

FY 2023

CONGRESSIONAL BUDGET JUSTIFICATION

EMPLOYMENT AND TRAINING ADMINISTRATION

**State Unemployment Insurance and
Employment Service Operations**

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STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

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STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

APPROPRIATION LANGUAGE

For authorized administrative expenses, \$107,066,000, together with not to exceed \$4,151,107,000 which may be expended from the Employment Security Administration Account in the Unemployment Trust Fund ("the Trust Fund"), of which:

(1) \$3,184,635,000 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 \$375,000,000 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 \$258,000,000 is additional new budget authority specified for purposes of 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 sections 405(a) and 406 of the Trade Preferences Extension Act of 2015 (except that the termination provisions in sections 246(b) and 285(a) of the Trade Act of 1974, as amended, including the application of those provisions described in paragraphs (4) and (7) of section 406 of the Trade Preferences Extension Act of 2015, shall not apply), and shall be available for obligation by the States through December 31, 2023, except that funds used for automation shall be available for Federal obligation through December 31, 2023, and for State obligation through September 30, 2025, or, if the automation is being carried out through consortia of States, for State obligation through September 30, 2029, and for expenditure through September 30, 2030, and funds for competitive grants awarded to States for improved operations and to conduct in-person reemployment and eligibility assessments and unemployment insurance improper

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payment reviews and provide reemployment services and referrals to training, as appropriate, shall be available for Federal obligation through December 31, 2023 (except that funds for outcome payments pursuant to section 306(f)(2) of the Social Security Act shall be available for Federal obligation through March 31, 2024), and for obligation by the States through September 30, 2025, and funds for the Unemployment Insurance Integrity Center of Excellence shall be available for obligation by the State through September 30, 2024, and funds used for unemployment insurance workloads experienced through September 30, 2023 shall be available for Federal obligation through December 31, 2023;

(2) \$168,174,000 from the Trust Fund is for national activities necessary to support the administration of the Federal-State unemployment insurance system;

(3) \$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, 2023 through June 30, 2024;

(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) \$98,531,000 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 \$70,249,000 shall be available for the Federal administration of such activities, and \$28,282,000 shall be available for grants to States for the administration of such activities; and

(6) \$85,653,000 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, 2023 through June 30, 2024, 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"

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account for such purposes:

Provided, That to the extent that the Average Weekly Insured Unemployment ("AWIU") for fiscal year 2023 is projected by the Department of Labor to exceed 1,778,000, 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 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

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reallot 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, 2024, for such purposes.

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 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 that lead to a reduction in improper payments or prevent the unauthorized use of funds in the Job Corps program: Provided further, That funds transferred under this subsection shall be available to the Secretary to carry out program integrity activities directly or through grants, cooperative agreements, contracts and other arrangements with States and other appropriate entities: Provided further, That funds

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transferred under the authority provided by this subsection shall be available for obligation through September 30, 2024.

Note.— A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L.117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.

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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 \$258,000,000 is additional new budget authority specified for purposes of 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 2023, an adjustment of \$258 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 sections 405(a) and 406 of the Trade Preferences Extension Act of 2015 (except that the termination provisions in sections 246(b) and 285(a) of the Trade Act of 1974, as amended, including the application of those provisions described in paragraphs (4) and (7) of section 406 of the Trade Preferences Extension

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 under section 406 of the Trade Preferences Act of 2015, which provided for the reversion of the TAA program to an earlier version of the program with respect to petitions filed on or after July 1, 2021, and that the TAA termination provisions in section 246(b) and 285(a) of the Trade Act (including the application of those provisions provided for under section 246(a)(4) and (7) of the Trade Preferences Extension Act of 2015) that would not allow new groups of workers to be certified as eligible and begin a phase out of the TAA program shall not apply in FY 2023.

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Act of 2015, shall not apply),

(except that funds for outcome payments pursuant to section 306(f)(2) of the Social Security Act shall be available for Federal obligation through March 31, 2024)

The change would extend by one-quarter the period of availability for the Secretary of Labor to award the portion of funds under RESEA that are to be paid to states meeting or exceeding outcome goals. Under section 306(f)(2), beginning in FY 2021 10 percent of the funds (increasing to 15 percent after FY 2026) are to be used by the Secretary of Labor to make payments to states that met or exceeded outcome goals related to reducing the average duration of receipt of unemployment compensation by improving employment outcomes. Under the current appropriations language, the RESEA funds are available through December 31 of the following fiscal year. However, in carrying out the outcome payment process in FY 2021, ETA encountered many challenges in obligating the funds by December 31. The outcome data only became available at the beginning of December, and to collect, verify, determine the eligible states and appropriate level of payments, and obligate those funds by December 31 proved extremely difficult. Moreover, to receive their outcome payment, eligible states must update their grant agreements and budget documentation to reflect the funding increase, and these efforts must be expedited due to current time restraints. To facilitate ETA's ability to effectively carry out the responsibilities related to the obligation of the outcome payments, mitigate the risk of error that may occur when actions are taken in a very constrained timeframe, and reduce burden on states receiving RESEA outcome payments, the language change would allow an additional quarter (through March 31) to obligate the outcome payments under RESEA.

In Paragraph (6):

Of which up to \$9,800,000 shall be used to carry out research and demonstration projects related to testing

The additional language provides that of the funds appropriated under paragraph (6) of SUIESO to provide workforce information, national electric tools, and one-stop system building under the

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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:

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 to 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.

In General Provisions:

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

This language would be added to section 106(b) of the General Provisions to provide that the program integrity activities carried out with the funds reserved from ETA appropriations and transferred to the Program Administration account as authorized by this subsection may be carried out directly or through grants, cooperative agreements, contracts, or other agreements with states and other appropriate entities.

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AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2021 Revised Enacted		FY 2022 Full Year C.R.		FY 2023 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	79	\$2,097,370	136	\$95,979	136	\$126,924
Discretionary	0	\$84,066	0	\$84,066	0	\$107,066
Mandatory (UI Integrity)	45	\$1,994,122	92	\$0	92	\$0
Mandatory (H-1B Fees)	34	\$26,682	44	\$19,413	44	\$19,858
Rescission of H-1B Fees	0	-\$7,500	0	-\$7,500	0	\$0
<i>Subtotal Appropriation</i>	<i>79</i>	<i>\$2,097,370</i>	<i>136</i>	<i>\$95,979</i>	<i>136</i>	<i>\$126,924</i>
Offsetting Collections From:						
Reimbursements (DUA and NAWS)	0	\$10,426	0	\$52,500	0	\$52,500
Trust Funds	158	\$4,280,959	158	\$3,332,583	192	\$4,151,107
AWIU Contingency	0	\$948,376	0	\$0	0	\$0
Uncollected Payments	0	-\$1,866	0	\$0	0	\$0
<i>Subtotal Offsetting Collections</i>	<i>158</i>	<i>\$4,289,519</i>	<i>158</i>	<i>\$3,385,083</i>	<i>192</i>	<i>\$4,203,607</i>
B. Gross Budget Authority	237	\$6,386,889	294	\$3,481,062	328	\$4,330,531
Appropriation From:						
Mandatory (UI Integrity)	-45	-\$1,994,122	-92	\$0	-92	\$0
Mandatory (H-1B Fees)	-34	-\$26,682	-44	-\$19,413	-44	-\$19,858
<i>Subtotal Appropriation</i>	<i>-79</i>	<i>-\$2,020,804</i>	<i>-136</i>	<i>-\$19,413</i>	<i>-136</i>	<i>-\$19,858</i>
Offsetting Collections From:						
Reimbursements (DUA and NAWS)	0	-\$10,426	0	-\$52,500	0	-\$52,500
Uncollected Payments	0	\$1,866	0	\$0	0	\$0
<i>Subtotal Offsetting Collections</i>	<i>0</i>	<i>-\$8,560</i>	<i>0</i>	<i>-\$52,500</i>	<i>0</i>	<i>-\$52,500</i>
C. Budget Authority Before Committee	158	\$4,357,525	158	\$3,409,149	192	\$4,258,173
Appropriation From:						
Mandatory (UI Integrity)	45	\$1,994,122	92	\$0	92	\$0
Mandatory (H-1B Fees)	34	\$26,682	44	\$19,413	44	\$19,858
<i>Subtotal Appropriation</i>	<i>79</i>	<i>\$2,020,804</i>	<i>136</i>	<i>\$19,413</i>	<i>136</i>	<i>\$19,858</i>
Offsetting Collections From:						
Reimbursements (DUA and NAWS)	0	\$10,426	0	\$52,500	0	\$52,500
Uncollected Payments	0	-\$1,866	0	\$0	0	\$0
<i>Subtotal Offsetting Collections</i>	<i>0</i>	<i>\$8,560</i>	<i>0</i>	<i>\$52,500</i>	<i>0</i>	<i>\$52,500</i>
Unobligated Balance From:						
Brought Forward, October 1	0	\$669,151	0	\$2,037,708	0	\$900,000
Transfer to ETA PA for Program Integrity (Pursuant to P.L. 116-94)	0	-\$3,000	0	\$0	0	\$0
Recoveries	0	\$1,396	0	\$0	0	\$0
<i>Subtotal Unobligated Balance, Unexpired</i>	<i>0</i>	<i>\$667,547</i>	<i>0</i>	<i>\$2,032,732</i>	<i>0</i>	<i>\$900,000</i>

