

FY 2019

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, \$88,462,000 together with not to exceed \$2,981,738,000 which may be expended from the Employment Security Administration Account in the Unemployment Trust Fund ("the Trust Fund"), of which:

(1) \$2,492,816,000 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 \$130,000,000 to conduct in-person reemployment and eligibility assessments and unemployment insurance improper payment reviews, and to provide reemployment services and referrals to training as appropriate, for claimants of unemployment insurance for ex-service members under 5 U.S.C. 8521 et. seq. and for the claimants of regular unemployment compensation who are profiled as most likely to exhaust their benefits in each State, and \$6,000,000 for continued support of the Unemployment Insurance Integrity Center of Excellence), the administration of unemployment insurance for Federal employees and for ex-service members as authorized under 5 U.S.C. 8501–8523, and the administration of trade readjustment allowances, reemployment trade adjustment assistance, and alternative trade adjustment assistance under the Trade Act of 1974 and under section 231(a) of the Trade Adjustment Assistance Extension Act of 2011 and section 405(a) of the Trade Preferences Extension Act of 2015, and shall be available for obligation by the States through December 31, 2019, except that funds used for automation shall be available for Federal obligation through December 31, 2019, and for State obligation through September 30, 2021, or, if the automation is being carried out through consortia of States, for State obligation and expenditure through September 30, 2027, and funds for competitive grants awarded to States for improved operations and to conduct in-person reemployment and eligibility assessments and unemployment insurance improper payment reviews and provide reemployment services and referrals to training, as appropriate, shall be available for Federal obligation through December 31, 2019, and for obligation by the States through September 30, 2021, and funds for the Unemployment Insurance Integrity Center of Excellence shall be available for obligation by the State through September 30, 2022, and funds used for unemployment insurance workloads experienced by the States through September 30, 2019 shall be available for Federal obligation

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through December 31, 2019: Provided, That funds provided under this heading in Acts making appropriations for any fiscal year during fiscal years 2012 through 2018 for automation being carried out through consortia of States shall be available for obligation and expenditure by the States for seven fiscal years after the final fiscal year that such funds were available for Federal obligation;

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

(3) \$395,047,000 from the Trust Fund, together with \$21,268,000 from the General Fund of the Treasury, is for grants to States in accordance with section 6 of the Wagner-Peyser Act, and shall be available for Federal obligation for the period July 1, 2019 through June 30, 2020: Provided, That notwithstanding the funding allocation in section 7 of the Wagner-Peyser Act, States may use up to 100 percent of the funds allotted to the State under section 6 of such Act to carry out the activities described in section 7(a) of such Act;

(4) \$19,683,000 from the Trust Fund is for national activities of the Employment Service, including administration of the work opportunity tax credit under section 51 of the Internal Revenue Code of 1986, and the provision of technical assistance and staff training under the Wagner-Peyser Act;

(5) \$62,192,000 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 \$47,937,000 shall be available for the Federal administration of such activities, and \$14,255,000 shall be available for grants to States for the administration of such activities; and

(6) \$67,194,000 from the General Fund is to provide workforce information, national electronic tools, and one-stop system building under the Wagner-Peyser Act and shall be available for Federal obligation for the period July 1, 2019 through June 30, 2020, of which up to \$9,800,000, to remain available until September 30, 2021, shall be used to carry out research and

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demonstration projects related to testing effective ways to promote greater labor force participation of people with disabilities: Provided, That the Secretary may transfer amounts made available for research and demonstration projects under this paragraph to the "Office of Disability Employment Policy" account for such purposes:

Provided further, That to the extent that the Average Weekly Insured Unemployment ("AWIU") for fiscal year 2019 is projected by the Department of Labor to exceed 1,860,000, 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

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“Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” at part 200 of title 2, Code of Federal Regulations: Provided further, That the Secretary, at the request of a State participating in a consortium with other States, may reallocate funds allotted to such State under title III of the Social Security Act to other States participating in the consortium or to the entity operating the Unemployment Insurance Information Technology Support Center in order to carry out activities that benefit the administration of the unemployment compensation law of the State making the request: Provided further, That the Secretary may collect fees for the costs associated with additional data collection, analyses, and reporting services relating to the National Agricultural Workers Survey requested by State and local governments, public and private institutions of higher education, and nonprofit organizations and may utilize such sums, in accordance with the provisions of 29 U.S.C. 9a, for the National Agricultural Workers Survey infrastructure, methodology, and data to meet the information collection and reporting needs of such entities, which shall be credited to this appropriation and shall remain available until September 30, 2020, for such purposes.

Note.—A full-year 2018 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, 2018 (Division D of P.L. 115–56, as amended). The amounts included for 2018 reflect the annualized level provided by the continuing resolution.

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

ANALYSIS OF APPROPRIATION LANGUAGE

Language Provision	Explanation
<p>Among the provisos contained in paragraph (1): <i>Provided, That funds provided under this heading in Acts making appropriations for any fiscal year during fiscal years 2012 through 2018 for automation being carried out through consortia of States shall be available for obligation and expenditure by the States for seven fiscal years after the final fiscal year that such funds were available for Federal obligation;</i></p>	<p>This proviso allows additional time for the obligation and expenditure of funds by State Consortia for Unemployment Insurance automation projects that were awarded to State consortia during fiscal years 2012 through 2018. These projects require additional time due to the significant complexity of coordinating the development and implementation of such projects among multiple States and the complexity of the automation activities relating to State Consortia members UI benefit and tax systems. The general rule for federal grants is that they must be closed at the end of the fifth fiscal year after the final fiscal year the funds were available for obligation, and this provision would provide for an additional two fiscal years before these grants must be closed to facilitate the successful completion of the State consortia automation projects.</p>
<p>Among the provisos following the paragraph (6) <i>Provided further, That the Secretary, at the request of a State participating in a consortium with other States, may reallocate funds allotted to such State under title III of the Social Security Act to other States participating in the consortium or to the entity operating the Unemployment Insurance Information Technology Support Center in order to carry out activities that benefit the administration of the unemployment compensation law of the State making the request:</i></p>	<p>The proviso would add authority for the Secretary to reallocate funds of a State participating in a consortium, at the State's request, to the entity operating the Unemployment Insurance Information Technology Support Center (ITSC). Under the FY 2017 Consolidated Appropriations Act and the FY 2018 Budget proposal, such a reallocation could only be made to other States in the consortium. The ITSC has significant IT capabilities that could enhance consortia projects and the proviso therefore allows a State to request that the Secretary reallocate the funds that would be otherwise allotted to the State directly to the ITSC.</p>

