployment-Insurance-Benefits-During-the-Great-Recession.PDF>

³ <https://www.rand.org/blog/2020/07/the-racial-disparity-in-unemployment-benefits.html>

⁴ https://www.bls.gov/web/empsit/cpsee_e18.htm

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

The focus on overpayment detection at the expense of benefit access has disproportionately harmed people of color. And, perhaps most importantly, the exclusionary eligibility rules that lock millions of workers out of regular UI each year exclude people of the color and women the most.

Principles for Reform

The need for additional reforms is urgent, and the Administration is eager to work with Congress on broad changes to modernize the program as well as advance racial, geographic, and gender equity in the UI system.

- **A reformed UI system must provide adequate benefits in every state.** Induced by financial strain after the last recession, a number of states reduced UI benefit duration or cut benefit levels below a sustainable living income in an attempt to keep low taxes on employers. In 2020, these cutbacks were disproportionately felt by people of color, women, and low-wage workers, particularly in southern and western states. This was compounded by the fact that these same groups are also overrepresented in the service industries most affected by pandemic-related shutdowns, namely education, health care, leisure, hospitality, and retail, and are more at risk of being forced to choose between an income and their health due to lack of access and coverage in the traditional UI program.

UI reform must improve benefits across states by ensuring that benefit levels and benefit duration are adequate to allow unemployed workers—particularly those who have historically been excluded from or struggled to access UI benefits—to receive the income support and job placement services they need to find their next job. This will prevent states from racing to the bottom by cutting benefits in an attempt to keep employers' taxes low.

- **A modern UI system must be easily scalable and respond automatically to economic downturns.** This would allow UI benefits to ramp up quickly and automatically when the economy weakens and would tie the expiration of these benefits to improvements in the economy, rather than arbitrary deadlines. Restructuring the existing Extended Benefits program so it responds better to recessions and increases in long-term unemployment would provide certainty for workers and avoid the scenarios in which political dysfunction leads to delays in benefits when people need them most. This would also make it easier for states to prepare for extensions.
- **The UI system must reflect the modern economy and labor force.** This starts with a federal floor on states' eligibility rules so they no longer use formulas that unnecessarily penalize workers with limited work histories and requiring states to allow workers seeking part-time employment or who lost work for family-related reasons to claim benefits. The Administration also supports ensuring that more struggling employers take advantage of Short-Time Compensation (work-sharing) in order to avoid layoffs, something that happened too rarely during the COVID crisis. In addition, the Administration supports finding a way to address the lack of support in the existing UI

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

system for many workers, including independent contractors, low-income and part-time workers, and workers with nontraditional work histories.

- The pandemic severely drained state unemployment trust funds, and comprehensive UI reform must **improve state and federal solvency and ensure more equitable and progressive financing mechanisms.**
- Strengthen the UI program's role in helping workers find a job that is a good match with **investments that expand reemployment services** for unemployed workers receiving benefits.
- **Any reform should ensure the UI program's access and integrity** before the next crisis. The pandemic revealed deficiencies in states' ability to administer their UI programs and illuminated inadequate staffing levels, incomplete performance measures, and poor IT infrastructure. In the span of a few weeks, states were inundated with millions of claims, leading to crashing websites and inaccessible, overloaded call centers. Sophisticated criminal networks also targeted the UI system using stolen and fabricated identities to siphon off benefits. These factors led to unprecedented delays in processing for legitimate claimants and potentially significant monetary losses for both the states and the federal government.

Comprehensive UI reform should include additional authority for the Department to help states combat improper payments, including fraud. To further address the difficulties that many states' face, the federal government should develop and maintain a modern, user-friendly system that is accessible to all workers and eases the burden on states. The American Rescue Plan contains a vital down payment on this effort by giving the Department the funding necessary to combat fraud, improve equitable access, and begin creating a federal benefits delivery system that states can adopt instead of developing their own.

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BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2020 Revised Enacted	FY 2021 Enacted	FY 2022 Request	Diff. FY22 Request / FY21 Enacted
Activity Appropriation	4,670,074	3,330,848	3,243,322	-87,526
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) and to the services that speed their return to work. The Reemployment Services and Eligibility Assessments (RESEA) program provides reemployment services to UI claimants to reduce their need for benefits and improve their employment outcomes while also ensuring their ongoing eligibility for benefits. The Wagner-Peyser Act Employment Service (ES) is an integral part of the AJCs and emphasizes reemployment service delivery to UI claimants and other job seekers. Wagner-Peyser Act employment services are required to be co-located with the AJC delivery system. WIOA provides the overarching structure to support integrated service delivery of these programs and others through AJCs supported by alignment and integration of data systems.

Regular UI benefits and administration are funded by state payroll and Federal payroll taxes, respectively. States administer the regular UI program directly and administer certain Federal UI benefit programs, including the unemployment compensation for Federal employees (UCFE), unemployment compensation for ex-servicemembers (UCX), and the extended benefit (EB) programs. UI National Activities funds are used to support states collectively by providing technical assistance and operational resources for state UI programs.

The Federal role in the Federal-state partnership that administers the UI program and the RESEA 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, including RESEA.

For the UI program, the Department's FY 2022 Budget requests \$3,243,322,000 for UI Administration, which includes \$2,866,214,000 for State Administration, reflecting the Administration's economic assumptions and updated workload-processing and salary rate factors, and \$9,000,000 for the UI Integrity Center of Excellence. The UI National Activities request of \$118,108,000 includes a request for a second installment of \$6,000,000 to modernize critical information technology infrastructure essential to the states' administration of the UI program and \$100,000,000 for development of modular federal UI technology capabilities.

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Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2017	\$2,702,497	0
2018	\$2,653,497	0
2019	\$2,527,816	0
2020	\$4,670,074	0
2021	\$3,330,848	0

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WORKLOAD AND PERFORMANCE SUMMARY					
		FY 2020 Revised Enacted		FY 2021 Enacted	FY 2022 Request
		Target	Result	Target	Target
Unemployment Insurance					
Reemployment Services and Eligibility Assessments-UI Integrity					
Strategic Goal 3 – Administer Strong Workers’ Compensation and Benefits Program					
Strategic Objective ETA 3.2 – Support states’ timely and accurate benefit payments for unemployed workers.					
ETA-OUI-03	Improper Payment Rate (Unemployment Insurance)	10.61%[r]	9.17%	9.00%	14.00%
ETA-Budget OUI-01	Employer Tax Accounts (in thousands)	8,107[p]	8,691	8,295[p]	8,548[p]
ETA-Budget OUI-02	Initial Claims Taken (in thousands)	14,894[p]	65,266	25,384[p]	13,264[p]
ETA-Budget OUI-03	Weeks Claimed (in thousands)	111,173[p]	473,886	224,068[p]	103,909[p]
ETA-OUI-01	First Payment Timeliness (Unemployment Insurance)	87.0%	67.0%	87.0%	87.0%
ETA-OUI-02	Detection of Recoverable Overpayments (Unemployment Insurance)	54.50%	43.08%	57.50%	57.50%
ETA-OUI-04	Establish Tax Accounts Promptly (Unemployment Insurance)	89.6%	88.3%	90.0%	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

The Detailed Workload and Performance table provides estimates of the number of unemployment benefit claims and contributing employer tax accounts. Based on the Administration's economic assumptions, the Department projects a decrease in the number of initial claims, weeks claimed, and employer tax accounts from 65,266,000, 473,886,000, and 8,691,000 in FY 2020 to 13,264,000, 103,909,000 and 8,548,000 in FY 2022, 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 2020, the target was 87.0 percent for first payments made within 14-21 days. Due to the pandemic situation, states have struggled with unprecedented claims volume that negatively impacted the first payment timeliness measure. The first payment timeliness result fell to 67.0 percent, well below the 87.0 percent target. The Department continues to provide resources and technical assistance to states to accelerate claims processing and process claims backlogs due to the pandemic, and anticipates that performance will improve next year.
- 2) **Detection of Overpayments:** In FY 2020, states detected and established for recovery 43.08 percent of estimated overpayments, which is below the goal of 57.50 percent. Due to the unprecedented claims volume during the pandemic, states diverted Benefit Payment Control (BPC) staff to claims processing functions, thereby impacting the performance for this measure. Although the FY 2020 performance is low, the targets for FYs 2021 and 2022 have been set at 57.50 percent in light of the additional funding and technical assistance resources that the Department is providing states to improve overpayment detection and recovery of improper payments and to combat fraud. Please note that the FY 2020 performance was computed using an alternative methodology using 3-years of data to minimize the volatility due to missing reports and taking data lags into consideration for the estimation.
- 3) **Establish Tax Accounts Promptly:** In FY 2020, 88.3 percent of new status determinations were made within 90 days of the end of the quarter in which the firm became liable. This represents a small decline of 1.5 percentage points from the prior year. The FY 2022 target for this measure is set at 90.0 percent.
- 4) **Improper Payment Rate:** In FY 2020, the UI improper payment result was 9.17 percent, which was a significant improvement from the FY 2019 result of 10.61 percent. The Department continues implementing its comprehensive strategic plan to address improper payments and expects to provide additional funding and technical assistance resources to states to improve overpayment detection and recovery of improper payments and combat fraud. However, the pandemic situation and significant instances of criminal organizations targeting the UI system have resulted in the increase in improper payments and fraud. The estimated preliminary improper payment rate for FY 2021 is five

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percentage points higher than the FY 2020 result. Consequently, the target for FY 2022 is set at 14.00 percent for this measure.