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D. Total Budgetary Resources	237	\$7,054,436	294	\$5,513,794	0	\$5,230,531
Unobligated Balance	-43	-\$2,037,708	0	-\$900,000	0	\$0
E. Total, Estimated Obligations	194	\$5,016,728	294	\$4,613,794	0	\$5,230,531

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2022 Full Year C.R.	FY 2023 Request	Net Change
Budget Authority			
General Funds	\$84,066	\$107,066	+\$23,000
Trust Funds	\$3,332,583	\$4,151,107	+\$818,524
Total	\$3,416,649	\$4,258,173	+\$841,524
 Full Time Equivalents			
General Funds	0	0	0
Trust Funds	158	192	34
Total	158	192	34

Explanation of Change	FY 2023 Change							
	FY 2022 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	\$1,252	0	\$0	0	\$1,252
Personnel benefits	0	\$6,800	0	\$537	0	\$0	0	\$537
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	\$9,335	0	\$1,581	0	\$0	0	\$1,581
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	\$2,847	0	\$0	0	\$0	0	\$0
Research & Development Contracts	0	\$0	0	\$0	0	\$0	0	\$0
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

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FY 2023 Change

Explanation of Change	FY 2022 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
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	\$924,533	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	+\$3,416,649	0	+\$3,370	0	\$0	0	+\$3,370
B. Programs:								
UI State Administrative Funding Formula Update	0	\$2,365,816	0	\$443,819	0	\$0	0	\$443,819
RESEA Allocation Adjustment	0	\$83,000	0	\$175,000	0	\$0	0	\$175,000
UI National Activities Program Integrity	0	\$0	0	\$150,000	0	\$0	0	\$150,000
ES Formula Grants Increase	0	\$670,052	0	\$28,810	0	\$0	0	\$28,810
Skills-Based Hiring Initiative	0	\$0	0	\$0	0	\$10,000	0	\$10,000
Workforce Information Grants	0	\$32,000	0	\$0	0	\$8,000	0	\$8,000
Increase Federal H-2A Visa Support for Northern Triangle Countries	0	\$0	15	\$6,500	0	\$0	15	\$6,500
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
Increase State H-2A Visa Support for Northern Triangle Countries	0	\$0	0	\$2,000	0	\$0	0	\$2,000
Maintain PERM Case-Processing Capability	0	\$0	15	\$2,000	0	\$0	15	\$2,000
FLC Federal Administration Staff for Increased Workload	0	\$0	4	\$1,025	0	\$0	4	\$1,025
Programs Subtotal			34	+\$815,154	0	+\$23,000	34	+\$838,154
Total Increase	158	+\$3,416,649	34	+\$818,524	0	+\$23,000	34	+\$841,524
Decreases:								
A. Built-Ins:								
To Provide For:								
Built-Ins Subtotal	0	\$0	0	\$0	0	\$0	0	\$0
B. Programs:								
Programs Subtotal			0	\$0	0	\$0	0	\$0
Total Decrease	0	\$0	0	\$0	0	\$0	0	\$0
Total Change	158	+\$3,416,649	34	+\$818,524	0	+\$23,000	34	+\$841,524

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2021 Revised Enacted		FY 2022 Full Year C.R.		FY 2023 Request		Diff. FY23 Request / FY22 Full Year C.R.	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Unemployment Insurance	0	3,532,192	0	2,583,816	0	3,352,809	0	768,993
Unemployment Trust Funds	0	3,532,192	0	2,583,816	0	3,352,809	0	768,993
State Administration	0	2,365,816	0	2,365,816	0	2,809,635	0	443,819
Unemployment Trust Funds	0	2,365,816	0	2,365,816	0	2,809,635	0	443,819
Average Weekly Insured Unemployment	0	948,376	0	0	0	0	0	0
Unemployment Trust Funds	0	948,376	0	0	0	0	0	0
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	83,000	0	83,000	0	258,000	0	175,000
Unemployment Trust Funds	0	83,000	0	83,000	0	258,000	0	175,000
National Activities	0	18,000	0	18,000	0	168,174	0	150,174
Unemployment Trust Funds	0	18,000	0	18,000	0	168,174	0	150,174
Employment Service	0	692,370	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	670,957	0	670,957	0	699,767	0	28,810

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY

(Dollars in Thousands)

	FY 2021 Revised Enacted		FY 2022 Full Year C.R.		FY 2023 Request		Diff. FY23 Request / FY22 Full Year C.R.	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Grants to States	0	670,052	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	648,639	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	77,810	158	77,810	192	98,531	34	20,721
Unemployment Trust Funds	153	77,810	158	77,810	192	98,531	34	20,721
Federal Administration	153	57,528	158	57,528	192	70,249	34	12,721
Unemployment Trust Funds	153	57,528	158	57,528	192	70,249	34	12,721
FLC State Grants	0	20,282	0	20,282	0	28,282	0	8,000
Unemployment Trust Funds	0	20,282	0	20,282	0	28,282	0	8,000
Workforce Information-Electronic Tools-System Building	0	62,653	0	62,653	0	85,653	0	23,000
General Funds	0	62,653	0	62,653	0	85,653	0	23,000
Total	153	4,365,025	158	3,416,649	192	4,258,173	34	841,524
General Funds	0	84,066	0	84,066	0	107,066	0	23,000
Unemployment Trust Funds	153	4,280,959	158	3,332,583	192	4,151,107	34	818,524

NOTE: FY 2021 reflects actual FTE. FY 2022 reflects estimated FTE usage at the annualized level of the CR.

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2021 Revised Enacted	FY 2022 Full Year C.R.	FY 2023 Request	Diff. FY23 Request / FY22 Full Year C.R.
	Full-Time Equivalent				
	Full-time Permanent	153	158	192	34
	Total	153	158	192	34
	Average ES Salary	\$166,379	\$170,871	\$177,022	\$6,151
	Average GM/GS Grade	12	12	12	0
	Average GM/GS Salary	\$100,548	\$103,262	\$106,979	\$3,717
11.1	Full-time permanent	18,617	18,617	24,619	6,002
11.3	Other than full-time permanent	65	65	65	0
11.5	Other personnel compensation	431	431	431	0
11.9	Total personnel compensation	19,113	19,113	25,115	6,002
12.1	Civilian personnel benefits	6,896	6,896	8,773	1,877
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	40	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	1,731	1,731	1,731	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	70	70	70	0
24.0	Printing and reproduction	250	250	250	0
25.1	Advisory and assistance services	13,366	13,366	16,606	3,240
25.2	Other services from non-Federal sources	7,917	7,917	7,917	0
25.3	Other goods and services from Federal sources 1/	12,182	12,182	16,878	4,696
25.4	Operation and maintenance of facilities	400	400	400	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	9,856	9,856	6,856	-3,000
26.0	Supplies and materials	14	14	14	0
31.0	Equipment	0	0	80	80
33.0	Investments and Loans	0	0	0	0
38.0	Depreciation Expense - Unfunded	0	0	0	0
41.0	Grants, subsidies, and contributions	4,293,110	3,344,734	4,173,363	828,629
42.0	Insurance claims and indemnities	80	80	80	0
91.0	Other Fund Sources	0	0	0	0
99.0	Other Fund Sources	0	0	0	0
	Total	4,365,025	3,416,649	4,258,173	841,524
	1/Other goods and services from Federal sources				
	CIGIE	0	0	1,945	1,945
	Working Capital Fund	9,335	9,335	10,916	1,581

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2013					
Base Appropriation	\$3,962,240			\$4,171,233	181
Legislative Proposal	\$3,000				0
2014					
Base Appropriation...1/	\$3,825,699			\$3,879,339	188
2015					
Base Appropriation...1/	\$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...2/3/	\$3,325,298		\$3,339,010	\$3,343,899	160
2020					
Base Appropriation...4/5/6/	\$3,475,986	\$3,465,761		\$5,491,907	144
2021					
Base Appropriation...5/7/	\$3,497,280			\$4,365,025	158
2022					
Base Appropriation...8/9/	\$4,126,230	\$4,176,230			0
2023					
Base Appropriation	\$4,258,173				192

1/ 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.

2/ 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.

3/ 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.

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

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

6/ FY 2020 Appropriations include \$2,117,258,000 apportioned through the use of the AWIU contingency trigger.

7/ FY 2021 Appropriations include \$948,376,000 apportioned through the use of the AWIU contingency trigger.

8/ This bill was passed by the House. It was not taken up by the Senate Appropriations Subcommittee or the full Senate Appropriations Committee.

9/ The full-year FY 2022 appropriation was not enacted at the time the budget was prepared.

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS OVERVIEW

Introduction

State Unemployment Insurance and Employment Service Operations (SUIESO) funds are allocated to states to administer programs that provide temporary assistance for eligible unemployed workers based on estimated claims levels; job search assistance for those seeking employment; and increased capacity of the public workforce system to serve all job seekers, including communities of color and 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, which 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 Federal-state UI system offers crucial income replacement to workers who have lost a job for good cause or through no fault of their own, as well as macroeconomic support for the overall economy during downturns. During the COVID-19 pandemic, UI benefits helped over 53 million workers and put some \$870 billion back into the economy.