**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT
SERVICE OPERATIONS**

AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2017 Enacted		FY 2018 Full Year C.R.		FY 2019 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	41	\$106,663	41	\$107,337	41	\$110,120
Discretionary	0	\$89,066	0	\$88,462	0	\$88,462
Mandatory (Fees)	41	\$17,597	41	\$18,875	41	\$21,658
<i>Subtotal Appropriation</i>	<i>41</i>	<i>\$106,663</i>	<i>41</i>	<i>\$107,337</i>	<i>41</i>	<i>\$110,120</i>
Offsetting Collections From:						
Reimbursements	0	\$15,163	0	\$50,000	0	\$50,000
Trust Funds	165	\$3,434,625	163	\$3,411,300	163	\$2,981,738
Uncollected Payments	0	-\$54,371	0	\$0	0	\$0
Transfer to Chief Evaluation Office (Pursuant to P.L. 115-31)	0	-\$1,826	0	\$0	0	\$0
Transfer to OLMS (Pursuant to P.L. 115- 31)	0	-\$1,145	0	\$0	0	\$0
Transfer to EBSA (Pursuant to P.L. 115- 31)	0	-\$2,000	0	\$0	0	\$0
<i>Subtotal Offsetting Collections</i>	<i>165</i>	<i>\$3,390,446</i>	<i>163</i>	<i>\$3,461,300</i>	<i>163</i>	<i>\$3,031,738</i>
B. Gross Budget Authority	206	\$3,497,109	204	\$3,568,637	204	\$3,141,858
Appropriation From:						
Mandatory (Fees)	-41	-\$17,597	-41	-\$18,875	-41	-\$21,658
<i>Subtotal Appropriation</i>	<i>-41</i>	<i>-\$17,597</i>	<i>-41</i>	<i>-\$18,875</i>	<i>-41</i>	<i>-\$21,658</i>
Offsetting Collections From:						
Reimbursements	0	-\$15,163	0	-\$50,000	0	-\$50,000
Uncollected Payments	0	\$54,371	0	\$0	0	\$0
Transfer to Chief Evaluation Office (Pursuant to P.L. 115-31)	0	\$1,826	0	\$0	0	\$0
Transfer to OLMS (Pursuant to P.L. 115- 31)	0	\$1,145	0	\$0	0	\$0
Transfer to EBSA (Pursuant to P.L. 115- 31)	0	\$2,000	0	\$0	0	\$0
<i>Subtotal Offsetting Collections</i>	<i>0</i>	<i>\$44,179</i>	<i>0</i>	<i>-\$50,000</i>	<i>0</i>	<i>-\$50,000</i>
C. Budget Authority Before Committee	165	\$3,523,691	163	\$3,499,762	163	\$3,070,200
Appropriation From:						
Mandatory (Fees)	41	\$17,597	41	\$18,875	41	\$21,658
<i>Subtotal Appropriation</i>	<i>41</i>	<i>\$17,597</i>	<i>41</i>	<i>\$18,875</i>	<i>41</i>	<i>\$21,658</i>
Offsetting Collections From:						
Reimbursements	0	\$15,163	0	\$50,000	0	\$50,000
Uncollected Payments	0	-\$54,371	0	\$0	0	\$0

**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT
SERVICE OPERATIONS**

Transfer to Chief Evaluation Office (Pursuant to P.L. 115-31)	0	-\$1,826	0	\$0	0	\$0
Transfer to OLMS (Pursuant to P.L. 115-31)	0	-\$1,145	0	\$0	0	\$0
Transfer to EBSA (Pursuant to P.L. 115-31)	0	-\$2,000	0	\$0	0	\$0
<i>Subtotal Offsetting Collections</i>	<i>0</i>	<i>-\$44,179</i>	<i>0</i>	<i>\$50,000</i>	<i>0</i>	<i>\$50,000</i>
Unobligated Balances From:						
Brought Forward, October 1	0	\$211,590	0	\$0	0	\$0
Transfer from H-1B High Growth Training (Pursuant to P.L. 115-31)	0	\$20,000	0	\$0	0	\$0
Recoveries / Withdrawn to Treasury	0	\$22,175	0	\$0	0	\$0
<i>Subtotal Unobligated Balances</i>	<i>0</i>	<i>\$253,765</i>	<i>0</i>	<i>\$0</i>	<i>0</i>	<i>\$0</i>
D. Total Budgetary Resources	206	\$3,750,874	204	\$3,568,637	204	\$3,141,858
Unobligated Balance	-2	-\$204,596	0	\$0	0	\$0
E. Total, Estimated Obligations	204	\$3,546,278	204	\$3,568,637	204	\$3,141,858

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2018 Full Year C.R.	FY 2019 Request	Net Change
Budget Authority			
General Funds	\$88,462	\$88,462	\$0
Trust Funds	\$3,411,300	\$2,981,738	-\$429,562
Total	\$3,499,762	\$3,070,200	-\$429,562
 Full Time Equivalents			
General Funds	0	0	0
Trust Funds	163	163	0
Total	163	163	0

FY 2019 Change

Explanation of Change	FY 2018 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	163	\$17,290	0	\$0	0	\$0	0	\$0
Personnel benefits	0	\$5,744	0	\$0	0	\$0	0	\$0
One day more of pay	0	\$0	0	\$85	0	\$0	0	\$85
Benefits for former personnel	0	\$0	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$153	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$0	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$2,841	0	\$0	0	\$0	0	\$0
Rental payments to others	0	\$39	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$297	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$15	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$0	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$74	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$9,822	0	\$0	0	\$0	0	\$0
Other Federal sources (Census Bureau)	0	\$0	0	\$0	0	\$0	0	\$0
Other Federal sources (DHS Charges)	0	\$0	0	\$0	0	\$0	0	\$0
Other goods and services from Federal sources	0	\$0	0	\$0	0	\$0	0	\$0
Research & Development Contracts	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of facilities	0	\$50	0	\$0	0	\$0	0	\$0

