

FY 2008

PERFORMANCE BUDGET

EMPLOYMENT AND TRAINING ADMINISTRATION

Federal Unemployment Benefits and Allowances

**EMPLOYMENT AND TRAINING ADMINISTRATION
Federal Unemployment Benefits and Allowances (FUBA)**

PERFORMANCE BUDGET

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FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES (FUBA)

APPROPRIATION LANGUAGE

For payments during the current fiscal year of trade adjustment benefit payments and allowances under part I and section 246; and for training, allowances for job search and relocation, and related State administrative expenses under part II of chapter 2, title II of the Trade Act of 1974 (including the benefits and services described under sections 123(c)(2) and 151(b) and (c) of the Trade Adjustment Assistance Reform Act of 2002, Public Law 107-210), \$888,700,000, together with such amounts as may be necessary to be charged to the subsequent appropriation for payments for any period subsequent to September 15 of the current year.

Note. – A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

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EXPLANATION OF LANGUAGE CHANGE

No change except funding level.

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES (FUBA)

ANALYSIS OF APPROPRIATION LANGUAGE

Not applicable.

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

AMOUNTS AVAILABLE for OBLIGATIONS

(Dollars in Thousands)

	FY 2006 Enacted		FY 2007 C.R.		FY 2008 Agency Request	
	FTE	Amount	FTE	Amount	FTE	Amount
	A. Appropriation (Amount shown in Appropriation Language)		\$966,400		\$837,600	
Other Supplementals and Rescissions						
Appropriation, Revised	0	\$966,400	0	\$837,600	0	\$888,700
Comparative Transfer From:						
A.1) Subtotal Appropriation	0	\$966,400	0	\$837,600	0	\$888,700
(adjusted)						
Offsetting Collections From:						
Reimbursements		\$373,000		\$40,000		\$40,000
Trust Funds						
Fees						
A.2) Subtotal <i>[positive entry]</i>	0	\$373,000	0	\$40,000	0	\$40,000
B. Gross Budget Authority [sum of A.1 and A.2]	0	\$1,339,400	0	\$877,600	0	\$928,700
Offsetting Collections						
Deduction: (all entries are negative)						
Reimbursements		-\$373,000		-\$40,000		-\$40,000
Fees						
B.1) Subtotal <i>[negative entry]</i>	0	-\$373,000	0	-\$40,000	0	-\$40,000
C. Budget Authority [sum of B. and B.1]	0	\$966,400	0	\$837,600	0	\$888,700
Before Committee	0	\$966,400	0	\$837,600	0	\$888,700
Offsetting Collections From: <i>[all entries are positive]</i>						
Reimbursements		\$373,000		\$40,000		\$40,000
C.1) Subtotal <i>[positive entry]</i>	0	\$373,000	0	\$40,000	0	\$40,000
D. Total Budgetary Resources	0	\$1,339,400	0	\$877,600	0	\$928,700
Other Unobligated Balances						
Unobligated Balance Expiring		-\$139,000				
E. Total, Estimated Obligations	0	\$1,200,400	0	\$877,600	0	\$928,700

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2007 Request	FY 2008 Agency Request	Net Change
Budget Authority			
General Funds	837,600	888,700	51,100
Trust Funds			0
Total	837,600	888,700	51,100

Explanation of Changes	FY 2007 Base		FY 2008 Change						
			Trust Funds		General Funds		Total		
			FTE	Amount	FTE	Amount	FTE	Amount	FTE
Increases									
A. Built-Ins:									
To provide for an increase for TAA Training		259,600				100			100
To provide for an increase for TAA Benefits		558,000				48,000			48,000
To provide for an increase in ATAA		20,000				3,000			3,000
Built-Ins Subtotal		N/A	0	0	0	51,100	0		51,100
Total Increase		N/A	0	0	0	51,100	0		51,100
Total Change		N/A	0	0	0	51,100	0		51,100

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

Summary Budget Authority and FTE by Activity¹
(Dollars in Thousands)

	FY 2006		FY 2007		FY 2008			
	Enacted		C.R.		Current Law Baseline		Legislative Proposal **	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Federal Unemployment Benefits and Allowances		966,400		837,600		888,700		888,700
Trade Adjustment Assistance		966,400		837,600		888,700		888,700
TAA Benefits		655,000		558,000		606,000		606,000
TAA Training		259,400		259,600		259,700		259,700
Alternative TAA		52,000		20,000		23,000		23,000

** The authorization for the regular TAA program expires September 30, 2007, and Alternative TAA expires the following year. The President's Budget for FY 2008 proposes to extend regular TAA and Alternative TAA for five years. Regular TAA is in the mandatory baseline, and this Budget requests the appropriators to continue the program if it is not reauthorized on a timely basis. The Alternative TAA demonstration program was initiated a year later so its funding is still in the baseline for FY 2008.