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. Working with and supporting states in addressing fraud in the UI system. The Department will continue providing guidance, technical assistance, and funding to help states address this issue. The Department will also continue to research and pursue meaningful tools to aid states in these efforts, such as incarceration data sets, data analytics, and financial account verification services.
2. Continued support for the UI Integrity Center of Excellence. The Center is a state-driven source of innovative program integrity strategies to prevent and detect improper payments and reduce fraud. Activities include providing sophisticated data access and data analytic tools 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.

Other top priority areas are ensuring equitable access to the UI Programs and timely and quality delivery of services. Concerns related to equity and access to UI benefits have been exacerbated during the pandemic. Many communities have experienced barriers to accessing UI benefits. The Department is gathering a better understanding of these issues and will be developing smart approaches to address them. The pandemic has also negatively impacted states' performance related to providing timely and quality benefit eligibility decisions and will require the Department to provide significant technical assistance and support to states in rebuilding performance. Many states are dependent on antiquated operating systems. It is time to invest in modern technology to support this critical program. The Department is actively engaged in planning to effectively and efficiently use the funding investment provided under the American Rescue Plan Act to address these challenges.

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BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2020 Revised Enacted	FY 2021 Enacted	FY 2022 Request	Diff. FY22 Request / FY21 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	1,326	1,000	1,000	0
25.3	Other goods and services from Federal sources 1/	865	950	1,058	108
25.7	Operation and maintenance of equipment	3,979	5,551	5,551	0
26.0	Supplies and materials	0	0	0	0
31.0	Equipment	0	0	0	0
41.0	Grants, subsidies, and contributions	4,663,904	3,323,347	3,235,713	-87,634
91.0	Other Fund Sources	0	0	0	0
99.0	Other Fund Sources	0	0	0	0
	Total	4,670,074	3,330,848	3,243,322	-87,526
	1/Other goods and services from Federal sources				
	Working Capital Fund	865	950	1,058	108

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CHANGES IN FY 2022

(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	108
Other goods and services from Federal sources	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	-747,032
State Administration Workload	0

Built-Ins Subtotal **-\$746,924**

Net Program **\$659,398**

Direct FTE **0**

	Estimate	FTE
Base	\$2,583,924	0
Program Increase	\$659,398	0
Program Decrease	\$0	0

STATE ADMINISTRATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2020 Revised Enacted	FY 2021 Enacted	FY 2022 Request	Diff. FY22 Request / FY21 Enacted
Activity Appropriation	2,365,816	2,365,816	2,875,214	509,398
FTE	0	0	0	0

NOTE: FY 2020 and FY 2021 do not include AWIU Contingency funding.

Introduction

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

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

SUIESO funds are not used to provide administrative funding to states for the operation of the temporary pandemic related UI programs. Administrative funding for these programs is provided under the Coronavirus Aid, Relief, and Economic Security Act of 2020, amended by the Continued Assistance for Unemployed Workers Act of 2020 and the American Rescue Plan Act of 2021.

STATE ADMINISTRATION

Resource and Program Data				
OUI State Administration				
State Unemployment Insurance & Employment Service Operations				
(Dollars in Thousands)				
Data Category	PY 2019 Enacted*	PY 2020 Enacted	PY 2021 Enacted	PY 2022 President's Budget
Resource Data:				
Service Grant	2,349,645	2,353,747	2,351,693	2,861,091
Formula	2,349,645	2,353,747	2,351,693	2,861,091
Competitive				
Program Support	11,936	12,069	14,123	14,123
Total Resources	2,361,581	2,365,816	2,365,816	2,875,214
Program Data:				
Total Grants	106	106	106	106
New Starts				
#	53	53	53	53
\$	2,341,967	2,346,097	2,344,050	2,767,647
Continuing				
#	53	0	0	53
\$	7,678	7,650	7,643	93,444
Contracts				
#	2	2	2	2
\$	10,066	10,156	11,955	11,955
Interagency Agreements				
#	1	1	1	1
\$	1,870	1,913	2,168	2,168

*Total resources for 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>
2017	\$2,572,600	0
2018	\$2,519,600	0
2019	\$2,365,816	0
2020	\$2,365,816	0
2021	\$2,365,816	0

Funding Mechanism

The Department provides annual workload-based grants to states for the administration of UI programs in accordance with Section 302(a) of the Social Security Act. This Act requires the Secretary to determine, within appropriated funds, the amount “necessary for proper and efficient

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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 2022

For UI State Administration, the FY 2022 Budget includes \$2,875,214,000.

The funds requested are sufficient to process, on average, 2,008,000 continued claims per week (referred to as the average weekly insured unemployment or AWIU), including claims made under the Trade Act of 1974, as amended. During the year, States are expected to collect \$52.8 billion in state unemployment taxes and pay an estimated \$34.2 billion in Federal and state UI benefits to 5.7 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 2,008,000 in the request and referred to as the AWIU trigger.

The Budget also includes \$9,000,000 for continued support for the UI Integrity Center of Excellence. The Integrity Data Hub will make new data sources available for state cross-matching and provide a wide array of resources and tools to assist states in combatting fraud and preventing, detecting, and recovering improper payments. These services also now include intensive state consultation services and customized technical assistance to support states struggling the most to reduce improper payments and fraud. The Center supports the goals of the Improper Payment Information Act, IPERA, IPERIA, the Payment Integrity Information Act (PIIA), and OMB Memorandum M-12-11.

This request also reflects the incorporation of updated claims processing factors and updated state staff salary rate information in the equation used to estimate state UI administrative costs. The factors included in the formula had not been updated in decades. Outdated measures for salary rates and processing rates resulted in estimates that were not reflective of current administrative costs. The use of outdated factors consistently left states underfunded, which contributed to them not being prepared for the surge in claims from the pandemic.

STATE ADMINISTRATION

FY 2021

In FY 2021, Congress appropriated \$2,365,816,000 for UI State Administration.

The funds appropriated 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. In addition, under the Administration's economic assumptions the FY 2021 AWIU is projected to be 4,315,000, suggesting that additional contingency funding will be issued for FY 2021 UI State administrative expenses because unemployment claims exceed the AWIU trigger of 1,728,000 as set in the FY 2021 SUIESO appropriation. As of May 2021, the amount anticipated for apportionment for AWIU contingency funding is \$747,032,000.

During FY 2021, states are expected to collect \$48.2 billion in state unemployment taxes and pay an estimated \$36.0 billion in Federal and state UI benefits to 8.6 million beneficiaries, including former Federal military and civilian personnel, recipients of Federal-State extended benefits (EB), and workers adversely affected by foreign trade who may be eligible for benefits under the Trade Act.

FY 2020

For FY 2020, Congress appropriated \$2,365,816,000 for UI State Administration. An additional \$2,117,258,000 was apportioned for AWIU contingency funding because the unemployment levels exceeded the AWIU contingency trigger included in the appropriation.

During the year, States collected \$36.9 billion in state unemployment taxes and paid an estimated \$114.5 billion in Federal and state UI benefits to 29.8 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 the UI Integrity Center of Excellence.

Update on the Temporary Pandemic-Related UI Programs

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, enacted on March 27, 2020, provided funding for unemployment benefits and state administration of activities specified by the Act. Provisions in the CARES Act were subsequently modified and extended through the enactment of the Continued Assistance for Unemployed Workers Act on December 27, 2020 and the American Rescue Plan Act on March 11, 2021. The following UI related items were included in these laws (numbers cited below reflect estimates for the entirety of the programs):

The Pandemic Unemployment Assistance program is enacted through September 4, 2021, and is estimated to cost \$143 billion and provide benefits to approximately 25 million unemployed workers.