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

FY 2019 Change

Explanation of Change	FY 2018 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Operation and maintenance of equipment	0	\$2,855	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$112	0	\$0	0	\$0	0	\$0
Equipment	0	\$66	0	\$0	0	\$0	0	\$0
Grants, subsidies, and contributions	0	\$67,194	0	\$0	0	\$0	0	\$0
State Administration Workload	0	\$0	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	0	\$60	0	\$0	0	\$0	0	\$0
Investment and Loans	0	\$0	0	\$0	0	\$0	0	\$0
Built-Ins Subtotal	163	+\$106,612	0	+\$85	0	\$0	0	+\$85
B. Programs:								
To provide for increased funding for Reemployment Services and Eligibility Assessments	0	\$0	0	\$15,781	0	\$0	0	\$15,781
To provide for increased funding for FLC Federal Administration	0	\$0	0	\$235	0	\$0	0	\$235
To provide for increased funding for FLC State Grants	0	\$0	0	\$70	0	\$0	0	\$70
Programs Subtotal			0	+\$16,086	0	\$0	0	+\$16,086
Total Increase	163	+\$106,612	0	+\$16,171	0	\$0	0	+\$16,171
Decreases:								
A. Built-Ins:								
To Provide For:								
Advisory and assistance services	0	\$8,881	0	-\$85	0	\$0	0	-\$85
State Administration Workload	0	\$3,384,269	0	-\$192,313	0	\$0	0	-\$192,313
Built-Ins Subtotal	0	+\$3,393,150	0	-\$192,398	0	\$0	0	-\$192,398
B. Programs:								
To provide for a reduction in Employment Service Grants to States	0	\$0	0	-\$250,539	0	\$0	0	-\$250,539
To provide for a reduction to UI National Activities	0	\$0	0	-\$2,796	0	\$0	0	-\$2,796
Programs Subtotal			0	-\$253,335	0	\$0	0	-\$253,335
Total Decrease	0	+\$3,393,150	0	-\$445,733	0	\$0	0	-\$445,733
Total Change	163	+\$3,499,762	0	-\$429,562	0	\$0	0	-\$429,562

**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT
SERVICE OPERATIONS**

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2017 Enacted		FY 2018 Full Year C.R.		FY 2019 Request		Diff. FY19 Request / FY18 Full Year C.R	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Unemployment Insurance	0	2,702,497	0	2,684,144	0	2,504,816	0	-179,328
Unemployment Trust Funds	0	2,702,497	0	2,684,144	0	2,504,816	0	-179,328
State Administration	0	2,572,600	0	2,555,129	0	2,362,816	0	-192,313
Unemployment Trust Funds	0	2,572,600	0	2,555,129	0	2,362,816	0	-192,313
Reemployment Services and Eligibility Assessments-UI Integrity	0	115,000	0	114,219	0	130,000	0	15,781
Unemployment Trust Funds	0	115,000	0	114,219	0	130,000	0	15,781
National Activities	0	14,897	0	14,796	0	12,000	0	-2,796
Unemployment Trust Funds	0	14,897	0	14,796	0	12,000	0	-2,796
Employment Service	0	691,231	0	686,537	0	435,998	0	-250,539
General Funds	0	21,413	0	21,268	0	21,268	0	0
Unemployment Trust Funds	0	669,818	0	665,269	0	414,730	0	-250,539
Grants to States	0	671,413	0	666,854	0	416,315	0	-250,539
General Funds	0	21,413	0	21,268	0	21,268	0	0
Unemployment Trust Funds	0	650,000	0	645,586	0	395,047	0	-250,539
Employment Service National Activities	0	19,818	0	19,683	0	19,683	0	0

**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT
SERVICE OPERATIONS**

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY (Dollars in Thousands)								
	FY 2017 Enacted		FY 2018 Full Year C.R.		FY 2019 Request		Diff. FY19 Request / FY18 Full Year C.R	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Unemployment Trust Funds	0	19,818	0	19,683	0	19,683	0	0
Foreign Labor Certification	163	62,310	163	61,887	163	62,192	0	305
Unemployment Trust Funds	163	62,310	163	61,887	163	62,192	0	305
Federal Administration	163	48,028	163	47,702	163	47,937	0	235
Unemployment Trust Funds	163	48,028	163	47,702	163	47,937	0	235
FLC State Grants	0	14,282	0	14,185	0	14,255	0	70
Unemployment Trust Funds	0	14,282	0	14,185	0	14,255	0	70
Workforce Information-Electronic Tools- System Building	0	67,653	0	67,194	0	67,194	0	0
General Funds	0	67,653	0	67,194	0	67,194	0	0
Total	163	3,523,691	163	3,499,762	163	3,070,200	0	-429,562
General Funds	0	89,066	0	88,462	0	88,462	0	0
Unemployment Trust Funds	163	3,434,625	163	3,411,300	163	2,981,738	0	-429,562

NOTE: 2017 reflects actual FTE.

**STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT
SERVICE OPERATIONS**

BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2017 Enacted	FY 2018 Full Year C.R.	FY 2019 Request	Diff. FY19 Request / FY18 Full Year C.R.
	Full-Time Equivalent				
	Full-time Permanent	165	163	163	0
	Other	41	41	41	0
	Total	206	204	204	0
	Average ES Salary	\$159,873	\$162,910	\$164,008	\$1,098
	Average GM/GS Grade	12	12	12	0
	Average GM/GS Salary	\$95,512	\$97,326	\$98,861	\$1,535
11.1	Full-time permanent	16,920	17,132	17,217	85
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	317	158	158	0
11.9	Total personnel compensation	17,237	17,290	17,375	85
12.1	Civilian personnel benefits	5,499	5,744	5,744	0
13.0	Benefits for former personnel	2	0	0	0
21.0	Travel and transportation of persons	183	153	153	0
22.0	Transportation of things	0	0	0	0
23.0	Rent, Communications, and Utilities	0	0	0	0
23.1	Rental payments to GSA	2,636	2,841	2,841	0
23.2	Rental payments to others	55	39	39	0
23.3	Communications, utilities, and miscellaneous charges	352	297	297	0
24.0	Printing and reproduction	20	15	15	0
25.1	Advisory and assistance services	8,558	8,881	9,031	150
25.2	Other services from non-Federal sources	191	74	74	0
25.3	Other goods and services from Federal sources 1/	8,800	9,822	9,822	0
25.4	Operation and maintenance of facilities	154	50	50	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	3,792	2,855	2,855	0
26.0	Supplies and materials	103	112	112	0
31.0	Equipment	220	66	66	0
33.0	Investments and Loans	0	0	0	0
38.0	Depreciation Expense - Unfunded	0	0	0	0
41.0	Grants, subsidies, and contributions	3,475,663	3,451,463	3,021,666	-429,797
42.0	Insurance claims and indemnities	226	60	60	0
	Total	3,523,691	3,499,762	3,070,200	-429,562
	1/Other goods and services from Federal sources				
	Working Capital Fund	8,100	9,822	9,822	0
	DHS Services	122	0	0	0
	Census Services	578	0	0	0

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2009					
Base Appropriation...1/ 2/	\$2,782,914			\$4,701,552	162
Legislative Proposal	-\$49,677				0
2010					
Base Appropriation	\$4,101,556			\$4,438,681	181
2011					
Base Appropriation...3/	\$4,435,327			\$4,790,657	209
2012					
Base Appropriation...4/	\$4,202,057			\$5,049,888	181
2013					
Base Appropriation	\$3,962,240			\$4,171,233	181
Legislative Proposal	\$3,000				0
2014					
Base Appropriation...5/	\$3,825,699			\$3,879,339	188
2015					
Base Appropriation...5/	\$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...6/	\$3,213,159	\$2,830,903			
2019					
Base Appropriation	\$3,070,200				163

1/ This bill was only reported out of Subcommittee and was not passed by the Full House.