However, 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 the program. The crisis also demonstrated 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 to 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 Budget request.

Benefit Access Issues for Eligible Workers

As record numbers of workers attempted to claim benefits during the pandemic, some UI agencies' outdated systems collapsed. Many systems were only able to accept online applications

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

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 near all-time lows, while spikes in fraudulent claims contributed to growing backlogs. 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 job 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 by leading states to understaff their UI offices and rely on antiquated technology.

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 nearly half of 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 and extended in the American Rescue Plan.

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 as the crisis extended beyond 13 to 20 additional weeks, and benefits triggered off while there was still need.

Congress temporarily increased the number of weeks workers can receive benefits three times during the pandemic. Many workers 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.

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

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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 easier for states to implement PUA quickly which, when combined with decades of underinvestment in state UI systems, instead left state systems vulnerable to attacks from sophisticated international criminal rings using 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

Despite its important relief and stimulative effects, UI's reach across jobless workers remains uneven. The current system of unemployment insurance—both before and during the pandemic—provides unequal access to benefits for marginalized communities, including under-represented racial and ethnic groups, low-paid and part-time workers, workers with limited English proficiency, and workers with lower levels of formal education. These disparities in UI benefit receipt amplified the disparate racial and economic impacts of the labor market collapse.

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 remain twice as likely to be unemployed as white workers and bear the brunt of the insufficiency of regular UI benefits. In addition, 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.¹ According to the Bureau of Labor Statistics, while Black workers were far more likely to apply for benefits during the pandemic, they had a far lower success rate than white workers (72.8% versus 78.2%) and Hispanic workers had a lower success rate at receiving benefits than non-Hispanic applicants (75.6% versus 77.6%).² 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. Lower reciprocity rates also correlate with states with

¹ <https://www.rand.org/blog/2020/07/the-racial-disparity-in-unemployment-benefits.html>

² <https://www.bls.gov/opub/mlr/2021/article/applying-for-and-receiving-unemployment-insurance-benefits-during-the-coronavirus-pandemic.htm>

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more diverse populations, and states with low reciprocity prior to the pandemic carried those characteristics over into the COVID-19 crisis, which resulted in lower application success rates across programs for claimants in states that had poor access to benefits prior to the pandemic.

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 that were most affected by pandemic-related shutdowns, namely education, health care, leisure, hospitality, and retail.

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 in advance.
- **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. Additionally, workers currently incorrectly classified as independent contractors, but who should be considered employees need adequate coverage.

The Administration also supports ensuring that more struggling employers take advantage of Short-Time Compensation (also called work-sharing, a layoff aversion

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program) 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 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 Department should also have direct access to all claim and wage data used by state agencies to conduct research, evaluation, and performance assessments of state UI programs. Finally, the Department needs improved enforcement mechanisms to ensure that states are equitably paying benefits in a timely manner to all eligible applicants. 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 2021 Revised Enacted	FY 2022 Full Year C.R.	FY 2023 Request	Diff. FY23 Request / FY22 Full Year C.R.
Activity Appropriation	3,532,192	2,583,816	3,352,809	768,993
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-service members (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 2023 Budget requests \$3,352,635,000 for UI Administration, which includes \$2,800,635,000 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 Reemployment Services and Eligibility Assessments (RESEA) request of \$375,000,000 consists of \$117,000,000 in base funding and an additional \$258,000,000 under the RESEA allocation adjustment. The UI National Activities request of \$168,174,000 includes a request for a third installment of \$6,000,000 to modernize critical information technology infrastructure essential to the states'

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administration of the UI program and \$150,000,000 for program integrity and anti-fraud activities, which include funding for identity verification, IT, and process improvements aimed at reducing fraud in the program and improving benefit delivery for claimants.

In its FY 2023 Budget request, the Department is also pursuing a legislative proposal to permit the Department to collect and store states' UI claimant data. This legislative proposal would provide the Secretary direct access to all claim and wage data used by state agencies in administering the state's unemployment compensation program solely for the purposes of Federal unemployment compensation administration and to conduct research, evaluation, and performance assessments of unemployment compensation programs and Federally funded employment-related programs. The legislative proposal sets out safeguards on the use, re-disclosure, secure storage, and agreements with the states regarding the data.

Before and during the pandemic, the UI system has been a lifeline for workers, helping them stay in their homes and support their families even as businesses and whole industries shut down, sometimes overnight. However, as the pandemic highlighted, more can be done to ensure that workers have timely and equitable access to UI benefits and to prevent fraud, particularly fraud perpetrated by sophisticated international criminal rings that seek to file false claims to wrongly acquire taxpayer funds and create further delays and barriers for genuine claimants in need.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2018	\$2,653,497	0
2019	\$2,527,816	0
2020	\$4,670,074	0
2021	\$3,532,192	0
2022	\$0	0

NOTE: A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared.

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WORKLOAD AND PERFORMANCE SUMMARY					
		FY 2021 Revised Enacted		FY 2022 Full Year C.R.	FY 2023 Request
		Target	Result	Target	Target
Unemployment Insurance					
Reemployment Services and Eligibility Assessments-UI Integrity					
Strategic Goal 1 - Build Opportunity and Equity for All					
Strategic Objective 1.1 - Advance training, employment, and return-to-work opportunities that connect workers to higher-wage jobs, especially in ways that address systemic inequities.					
Strategic Goal 3 - Improve Administration of and Strengthen Worker Safety Net Programs					
Strategic Objective 3.1 - Ensure timely and accurate income support when work is unavailable by strengthening benefits programs and program administration.					
ETA-Budget OUI-01	Employer Tax Accounts (in thousands)	8,295[p]	9,092	9,257[p]	9,250[p]
ETA-Budget OUI-02	Initial Claims Taken (in thousands)	25,384[p]	38,959	16,144[p]	13,060[p]
ETA-Budget OUI-03	Weeks Claimed (in thousands)	224,068[p]	260,487	109,865[p]	91,875[p]
ETA-OUI-01	First Payment Timeliness (Unemployment Insurance)	87.0%	60.4%	87.0%	87.0%
ETA-OUI-02	Detection of Recoverable Overpayments (Unemployment Insurance)	57.50%	43.08%	57.50%	57.50%
ETA-OUI-03	Improper Payment Rate (Unemployment Insurance)	9.00%	18.71%	14.00%	TBD
ETA-OUI-04	Establish Tax Accounts Promptly (Unemployment Insurance)	90.0%	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 an increase in the number of employer tax accounts from 9,092,000 in FY 2021 to 9,250,000 in FY 2023 and a decrease in the number of initial claims and weeks claimed from 38,959,000 and 260,487,000 in FY 2021 to 13,060,000 and 91,875,000 in FY 2023, 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 2021, 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 and the implementation and operation of the new temporary pandemic-related UI programs, which negatively impacted the first payment timeliness measure. The first payment timeliness result fell to 60.4 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. The target for FY 2023 is set at 87.0 percent.
- 2) Detection of Overpayments: 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. The targets for detecting and establishing recoverable overpayments for FYs 2021 and 2022 were set at 57.5 percent. In FY 2023, the measure's target for states remains 57.5 percent of estimated recoverable overpayments, in light of the additional funding and technical assistance resources that the Department provided states to improve overpayment detection and recovery of improper payments and to combat fraud.
- 3) Establish Tax Accounts Promptly: The FY 2023 target for the percent of new status determinations made within 90 days of the end of the quarter in which the firm became liable is set at 90.0 percent. This represents no change from the targets set for this measure in FY 2021 and FY 2022.
- 4) Improper Payment Rate: 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 to combat fraud. However, the pandemic situation, the implementation and operation of new temporary pandemic-related UI programs, and significant instances of criminal organizations targeting the UI system have resulted in a major increase in improper payments and fraud. The estimated improper payment rate for FY 2021 was 18.71 percent. Nevertheless, the Department has set an aspirational target for FY 2023 at 14.00 percent for this measure.

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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. The pandemic has exacerbated concerns related to equity and access to UI benefits. Many communities have experienced barriers to accessing benefits. The Department is gathering a better understanding of these issues and will be developing innovative approaches to address them. In FY 2022, the Department made available \$260 million in American Rescue Plan Act (ARPA) funds as grants to states to address and improve equitable access to UI programs.

The pandemic has also negatively impacted states' performance related to providing timely and quality benefit eligibility decisions and will require the Department to provide states significant technical assistance and support in rebuilding performance. Starting in FY 2021 and continuing in FY 2022, the Department created and deployed multidisciplinary Tiger Teams to individual states to assess these states' operations and to make recommendations on process improvements that the states could implement to improve timely delivery of benefits, promote equitable access, and detect and prevent fraud. The Department made available \$200 million in ARPA funds in FY 2022 for grants to states to implement the Tiger Team recommendations.

Many states are dependent on antiquated operating systems, and the Department is working to invest in modern technology to support this critical program. The Department is actively engaged in activities to effectively and efficiently use the funding provided under the American Rescue Plan Act to address these challenges.