STATE ADMINISTRATION

The Pandemic Emergency Unemployment Compensation is enacted through September 4, 2021, and is estimated to cost \$100 billion and provide benefits to approximately 18 million unemployed workers.

Federal Pandemic Unemployment Compensation provided an addition of \$600 to all UI checks for weeks of unemployment ending before July 31, 2020. It was later reauthorized to add \$300 to all UI checks for weeks of unemployment beginning after December 26, 2020 through September 4, 2021. This program is estimated to supplement 1.3 billion checks and is estimated to cost \$536 billion.

Mixed-Earner Unemployment Compensation was enacted on December 27, 2020, and is extended through September 4, 2021. It provides an additional \$100 each week to unemployment benefits (except for PUA) to qualifying individuals who have had a certain level of self-employment income.

A provision in the Families First Coronavirus Response Act offered emergency state administrative grants totaling \$1,000,000,000 to states whose UI laws include certain benefit eligibility provisions. States can use the funds to support the additional UI administration costs arising from the increased UI claims workloads. All \$1,000,000,000 has been distributed to the states.

The CARES Act and the subsequent extensions also provided 100 percent Federal funding of the Federal-state Extended Benefit (EB) program for weeks of unemployment beginning after January 1, 2020, through September 4, 2021. EB costs are normally split evenly between states and the Federal government. This provision is estimated to increase Federal EB payments by \$5.25 billion.

In addition, the CARES Act contained provisions providing 100 percent reimbursement of benefit payments for states operating Short-Time Compensation programs, 50 percent reimbursement to states for benefit payments made to claimants from state government entities and nonprofit organizations, and 100 percent federal reimbursement for states without a waiting week provision in their law. Benefit expenses for these programs are expected to be \$1.5 billion, \$7.0 billion and \$12.1 billion, respectively.

STATE ADMINISTRATION

CHANGES IN FY 2022

(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
Equipment	0
Grants, subsidies, and contributions	0
State Administration Workload	0

Built-Ins Subtotal **\$0**

Net Program **\$509,398**

Direct FTE **0**

	Estimate	FTE
Base	\$2,365,816	0
Program Increase	\$509,398	0
Program Decrease	\$0	0

REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2020 Revised Enacted	FY 2021 Enacted	FY 2022 Request	Diff. FY22 Request / FY21 Enacted
Activity Appropriation	175,000	200,000	250,000	50,000
FTE	0	0	0	0

Introduction

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

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

- 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. A subsequent evaluation of this model was conducted in four states – Indiana, New York, Washington, and Wisconsin – and published in August 2019. This evaluation was designed to estimate the impact of the RESEA program on UI duration, employment, and earnings and included both an implementation study and large impact study. The findings of this evaluation were similar to those of the Nevada study and included reduced average duration and increases in participants’ employment and earnings.⁵ In FY 2022, the Department request includes \$250,000,000 for RESEA, consisting of \$117,000,000 in base

⁵ <https://www.dol.gov/sites/dolgov/files/OASP/evaluation/pdf/REA%20Impact%20Study%20-%20Final%20Report.pdf>

REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

funding and an additional \$133,000,000 under the RESEA allocation adjustment. At the level of funding requested:

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

It is currently estimated that the RESEA program reduces the average duration of UI benefit receipt by 1.4 weeks for participating claimants, resulting in significant levels of benefit savings.

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 2019 Enacted*	PY 2020 Enacted	PY 2021 Enacted	PY 2022 President's Budget
Resource Data:				
Service Grant	149,962	175,000	200,000	250,000
Formula	149,962	175,000	200,000	250,000
Competitive				
Research Evaluation				
Demonstration Development				
Training/Technical Assistance				
Program Support				
Total Resources	149,962	175,000	200,000	250,000
Program Data:				
Total Grants	151	151	151	151
New Starts				
#	52	52	52	52
\$	149,962	175,000	200,000	250,000
Continuing				
#	99	99	99	99
Contracts				
#				
\$				
Interagency Agreements				
#				
\$				

*Total Resources for 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>
2017	\$115,000	0
2018	\$120,000	0
2019	\$183,000	0
2020	\$175,000	0
2021	\$200,000	0

REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

Funding Mechanism

Beginning in FY 2021, the allocation of RESEA funds is defined in Section 306(f) of Social Security Act (SSA). In FY 2022, the SSA requires that 89 percent of appropriated funds be awarded to states via formula, 10 percent be reserved for performance-based outcome payments awarded to states based on prior year performance, and 1 percent be reserved by the Department to conduct research and provide technical assistance. The SSA also allows states to set-aside up to 10 percent of their allocated funds for evaluations.

FY 2022

In FY 2022, the Department request includes \$250,000,000 for RESEA, consisting of \$117,000,000 in base funding and an additional \$133,000,000 under the RESEA allocation adjustment. This level is consistent with the enacted level in the Congressional Budget Act, which allows for the adjustment for Congressional budget procedures through 2027. The mandatory savings over ten years are \$6.1 billion, which includes an estimated \$1.8 billion reduction in state unemployment taxes. When netted against the discretionary costs, the 10-year net savings for the program are \$913 million. At the level of funding requested, RESEA services will be targeted to UI claimants, including those who are profiled as most likely to exhaust their regular state UI. States will provide these services with the appropriated funds and claimants referred to these services will be required to participate. ETA will continue to promote and support more comprehensive approaches 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. ETA will also promote the use of state program changes that occurred in response to COVID-19, such as increased capacity for virtual and remote services, to expand RESEA availability and increase the number of claimants receiving RESEA-provided reemployment assistance.

FY 2021

In FY 2021, Congress appropriated \$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. RESEA services are targeted to UI claimants, including those that had been identified as likely to exhaust UI benefits. 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. In response to the COVID-19 pandemic, states are continuing to expand RESEA's capacity to provide virtual, remote, and phone-based services in addition to traditional in-person meetings.

During FY 2021 states will need to continue to adapt their RESEA programs in response to ongoing COVID-19 recovery efforts. ETA is currently collecting additional information about

REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

RESEA operations and performance following changes resulting from the COVID-19 pandemic. This information and additional analysis will allow ETA to establish new projections for RESEA cost savings and other program impacts.

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 was intended to support claimants of regular UI compensation. At the level of funding requested:

- 1) RESEA services were 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 provided these services with the appropriated funds and claimants referred to these services were required to participate.
- 2) The RESEA program provided 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.

The RESEA program was projected to reduce the average duration of UI benefit receipt by 1.4 weeks for claimants participating in the RESEA program, resulting in benefits savings of approximately \$429,000,000 in FY 2020 – a 145% return on investment. Due to the COVID-19 pandemic, states needed to transition RESEA from an in-person service delivery model to include virtual, remote, and phone-based services as needed. This was a significant change to RESEA that required the development of new processes, procedures, tools and modifications to current IT systems. ETA has leveraged an ongoing RESEA implementation study and other data sources to congregate information about the RESEA operations and performance. This information and additional analysis will allow ETA to establish new projections for RESEA cost savings and other program impacts.

REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

CHANGES IN FY 2022

(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 \$50,000

Direct FTE 0

	Estimate	FTE
Base	\$200,000	0
Program Increase	\$50,000	0
Program Decrease	\$0	0

NATIONAL ACTIVITIES

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2020 Revised Enacted	FY 2021 Enacted	FY 2022 Request	Diff. FY22 Request / FY21 Enacted
Activity Appropriation	12,000	18,000	118,108	100,108
FTE	0	0	0	0

Introduction

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

UI National Activities funding provides an avenue for states to apply common technology-based solutions to improve the efficiency and performance of states' UI operations. These funds support the UI Interstate Connection Network (ICON), which is a data exchange network that allows state workforce agencies to share claims information; and 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 are administered through the National Association of State Workforce Agencies.

UI National Activities funds also support the operations, maintenance, and support of the UI Database Management System, which is the mechanism for states to provide required reports on program activities to the Department.

NATIONAL ACTIVITIES

Resource and Program Data				
Unemployment Insurance National Activities				
State Unemployment Insurance & Employment Service Operations				
(Dollars in Thousands)				
Data Category	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Enacted	FY 2022 President's Budget
<u>Resource Data:</u>				
Service Grant	7,525	7,525	13,525	113,525
Formula	7,525	7,525	13,525	113,525
Competitive				
Research Evaluation				
Demonstration Development				
Training/Technical Assistance	479	479	479	479
Program Support	3,996	3,996	3,996	4,104
Total Resources	12,000	12,000	18,000	118,108
<u>Program Data:</u>				
Total Grants	4	4	4	4
New Starts				
#	4	4	4	4
\$	7,525	7,525	13,525	113,525
Continuing				
#				
\$				
Contracts				
#	13	13	13	13
\$	4,269	4,269	4,269	4,269
Interagency Agreements				
#	1	1	1	1
\$	206	206	206	314

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2017	\$14,897	0
2018	\$13,897	0
2019	\$12,000	0
2020	\$12,000	0
2021	\$18,000	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 2022

In FY 2022, the Department requests \$118,108,000 for UI National Activities.