2/ Includes \$492,492,000 for the estimated use of the AWIU contingency trigger.

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

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

5/ 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.

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

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

SUIESO Introduction

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

Programmatic activities under the SUIESO account include the Unemployment Insurance program which provides temporary wage replacement for unemployed workers, and the U.S. Employment Services 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 American 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.

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BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2017 Enacted	FY 2018 Full Year C.R.	FY 2019 Request	Diff. FY19 Request / FY18 Full Year C.R.
Activity Appropriation	2,702,497	2,684,144	2,504,816	-179,328
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 investment system, serves as one of the key entry points for unemployed workers into the American Job Centers and to the services that speed their return to work. The Workforce Innovation and Opportunity Act, which emphasizes reemployment service delivery to UI claimants under the Wagner-Peyser Act, requires Wagner-Peyser Act employment services to be co-located with the American Job Centers’ delivery system and puts a new focus on the alignment of data systems that support effective service delivery.

Regular UI benefits and administration are funded by state payroll and Federal taxes, respectively. States administer the regular UI program directly and also administer certain Federal UI benefit programs, including the unemployment compensation for federal employees (UCFE), unemployment compensation for ex-servicemembers (UCX), and the extended benefit (EB) program. UI National Activities provides funds that the Department uses to support States collectively in administering state UI programs. Funding for Reemployment Services and Eligibility Assessments (RESEA) supports states providing in-person reemployment services and eligibility assessments in American Job Centers for UI beneficiaries determined to have a high likelihood of exhausting their UI benefits – thereby promoting faster reemployment and reducing improper UI payments by ensuring that continued eligibility requirements are met.

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

For the UI program, the Department’s FY 2019 Budget consists of \$2,356,816,000 for State UI Administration, \$6,000,000 for the UI Integrity Center of Excellence, \$130,000,000 for RESEA activities, and \$12,000,000 for UI National Activities.

The FY 2019 Budget includes several legislative proposals related to the UI program, including proposals to improve UI program integrity, institute a minimum solvency standard for states, offset overlapping UI and Disability Insurance Benefits, provide paid leave for working families, and establish a permanent RESEA program.

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Paid Parental Leave

The Budget includes a fully paid-for proposal to provide six weeks of paid family leave to new mothers and fathers, including adoptive parents, so that all families can afford to take time to recover from childbirth and bond with a new child.

Using the Unemployment Insurance system as a base, the proposal will allow states to establish paid parental leave programs in a way that is most appropriate for their workforce and economy. States would be required to provide six weeks of parental leave, but the proposal gives States broad latitude in the design and financing of their programs. The proposal is fully offset by a package of sensible reforms to the UI system -- including reforms to reduce improper payments, help unemployed workers find jobs more quickly, and encourage states to maintain reserves in their Unemployment Trust Fund accounts. The Administration looks forward to working with Congress to advance policies that would make paid parental leave a reality for families across the nation.

The proposal provides mandatory funding for the states' start-up costs and administrative costs to operate the program through grants provided by the Employment and Training Administration, including \$700 million in funding for start-up costs in 2019.

Reemployment Services and Eligibility Assessments

Evidence suggests that the RESEA program is a cost-effective way of reducing improper payments and getting claimants back to work faster and at higher wages. Beginning in 2020, the Budget proposes a permanent, mandatory RESEA program. This program will provide states with funding to provide reemployment services and eligibility assessments to one-half of claimants identified as most likely to exhaust benefits as well as targeting all Unemployment Compensation for Ex-Servicemembers (UCX) claimants. Funding will fluctuate each year along with the number of individuals who receive UI benefits to ensure that states are able to provide services to claimants who need them.

UI Program Integrity

The mandatory RESEA proposal is paired with a comprehensive integrity legislative package designed to provide states with new tools and resources to combat UI fraud and improper payments. The package includes the following components:

- *Require States to use SIDES.* This proposal will require state UI agencies to use the State Information Data Exchange System (SIDES) to exchange information with employers concerning reasons for a claimant's separation from employment.
- *Require States to cross match with SSA's prisoner database and other repositories of prisoner information.* This proposal will require state UI agencies to use the National Directory for New Hires to better identify individuals continuing to claim unemployment compensation after returning to work, which is one of the leading root causes of UI improper payments.

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- *Allow the Secretary of Labor greater authority to require UI corrective actions.* This proposal will allow the Secretary of Labor to require states to implement corrective action measures for poor State performance in the UI program, helping to reduce improper payments in States with the highest improper payment rates. Currently, the Secretary has very limited options to require State UI agencies to take actions to respond to poor performance and high improper payment rates.
- *Require States to cross match with SSA's prisoner database and other repositories of prisoner information.* Under current law, State UI agencies' use of this cross-match is permissible, but the Social Security Administration's (SSA) Prisoner Update Processing System (PUPS) is currently only used by some States for UI verification. Requiring States to cross-match claims against the PUPS or other repositories of prisoner information will help identify those individuals ineligible for benefits due to incarceration and reduce improper payments.
- *Allow States to retain up to 5 percent of UI overpayments for program integrity use.* This proposal will allow States to retain up to 5 percent of overpayment recoveries to fund additional program integrity activities in each State's UI program. This provides an incentive to States to increase detection and recovery of improper payments and provides necessary resources to carry out staff-intensive work to validate cross match hits as required by law.
- *Require States to use penalty and interest collections solely for UI administration.* This proposal will require States to deposit all penalty and interest payments collected through the UI program into a special state fund and require the funds be used for improving State administration of the UI program and reemployment services for UI claimants. States with high improper payment rates would be required to use a portion of the funds for program integrity activities. Currently, States have discretion to use these funds for non-UI purposes.