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BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2021 Revised Enacted	FY 2022 Full Year C.R.	FY 2023 Request	Diff. FY23 Request / FY22 Full Year C.R.
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	1,000	1,000	1,000	0
25.3	Other goods and services from Federal sources 1/	949	949	1,123	174
25.7	Operation and maintenance of equipment	5,551	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	3,524,692	2,576,316	3,345,135	768,819
91.0	Other Fund Sources	0	0	0	0
99.0	Other Fund Sources	0	0	0	0
	Total	3,532,192	2,583,816	3,352,809	768,993
	1/Other goods and services from Federal sources				
	Working Capital Fund	949	949	1,123	174

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CHANGES IN FY 2023

(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	174
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 **\$174**

Net Program **\$768,819**

Direct FTE **0**

	Estimate	FTE
Base	\$2,583,990	0
Program Increase	\$768,819	0
Program Decrease	\$0	0

STATE ADMINISTRATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2021 Revised Enacted	FY 2022 Full Year C.R.	FY 2023 Request	Diff. FY23 Request / Full Year C.R.
Activity Appropriation	2,365,816	2,365,816	2,809,635	443,819
FTE	0	0	0	0

NOTE: FY 2021 does not include AWIU Contingency funding. FY 2022 reflects estimated FTE usage at the annualized level of the CR.

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, as 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 UI State Administration State Unemployment Insurance & Employment Service Operations (Dollars in Thousands)

Data Category	PY 2020 Enacted	PY 2021 Enacted	PY 2022 Full Year C.R.	PY 2023 President's Budget
<u>Resource Data:</u>				
Service Grant	2,350,747	2,348,693	2,348,144	2,791,963
Formula	2,350,747	2,348,693	2,348,144	2,791,963
Competitive				
Program Support	15,069	17,123	17,672	17,672
Total Resources	2,365,816	2,365,816	2,365,816	2,809,635
<u>Program Data:</u>				
Total Grants	55	54	54	54
New Starts				
#	53	53	53	53
\$	2,350,747	2,348,693	2,348,144	2,791,963
Continuing				
#	2	1	1	1
\$	9,000	9,000	9,000	9,000
Contracts				
#	1	1	1	1
\$	4,156	5,955	5,955	5,955
Interagency Agreements				
#	1	1	1	1
\$	1,913	2,168	2,717	2,717

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2018	\$2,519,600	0
2019	\$2,365,816	0
2020	\$2,365,816	0
2021	\$2,365,816	0
2022	\$0	0

NOTE: A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared.

STATE ADMINISTRATION

Funding Mechanism

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

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

FY 2023

For UI State Administration, the FY 2023 Budget requests \$2,809,635,000.

The funds requested are sufficient to process, on average, 1,778,000 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 \$46.7 billion in state unemployment taxes and pay an estimated \$32.5 billion in Federal and state UI benefits to 5.3 million beneficiaries, including former Federal military and civilian personnel, recipients of Federal-state extended benefits (EB), and workers adversely affected by foreign trade who may be eligible for benefits under the Trade Act.

The request continues the existing contingency reserve language that provides for additional funds to meet unanticipated UI workloads. This contingency reserve provides \$28,600,000 for each 100,000 increase in the total AWIU, which is set at 1,788,000 in the request and referred to as the AWIU trigger.

The request also includes \$9,000,000 for continued support for the UI Integrity Center of Excellence (Center). The Center will make new data sources available through its Integrity Data Hub 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 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 Payment Integrity Information Act (PIIA) and OMB Memorandum M-21-19.

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

STATE ADMINISTRATION

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.

FY 2022

An annualized Continuing Resolution for FY 2022 would provide \$2,365,816,000 for State Administration.

The funds that would be provided under a full year Continuing Resolution are at a level 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 2022 AWIU is projected to be 2,124,000, suggesting that additional contingency funding will be issued for FY 2022 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 March 2022, the amount anticipated for apportionment for AWIU contingency funding is \$105,137,000.

During FY 2022, states are expected to collect \$51.1 billion in state unemployment taxes and pay an estimated \$55.7 billion in Federal and state UI benefits to 6.2 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 2021

For FY 2021, Congress appropriated \$2,365,816,000 for UI State Administration. An additional \$948,376,000 was appropriated for AWIU contingency funding because the unemployment levels exceeded the AWIU contingency trigger included in the appropriation.

During FY 2021, states collected \$50.4 billion in state unemployment taxes and paid an estimated \$220.7 billion in Federal and state UI benefits to 8.9 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.

STATE ADMINISTRATION

CHANGES IN FY 2023

(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 **\$443,819**

Direct FTE **0**

	Estimate	FTE
Base	\$2,365,816	0
Program Increase	\$443,819	0
Program Decrease	\$0	0

REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2021 Revised Enacted	FY 2022 Full Year C.R.	FY 2023 Request	Diff. FY23 Request / Full Year C.R.
Activity Appropriation	200,000	200,000	375,000	175,000
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 assistance with the development of an individual reemployment plan, individualized career and labor market information, 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 Nevada³ 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:

1. Claimants were significantly less likely to exhaust their benefits;
2. Claimants had significantly shorter UI durations and lower total benefits paid (on average 1.82 fewer weeks and \$536 lower total benefits paid);
3. Claimants were more successful in returning to work sooner, earning higher wages in the measurement period, and retaining their jobs; and
4. 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.⁴ In FY 2023, the Department’s request includes \$375,000,000 for RESEA, consisting of \$117,000,000 in base

³ <https://wdr.doleta.gov/research/details.cfm?q=Impaq&id=2487>

⁴ <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 \$258,000,000 under the RESEA allocation adjustment. At the level of funding requested:

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

It is currently estimated that the RESEA program reduces the average duration of UI benefit receipt by about 1.3 weeks for participating claimants, resulting in significant levels of benefit savings.

Beginning in FY 2023, states must devote at least 25 percent of the RESEA funds they receive for strategies and interventions with a high or moderate causal evidence rating that shows demonstrated capacity to improve employment and earnings outcomes for program participants.

REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

Resource and Program Data Reemployment Services and Eligibility Assessments (RESEA) State Unemployment Insurance & Employment Service Operations (Dollars in Thousands)

Data Category	PY 2020 Enacted	PY 2021 Enacted	PY 2022 Full Year C.R.	PY 2023 President's Budget
<u>Resource Data:</u>				
Service Grant	175,000	200,000	200,000	375,000
Formula	175,000	198,000	198,000	371,250
Competitive				
Program Support	0	2,000	2,000	3,750
Total Resources	175,000	200,000	200,000	375,000
<u>Program Data:</u>				
Total Grants	151	151	151	154
New Starts				
#	52	52	52	52
\$	175,000	198,000	198,000	371,250
Continuing				
#	99	99	99	102
\$				
Contracts				
#	0	1	1	1
\$	0	2,000	2,000	3,750
Interagency Agreements				
#				
\$				

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2018	\$120,000	0
2019	\$183,000	0
2020	\$175,000	0
2021	\$200,000	0
2022	\$0	0

NOTE: A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared.

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 2023, 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 2023

In FY 2023, the Department's request includes \$375,000,000 for RESEA, consisting of \$117,000,000 in base funding and an additional \$258,000,000 under the RESEA allocation adjustment. This level is consistent with the enacted level in the Congressional Budget Act, as amended, which allows for the adjustment for Congressional budget procedures through 2027. The total savings over ten years are \$8.0 billion, which includes an estimated \$1.1 billion reduction in state unemployment taxes. When netted against the total discretionary costs, the 10-year net savings for the program are \$1.022 billion.

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 2022

An annualized Continuing Resolution in FY 2022 would provide \$200,000,000 for RESEA, consisting of \$117,000,000 in base funding and an additional \$83,000,000 under the RESEA allocation adjustment. ETA will continue work developing new statistical models that will be used to analyze RESEA performance data and establish specific state-level program performance targets. This information and additional analysis will allow ETA to establish new projections for RESEA cost savings and other program impacts.

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 were 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

REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

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 continued to expand RESEA's capacity to provide virtual, remote, and phone-based services in addition to traditional in-person meetings.

During FY 2021 states had to adapt their RESEA programs in response to ongoing COVID-19 recovery efforts by incorporating virtual and remote services into an in-person program design. Data collection for an in-process national RESEA implementation study was conducted and captured information about how states implemented the permanently authorized RESEA program, including information about changes made in response to the COVID-19 pandemic. Many states made modifications to their ongoing RESEA evaluations to capture additional information about the impact of program delivery changes, such as virtual services. ETA began work developing new statistical models that will be used analyze RESEA performance data and establish specific state-level program performance targets. 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 2023

(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 **\$175,000**

Direct FTE **0**

	Estimate	FTE
Base	\$200,000	0
Program Increase	\$175,000	0
Program Decrease	\$0	0

NATIONAL ACTIVITIES

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2021 Revised Enacted	FY 2022 Full Year C.R.	FY 2023 Request	Diff. FY23 Request / Full Year C.R.
Activity Appropriation	18,000	18,000	168,174	150,174
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 2021 Enacted	FY 2022 Full Year C.R.	FY 2023 President's Budget
Resource Data:			
Service Grant	13,525	13,525	113,525
Formula	13,525	13,525	113,525
Competitive			
Research Evaluation			
Demonstration Development			
Training/Technical Assistance	479	479	50,479
Program Support	3,987	3,987	3,987
Total Resources	18,000	18,000	168,174
Program Data:			
Total Grants	4	4	5
New Starts			
#	4	4	5
\$	13,525	13,525	113,525
Continuing			
#			
\$			
Contracts			
#	13	13	13
\$	3,342	3,342	3,342
Interagency Agreements			
#	1	1	1
\$	249	307	341

Five-Year Budget Activity Component History

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

NOTE: A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared.