The base amount for UI National Activities is \$12,000,000. These funds will provide continued support for ICON operations, 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.

The FY 2022 Budget for UI National Activities also includes \$6,000,000 for the second 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 operates on an antiquated network of mainframes that will no longer be supported in a few years. This funding will support the second phase 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; ICON is the source of that data.

In addition, the FY 2022 request includes \$100,000,000 for the continued development and deployment of modular federal UI technology capabilities to improve access to the UI system and the timely and equitable delivery of benefits in the UI system. The stress of historic claims activity filed in response to economic consequences of the COVID-19 pandemic has highlighted the infrastructure challenges in state UI operations, disproportionately impacting women and

NATIONAL ACTIVITIES

workers of color. To address these challenges, the discretionary request makes investments to ensure States can better handle higher volumes of claims and be better prepared for future crises. Using funding provided in the American Rescue Plan, ETA intends to develop, fund and build processes and supporting systems that are more efficient and more accurate in all directions, and to make these enhancements available to states to improve their administration of the UI system over the near and long term. In doing so, ETA recognizes that there are policy considerations that also need to be considered to address the equitable access to UI programs. The FY 2022 request will allow the Department to continue the work of developing IT modules and begin deploying them in the states.

FY 2021

In FY 2021, Congress appropriated \$18,000,000 for UI National Activities.

These funds provide support for ICON, ITSC, the UI reporting system, actuarial projects, and training and technical assistance activities. Also, these funds provide for acquisition of technical services, hardware, and software to support state UI activities and to support infrastructure used for communications to stakeholders and beneficiaries. The FY 2021 Budget for UI National Activities included \$6,000,000 for the first phase of work to modernize the ICON hub.

FY 2020

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

These funds provided support for ICON, ITSC, and the UI reporting system, actuarial projects, and training and technical assistance activities. These funds also provided 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 2022

(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	108
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 **\$108**

Net Program **\$100,000**

Direct FTE **0**

	Estimate	FTE
Base	\$18,108	0
Program Increase	\$100,000	0
Program Decrease	\$0	0

EMPLOYMENT SERVICE

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2020 Revised Enacted	FY 2021 Enacted	FY 2022 Request	Diff. FY22 Request / FY21 Enacted
Activity Appropriation	690,370	692,370	721,180	28,810
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 are seeking retraining, ES refers them to the WIOA training programs to obtain comprehensive career services and access to education and skills development, 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>
2017	\$691,231	0
2018	\$686,231	0
2019	\$682,870	0
2020	\$690,370	0
2021	\$692,370	0

EMPLOYMENT SERVICE

WORKLOAD AND PERFORMANCE SUMMARY							
		PY 2019 Revised Enacted		PY 2020 Revised Enacted		PY 2021 Enacted	PY 2022 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]	68.20%	65.80%	--	62.10%	65.80%
ETA-WIOA ES-02	Employment Rate – 4th Quarter After Exit (WIOA Employment Service)	[base]	68.1%	65.8%	--	62.4%	64.1%
ETA-WIOA ES-03	Median Earnings – 2nd Quarter After Exit (WIOA Employment Service)	[base]	\$6,000	\$6,132	--	\$6,267	\$6,405
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)	3,810,644[p]	3,409,790	3,340,260[p]	--	3,350,260[p]	3,494,310[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. Due to the impact of the COVID-19 pandemic on employment, the Department anticipates results to decrease for the employment rates in PY 2020 and 2021. The Department anticipates the results of these indicators to begin to increase again in PY 2022.

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 2020 Revised Enacted	FY 2021 Enacted	FY 2022 Request	Diff. FY22 Request / FY21 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	690,370	692,370	721,180	28,810
	Total	690,370	692,370	721,180	28,810

EMPLOYMENT SERVICE

CHANGES IN FY 2022

(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	\$28,810
Direct FTE	0

	Estimate	FTE
Base	\$692,370	0
Program Increase	\$28,810	0
Program Decrease	\$0	0

GRANTS TO STATES

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2020 Revised Enacted	FY 2021 Enacted	FY 2022 Request	Diff. FY22 Request / FY21 Enacted
Activity Appropriation	668,052	670,052	698,862	28,810
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 2019, the ES provided 3,373,135 participants with access to labor exchange services (both virtually and through the American Job Center network), including more than 2,884,452 unemployed individuals and more than 203,269 veterans.⁶ Additionally, 10.9 million individuals accessed self-service or informational services and activities online, but did not become participants. These services can include creating accounts with a 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.

⁶ PY 2019 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 2019 Enacted	PY 2020 Enacted	PY 2021 Enacted	PY 2022 President's Budget
<u>Resource Data:</u>				
Service Grant	663,052	668,052	670,052	698,862
Formula	663,052	668,052	670,052	698,862
Competitive				
Research Evaluation				
Demonstration Development				
Training/Technical Assistance				
Program Support				
Total Resources	663,052	668,052	670,052	698,862
<u>Program Data:</u>				
Total Grants	162	162	162	162
New Starts				
#	54	54	54	54
\$	663,052	668,052	670,052	698,862
Continuing				
#	108	108	108	108
Contracts				
#				
\$				
Interagency Agreements				
#				
\$				

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2017	\$671,413	0
2018	\$666,413	0
2019	\$663,052	0
2020	\$668,052	0
2021	\$670,052	0

FY 2022

In FY 2022, the Department is requesting \$698,862,000 to operate the ES in all 50 states and three territories. This request includes an increase of \$28,810,000 from the FY 2021 appropriation. This increase in funding leads to a corresponding increase of 144,050 additional participants. In addition to serving more participants, the request will also fund more robust reemployment services to jobseekers and businesses rebounding from the pandemic-induced

GRANTS TO STATES

economic crisis. The funding will be awarded under the regular formula allotment to states supporting labor exchange services to a projected 3,494,310 participants.

FY 2021

In FY 2021, the Department was appropriated \$670,052,000 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 3,350,260 participants. In FY 2021, states and local areas will use WIOA funding to provide reemployment services to the many jobseekers eager to safely return to work after pandemic-related unemployment. Many states and local areas are also reconsidering their physical footprint, providing needed in-person services to those for whom web-only services are insufficient, while also expanding virtual services as a way to provide services to a wider number of jobseekers and businesses, in a variety of locations, and at non-standard hours.

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 was awarded under the regular formula allotment to states supporting labor exchange services to a projected 3,340,260 participants. In FY 2020, the public workforce system pivoted to serving participants virtually or in limited in-person assistance due to the COVID-19 pandemic. Employment Service staff also supported the large scale deployment of unemployment compensation.

GRANTS TO STATES

CHANGES IN FY 2022

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
Grants, subsidies, and contributions	0
State Administration Workload	0

Built-Ins Subtotal **\$0**

Net Program **\$28,810**

Direct FTE **0**

	Estimate	FTE
Base	\$670,052	0
Program Increase	\$28,810	0
Program Decrease	\$0	0

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2020 Revised Enacted	FY 2021 Enacted	FY 2022 Request	Diff. FY22 Request / FY21 Enacted
Activity Appropriation	20,985	20,985	20,985	0
FTE	0	0	0	0

Introduction

The Work Opportunity Tax Credit (WOTC) program is authorized under Section 51⁷ 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, justice involved individuals, 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.

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.

⁷ 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 2019 Enacted	FY 2020 Enacted	FY 2021 Enacted	FY 2022 President's Budget
Resource Data:				
Service Grant	18,485	20,985	20,985	20,985
Formula	18,485	20,985	20,985	20,985
Competitive				
Research Evaluation				
Demonstration Development				
Training/Technical Assistance				
Program Support				
Total Resources	18,485	20,985	20,985	20,985
Program Data:				
Total Grants	53	53	53	53
New Starts				
#	53	53	53	53
\$	18,485	20,985	20,985	20,985
Continuing				
#				
\$				
Contracts				
#				
\$				
Interagency Agreements				
#				
\$				

Five-Year Program Category History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2017	\$18,485	0
2018	\$18,485	0
2019	\$18,485	0
2020	\$20,985	0
2021	\$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 2022

To support states' processing of WOTC certification requests as well as to reduce the processing backlog, the Department requests \$20,985,000 for FY 2022. SWAs will use the funding to accept applications submitted by employers, and either deny ineligible applications or certify applications that meet all requirements.