Minimum Solvency Standard

Many State Unemployment Trust Fund accounts have yet to recover from the impact of the recession and are not currently adequately financed. As of December 31, 2017, it is estimated that only 20 States had sufficient reserves to weather another recession. Low State reserves remain a serious threat to the UI program. The Budget proposes to strengthen the incentive for States to adequately fund their UI systems by applying the Federal Unemployment Tax Act (FUTA) credit reduction rules to states that have an Average High Cost Multiple (AHCM) of less than 0.5 on two or more consecutive January firsts. (An AHCM of 1.0 indicates that a state has sufficient funds in its trust fund account to pay benefits for one year of an average recession.) This approach would strengthen States' incentive to adequately fund their UI systems, before their Trust Funds face any future recessionary demands, resulting in a decrease in the likelihood of insolvency and the need to borrow. All funds received through the credit reduction would be applied to State Unemployment Trust Fund accounts to help States rebuild balances.

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UI Information Technology Modernization State Consortia

The Report accompanying the House Appropriations Committee Labor, Health and Human Services and Education Bill for FY 2018 stated the following:

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

In response to that request, the FY 2019 Budget proposes the SUIESO language be modified in order to allow for the following:

1. Extend the expenditure period of all current grant funds awarded for UI IT Modernization State Consortia projects for an additional two years.
2. For grants awarded for UI IT Modernization State Consortia projects, extend the obligation period for state staff expenditures so it coincides with the expenditure period of the grant funds.
3. Allow consortia member states to request DOL to reallocate consortia-related grant funds to the entity operating the UI Information Technology Support Center for use in supporting the consortia.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2014	\$2,892,251	0
2015	\$2,790,685	0
2016	\$2,760,097	0
2017	\$2,702,497	0
2018	\$0	0

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

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WORKLOAD AND PERFORMANCE SUMMARY					
		FY 2017 Enacted		FY 2018 Full Year C.R.	FY 2019 Request
		Target	Result	Target	Target
Unemployment Insurance					
Reemployment Services and Eligibility Assessments-UI Integrity					
ETA- Budget OUI-01	Employer Tax Accounts (in thousands)	8,060	8,120	8,186	8,271
ETA- Budget OUI-02	Initial Claims Taken (in thousands)	13,364	13,056	12,981	12,727
ETA- Budget OUI-03	Weeks Claimed (in thousands)	108,269	105,045	99,135	95,978
ETA-UI-01	First Payment Timeliness (Unemployment Insurance)	87.0%	84.5%	87.0%	87.0%
ETA-UI-02	Detection of Recoverable Overpayments (Unemployment Insurance)	61.4%	51.0%	61.9%	61.9%
ETA-UI-03	Employment Rate – 2nd Quarter After Exit (UI claimants receiving Wagner-Peyser Act services)	[base]	TBD	--	--
ETA-OUI-01	Improper Payment Rate (Unemployment Insurance)	11.55%	12.49%	13.75%	TBD
To be archived	Employer Liability Determinations Made Promptly (Unemployment Insurance)	89.0%	88.7%	89.0%	89.0%

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 economic assumptions issued in November 2017, the Department projects a decrease in the number of weeks claimed and initial claims taken – from 105,045,000 and 13,056,000 in FY 2017 to 95,978,000 and 12,727,000 in FY 2019, respectively – and an increase in the number of employer tax accounts established – from 8,120,000 in FY 2017 to 8,271,000 in FY 2019. It is important to note that UI workload volumes are influenced by economic conditions, not the administrative funds available. It is estimated that the unemployment rate in FY 2019 will average 3.8 percent (down from 4.5 percent in FY 2017), and this tightening labor market along with a number of States enacting reduced maximum durations will exert downward pressure on the number of UI claims. As workloads are processed by the States, however, funding levels do affect the quality and timeliness of state UI operations.

Past Performance Results and Future Projections

1) Payment Timeliness: In FY 2017, the target was 87.0 percent for first payments made within 14-21 days. Performance improved to 84.5 percent in FY 2017 from the FY 2016 result of 84.4 percent. Given the gap between the FY 2019 target and the performance trend, performance seems likely to fall short of the FY 2019 target of 87.0 percent; however, the Department anticipates that performance will continue to trend positively.

2) Detection of Overpayments: In FY 2017, States detected and established for recovery 51.0 percent of estimated overpayments, which fell short of the goal of 61.4 percent. The ambitious target in FY 2017 was based on the FY 2015 detection of overpayment result - 61.2 percent, and ETA's robust strategic plan targeting the largest root causes of improper payments. The FY 2018 and FY 2019 targets have been set slightly higher at 61.9 percent. Although States have benefited with the supplemental funding provided for implementing program-integrity related automation projects, they continue to be challenged by the lack of adequate staff to independently validate the hits received through automated cross match with different data sources. The Computer Matching and Privacy Protection Act requires an independent verification of the information received from certain cross matches prior to suspending, terminating, or reducing benefit payments to claimants.

3) Establish Tax Accounts Promptly: In FY 2017, 88.7 percent of new status determinations were made within 90 days of the end of the quarter in which the firm became liable. This represents a decrease of 0.2 percentage points from the year before and 1.3 percentage points below the FY 2017 target of 90 percent.

4) Improper Payment Rate: In FY 2017, the UI improper payment rate was 12.49 percent, which is 0.84 percentage points above the FY 2016 level. ETA's comprehensive strategic plan focuses on State strategies that address specific root causes of improper payments. The plan is continuously evolving as new strategies are identified and the progress with each strategy in this plan is regularly monitored. These strategies target the three largest root causes of UI improper payments: payments to individuals who continue to claim benefits after they have returned to

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work (Benefit Year Earnings); failure of claimants to comply with the state's work search requirements (Work Search); and failure of employers or their third party administrators to provide timely and adequate information on the reason for an individual's separation from employment (Separation). A significant component of this plan is the on-going investment in and operation of the Integrity Center, a state-driven source of innovative program integrity strategies to prevent and detect improper payments and reduce fraud.

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BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2017 Enacted	FY 2018 Full Year C.R.	FY 2019 Request	Diff. FY19 Request / FY18 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	0	0	0	0
25.3	Other goods and services from Federal sources 1/	0	597	597	0
25.7	Operation and maintenance of equipment	0	0	0	0
26.0	Supplies and materials	0	0	0	0
31.0	Equipment	0	0	0	0
41.0	Grants, subsidies, and contributions	2,702,497	2,683,547	2,504,219	-179,328
	Total	2,702,497	2,684,144	2,504,816	-179,328
	1/Other goods and services from Federal sources				
	Working Capital Fund	0	597	597	0

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CHANGES IN FY 2019

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
Personnel benefits	0
Travel and transportation of persons	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	0
Working Capital Fund	0
Other goods and services from Federal sources	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
State Administration Workload	-192,313

Built-Ins Subtotal **-\$192,313**

Net Program **\$12,985**

Direct FTE **0**

	Estimate	FTE
Base	\$2,491,831	0
Program Increase	\$15,781	0
Program Decrease	-\$2,796	0

STATE ADMINISTRATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2017 Enacted	FY 2018 Full Year C.R.	FY 2019 Request	Diff. FY19 Request / FY18 Full Year C.R.
Activity Appropriation	2,572,600	2,555,129	2,362,816	-192,313
FTE	0	0	0	0

Introduction

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

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

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2014	\$2,801,575	0
2015	\$2,697,793	0
2016	\$2,630,550	0
2017	\$2,572,600	0
2018	\$0	0

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

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

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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 2019

For UI State Administration, the FY 2019 Budget includes \$2,362,816,000 – a decrease of \$192,313,000 from the annualized FY 2018 Request level of \$2,555,129,000.