¹FY 2006 reflects enacted, not actual, levels.

The FY 2007 Continuing is the assumed current rate under the terms of P.L. 109-289, as amended.

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Federal Unemployment Benefits and Allowances
Budget Authority By Object Class
(Dollars in Thousands)

	FY 2006 Enacted	FY 2007 C.R.	FY 2008		08 Agency Request/ 07 C.R.
			Current Law	Legislative Proposal	
41.0 Grants	966,400	837,600	888,700	888,700	51,100
Subtotal	966,400	837,600	888,700	888,700	51,100
Offsetting Collections From:					
Reimbursements	373,000	40,000	40,000	40,000	0
Fees	0	0	0	0	0
Subtotal	373,000	40,000	40,000	40,000	0
Total Resources	1,339,400	877,600	928,700	928,700	51,100

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

SIGNIFICANT ITEMS IN FY 2007

APPROPRIATIONS COMMITTEES' REPORTS

Not applicable.

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

APPROPRIATION HISTORY
FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES
(\$ in thousands)

	Budget Estimates to <u>Congress</u>	House <u>Allowance</u>	Senate <u>Allowance</u>	<u>Appropriation</u>	
1998.....	349,000	349,000	349,000	349,000	
1999.....	360,700	360,700	360,700	360,700	<u>1/</u>
2000.....	314,400	314,400	415,150	415,150	
2001.....	406,550	406,550	406,550	406,550	
2002.....	415,650	415,650	415,650	415,650	<u>2/</u>
2003.....	972,200	<u>3/</u> 972,200	972,200	972,200	<u>4/</u>
2004.....	1,338,200	1,338,200	1,338,200	1,338,200	
2005.....	1,057,300	1,057,300	1,057,300	1,057,300	
2006.....	966,400	966,400	966,400	966,400	
2007.....	938,600				
2008.....					

1/ Excludes \$22,750,000 included in the Advances to the Unemployment Trust Fund and Other Funds appropriation which was transferred to this account.

2/ Excludes the effect of extending the programs and \$3,000,000 included in Advances to the Unemployment Trust Fund and Other Funds Account.

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

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

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

(Dollars in Thousands)

	FY 2006 Enacted	FY 2007 C.R.	Difference FY 06 Enact FY 07 C.R.	FY 2008		Difference FY 07 C.R. FY 08 Req
				Current Law	Legislative Proposal	
			Activity Appropriation	\$966,400	\$837,600	-\$128,800
Federal Unemployment Benefits and Allowances	\$966,400	\$837,600	-\$128,800	\$888,700	\$888,700	\$51,100

Introduction

For Fiscal Year (FY) 2008, the Department of Labor requests a total of \$888,700,000 for Trade Adjustment Assistance (TAA), comprised of: \$606,000,000 for TAA benefits; \$259,700,000 for training, job search allowances, relocation allowances, and associated administrative costs; and \$23,000,000 for Alternative Trade Adjustment Assistance (ATAA) wage supplements. Included in this request is \$220,000,000 for TAA training, the maximum amount allowable under the Trade Act of 1974, as amended.

The TAA and ATAA programs provide assistance to workers that have been adversely affected by foreign trade. Economic globalization has led to dynamic changes in many business sectors. While many new jobs are created, others are lost. In the new global economy, the TAA program is an important tool for keeping our nation’s workforce competitive.

To be eligible for TAA or ATAA benefits, a group of workers, a company official, a union or other duly authorized representative, or a One-Stop Operator or One-Stop partner must file a petition with the Department of Labor. In response to the petition, the Department institutes an investigation to determine whether the workers were laid off as a direct result of foreign trade. If the Department determines that the workers meet the statutory criteria, it issues a certification of eligibility for the workers in the group to apply for benefits and services through the One-Stop Career Center system. The Trade Adjustment Assistance Reform Act of 2002 (Trade Act of 2002) expanded eligibility for the program to include secondary workers. These are workers whose layoff was caused by loss of business as a supplier of component parts, a final assembler, or a finisher for a firm employing a worker group with a current TAA certification. The Trade Act of 2002 also expanded eligibility to encompass workers whose employers shift production overseas to certain countries. For the most recent complete fiscal year, approximately 120,000 workers were potentially eligible to apply for TAA benefits and services.