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 2023

In FY 2023, the Department requests \$168,174,000 for UI National Activities.

The base amount for UI National Activities is \$12,174,000. 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 2023 Budget for UI National Activities also includes \$6,000,000 for the third 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 third 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 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 2023 request includes \$150,000,000 to be used for program integrity and anti-fraud activities, including \$100,000,000 for identity verification services and \$50,000,000 for IT and process improvements aimed at reducing fraud and improving the claimant experience in the UI program. These funds may be used for identity verification services, including subscription costs, customer service support, in-person validation, integration with existing

NATIONAL ACTIVITIES

systems, and development of a central identity verification tool/service. The Department has provided states with grant funding for fraud prevention purposes, which states have used for identity verification services/subscriptions. However, it is expected that states will need continued support for identity verification services into the future, including subscription and other technology-related costs. There is currently no dedicated federal funding for these types of costs and the Department will need to cover this cost through a central identity verification tool or service for all states, or through on-going grants to states, in order to ensure their continued use. Providing funds for identity verification through UI National Activities allows the Department to establish guardrails on these services that ensure equity and avoid bias in their implementation.

FY 2022

An annualized Continuing Resolution in FY 2022 would provide \$18,000,000 for National Activities. These funds include continued support for ICON operations, ITSC, the UI reporting system, actuarial projects, and training and technical assistance activities. The funds would 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. This funding amount also includes \$6,000,000 for the second phase of work to modernize the ICON hub.

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 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. The FY 2021 funding for UI National Activities included \$6,000,000 for the first phase of work to modernize the ICON hub.

NATIONAL ACTIVITIES

CHANGES IN FY 2023

(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	174
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 **\$174**

Net Program **\$150,000**

Direct FTE **0**

	Estimate	FTE
Base	\$18,174	0
Program Increase	\$150,000	0
Program Decrease	\$0	0

EMPLOYMENT SERVICE

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2021 Revised Enacted	FY 2022 Full Year C.R.	FY 2023 Request	Diff. FY23 Request / FY22 Full Year C.R.
Activity Appropriation	692,370	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 (AJC) network, 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>
2018	\$686,231	0
2019	\$682,870	0
2020	\$690,370	0
2021	\$692,370	0
2022	\$0	0

NOTE: A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared.

EMPLOYMENT SERVICE

WORKLOAD AND PERFORMANCE SUMMARY							
		PY 2020 Revised Enacted		PY 2021 Revised Enacted		PY 2022 Full Year C.R.	PY 2023 Request
		Target	Result	Target	Result	Target	Target
Employment Service							
Strategic Goal 1 - Build Opportunity and Equity for All							
Strategic Objective 1.1 - Advance training, employment, and return-to-work opportunities that connect workers to higher-wage jobs, especially in ways that address systemic inequities.							
ETA-WIOA ES-01	Employment Rate - 2nd Quarter After Exit (WIOA Employment Service)	65.8%	62.0%	62.1%	--	65.8%	68.5%
ETA-WIOA ES-02	Employment Rate – 4th Quarter After Exit (WIOA Employment Service)	65.8%	62.1%	62.4%	--	64.1%	68.1%
ETA-WIOA ES-03	Median Earnings – 2nd Quarter After Exit (WIOA Employment Service)	\$6,132	\$6,273	\$6,267	--	\$6,405	\$6,533
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)	3,340,260[p]	2,437,906	2,445,445[p]	--	2,445,445[p]	2,550,591[p]

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

EMPLOYMENT SERVICE

Workload and Performance

ES services are delivered through the AJC network 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 lower employment rates results in PYs 2020, 2021, and 2022. The Department anticipates the results of these indicators to begin to increase again in PY 2023.

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. ETA uses the results of such evaluations and research to revise and regularly update strategies.

EMPLOYMENT SERVICE

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2021 Revised Enacted	FY 2022 Full Year C.R.	FY 2023 Request	Diff. FY23 Request / FY22 Full Year C.R.
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	692,370	692,370	721,180	28,810
	Total	692,370	692,370	721,180	28,810

EMPLOYMENT SERVICE

CHANGES IN FY 2023

(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 2021 Revised Enacted	FY 2022 Full Year C.R.	FY 2023 Request	Diff. FY23 Request / Full Year C.R.
Activity Appropriation	670,052	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 meet their workforce demand. During Program Year (PY) 2020, the ES provided 2,437,906 participants with access to labor exchange services virtually and through the AJC network. In the four quarters ending June 30, 2021, this program served more than 2,093,294 unemployed individuals, more than 146,625 veterans, and 120,045 individuals with disabilities.⁵ Additionally, 11,863,488 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 job seekers;
- Connects job seekers to employment services and job opportunities through American Job Centers, including assessments, timely labor market information, career counseling, job search assistance, and referrals to other training/education opportunities and services;
- Utilizes technology to enable remote and online access to labor exchange services and career and labor market information;
- Accelerates reemployment for UI claimants through provision of career services, assessments, and referrals; and
- Improves the transition of separating service members and eligible spouses by reducing unemployment periods through similar reemployment services with the Jobs for Veterans State Grants program.

⁵ PY 2020 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 2020 Enacted	PY 2021 Enacted	PY 2022 Full Year C.R.	PY 2023 President's Budget
Resource Data:				
Service Grant	668,052	670,052	670,052	698,862
Formula	668,052	670,052	670,052	698,862
Competitive				
Research Evaluation				
Demonstration Development				
Training/Technical Assistance				
Program Support				
Total Resources	668,052	670,052	670,052	698,862
Program Data:				
Total Grants	162	162	162	162
New Starts				
#	54	54	54	54
\$	668,052	670,052	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>
2018	\$666,413	0
2019	\$663,052	0
2020	\$668,052	0
2021	\$670,052	0
2022	\$0	0

NOTE: A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared.

GRANTS TO STATES

FY 2023

In FY 2023, 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 anticipated increase of 105,146 additional participants (based on an average cost per participant of \$274 in PY 2020). In addition to serving more participants, the request will continue to fund robust reemployment services to job seekers and businesses rebounding from the pandemic-induced economic crisis. The funding will be awarded under the regular formula allotment to states supporting labor exchange services to a projected 2,550,591 participants.

As discussed in the TES budget chapter, the FY 2023 Budget also includes provisions to improve the efficiency and responsiveness of workforce development state formula programs.

FY 2022

In FY 2022, the Full-Year C.R. level is \$670,052,000 and will be used to operate 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 2,445,445 participants. The request will fund robust reemployment services to job seekers and businesses rebounding from the pandemic-induced economic crisis.

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 was awarded under the regular formula allotment to states supporting labor exchange services to a projected 2,445,445 participants. In FY 2021, states and local areas used WIOA funding to provide reemployment services to the many job seekers eager to safely return to work after pandemic-related unemployment. Many states and local areas also reconsidered 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 job seekers and businesses, in a variety of locations, and at non-standard hours.

GRANTS TO STATES

CHANGES IN FY 2023

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
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Grants, subsidies, and contributions	0
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State Administration Workload	0
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Built-Ins Subtotal	\$0
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Net Program	\$28,810
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Direct FTE	0
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	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 2021 Revised Enacted	FY 2022 Full Year C.R.	FY 2023 Request	Diff. FY23 Request / FY22 Full Year C.R.
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 51⁶ of the Internal Revenue Code of 1986. WOTC is a federal tax incentive to businesses for hiring new employees from targeted groups who consistently experience significant barriers to employment. Subsequent authorizing legislation has changed the eligible target groups over time.

The targeted groups under WOTC include: Temporary Assistance for Needy Families (TANF) recipients, long-term family assistance recipients, Supplemental Nutrition Assistance Program (SNAP) recipients, designated community residents, summer youth employees, vocational rehabilitation referrals, justice involved individuals, Supplemental Security Income recipients, long-term unemployment compensation recipients, and veterans.

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. In Fiscal Year 2020, SWAs issued 1,620,806 certifications.

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.

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

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

Resource and Program Data Work Opportunity Tax Credits State Unemployment Insurance & Employment Service Operations (Dollars in Thousands)

Data Category	FY 2020 Enacted	FY 2021 Enacted	FY 2022 Full Year C.R.	FY 2023 President's Budget
Resource Data:				
Service Grant	20,985	20,985	20,985	20,985
Formula	20,985	20,985	20,985	20,985
Competitive				
Research Evaluation				
Demonstration Development				
Training/Technical Assistance				
Program Support				
Total Resources	20,985	20,985	20,985	20,985
Program Data:				
Total Grants				
New Starts				
#	53	53	53	53
\$	20,985	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>
2018	\$18,485	0
2019	\$18,485	0
2020	\$20,985	0
2021	\$20,985	0
2022	\$0	0

NOTE: A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared.