The funds requested are sufficient to process, on average, 1,860,000 continued claims per week (referred to as the average weekly insured unemployment or AWIU), including claims made under the Trade Act of 1974, as amended. During the year, States are expected to collect \$40.0 billion in state unemployment taxes and pay an estimated \$29.1 billion in Federal and state UI benefits to 6.4 million beneficiaries, including former Federal military and civilian personnel, recipients of Federal-State EB, and workers adversely affected by foreign trade who may be eligible for benefits under the Trade Act.

The 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 1,860,000 in the request and referred to as the AWIU trigger.

The appropriation language allows states up to three years to obligate UI funds if the funds are used for automation activities, competitive grants for improved operations, reemployment services and eligibility assessments, or other improper payment activities – effectively allowing States to obligate FY 2019 funds used for these purposes until September 30, 2021. The appropriation language also allows states up to seven years after the final fiscal year that such funds were available for Federal obligation to obligate and expend funds for automation when engaged through a consortium of State agencies. Doing so will provide adequate time for states to leverage resources for the implementation of a common IT platform.

The Budget includes \$6,000,000 for continued support and expansion of the UI Integrity Center of Excellence, including supporting an integrated data hub, additional training modules, and data analytics capacity to assist states in identifying fraud and preventing, detecting, and recovering improper payments. The Center supports the goals of the Improper Payment Information Act, IPERA, IPERIA, and OMB Memorandum M-12-11.

FY 2018

A full-year 2018 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, 2018 (Division D of P.L. 115–56, as amended). The amounts included for 2018 reflect the annualized level provided by the continuing resolution.

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FY 2017

For FY 2017, \$2,572,600,000 was enacted for UI State Administration. During the year, states collected \$38.4 billion in state unemployment taxes and paid \$30.5 billion in Federal and state UI benefits to 5.8 million beneficiaries, including former Federal military and civilian personnel, recipients of Federal-state EB, and workers adversely affected by foreign trade who were eligible for benefits under the Trade Act.

STATE ADMINISTRATION

CHANGES IN FY 2019

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
Other services from non-Federal sources	0
Operation and maintenance of equipment	0
Grants, subsidies, and contributions	0
State Administration Workload	-192,313

Built-Ins Subtotal **-\$192,313**

Net Program **\$0**

Direct FTE **0**

	Estimate	FTE
Base	\$2,362,816	0
Program Increase	\$0	0
Program Decrease	\$0	0

REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2017 Enacted	FY 2018 Full Year C.R.	FY 2019 Request	Diff. FY19 Request / FY18 Full Year C.R.
Activity Appropriation	115,000	114,219	130,000	15,781
FTE	0	0	0	0

Introduction

The Reemployment Services and Eligibility Assessments (RESEA) program is based on a dual service-delivery strategy that includes conducting UI eligibility assessments in combination with the provision of reemployment services. These reemployment services must include orientation to available services, development of an individual reemployment plan, career and labor market information, registration with the state’s job bank, enrollment in Wagner-Peyser Employment Services, and appropriate referrals or job search assistance. This combination of eligibility assessment and reemployment services helps ensure the proper payment of UI and unemployment compensation for ex-servicemembers (UCX), reduce the duration of benefits, and deliver successful employment outcomes.

The RESEA program is based on a successful model established in Nevada in which eligibility assessments were delivered seamlessly with reemployment services. Research on that service-delivery model found it to be effective in the following ways¹:

- 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 on the Reemployment and Eligibility Assessment (REA) model 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.²

¹ IMPAQ International. January 2012. *Impact of the Reemployment and Eligibility Assessment (REA) Initiative in Nevada.*

² IMPAQ International. June 2011. *Impact of the Reemployment and Eligibility Assessment (REA) Initiative.*

REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2014	\$80,000	0
2015	\$80,000	0
2016	\$115,000	0
2017	\$115,000	0
2018	\$0	0

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

Funding Mechanism

Currently discretionary funding is provided to states at levels that reflect cost per participant, projected workloads, and state capacity. This discretionary approach will be continued in FY 2019. Beginning in FY 2020, the Department proposes mandatory funding for RESEA that will support one-half of UI claimants profiled as most likely to exhaust benefits and provide a more comprehensive approach to reemployment.

FY 2019

In FY 2019, the Department request includes \$130,000,000 for RESEAs. This funding is intended to support transitioning veterans who receive UCX and as many claimants as possible who have been identified as most likely to exhaust their UI benefits. At the level of funding requested:

- 1) RESEA services will be targeted to profiled claimants most likely to exhaust their regular state UI benefits (800,000 claimants) and individuals recently separated from the military and receiving UCX (48,000 claimants). States will provide these services with the appropriated funds and claimants referred to these services will be required to participate.
- 2) The RESEA program will provide integrated reemployment services to UI claimants including: in-person reporting to the American Job Centers, one-on-one reviews of eligibility for UI or UCX 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; orientation to services available through American Job Centers; 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.

By applying this integrated approach to individuals likely to be long-term unemployed and transitioning veterans nationally, it is estimated that this initiative will reduce the average duration of UI and UCX benefit receipt by 1.4 weeks for claimants participating in the RESEA program and result in benefits savings of approximately \$316,000,000. Looking forward, the RESEA proposal will support a more comprehensive approach to reemployment, including

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strategies to encourage more sophisticated communication between UI and the workforce system aided by technology that will allow both systems to view claimant outcomes on a continuum as they move from assessment, to services (such as job search and resume writing workshops), and then to job placement.

FY 2018

A full-year 2018 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, 2018 (Division D of P.L. 115–56, as amended). The amounts included for 2018 reflect the annualized level provided by the continuing resolution.

FY 2017

In FY 2017, \$115,000,000 was appropriated to 49 states, the District of Columbia, Puerto Rico, and the Virgin Islands to operate RESEA programs. RESEA services were targeted to claimants profiled as most likely to exhaust their regular state UI benefits and to receiving UCX. Claimants referred to these services were required to participate. Approximately 17 percent of new claimants received these services.