Once covered by a certification, individual workers apply for benefits and services through the One-Stop Career Center system. Each benefit and service has specific individual eligibility

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criteria that must be met, such as previous work history, unemployment insurance eligibility, and individual skill levels. Of the potentially eligible workers, roughly 40,000 individuals begin receiving TAA-funded benefits or services each year. In addition, another 40,000 individuals who began receiving services in previous years continue to receive them. Consequently, approximately 80,000 trade-affected workers receive benefits in any given year.

The TAA program offers the following services to certified individuals: training, weekly income support, out-of-area job search and relocation allowances, and a Health Coverage Tax Credit (HCTC). The ATAA program offers a wage supplement and HCTC to workers aged 50 years and over within the TAA population. Reemployment services, including assessment and placement services, are not provided with TAA funds. These services, provided as “wrap-around” services through the Workforce Investment Act (WIA) and other partner programs, are essential to ensuring that the TAA training investment results in optimal performance outcomes. Co-enrolling TAA participants in WIA services facilitates the provision of these essential services to trade-affected workers.

The TAA and ATAA programs are an integral part of the comprehensive workforce investment system. These programs are essential to helping workers dislocated because of foreign trade adjust to changing market conditions and shifting skill requirements. Addressing the needs of trade-affected workers involved in this transformation is a unique challenge because, in general, these workers are being dislocated from relatively low-skill, high-wage employment. In many cases, this is complicated by mass layoffs or plant closures that occur in single industry towns, which makes finding comparable employment in the same geographic area difficult. Furthermore, many of these jobs are lost permanently from the domestic economy, requiring the skills of affected workers to be completely retooled. These factors underscore the need to help these workers meet the needs of businesses in high growth, high demand industries.

In FY 2006, for example, 13% of TAA participants were reported to have required remedial education as part of their training program, while in the larger WIA Dislocated Worker program for Program Year 2004 only 3% of participants required basic or remedial education. In addition, in comparison to the WIA Dislocated Worker program, the TAA program served proportionally more workers over age 55 (21% versus 12%), and high school dropouts (19% versus 7%), as well as fewer college graduates (8% versus 14%). The typical TAA participant was also employed an average of almost 10 years with the same employer prior to their separation. As indicated by the above comparisons, TAA participants tend to be older and less educated than the general dislocated worker population served by WIA, so they face different barriers to becoming reemployed at comparable wage levels.

The success of the TAA program under this performance budget will be measured in terms of employment, retention, and earnings. Performance levels achieved under comparable measures have improved in recent years, and helping states achieve those goals will be a strong management focus. Improving performance is important not only because trade-affected

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workers need to be able to reenter the workforce, but also because the Department is committed to the broader goal for all of its programs of developing a competitive workforce that is prepared to meet the needs of businesses in high growth, high demand industries.

The TAA program must be a vital part of each community's workforce and economic development programs. Effective utilization of partnerships with other programs will be emphasized to provide reemployment services delivered by the One-Stop Career Centers, such as assessment, counseling, career planning, development of individual employment plans, job search, and placement services. Successfully integrating the TAA program into the larger workforce investment system is critical so that certified workers are able to access the full range of employment and training services available to them with minimal delay.

TAA and NAFTA-TAA
Activities for Fiscal Years 2001-2006(Q1,Q2)

Fiscal Year	Est. No. Workers Covered by Certifications	New TRA Recipients	New Training Recipients
TAA			
2001	139,587	31,459	24,843
2002	235,072	37,426	37,186
2003	197,359	44,135	43,206
2004	148,650	81,248	50,929
2005	117,904	55,293	37,774
2006*	120,199	53,493	35,958
NAFTA-TAA			
2001	79,395	3,239	5,098
2002	112,376	4,936	8,585
2003	17,641	3,857	4,033
2004	**0	2,800	2,366
2005	**0	114	421
2006	**0	1	28

* The 2006 numbers are preliminary and refer to the first two quarters.

** The Department ceased accepting NAFTA-TAA petitions on November 4, 2002.

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Five-Year Budget History**TAA Benefits**

Fiscal Year	Funding (Dollars in Thousands)
2003	\$720,000
2004	\$1,069,000
2005	\$750,000
2006	\$655,000
2007	\$558,000

TAA and NAFTA-TAA Training

Fiscal Year	Funding (Dollars in Thousands)
2003	\$259,250
2004	\$259,200
2005	\$259,300
2006	\$259,400
2007	\$259,600

Alternative TAA

Fiscal Year	Funding (Dollars in Thousands)
2003	\$0
2004	\$10,000
2005	\$48,000
2006	\$52,000
2007	\$20,000

FY 2008

The authorization for the regular Trade Adjustment Assistance (TAA) program expires September 30, 2007. The authorization of the Alternative TAA program, which was initiated in August 2003, expires the following year. The FY 2008 Budget proposes to extend and improve both programs for five years.