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 2023

WOTC aligns with the President's priority of advancing equity and support for individuals who have been historically marginalized, including those who have a disability, are low-income, and have experienced long-term unemployment. The Department will continue to develop guidance and technical assistance to promote inclusive hiring practices for all Americans, including those who are members of the WOTC targeted groups.

To support states' processing of WOTC certification requests as well as to reduce the processing backlog, the Department requests \$20,985,000 for FY 2023. 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 2023, 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 2022

To support states' processing of WOTC certification requests as well as to reduce the processing backlog, the Full-Year C.R. level is \$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 provided for FY 2022, the Department will use approximately \$2,500,000 to continue support for states' efforts in reducing WOTC backlogs and modernizing associated information technology. The Department is continuing 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 used 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.

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

CHANGES IN FY 2023

(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 2021 Revised Enacted	FY 2022 Full Year C.R.	FY 2023 Request	Diff. FY23 Request / FY22 Full Year C.R.
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 funds 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:

- Identifying, evaluating, and encouraging adoption of effective workforce practices that lead to quality employment outcomes for job seekers and unemployed individuals, and that meet the workforce challenges of employers; and
- 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 2020 Enacted	FY 2021 Enacted	FY 2022 Full Year C.R.	FY 2023 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>
2018	\$1,333	0
2019	\$1,333	0
2020	\$1,333	0
2021	\$1,333	0
2022	\$0	0

NOTE: A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared.

Funding Mechanism

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

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - TECHNICAL ASSISTANCE AND TRAINING

FY 2023

The FY 2023 Budget requests \$1,333,000 for ES TAT activities. Resources will be used to support online and in-person assistance for states to improve employment outcomes for all participants as well as closing gaps in employment outcomes for marginalized communities. Resources will also be used to better deliver labor market information to job seeker and business customers and to increase attainment of quality employment opportunities for all populations, including those who have been historically marginalized. TA will be delivered largely online and focus on strategies that research indicates are promising or proven.

FY 2022

In FY 2022, the Full-Year C.R. level is \$1,333,000 for ES TAT activities. Resources support online and in-person assistance for states to improve integrated service delivery and labor market information to job seeker and business customers and to increase employment opportunities for all populations. TA is delivered largely online and focuses 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 were used to support online and in-person assistance for states to improve provision of labor market information and services to business customers and to increase employment opportunities for all populations.

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - TECHNICAL ASSISTANCE AND TRAINING

CHANGES IN FY 2023

(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 2021 Revised Enacted	FY 2022 Full Year C.R.	FY 2023 Request	Diff. FY23 Request / FY22 Full Year C.R.
Activity Appropriation	77,810	77,810	98,531	20,721
FTE	153	158	192	34

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 U.S. workers similarly employed 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 U.S. workers similarly employed.

OFLC is comprised of a national office and several national processing centers (NPCs). The national office is responsible for policy and regulatory activities, program management, finance,

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and other administrative and management activities. OFLC administers its labor certification and prevailing wage determination responsibilities through its NPCs, who adjudicate employer applications for temporary nonimmigrant and permanent immigrant employment and prevailing wage determinations.

	FY 2021 Revised Enacted		FY 2022 Full Year C.R.		FY 2023 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
Foreign Labor Certification	187	96,992	202	89,723	236	118,389
Federal Administration	153	57,528	158	57,528	192	70,249
FLC State Grants	0	20,282	0	20,282	0	28,282
FLC H-1B Fees	34	19,182	44	11,913	44	19,858

NOTE: Dollars in thousands. FLC H-1B Fees are not subject to discretionary appropriations. FY 2021 and FY 2022 amounts for FLC H-1B Fees include a rescission of \$7.5 million enacted in FY 2021 and carried forward under an annualized C.R.

Legislative Proposals and Appropriation Language Changes

Provide Authority to Regulate the H-2B Labor Certification Program

The FY 2023 Budget proposes legislation to stabilize administration of the H-2B program by codifying the Department’s H-2B rulemaking authority. The Department of Homeland Security (DHS), by regulation, consults with the Department regarding whether a qualified U.S. worker is available to fill an H-2B employer’s job, and whether a foreign worker’s employment will adversely affect the wages or working conditions of U.S. workers similarly employed. The Department’s efforts to regulate its consultative role in the H-2B nonimmigrant visa program have resulted in litigation and conflicting court decisions concerning the Department’s authority to independently issue H-2B regulations.

Although DHS and the Department each have authority to independently issue rules implementing their respective duties under the H-2B program, the Departments have issued joint regulations governing H-2B labor certification as that independent legal authority has been questioned by some stakeholders. Issuing joint regulations, however, further complicates an already complex Administrative Procedure Act process and can slow the Department’s ability to timely adjust to changing conditions that necessitate regulatory action. Legislation clarifying the Department’s regulatory authority would eliminate the need for joint DHS-DOL rulemaking, reduce the administrative burden that needless litigation continues to place on DOL, DHS, the Department of Justice, and the judicial system, and free up DOL resources that could be better used to adjudicate applications and manage program workload.

Improving Protections for Workers in the H-2B Program

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The FY 2023 Budget proposes to remove riders that prevent the Department from enforcing critical protections for U.S. and H-2B workers. 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 ensuring that they 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.

Expand Foreign Labor Certification Fees

The FY 2023 Budget also proposes legislative authority to institute cost-based fees in the foreign labor certification programs.

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

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DHS and the Department of State have financed similar immigration case-adjudication activities through application fees for many years. The proposed legislation would align the Department with that established precedent. These fees would help offset federal costs for administering the foreign labor certification programs and, once fully implemented, would significantly reduce the need for appropriations for these purposes and establish a funding structure more responsive to changes in workload.

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

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2018	\$62,310	161
2019	\$70,560	160
2020	\$68,810	144
2021	\$77,810	158
2022	\$0	0

NOTE: A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared.

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WORKLOAD AND PERFORMANCE SUMMARY					
		FY 2021 Revised Enacted		FY 2022 Full Year C.R.	FY 2023 Request
		Target	Result	Target	Target
Foreign Labor Certification					
Strategic Goal 1 - Build Opportunity and Equity for All					
Strategic Objective 1.1 - Advance training, employment, and return-to-work opportunities that connect workers to higher-wage jobs, especially in ways that address systemic inequities.					
ETA-Budget OFLC-02	PERM New Applications Filed	109,300[p]	120,660	125,400[p]	129,000[p]
ETA-Budget OFLC-03	PERM Applications Processed	111,700	108,264	120,000	135,000
ETA-Budget OFLC-05	H-1B New Applications Filed	497,100[p]	523,447	483,300[p]	436,200[p]
ETA-Budget OFLC-06	H-1B Applications Processed	502,600	528,902	493,400	446,900
ETA-Budget OFLC-08	H-2A New Applications Filed	16,500[p]	16,546	18,800[p]	21,500[p]
ETA-Budget OFLC-09	H-2A Applications Processed	16,200	16,334	18,300	20,700
ETA-Budget OFLC-11	H-2B New Applications Filed	9,300[p]	9,964	13,100[p]	13,500[p]
ETA-Budget OFLC-12	H-2B Applications Processed	9,230	9,798	13,000	13,400

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WORKLOAD AND PERFORMANCE SUMMARY					
		FY 2021 Revised Enacted		FY 2022 Full Year C.R.	FY 2023 Request
		Target	Result	Target	Target
ETA-FLC-01	Average Number of Days to Resolve PERM Applications NOT Subject to Integrity Review (Analyst Review) (OFLC).	190	186	180	120
ETA-FLC-02	Average Number of Days to Resolve PERM Applications Subject to Integrity Review (Audit) (OFLC).	350	334	270	240
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).	97.0%	97.0%	97.0%	97.0%
ETA-FLC-05	Percent of H-2B Employer Applications Resolved 30 days Before the Date of Need	75.0%	77.1%	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

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

Application volumes for all OFLC programs have increased significantly over the past decade – and application levels in some programs have more than doubled. The Department received 202 percent more H-2A applications in FY 2021 than in FY 2012; 135 percent more H-2B applications; 73 percent more PERM applications; 32 percent more H-1B applications; and 42 percent more applications for prevailing wage determinations. In its second full fiscal year of operation (FY 2021), the CW-1 program received approximately 3,500 CW-1 prevailing wage determination requests and more than 3,800 CW-1 labor certification applications, further driving up application levels. Despite continuing administrative and technological improvements to increase operational flexibility and efficiency, this upsurge in application levels can adversely impact the Department’s ability to process applications in a timely manner during peak filing seasons. The additional funding requested for FY 2023 will help the Department stabilize and reduce PERM adjudication times and support larger H-2A caseloads resulting from increased use of the H-2A program in the Northern Triangle Countries (Guatemala, El Salvador, and Honduras).