Of the funds requested for FY 2022, the Department plans to use approximately \$2,500,000 to continue support for states' efforts in reducing WOTC backlogs and modernizing associated information technology. The Department will also continue to provide technical assistance to SWAs to support process improvement.

FY 2021

In FY 2021, Congress appropriated \$20,985,000 to support states' processing of WOTC certification requests as well as to continue to reduce the processing backlog for the WOTC program. SWAs are using the funding to accept applications submitted by employers, and either deny ineligible applications or certify applications that meet all requirements. Of these funds, the Department awarded \$2,500,000 in additional funding to 12 states specifically to reduce processing backlogs and adopt or modernize information technology for processing of certification requests.

FY 2020

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

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

CHANGES IN FY 2022

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
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Grants, subsidies, and contributions	0
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State Administration Workload	0
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Investment and Loans	0
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Built-Ins Subtotal	\$0
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Net Program	\$0
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Direct FTE	0
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	Estimate	FTE
Base	\$20,985	0
Program Increase	\$0	0
Program Decrease	\$0	0

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

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2020 Revised Enacted	FY 2021 Enacted	FY 2022 Request	Diff. FY22 Request / FY21 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 2019 Enacted	FY 2020 Enacted	FY 2021 Enacted	FY 2022 President's Budget
<u>Resource Data:</u>				
Service Grant	350	350	350	350
Formula				
Competitive	350	350	350	350
Research Evaluation				
Demonstration Development				
Training/Technical Assistance	853	853	853	853
Program Support	130	130	130	130
Total Resources	1,333	1,333	1,333	1,333
<u>Program Data:*</u>				
Total Grants	2	2	2	2
New Starts				
#	2	2	2	2
\$	350	350	350	350
Continuing				
#				
\$				
Contracts				
#	6	6	6	6
\$	628	628	628	628
Interagency Agreements				
#				
\$				

Five-Year Program Category History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2017	\$1,333	0
2018	\$1,333	0
2019	\$1,333	0
2020	\$1,333	0
2021	\$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 2022

The FY 2022 Budget requests \$1,333,000 for ES TAT activities. Resources will be used to support online and in-person assistance for states to improve integrated service delivery and labor market information to jobseeker and business customers, and increase employment opportunities for all populations. TA will be delivered largely online, and focus on strategies that research indicates are promising or proven, and on continued integration of services across employment, training, and unemployment insurance programs.

FY 2021

In FY 2021, Congress appropriated \$1,333,000 for ES TAT activities. Resources are being used to support online and in-person assistance for states to improve provision of labor market information and services to business customers, and increase employment opportunities for all populations. TA is delivered largely online, and focused on strategies that research indicates are promising or proven.

FY 2020

In FY 2020, 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 was delivered largely online, and focused on strategies that research indicates are promising or proven.

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - TECHNICAL ASSISTANCE AND TRAINING

CHANGES IN FY 2022 (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	0
Program Increase	\$0	0
Program Decrease	\$0	0

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BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2020 Revised Enacted	FY 2021 Enacted	FY 2022 Request	Diff. FY22 Request / FY21 Enacted
Activity Appropriation	68,810	77,810	94,075	16,265
FTE	153	158	162	4

Introduction

The Immigration and Nationality Act and related laws assign certain responsibilities to the Secretary of Labor (Secretary) for employment-based immigrant and nonimmigrant visa 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 effect on the wages and working conditions of similarly-employed U.S. workers if a labor certification allowing the admission of a foreign worker were granted. The Secretary has delegated the statutory authority for issuing labor certification determinations to the Employment and Training Administration’s 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:

- immigrant Permanent Labor Certification Program (commonly known as “PERM” or the “Green Card” program);
- nonimmigrant (temporary worker) programs:
 - H-1B Temporary Specialty Occupations Program;
 - H-1B1 Temporary Specialty Occupations Program for foreign nationals from Chile and Singapore;
 - H-2A Temporary Agricultural Program;
 - H-2B Temporary Non-agricultural Program;
 - E-3 Temporary Specialty Occupations Program for foreign nationals from Australia;
 - CW-1 Temporary Program for foreign nationals to work in the Commonwealth of the Northern Mariana Islands; and
 - D-1 Temporary Program for foreign crewmembers to perform longshore work at U.S. ports.

As part of the labor certification process, OFLC issues prevailing wage determinations for a number of these programs to ensure that the wages offered to foreign nationals in the job opportunity and geographic area 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 administrative management activities. OFLC administers its labor certification and

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prevailing wage determination responsibilities through its three NPCs. The Chicago NPC primarily adjudicates temporary nonimmigrant applications; the Atlanta NPC primarily adjudicates immigrant applications; and the Prevailing Wage Center in Washington, D.C. primarily adjudicates requests for prevailing wage determinations.

Appropriation Language Changes

The Department's FY 2022 Congressional Budget Justification proposes the deletion of several General Provisions to strengthen the Department's authority to administer and enforce critical worker protections in the H-2B program.

Improving Protections for Workers in the H-2B Program

Starting in 2016, Congress began including H-2B related budget riders on annual appropriation bills for the Department. These riders significantly limit the Department's ability to implement and enforce some important wage and work guarantees for H-2B and U.S. workers. For example, the Department is still prohibited from expending funds to implement and enforce the three-fourths guarantee, which requires employers to guarantee workers employment for a total number of work hours equal to at least three-fourths of the workdays in each 12-week period (or 6-week period for job orders lasting less than 120 days). Removing the three-fourths guarantee rider would benefit employers with a true need for H-2B workers by providing that those employers are not competing for the limited number of visas with employers who may not need the full number of workers requested. Additionally, the Department continues to be prohibited from expending funds to implement and enforce regulatory requirements related to corresponding employment, which ensures that U.S. workers receive the same benefits and wages as offered to H-2B workers when performing the same work.

Finally, the Department must continue to accept non-government wage surveys when setting prevailing wages for an H-2B job opportunity, even if a prevailing wage rate from a reliable government survey is available. Absent this provision, the regulation would only allow non-government surveys to be used to establish the prevailing wage rate if there are certain limitations to the government survey data in that local area. The regulation reflects that non-government surveys, as a general rule, have been used to lower the required wage below the wage that would result from a government wage survey. The prevailing wage rider has the effect of undercutting the wages of U.S. workers in the occupation by allowing employers to pay foreign and U.S. workers lower wage rates. Removing this rider would better prevent the employment of H-2B workers from depressing the wages of U.S. workers and may reduce the need for H-2B workers because U.S. workers will be more likely to apply for jobs that accurately reflect the prevailing wage. In removing these budgetary riders, Congress could provide the Department with a 90-day transition period to allow for necessary transition activities, including any guidance and new forms, and to provide notice and outreach to stakeholders and the public.

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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, working capital, and other 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 American Competitiveness and Workforce Improvement Act (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 funding grants to train U.S. workers in occupations that employ H-1B workers.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2017	\$62,310	165
2018	\$62,310	161
2019	\$70,560	160
2020	\$68,810	144
2021	\$77,810	158

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WORKLOAD AND PERFORMANCE SUMMARY					
		FY 2020 Revised Enacted		FY 2021 Enacted	FY 2022 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	119,800[p]	115,113	109,300[p]	110,500[p]
ETA-Budget OFLC-03	PERM Applications Processed	102,200	94,019	111,700	111,700
ETA-Budget OFLC-05	H-1B New Applications Filed	644,000[p]	570,936	497,100[p]	498,500[p]
ETA-Budget OFLC-06	H-1B Applications Processed	673,300	577,334	502,600	504,000
ETA-Budget OFLC-08	H-2A New Applications Filed	15,000[p]	14,131	15,800[p]	17,500[p]
ETA-Budget OFLC-09	H-2A Applications Processed	15,100	14,063	15,700	17,400
ETA-Budget OFLC-11	H-2B New Applications Filed	10,400[p]	9,533	9,300[p]	9,400[p]
ETA-Budget OFLC-12	H-2B Applications Processed	11,000	9,401	9,230	9,300
ETA-FLC-01	Average Number of Days to Resolve PERM Applications NOT Subject to Integrity Review (Analyst Review) (OFLC).	82[e]	125	185	180

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WORKLOAD AND PERFORMANCE SUMMARY					
		FY 2020 Revised Enacted		FY 2021 Enacted	FY 2022 Request
		Target	Result	Target	Target
ETA-FLC-02	Average Number of Days to Resolve PERM Applications Subject to Integrity Review (Audit) (OFLC).	210[e]	287	340	270
ETA-FLC-03	Percent of H-1B Employer Applications Resolved in 7 Business Days (OFLC)	100.0%	100.0%	100.0%	100.0%
ETA-FLC-04	Percent of Complete H-2A Employer Applications Resolved 30 Days Before the Date of Need (OFLC).	95.0%	96.8%	97.0%	97.0%
ETA-FLC-05	Percent of H-2B Employer Applications Resolved 30 days Before the Date of Need	75.0%	70.8%	75.0%	75.0%

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

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Workload and Performance Narrative

The primary factors contributing to the risk of delays in the OFLC programs include annual increases in application volumes across the foreign labor certification programs, adequate funding for SWAs to timely 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 hire H-2B workers for the spring and summer seasons.