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The Department assumes two Final Rules for TAA regulations incorporating the amendments in the Trade Act of 2002 to be in effect in FY 2008. In support of these regulations, the Department plans to continue extensive training for state and local staff in order to ensure that the new provisions are fully implemented. The new regulations which incorporate the provisions of the Trade Act of 2002, require assessment of workers' skill levels before training, encourage the use of local labor market information to identify high growth, high demand occupations for which workers may be trained, and strengthen performance expectations and accountability. These efforts will improve the ability to match workers' skill needs with training to meet the needs of the business community and, therefore, improve outcomes.

The Department expects the final report on the results of the co-enrollment study involving six states conducted during FY 2006 and 2007 in early spring.

The Department estimates that of the approximately 120,000 certified workers, 62,500 trade affected workers will receive TRA and 80,000 will receive training in FY 2008.

FY 2007

The Department estimates that approximately 80,000 trade affected workers will receive training in FY 2007.

The Department plans to implement a new ETA reporting system, which will consolidate reporting for a number of different ETA programs, including the TAA program, into one standardized record. Use of the reporting system will provide additional support for integrating services to participants and communication between programs.

The Department will make on-line submission of the TAA petition form available to allow for instantaneous filing with the Department and State Workforce Agencies in FY 2007. We expect that this will result in faster and more accurate filing of TAA petitions by workers who may be affected by trade.

Based upon preliminary findings from the co-enrollment demonstration project, the Department intends to take steps to foster nationwide co-enrollment of TAA and WIA participants so that a range of appropriate services can be made available to address worker dislocations.

FY 2006

During FY 2006, the TAA program moved to the job training common performance measures. In order to capture the common measures, states began reporting on a revised Trade Act Participant Report (TAPR). The Department believes that the reporting changes, and guidance and training that have been done around the changes will lead to improved accuracy in TAA reporting and to the program goals being met in future years.

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The Department has issued a Notice of Proposed Rulemaking for two of three sections of the new TAA regulations that incorporate the provisions of the Trade Act of 2002. The Department has collected and review public comments on the new regulatory provisions that reflect the changes in the Trade Act of 2002, link TAA program activities more closely with the One-Stop Career Center system, strengthen performance expectations and accountability, and encourage enrollment in training that will lead to jobs in high growth, high demand industries.

The Department sponsored a National Rapid Response Summit which included TAA practitioners. The summit provided an opportunity for the Department to deliver program updates and guidance to those individuals who serve our clients at the state and local level on issues such as ATAA, co-enrollment, the common measures performance requirements, accrual reporting and new regulations. The meeting also emphasized the departmental focus on integration of services and on using approved training to connect workers to high-growth, high-demand industries.

Another initiative designed to foster integration of services between programs is the co-enrollment study being conducted in six states that have agreed to fully co-enroll TAA participants in the WIA program to provide wrap around services. We expect this study to show that co-enrollment does not negatively impact WIA performance, while enhancing outcomes for workers trained under the TAA program by providing better assessment and follow-up placement services.

The Department also issued a new brochure for the TAA and ATAA programs in an effort to improve outreach and communication during FY 2006, and conducted a review of the program information available on the website.

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WORKLOAD SUMMARY

(Dollars in Thousands)

	FY 2006 Enacted	FY 2007 C.R.	FY 2008	
			Current Law	Legislative Proposal
Federal Unemployment Benefits and Allowances				
Participants	80,000	71,391	74,058	74,058
Cost per Participants	\$12.08	\$11.7325	\$12.00	\$12.00
Budget Activity Total	\$966,400	\$837,600	\$888,700	\$888,700

CHANGES IN 2008

(\$ in thousands)

Activity Changes		
Built-in		
To provide for:		
To provide for an increase for TAA Training		\$100
To provide for an increase for TAA Benefits		\$48,000
To provide for a decrease for Alternative TAA		\$3,000
Total Built-in		\$51,100
Net Program		\$0
Direct FTE		
	Estimate	FTE
Base	\$888,700	
Program <Increase/Decrease>	\$0	