Rising demand for a limited number of H-2B visas has condensed the peak H-2B filing season, as an increasing number of employers submit their applications within a few hours or days of the beginning of the allowable application period. Employers do this to increase their chances of obtaining their requested visas under the mandated semi-annual cap of 33,000 administered by DHS. For example, the Department received 7,917 applications requesting more than 137,000 workers within the first three days that applications could be submitted in January 2022 – a 47% increase from the previous year and more than four times the semi-annual cap for the second half of FY 2022. 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 in recent years, with the annual number of certified H-2A worker positions nearly tripling from FY 2012 (85,248) to FY 2021 (317,619). 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 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 application type, authorize overtime for federal

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staff, and hire additional temporary contractor staff during 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 the full implementation of new labor certification application forms and a modernized cloud-based Foreign Labor Application Gateway (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.

FOREIGN LABOR CERTIFICATION

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2021 Revised Enacted	FY 2022 Full Year C.R.	FY 2023 Request	Diff. FY23 Request / FY22 Full Year C.R.
11.1	Full-time permanent	18,617	18,617	24,619	6,002
11.3	Other than full-time permanent	65	65	65	0
11.5	Other personnel compensation	431	431	431	0
11.9	Total personnel compensation	19,113	19,113	25,115	6,002
12.1	Civilian personnel benefits	6,896	6,896	8,773	1,877
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	40	40	40	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	1,731	1,731	1,731	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	70	70	70	0
24.0	Printing and reproduction	250	250	250	0
25.1	Advisory and assistance services	13,366	13,366	16,606	3,240
25.2	Other services from non-Federal sources	30	30	30	0
25.3	Other goods and services from Federal sources 1/	11,233	11,233	15,755	4,522
25.4	Operation and maintenance of facilities	400	400	400	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	4,305	4,305	1,305	-3,000
26.0	Supplies and materials	14	14	14	0
31.0	Equipment	0	0	80	80
41.0	Grants, subsidies, and contributions	20,282	20,282	28,282	8,000
42.0	Insurance claims and indemnities	80	80	80	0
	Total	77,810	77,810	98,531	20,721
	1/Other goods and services from Federal sources				
	CIGIE	0	0	1,945	1,945
	Working Capital Fund	8,386	8,386	9,793	1,407

FOREIGN LABOR CERTIFICATION

CHANGES IN FY 2023

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$1,252
Personnel benefits	537
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 **\$3,196**

Net Program **\$17,525**

Direct FTE **34**

	Estimate	FTE
Base	\$81,006	158
Program Increase	\$17,525	34
Program Decrease	\$0	0

FEDERAL ADMINISTRATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2021 Revised Enacted	FY 2022 Full Year C.R.	FY 2023 Request	Diff. FY23 Request / Full Year C.R.
Activity Appropriation	57,528	57,528	70,249	12,721
FTE	153	158	192	34

NOTE: FY 2021 reflects actual FTE. FY 2022 reflects estimated FTE usage at the annualized level of the CR.

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 American Competitive and Workforce Investment Act (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 2023 Budget proposes to strengthen the OFLC program by:

- 1) Improving Case Adjudication in the PERM program;
- 2) Increasing H-2A Program Use in the Northern Triangle Countries;
- 3) Authorizing the Department to Collect Fees for Labor Certification Applications;
- 4) Confirming DOL's Authority to Regulate the H-2B Program; and
- 5) 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 will help mitigate the risks associated with processing delays while strengthening the Department's authority to administer and enforce critical worker protections in the FLC programs.

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2018	\$48,028	161
2019	\$56,278	160
2020	\$54,528	144
2021	\$57,528	158
2022	\$0	0

NOTE: A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared.

FEDERAL ADMINISTRATION

FY 2023

In FY 2023, the Department requests \$70,249,000 and 192 FTE for the Federal Administration of the foreign labor certification program. The Department projects that it will receive 843,100 foreign labor certification applications in FY 2023. The requested resources will support the operation, management, and oversight of OFLC, help reduce the risk of delays, and preserve program integrity amidst sharply rising application levels.

Improving Case Adjudication in the PERM program

In FY 2023, the Department requests \$3,025,000 and 19 FTE for PERM case-processing support. These resources will enable OFLC to decrease and stabilize PERM processing times and mitigate the risk of backlogs and delays as application levels continue to rise. PERM application volumes have increased significantly in the last decade, with 73 percent more applications filed in FY 2021 than in FY 2012. In addition, as application levels have increased in recent years across the OFLC programs, federal staff are often temporarily shifted away from processing PERM applications to handle a seasonal surge in temporary labor certification applications (which are subject to statutory and regulatory case-processing deadlines). The combination of rising PERM application volumes and the necessity of shifting limited staff resources to other labor certification business lines to meet statutory and regulatory timelines has increased PERM case-adjudication times. For example, the average processing time for PERM applications not subject to audit examination has more than double in recent years, from 76 days in FY 2019 to 186 days in FY 2021.

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. In addition, these resources will help OFLC modernize its information technology systems to promote the seamless and efficient processing of PERM applications. OFLC is also simultaneously pursuing revisions to the PERM application form (ETA-9089) to improve the quality of case submissions and promote program integrity by collecting additional data from applicants.

Increasing H-2A Program Use in the Northern Triangle Countries

The Department requests \$6,500,000 million in the Federal Administration budget activity to support expanding pathways for foreign nationals in Guatemala, El Salvador, and Honduras (Northern Triangle Countries) to work legally in the United States. Specifically, this proposal will support the expansion of the H-2A Temporary Agricultural Program in the Northern Triangle Countries. To help achieve this goal, OFLC will use the requested funds to hire an additional 15 FTE, along with contractor support staff, to help adjudicate an estimated permanent increase of nearly 2,000 H-2A applications annually.

FY 2022

An annualized Continuing Resolution level would appropriate \$57,528,000 for the Federal Administration of the foreign labor certification program. The Department projects that it will

FEDERAL ADMINISTRATION

receive 858,800 applications for foreign labor certification and prevailing wage determinations by the end of FY 2022, an increase over FY 2021 as the economy continues to recover from the unprecedented effects of the COVID pandemic.

FY 2021

In FY 2021, \$57,528,000 was appropriated for OFLC Federal Administration. These resources supported the adjudication of 869,982 applications for labor certification and prevailing wage determinations received by the Department in FY 2021. By application type, the Department received approximately 120,700 applications for PERM, 523,400 applications for H-1B, 16,500 applications for H-2A, 9,900 applications for H-2B, 3,900 applications for CW-1, and 195,500 requests for prevailing wage determinations.

FEDERAL ADMINISTRATION

BUDGET ACTIVITY COMPONENT BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2021 Revised Enacted	FY 2022 Full Year C.R.	FY 2023 Request	Diff. FY23 Request / FY22 Full Year C.R.
11.1	Full-time permanent	18,617	18,617	24,619	6,002
11.3	Other than full-time permanent	65	65	65	0
11.5	Other personnel compensation	431	431	431	0
11.9	Total personnel compensation	19,113	19,113	25,115	6,002
12.1	Civilian personnel benefits	6,896	6,896	8,773	1,877
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	40	40	40	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	1,731	1,731	1,731	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	70	70	70	0
24.0	Printing and reproduction	250	250	250	0
25.1	Advisory and assistance services	13,366	13,366	16,606	3,240
25.2	Other services from non-Federal sources	30	30	30	0
25.3	Other goods and services from Federal sources 1/	11,233	11,233	15,755	4,522
25.4	Operation and maintenance of facilities	400	400	400	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	4,305	4,305	1,305	-3,000
26.0	Supplies and materials	14	14	14	0
31.0	Equipment	0	0	80	80
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	80	80	80	0
	Total	57,528	57,528	70,249	12,721
	1/Other goods and services from Federal sources				
	CIGIE	0	0	1,945	1,945
	Working Capital Fund	8,386	8,386	9,793	1,407

FEDERAL ADMINISTRATION

CHANGES IN FY 2023

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$1,252
Personnel benefits	537
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 **\$3,196**

Net Program **\$9,525**

Direct FTE **34**

	Estimate	FTE
Base	\$60,724	158
Program Increase	\$9,525	34
Program Decrease	\$0	0

STATE GRANTS

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2021 Revised Enacted	FY 2022 Full Year C.R.	FY 2023 Request	Diff. FY23 Request / Full Year C.R.
Activity Appropriation	20,282	20,282	28,282	8,000
FTE	0	0	0	0

Introduction

The Department provides annual grants to State Workforce Agencies (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 Department 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 2020 Enacted	FY 2021 Enacted	FY 2022 Full Year C.R.	FY 2023 President's Budget
Resource Data:				
Service Grant	14,282	20,282	20,282	28,282
Formula	14,282	20,282	20,282	28,282
Competitive				
Research Evaluation				
Demonstration Development				
Training/Technical Assistance				
Program Support				
Total Resources	14,282	20,282	20,282	28,282
Program Data:				
Total Grants	165	165	165	165
New Starts				
#	54	54	54	54
\$	14,282	20,282	20,282	28,282
Continuing				
#	108	108	110	110
Contracts				
#				
\$				
Interagency Agreements				
#				
\$				

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2018	\$14,282	0
2019	\$14,282	0
2020	\$14,282	0
2021	\$20,282	0
2022	\$0	0

NOTE: A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared.