Application volumes for most OFLC application types have more than doubled in the last decade. The Department received 162 percent more PERM applications in FY 2020 than in FY 2010; 70 percent more H-1B applications; 222 percent more H-2A applications; 105 percent more H-2B applications; and 123 percent more applications for prevailing wage determinations. The enactment of labor certification and prevailing wage determination requirements for CW-1 visas further increased OFLC application levels, adding 5,000 CW-1 prevailing wage requests and 5,800 CW-1 labor certification applications to the already-increasing annual workload. Despite continuing administrative and technological improvements to increase operational flexibility and efficiency, this upsurge in application levels across all programs can adversely impact the Department's ability to process temporary labor certification applications in a timely manner during peak filing seasons, and increase processing times for PERM applications where statutory and regulatory processing deadlines do not exist. Over the last two years, for example, as Federal staff were temporarily shifted away from processing PERM applications to handle the seasonal surge in temporary labor certification applications, the average processing time for PERM applications not subject to audit examination more than doubled. With the expected hiring of additional Federal and temporary contract staff by October 1, 2021, OFLC intends to stabilize current PERM processing times during FY 2022 to better align performance expectations with available staff resources.

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. The Department received 5,403 applications requesting more than 96,888 workers within the first three days that applications could be submitted in January 2021 – continuing the trend in recent years that employer demand is almost three times as many workers as the number of H-2B visas available under the semi-annual cap. Despite surging temporary contract staff and shifting existing Federal staff from the PERM program to assist in processing H-2B applications, these application spikes can temporarily overload OFLC's case-processing capacity and increase the risk of delays for applications filed during these periods.

Demand for seasonal agricultural labor under the H-2A program has significantly increased over the last decade, with the annual number of certified H-2A worker positions increasing by 257% from FY 2011 (77,246) to FY 2020 (275,430). The number of H-2A applications processed by OFLC has nearly doubled over that same period of time from approximately 7,300 applications to more than 14,000 applications. This growing demand for H-2A workers has strained labor certification processing capacity at both the state and federal levels and increased the risk of

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delays. OFLC understands that access to a reliable and timely farm workforce is critical to ensuring the nation's food supply and, as a result, places a high priority on maintaining an adequate number of Federal and contract staff to process H-2A applications as timely as possible throughout the year, and especially during the peak filing season.

To partially offset the risk of delays due to increasing application volumes, OFLC continues to cross-train permanent federal and contractor staff in the NPCs to increase the number of trained personnel that can be directed to adjudicate any particular type of application, authorize overtime for federal staff, and hire additional temporary contractor staff as surge capacity during the peak filing periods. Additionally, in collaboration with the Department's Wage and Hour Division and other major stakeholder associations, OFLC continues to look for opportunities to expand its technical assistance and outreach events in advance of peak filing periods to provide filing tips and best practices to employer applicants. These efforts, in combination with full implementation of new labor certification application forms and modernized cloud-based FLAG system during FY 2021, helped reduce employer filing burden, improve the quality of applications submitted for processing, generate cost avoidances related to office space, technical equipment, and mailroom services, and eliminate the labor-intensive and costly process of issuing labor certifications on special security paper that took several days to reach employers.

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BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2020 Revised Enacted	FY 2021 Enacted	FY 2022 Request	Diff. FY22 Request / FY21 Enacted
11.1	Full-time permanent	17,795	18,617	19,819	1,202
11.3	Other than full-time permanent	0	65	65	0
11.5	Other personnel compensation	278	431	435	4
11.9	Total personnel compensation	18,073	19,113	20,319	1,206
12.1	Civilian personnel benefits	5,923	6,896	7,548	652
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	90	40	40	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	2,841	1,731	1,731	0
23.2	Rental payments to others	39	0	0	0
23.3	Communications, utilities, and miscellaneous charges	324	70	70	0
24.0	Printing and reproduction	25	250	250	0
25.1	Advisory and assistance services	13,057	13,366	13,366	0
25.2	Other services from non-Federal sources	68	30	30	0
25.3	Other goods and services from Federal sources 1/	9,038	11,233	12,640	1,407
25.4	Operation and maintenance of facilities	53	400	400	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	4,858	4,305	11,305	7,000
26.0	Supplies and materials	90	14	14	0
31.0	Equipment	19	0	0	0
41.0	Grants, subsidies, and contributions	14,282	20,282	26,282	6,000
42.0	Insurance claims and indemnities	30	80	80	0
	Total	68,810	77,810	94,075	16,265
	1/Other goods and services from Federal sources				
	Working Capital Fund	9,038	8,878	10,285	1,407

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CHANGES IN FY 2022

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$542
Personnel benefits	291
Federal Employees' Compensation Act (FECA)	0
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	1,407
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 **\$2,240**

Net Program **\$14,025**

Direct FTE **4**

	Estimate	FTE
Base	\$80,050	158
Program Increase	\$14,025	4
Program Decrease	\$0	0

FEDERAL ADMINISTRATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2020 Revised Enacted	FY 2021 Enacted	FY 2022 Request	Diff. FY22 Request / FY21 Enacted
Activity Appropriation	54,528	57,528	67,793	10,265
FTE	153	158	162	4

NOTE: FY 2020 reflects actual FTE.

Introduction

The Federal Administration appropriation supports most of the labor certification case-processing activities administered by the Department. The H-1B Temporary Specialty Occupations Program and PERM program are also supported by application fees collected by DHS under the ACWIA and transferred to the Department of Labor. OFLC administrative costs include the Federal and contractor staff who adjudicate applications; the IT systems that support application-filing and processing; rent; supplies; and other indirect costs, which include essential support for human resources, financial and administrative oversight, working capital fund, and grants and contracts management.

The Department's FY 2022 Budget proposes to strengthen the OFLC program by:

- 1) Modernizing the PERM electronic filing and application processing system;
- 2) Increasing case-processing capacity to avoid backlogs and delays; and
- 3) Strengthening the H-2B program by eliminating budget riders that limit the Department's ability to implement and enforce some important wage and work guarantees for H-2B and U.S. workers.

These proposals and appropriations language changes will help mitigate the risks associated with processing delays while strengthening the Department's authority to administer and enforce critical worker protections in the H-2B program.

FEDERAL ADMINISTRATION

Resource and Program Data				
FLC Federal Administration				
State Unemployment Insurance & Employment Service Operations				
(Dollars in Thousands)				
Data Category	FY 2019 Enacted*	FY 2020 Enacted*	FY 2021 Enacted*	FY 2022 President's Budget*
<u>Resource Data:</u>				
Service Grant				
Formula				
Competitive				
Research Evaluation				
Demonstration Development				
Training/Technical Assistance				
Program Support	11,506	14,663	12,892	13,937
Total Resources	11,506	14,663	12,892	13,937
<u>Program Data:**</u>				
Total Grants				
New Starts				
#				
\$				
Continuing				
#				
\$				
Contracts				
#	31	33	33	34
\$	22,203	19,835	18,409	19,851
Interagency Agreements				
#	2	2	2	2
\$	1,285	1,443	1,443	107

*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>
2017	\$48,028	165
2018	\$48,028	161
2019	\$56,278	160
2020	\$54,528	144
2021	\$57,528	158

FEDERAL ADMINISTRATION

FY 2022

In FY 2022, the Department requests \$67,793,000 and 162 FTE for the Federal Administration of the foreign labor certification program. The Department projects that it will receive 817,900 applications for foreign labor certification and prevailing wage determinations by the end of FY 2022, a slight increase over FY 2021 as the economy continues to recover from the unprecedented effects of the COVID pandemic. The requested resources will support the operation, management, and oversight of OFLC and help reduce the risk of delays and preserve program integrity amidst rising application levels.