Beginning in FY 2017, the Department required that all RESEA participants be co-enrolled in the Wagner Peyser Act Employment Service and appropriately identified in applicable case management and performance reporting systems. In addition to supporting greater efficiencies within the RESEA program, this co-enrollment requirement will allow the capture of RESEA performance data using the WIOA common performance indicators, which are a common set of outcomes used across workforce and training programs. This approach supports greater transparency and accountability and encourages the further integration of RESEA into the workforce system.

REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS

CHANGES IN FY 2019

(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 **\$15,781**

Direct FTE **0**

	Estimate	FTE
Base	\$114,219	0
Program Increase	\$15,781	0
Program Decrease	\$0	0

NATIONAL ACTIVITIES

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2017 Enacted	FY 2018 Full Year C.R.	FY 2019 Request	Diff. FY19 Request / FY18 Full Year C.R.
Activity Appropriation	14,897	14,796	12,000	-2,796
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 their UI operations through the Interstate Connection Network (ICON), which is a data exchange network that allows State workforce agencies to share claims information, and the National Association of State Workforce Agencies' Information Technology Support Center (ITSC), which provides services, products, and technical assistance to State workforce agencies in support UI information technology modernization.

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2014	\$10,676	0
2015	\$12,892	0
2016	\$14,547	0
2017	\$14,897	0
2018	\$0	0

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

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 2019

In FY 2019, the Department request includes \$12,000,000 for UI National Activities. These funds will provide support for the Information Technology Support Center, the Interstate Connection Network (ICON), the UI reporting system, actuarial projects and training, and other training and

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technical assistance activities. Funds also provide for acquisition of technical services, hardware, and software to support state UI activities and to support infrastructure used for communications to stakeholders and beneficiaries.

FY 2018

A full-year 2018 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, 2018 (Division D of P.L. 115–56, as amended). The amounts included for 2018 reflect the annualized level provided by the continuing resolution.

FY 2017

The FY 2017 enacted amount provided \$14,897,000 for UI National Activities. In addition to funding activities which support states collectively, the funding supported projects to connect UI claimants to reemployment services through the American Job Center network and improve the integration of UI with the public workforce system.

NATIONAL ACTIVITIES

CHANGES IN FY 2019

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

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

Built-Ins Subtotal **\$0**

Net Program **-\$2,796**

Direct FTE **0**

	Estimate	FTE
Base	\$14,796	0
Program Increase	\$0	0
Program Decrease	-\$2,796	0

EMPLOYMENT SERVICE

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2017 Enacted	FY 2018 Full Year C.R.	FY 2019 Request	Diff. FY19 Request / FY18 Full Year C.R.
Activity Appropriation	691,231	686,537	435,998	-250,539
FTE	0	0	0	0

Introduction

The Wagner-Peyser Act of 1933, amended by the Workforce Innovation and Opportunity Act (WIOA), establishes a nationwide system of public employment offices, known as the Employment Service (ES). ES is a required partner under the WIOA American Job Center system and provides labor exchange services to all job seekers and helps businesses to meet their hiring needs by referring qualified workers. ES also supports the reemployment of Unemployment Insurance (UI) claimants and other jobs seekers by providing career counseling and labor market information, job search assistance, and other career services. When job seekers do not have the skills that employers need, ES provides referrals to the WIOA formula programs to provide comprehensive career services and access to education and skills development that helps close the skills gap, including work-based learning opportunities like apprenticeship, paid and unpaid work experience 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 for eligible veterans, and other partner programs. Activities within the ES 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>
2014	\$684,002	0
2015	\$684,002	0
2016	\$699,818	0
2017	\$691,231	0
2018	\$0	0

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

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WORKLOAD AND PERFORMANCE SUMMARY						
	PY 2016 Enacted		FY/PY 2017 Enacted		FY/PY 2018 Full Year C.R.	FY/PY 2019 Request
	Target	Result	Target	Result	Target	Target
Employment Service						
Number of Participants Served (Employment Service)	14,866,638[p]	--	14,866,638[p]	--	14,866,638[p]	8,306,385[p]
ETA- WIOA ES-01	--	--	--	--	--	--
ETA- WIOA ES-02	--	--	--	--	--	--
ETA- WIOA ES-03	--	--	--	--	--	--

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

EMPLOYMENT SERVICE

Workload and Performance Narrative

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

Beginning in PY 2016, the performance measures for the ES were revised based on WIOA authorization for four primary indicators of performance for the ES program that reflect one of the primary purposes of the program—to increase the employment and earnings of participants. The Department is highlighting the following three for the purpose of tracking program progress and showing the Department’s return on investment in ES. These three measures are: 1) employment in the second quarter after exit; 2) employment in the fourth quarter after exit; and 3) median earnings of those employed in the second quarter after exit. The results of these measures will demonstrate the value of these investments to help address the employment and skill needs of workers, jobseekers, and employers. The fourth indicator, effectiveness in serving employers, is currently the subject of a pilot program.

Following the enactment of WIOA in 2014, the Department aligned performance accountability measures across most DOL-administered programs and two programs administered by the Department of Education (the Adult Education and Family Literacy Program authorized under title II of WIOA and the Vocational Rehabilitation program authorized under title I of the Rehabilitation Act of 1973, as amended by title IV of WIOA). The Department will use baseline data collected in PY 2016-17 to establish targets for these metrics beginning with the FY 2020 budget. As such, targets and results for these indicators are not included in the budget request.

Also beginning in PY 2016, a new definition of participant was implemented, and the Department will begin collecting information on both participants and reportable individuals, which may impact counts and costs in outlying years.

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

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

These outputs help the Department understand whether the states are implementing strategies that will help them meet their strategic goals. The Department conducts evaluations to assess the

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specific strategies promoted to support goal achievement. The results of such evaluations and research are used to revise and update strategies regularly and for continuous improvement.