STATE GRANTS

FY 2023

In FY 2023, the Department requests \$28,282,000 for foreign labor certification state grants, an increase of \$8,000,000 from the FY 2021 Enacted level. Of that total, \$2,000,000 would support state activities to process an anticipated surge in H-2A applications due to expanded employment in H-2A of nationals from Central America.

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 tripled, from 85,248 in FY 2012 to 317,619 in FY 2021, straining SWAs' ability to complete these required inspections timely. The H-2A program is also expected to continue to increase rapidly in future years, with the number of H-2A and H-2B job orders processed by SWAs expected to increase by more than 80 percent from 19,099 in FY 2017 to approximately 35,000 in FY 2023.

Within the requested increase, the Department plans to use \$2,000,000 to help states manage expected additional workload due to the expanded use of the H-2A Temporary Agricultural program in Guatemala, El Salvador, and Honduras (Northern Triangle Countries). Specifically, the Administration has set a goal of increasing H-2A program usage by foreign nationals from the Northern Triangle Countries by 40,000. Expanding the H-2A program in the Northern Triangle Countries will create additional workload for the SWAs, who are required to carry out specified state-level activities for each H-2A application. These activities include, but are not limited to, inspecting employer-provided housing for H-2A agricultural workers and placing an estimated 2,000 additional job orders to recruit U.S. workers for available positions.

The additional resources requested in the FY 2023 Budget can help SWAs keep pace with the significant increase in state-level workload demands, even as increased requests for foreign nationals from the Northern Triangle Countries begin to arrive. These resources can be targeted to the states where workload demand is greatest, used to conduct additional prevailing wage and practice surveys, and perform site visits to ensure that workers are receiving the wages and benefits they are entitled to under the labor certification.

FY 2022

An annualized Continuing Resolution level would appropriate \$20,282,000 for foreign labor certification state grants. The Department anticipates that state-level workload in the foreign

STATE GRANTS

labor certification programs will increase in FY 2022 as H-2A and H-2B application levels continue to rise.

FY 2021

In FY 2021, Congress appropriated \$20,282,000 for foreign labor certification 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 helped ease that strain and reduced 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. SWAs conducted inspections on 74,367 units for housing temporary agricultural workers employed under H-2A visas and reviewed and posted approximately 26,510 H-2A and H-2B job orders to recruit U.S. workers by the end of FY 2021.

STATE GRANTS

BUDGET ACTIVITY COMPONENT BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2021 Revised Enacted	FY 2022 Full Year C.R.	FY 2023 Request	Diff. FY23 Request / FY22 Full Year C.R.
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	20,282	20,282	28,282	8,000
	Total	20,282	20,282	28,282	8,000

STATE GRANTS

CHANGES IN FY 2023

(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 \$8,000

Direct FTE 0

	Estimate	FTE
Base	\$20,282	0
Program Increase	\$8,000	0
Program Decrease	\$0	0

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2021 Revised Enacted	FY 2022 Full Year C.R.	FY 2023 Request	Diff. FY23 Request / FY22 Full Year C.R.
Activity Appropriation	62,653	62,653	85,653	23,000
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 career and strategic planning. This activity includes Workforce Information Grants to States (WIGS), 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. These data inform individuals' job searches, 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 assistance available for individuals (e.g., unemployment insurance and social, family, housing, and emergency services);
- Employer and economic development tools; and

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

- Tools specifically tailored for veterans and transitioning military service members.
- **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 systems to serve persons with disabilities, the Department also 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 2023 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.

Resource and Program Data
Workforce Information/E-tools/System Building
State Unemployment Insurance & Employment Service Operations
(Dollars in Thousands)

Data Category	PY 2020 Enacted	PY 2021 Enacted	PY 2022 Full-Year C.R.	PY 2023 President's Budget
<u>Resource Data:</u>				
Service Grant	53,649	53,649	53,649	68,149
Formula	31,915	31,915	31,915	39,915
Competitive	21,734	21,734	21,734	28,234
Research Evaluation				1,750
Demonstration Development				1,750
Training/Technical Assistance	3,930	3,930	3,930	8,930
Program Support	5,074	5,074	5,074	5,074
Total Resources	62,653	62,653	62,653	85,653
<u>Program Data:</u>				
Total Grants	60	60	60	60
New Starts				
#	58	58	58	58
\$	43,382	43,382	43,382	57,882
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>
2018	\$62,653	0
2019	\$62,653	0
2020	\$62,653	0
2021	\$62,653	0
2022	\$0	0

NOTE: A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared.

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

Funding Mechanism

The WIGS 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 RETAIN grants are awarded through a competitive solicitation.

FY 2023

The FY 2023 Budget requests \$85,653,000 for the Workforce Information/Electronic Tools/System Building activity. This request represents an increase of \$23,000,000 from the FY 2021 Enacted. The base funds will support WIGS 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 2023 Budget request includes an increase of \$8,000,000 for WIGS to improve each state’s ability to provide timely, accurate, and easily understandable labor market information to job seekers, businesses, state planners, economic development entities, and Workforce Boards. This investment will be awarded as grants to states according to a formula for the annual WIGS allotments. After years of disinvestment in the foundational ingredient in data-informed decision-making, the Department requests this \$8,000,000 increase to enable states to maintain and continue to improve upon their products and infrastructure, including hardware and software upgrades, staffing, and staff training on new data analysis and data visualization techniques, and potentially pursuing data-sharing agreements.

The request includes \$10,000,000 to support a skills-based hiring initiative that will be carried out in collaboration with the Department of Commerce. This initiative will provide technical assistance to businesses aiming to implement skills-based hiring approaches, in addition to developing and enhancing skills-based hiring tools and resources.

The Budget also requests \$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 O*NET system, better ensuring

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

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.

These increases are designed to improve the usefulness and accessibility of labor market information for a diverse range of customers and users. These improvements will yield more actionable information for individuals to better understand jobs in demand in their area, identify potential on-ramps to careers, and find pathways to advancement through relevant education and training, including apprenticeships. As such, these proposals advance equity by enabling workers, students, and others to identify opportunities for training and employment more easily and make data-driven decisions about their education and careers. Free, easy to use, and publicly available labor market information levels the playing field for marginalized populations who are otherwise shut out of the information networks that help more advantaged job seekers advance.

FY 2022

The FY 2022 Full-Year C.R. level is \$62,653,000 for the Workforce Information/Electronic Tools/System Building activity. The base funds support WIGS 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.

FY 2021

In FY 2021, Congress appropriated \$62,653,000 for the Workforce Information/Electronic Tools/System Building activity. These funds supported WIGS 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. The Department continued 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)

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

taxonomy, and to augment it with additional O*NET detailed occupations, including in cybersecurity—based on collaboration with the NIST NICE Framework team.

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

WORKLOAD AND PERFORMANCE SUMMARY								
	PY 2020 Revised Enacted		PY 2021 Revised Enacted		PY 2022 Full Year C.R.	PY 2023 Request		
	Target	Result	Target	Result	Target	Target		
Workforce Information-Electronic Tools-System Building								
Strategic Goal 1 - Build Opportunity and Equity for All								
Strategic Objective 1.1 - Advance training, employment, and return-to-work opportunities that connect workers to higher-wage jobs, especially in ways that address systemic inequities.								
ETA-eTools-01	Combined CareerOneStop and O*NET site visits (in millions)		72.5	96.9	100.0	--	110.0	120.0
ETA-eTools-02	Combined CareerOneStop and O*NET page views (in millions)		800.0	806.5	830.0	--	850.0	870.0
ETA-eTools-03	Combined CareerOneStop and O*NET Web Service Usage (in millions)		550.0	832.6	850.0	--	875.0	900.0

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

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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 2022 and PY 2023 for combined CareerOneStop and O*NET Websites are 110 and 120 million site visits, respectively and 850 million and 870 million combined page views, respectively. In addition, the PY 2022 target for web service calls combined for CareerOneStop and O*NET is 875 million and the PY 2023 target is 900 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.

Less measurable quantitatively, but no less important, is the fact that WIGS funding enables states to develop and provide accurate and timely workforce and labor market information that supports efficiently functioning labor markets by helping job seekers, businesses, and policymakers make data-driven decisions about job search, training, education, hiring, and business development. Recent economic changes have precipitated many rapidly changing business and labor dynamics, highlighting the critical need for even more timely, localized, relevant, and actionable workforce and labor market information. The additional WIGS funding requested in this budget would build the capacity of states to much more robustly support data-driven decision-making through improved workforce and labor market information, including more useful and user-friendly data visualizations and tools for the public.

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

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2021 Revised Enacted	FY 2022 Full Year C.R.	FY 2023 Request	Diff. FY23 Request / FY22 Full Year C.R.
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	6,887	6,887	6,887	0
41.0	Grants, subsidies, and contributions	55,766	55,766	78,766	23,000
	Total	62,653	62,653	85,653	23,000

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

CHANGES IN FY 2023

(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 **\$23,000**

Direct FTE **0**

	Estimate	FTE
Base	\$62,653	0
Program Increase	\$23,000	0
Program Decrease	\$0	0