Modernizing the PERM application processing system

The Department requests \$7,000,000 for modernizing the PERM application processing system to promote a more seamless and efficient processing of employer applications, and ensure the network infrastructure supporting the PERM business process is more resilient and stable to changing workload demands. This one-time funding request supports integrating the PERM program into the Department's new cloud-based FLAG system, which already supports the processing of employer applications for prevailing wage determinations and all temporary labor certification programs. The legacy PERM Case Management System is based on software developed more than 15 years ago and has not kept pace with the latest application-filing technologies. PERM's transition to the FLAG system will complete the migration of all OFLC programs to a modern platform, leveraging technologies and features already developed that offer enhanced and mobile-friendly form preparation options, automated data validation checks and alerts to improve the quality of case submissions, real-time access to OFLC decisions and determinations, and a unified single sign-on system for employers who currently have multiple user accounts and different access protocols to the PERM and FLAG systems. Implementation of this initiative will be coupled with an improved PERM application form, use of electronic signatures on application documents, and a more streamlined and electronic PERM "Labor Certification Boarding Pass" that employers can file with their I-140 petition to USCIS.

Increasing Case-Processing Capacity

In FY 2022, the Department requests \$1,025,000 and four FTE to support OFLC case-adjudication. These resources will enable the Department to increase its case-processing capacity, mitigating the risk of backlogs and delays as application levels continue to rise. In particular, these resources will support PERM case-adjudication, where processing times have increased over the last two years due to the need to temporarily shift staff from adjudicating PERM applications to meet statutory and regulatory processing deadlines for temporary labor certifications. As a result of these necessary shifts in staffing, however, the average processing time for PERM applications not subject to audit examination has more than doubled. The requested resources will help reduce the backlog of pending PERM applications and stabilize PERM processing times to better align performance expectations with available staff resources.

FEDERAL ADMINISTRATION

FY 2021

In FY 2021, \$57,528,000 was appropriated for OFLC Federal Administration, an increase of \$3,000,000 from the FY 2020 appropriation. The requested resources support the operation, management, and oversight of foreign labor certification programs and will help reduce the risk of delays in the temporary labor certification programs during the 2021-2022 peak filing season and stabilize case processing times in the PERM program. The Department estimates that it will receive a total of 812,500 applications and prevailing wage determinations by the end of FY 2021, a decrease from FY 2020 due, in large part, to the continued travel ban on certain non-immigrant workers under the H-1B and H-2B visa classifications through March 31, 2021, and regulatory changes implemented by DHS to conduct a pre-registration lottery for the limited number of H-1B visas. By visa program, the Department estimates that it will receive 109,300 for PERM, 497,100 for H-1B, 15,800 for H-2A, 9,300 for H-2B, 6,000 for CW-1 and 175,000 requests for prevailing wage determinations.

Enterprise Shared Services

In FY 2021, the Department 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 were realigned from OFLC to the WCF and IT WCF as part of the implementation of this model. The FY 2021 President's Budget reflected 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.

FY 2020

Congress appropriated \$54,528,000 for the Federal Administration of the foreign labor certification program in FY 2020. The Department received 887,831 applications in FY 2020: 115,113 for PERM, 570,936 for H-1B, 14,131 for H-2A, 9,533 for H-2B, 5,824 for CW-1 and 172,294 for prevailing wage determinations.

By the beginning of FY 2020, the Department fully 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. For employer customers, the FLAG system delivers enhanced form preparation options, data validations to improve the quality of employer applications, electronic case action notifications, and real-time electronic access to OFLC labor certification decisions and documentation. Additionally, the FLAG system

FEDERAL ADMINISTRATION

integrates the application review requirements of H-2A and H-2B program activities by SWAs in order to promote a more transparent and seamless customer experience at the state and federal levels. For the Department, the FLAG system is more reliable and resilient to peak workload demands, provides OFLC staff with a more integrated and consistent process for reviewing applications and tracking performance, enhances the sharing of labor certification decisions with the Departments of Homeland Security, State, and Agriculture through a modernized data-sharing infrastructure.

As a result of these technology improvements, OFLC is processing more complete temporary labor applications and issuing fewer deficiency notices to employers; generating annual cost avoidances related to office space, technical equipment, and mailroom services; and eliminating the labor-intensive and costly process of issuing labor certifications on special security paper that took several days to reach employers. Employers who routinely use foreign labor certification programs are experiencing less burden filing applications as they are now able to reuse applications certified from the prior season, and saving time and money by obtaining electronic notices and labor certification decisions quicker from OFLC, thereby minimizing delays associated with employers filing petitions with USCIS.

And finally, Federal partner agencies, including USCIS as well as the Departments of State and Agriculture, have real-time access to OFLC labor certification data and records through the FLAG system interagency data hub that is designed to facilitate a more seamless and efficient immigration process. In July 2020, the Department of Agriculture, for example, integrated H-2A application data into its Farmers.gov platform, so that farmers can obtain real-time information related to the status of their H-2A applications. USCIS has also fully integrated OFLC labor certification data and records with the petition data available through their Validation Instrument for Business Existence (VIBE) system to enhance and streamline reviews of I-129 petitions for non-immigrant H-2A and H-2B workers.

FEDERAL ADMINISTRATION

BUDGET ACTIVITY COMPONENT BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2020 Revised Enacted	FY 2021 Enacted	FY 2022 Request	Diff. FY22 Request / FY21 Enacted
11.1	Full-time permanent	17,795	18,617	19,819	1,202
11.3	Other than full-time permanent	0	65	65	0
11.5	Other personnel compensation	278	431	435	4
11.9	Total personnel compensation	18,073	19,113	20,319	1,206
12.1	Civilian personnel benefits	5,923	6,896	7,548	652
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	90	40	40	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	2,841	1,731	1,731	0
23.2	Rental payments to others	39	0	0	0
23.3	Communications, utilities, and miscellaneous charges	324	70	70	0
24.0	Printing and reproduction	25	250	250	0
25.1	Advisory and assistance services	13,057	13,366	13,366	0
25.2	Other services from non-Federal sources	68	30	30	0
25.3	Other goods and services from Federal sources 1/	9,038	11,233	12,640	1,407
25.4	Operation and maintenance of facilities	53	400	400	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	4,858	4,305	11,305	7,000
26.0	Supplies and materials	90	14	14	0
31.0	Equipment	19	0	0	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	30	80	80	0
	Total	54,528	57,528	67,793	10,265
	1/Other goods and services from Federal sources				
	Working Capital Fund	9,038	8,878	10,285	1,407

FEDERAL ADMINISTRATION

CHANGES IN FY 2022

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$542
Personnel benefits	291
Federal Employees' Compensation Act (FECA)	0
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	1,407
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 **\$2,240**

Net Program **\$8,025**

Direct FTE **4**

	Estimate	FTE
Base	\$59,768	158
Program Increase	\$8,025	4
Program Decrease	\$0	0

STATE GRANTS

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2020 Revised Enacted	FY 2021 Enacted	FY 2022 Request	Diff. FY22 Request / FY21 Enacted
Activity Appropriation	14,282	20,282	26,282	6,000
FTE	0	0	0	0

Introduction

The Department provides annual grants to SWAs in 55 states and U.S. territories to support required state-level foreign labor certification activities. 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 prevailing practice and wage surveys used to set the wages and working standards for a number of occupations within the state.

SWAs submit annual plans to the OFLC to establish continued eligibility for these grants. These annual 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 2019 Enacted	FY 2020 Enacted	FY 2021 Enacted	FY 2022 President's Budget
Resource Data:				
Service Grant	14,282	14,282	20,282	26,282
Formula	14,282	14,282	20,282	26,282
Competitive				
Research Evaluation				
Demonstration Development				
Training/Technical Assistance				
Program Support				
Total Resources	14,282	14,282	20,282	26,282
Program Data:				
Total Grants	165	165	165	165
New Starts				
#	55	55	55	55
\$	14,282	14,282	20,282	26,282
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>
2017	\$14,282	0
2018	\$14,282	0
2019	\$14,282	0
2020	\$14,282	0
2021	\$20,282	0

STATE GRANTS

FY 2022

In FY 2022, the Department requests \$26,282,000 for FLC state grants, an increase of \$6,000,000 from the FY 2021 appropriation. The requested resources will help protect U.S. workers and further mitigate the risk of processing delays in the H-2A and H-2B programs. Increasing workloads have placed a great strain on existing SWA resources to timely review job orders for recruiting U.S. workers, ensure the health and safety of farmworkers by inspecting employer-provided housing, and better protect the wages of U.S. workers by conducting surveys to determine prevailing wages and work standards.

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. For example, by statute, OFLC cannot issue H-2A labor certifications without first obtaining documentation from the SWA that farmworker housing meets applicable local, state, or federal standards. In recent years, the number of worker positions certified through the H-2A program has more than doubled from approximately 139,832 in FY 2015 to an estimated 300,000 by the end of FY 2021. Similarly, the number of H-2A and H-2B job orders processed by SWAs are expected to increase by 76 percent over that same period of time from 14,321 in FY 2015 to approximately 25,200 by the end of FY 2021. Although additional funding was appropriated in FY 2021, the resources available to SWAs to conduct H-2A housing inspections and fulfill other program requirements have not kept pace with this significant increase in state-level workload demands.

Given recent trends in workload, the Department estimates that SWAs will be expected to conduct inspections on approximately 64,300 units for housing temporary agricultural workers employed under H-2A visas, and review and post 26,900 H-2A and H-2B job orders to recruit U.S. workers during FY 2022. The additional resources can be targeted to the states where workload demand is greatest, and used to conduct additional prevailing wage and practice surveys and perform field checks and site visits to ensure that workers are receiving the wages and benefits they are entitled to under the labor certification.

FY 2021

In FY 2021, Congress appropriated \$20,282,000 for FLC state grants. The significant annual growth in the number of H-2A applications and housing inspections, combined with the intense filing of H-2B applications by employers seeking temporary labor for the spring and summer months, has strained existing SWA resources. The additional \$6,000,000 appropriated for FY 2021 will help ease that strain and reduce case-processing delays during the 2021-2022 peak filing season by enabling SWAs to complete required activities more timely, and help protect U.S. workers. The Department estimates that SWAs will conduct inspections on approximately 58,200 units for housing temporary agricultural workers employed under H-2A visas, and will review and post approximately 25,200 H-2A and H-2B job orders to recruit U.S. workers by the end of FY 2021.

In order to maintain an adequate level of base funding for SWAs while ensuring that the additional resources are allocated based on recent foreign labor certification workloads, the

STATE GRANTS

Department will allocate base funding for each SWA at the FY 2020 level and, consistent with the intent of Congress, distribute the additional \$6,000,000 in funding using a workload-based formula that will target the resources to those SWAs experiencing the highest demand for H-2A and H-2B program activities.

FY 2020

In FY 2020, Congress appropriated \$14,282,000 for foreign labor certification state grants. SWAs utilized these resources to conduct inspections on approximately 51,800 units for housing temporary agricultural workers employed under H-2A visas, review and post more than 22,800 H-2A and H-2B job orders to recruit U.S. workers for more than 475,300 job opportunities, direct prevailing practice and wage surveys, and provide assistance to employers to effectively recruit U.S. workers.

STATE GRANTS

BUDGET ACTIVITY COMPONENT BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2020 Revised Enacted	FY 2021 Enacted	FY 2022 Request	Diff. FY22 Request / FY21 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	20,282	26,282	6,000
	Total	14,282	20,282	26,282	6,000

STATE GRANTS

CHANGES IN FY 2022

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments \$0

Grants, subsidies, and contributions 0

State Administration Workload 0

Built-Ins Subtotal \$0

Net Program \$6,000

Direct FTE 0

	Estimate	FTE
Base	\$20,282	0
Program Increase	\$6,000	0
Program Decrease	\$0	0

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2020 Revised Enacted	FY 2021 Enacted	FY 2022 Request	Diff. FY22 Request / FY21 Enacted
Activity Appropriation	62,653	62,653	67,653	5,000
FTE	0	0	0	0

Introduction

The Workforce Information/Electronic Tools/System Building activity provides workforce information and 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:

- **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 and labor market 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.
- **Deliver Web-based information and interactive career tools.** The Department's online career tools are visited more than 80 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

- **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 WorkforceGPS platform.

To expand the capacity of workforce and healthcare system to serve persons with disabilities, the Department supports 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 2022 Budget proposes to continue 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.

- **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 TrainingProviderResults.gov website, 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.

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

Resource and Program Data				
Workforce Information/E-tools/System Building				
State Unemployment Insurance & Employment Service Operations				
(Dollars in Thousands)				
Data Category	PY 2019 Enacted	PY 2020 Enacted	PY 2021 Enacted	PY 2022 President's Budget
Resource Data:				
Service Grant	53,649	53,649	53,649	53,649
Formula	31,915	31,915	31,915	31,915
Competitive	21,734	21,734	21,734	26,734
Research Evaluation				
Demonstration Development				
Training/Technical Assistance	3,930	3,930	3,930	3,930
Program Support	5,074	5,074	5,074	5,074
Total Resources	62,653	62,653	62,653	67,653
Program Data:				
Total Grants	63	63	63	63
New Starts				
#	61	61	61	61
\$	43,382	43,382	43,382	43,382
Continuing				
#	2	2	2	2
\$	10,256	10,256	10,256	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>
2017	\$67,653	0
2018	\$62,653	0
2019	\$62,653	0
2020	\$62,653	0
2021	\$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 2022

The FY 2022 Budget requests \$67,653,000 for the Workforce Information/Electronic Tools/System Building activity. This request represents an increase of \$5,000,000 from the appropriated total for FY 2021. The base 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.

The FY 2022 Budget request includes an increase of \$5,000,000 to support data and capacity-building enhancements at the national and state levels. DOL intends to provide small increases to states through the workforce information grants to procure and/or to train staff in the use of data integration, data analytics, and data visualization software or tools to improve customer service and the utility of information produced. DOL would also use the increased funds to support additional research and collection of data on new and emerging occupations in the Occupational Information Network (O*NET) system, better ensuring the currency and relevance of O*NET data on occupations that rely heavily on rapidly-advancing technologies. With the requested increase, DOL would also implement other O*NET updates, such as updating the taxonomy for technology skills associated with occupations. Finally, DOL would use the increased funds to enhance features and usability of CareerOneStop virtual services, such as for re-employment and re-entry initiatives.

FY 2021

In FY 2021, Congress appropriated \$62,653,000 for the Workforce Information/Electronic Tools/System Building activity. These funds support workforce information grants to states and continued formal consultation with the Workforce Information Advisory Council established by WIOA. The funds also continue to support the operation and maintenance of online career tools,

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

performance reporting systems, the workforce system's capacity to serve individuals with disabilities, and the NAWS. The Department continues 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.

FY 2021 funding supported application of machine learning techniques to streamline updating of task information for O*NET occupations. O*NET occupational task information is being used in research to identify the likely future impact of automation on work in various sectors. O*NET is also adopting and implementing the new 2018 Standard Occupational Classification (SOC) taxonomy, and to augment it with additional O*NET detailed occupations, including in cybersecurity—based on collaboration with the NIST NICE Framework team.

FY 2020

In FY 2020, Congress appropriated \$62,653,000 for the Workforce Information/Electronic Tools/System Building activity. These funds supported workforce information grants to states and continued formal consultation with the Workforce Information Advisory Council established by WIOA. The funds also continued 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.

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

WORKLOAD AND PERFORMANCE SUMMARY								
	PY 2019 Revised Enacted		PY 2020 Revised Enacted		PY 2021 Enacted	PY 2022 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)		75.00	89.90	72.50	--	95.00	100.00
ETA-eTools-02	Combined CareerOneStop and O*NET page views (in millions)		900.00	784.00	800.00	--	850.00	900.00
ETA-eTools-03	Combined CareerOneStop and O*NET Web Service Usage (in millions)		140.0	485.2	550.0	--	650.0	800.0

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 and PY 2022 for combined CareerOneStop and O*NET Websites are 95 and 100 million site visits, respectively and 850 million and 900 million combined page views, respectively. In addition, the PY 2021 target for web service calls combined for CareerOneStop and O*NET is 650 million and the PY 2022 target is 800 million. All of these targets may be impacted by updates that make selected O*NET and CareerOneStop data available as open linked data online—for which it is not possible to track usage. In addition, page views can be impacted by design changes that make it easier for customers to quickly find what they are looking for, or that puts more information on a single scrollable page.

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.

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

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2020 Revised Enacted	FY 2021 Enacted	FY 2022 Request	Diff. FY22 Request / FY21 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	6,887	6,887	0
41.0	Grants, subsidies, and contributions	62,653	55,766	60,766	5,000
	Total	62,653	62,653	67,653	5,000

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

CHANGES IN FY 2022 (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 \$5,000

Direct FTE 0

	Estimate	FTE
Base	\$62,653	0
Program Increase	\$5,000	0
Program Decrease	\$0	0