EMPLOYMENT SERVICE

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2017 Enacted	FY 2018 Full Year C.R.	FY 2019 Request	Diff. FY19 Request / FY18 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
25.2	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	691,231	686,537	435,998	-250,539
	Total	691,231	686,537	435,998	-250,539

EMPLOYMENT SERVICE

CHANGES IN FY 2019

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

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

Built-Ins Subtotal **\$0**

Net Program **-\$250,539**

Direct FTE **0**

	Estimate	FTE
Base	\$686,537	0
Program Increase	\$0	0
Program Decrease	-\$250,539	0

GRANTS TO STATES

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2017 Enacted	FY 2018 Full Year C.R.	FY 2019 Request	Diff. FY19 Request / FY18 Full Year C.R.
Activity Appropriation	671,413	666,854	416,315	-250,539
FTE	0	0	0	0

Introduction

The ES Grants to States play an important role in providing opportunities for workers to obtain good jobs by effectively responding to employer needs for skilled workers. The ES and labor exchange services are essential to helping millions of job seekers find new or better jobs and employers find the skilled workers they need. During PY 2015, the ES provided 13,251,536 individuals with access to labor exchange services (both virtually and through the American Job Center network) and helped over 5,800,000 unemployed individuals enter employment, including over 2,600,000 unemployment insurance recipients, and over 360,000 veterans³.

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

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

³ Wagner-Peyser PY 2015 State Performance reports

GRANTS TO STATES

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2014	\$664,184	0
2015	\$664,184	0
2016	\$680,000	0
2017	\$671,413	0
2018	\$0	0

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

FY 2019

In FY 2019, the Department is requesting \$416,315,000 to operate the ES in all 50 states and three territories. This request shifts more responsibility for funding these services to states, local areas, and employers. The funding will be awarded under the regular formula allotment to states supporting labor exchange services to a projected 8,306,385 individuals.

The ES serves as a foundation of the public workforce system by providing universal access to labor exchange and other career services, with over 13 million individuals receiving services in PY 2015. In most instances, the ES serves as an individual's first contact with the public workforce system, and individuals rely on the ES staff to provide career guidance on and referrals to training and education services. Under the WIOA American Job Center system, the ES serves as a central hub for individuals navigating Federal, state, and local employment, training, education and other supportive services. Emerging technologies have enabled many labor exchange services to be provided virtually or online through electronic tools, allowing for future reduced costs and efficiencies.

FY 2018

A full-year 2018 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, 2018 (Division D of P.L. 115-56, as amended). The amounts included for 2018 reflect the annualized level provided by the continuing resolution. The Department will provide an Operating Plan after a full-year appropriation bill is enacted.

FY 2017

In FY 2017, the Department received \$671,413,000 to operate Employment Services in all 50 states and three territories. This amount was awarded under the regular formula procedure to states supporting services to a projected 14,866,638 participants based on PY 2015 data.

States are using PY 2017 resources to continue to provide career services, staff-assisted counseling, and other reemployment services to unemployed workers. These staff-assisted services include the use of workforce and labor market information to guide workers in their job

GRANTS TO STATES

search and training decision, as well as other assessment tools and resources to assist individuals identify occupations in in-demand industries.

The Department and states have recently implemented new WIOA performance indicators, which are effective across WIOA core programs including the Department of Labor-administered WIOA Adult, Dislocated Worker and Youth programs and the Wagner-Peyser Employment Service and the Department of Education-administered Vocational Rehabilitation and Adult Education and Family Literacy Act programs. PY 2016 is the first year of reporting for these grantees. Targets were negotiated for some indicators using proxy, historical data from WIA and ES. PY 2017 outcomes will be available at the end of calendar year 2018.

GRANTS TO STATES

CHANGES IN FY 2019

(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 **-\$250,539**

Direct FTE **0**

	Estimate	FTE
Base	\$666,854	0
Program Increase	\$0	0
Program Decrease	-\$250,539	0

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2017 Revised Enacted	FY 2018 Request	FY 2019 Agency Request	Diff. FY19 Agency Request / FY18 Request
Activity Appropriation	18,485	18,485	18,485	0
FTE	0	0	0	0

Introduction

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

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

Five-Year Program Category History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2014	\$18,485	0
2015	\$18,485	0
2016	\$18,485	0
2017	\$18,485	0
2018	\$0	0

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

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

Funding Mechanism

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

FY 2019

To support states' processing of WOTC certification requests, the Department requests \$18,485,000 for FY 2019. SWAs use the funding to accept applications submitted by employers, either denying ineligible applications or certifying applications that meet all requirements.

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

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

FY 2018

A full-year 2018 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, 2018 (Division D of P.L. 115-56, as amended). The amounts included for 2018 reflect the annualized level provided by the continuing resolution. The Department will provide an Operating Plan after a full-year appropriation bill is enacted.

FY 2017

To support states' processing of certification requests, the Department received \$18,485,000 for FY 2017 to operate the WOTC program.

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - WOTC

CHANGES IN FY 2018

(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
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Base	\$18,485	
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Program Increase	\$0	
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Program Decrease	\$0	
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**EMPLOYMENT SERVICE NATIONAL ACTIVITIES -
TECHNICAL ASSISTANCE AND TRAINING**

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2017 Revised Enacted	FY 2018 Request	FY 2019 Agency Request	Diff. FY19 Agency Request / FY18 Request
Activity Appropriation	1,333	1,198	1,198	0
FTE	0	0	0	0

Introduction

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

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

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

Five-Year Program Category History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2014	\$1,333	0
2015	\$1,333	0
2016	\$1,333	0
2017	\$1,333	0
2018	\$0	0

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

Funding Mechanism

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

EMPLOYMENT SERVICE NATIONAL ACTIVITIES - TECHNICAL ASSISTANCE AND TRAINING

FY 2019

The Department requests \$1,198,000 for Employment Service TA activities in FY 2019. Resources will be used to support online and in-person assistance for states to improve provision of labor market information and services to business customers, and increase employment opportunities for all populations. TA will be delivered in-person and online and focus on strategies that research indicates are promising or proven.

FY 2018

A full-year 2018 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, 2018 (Division D of P.L. 115–56, as amended). The amounts included for 2018 reflect the annualized level provided by the continuing resolution. The Department will provide an Operating Plan after a full-year appropriation bill is enacted.

FY 2017

The Department received \$1,333,000 for employment service technical assistance activities in FY 2017. Resources were used to support improvements in how states provide useful labor market information to business customers and jobseekers, and increased employment opportunities for all populations. Technical assistance was delivered in-person and online and focused on strategies that research indicates are promising or proven.

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

CHANGES IN FY 2018

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
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Other services from non-Federal sources	0
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Grants, subsidies, and contributions	0
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State Administration Workload	0
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Built-Ins Subtotal	\$0
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Net Program	\$0
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Direct FTE	0
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	Estimate	FTE
Base	\$1,198	
Program Increase	\$0	
Program Decrease	\$0	

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BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2017 Enacted	FY 2018 Full Year C.R.	FY 2019 Request	Diff. FY19 Request / FY18 Full Year C.R.
Activity Appropriation	62,310	61,887	62,192	305
FTE	163	163	163	0

NOTE: FY 2017 FTE reflects actual FTE. Authorized FTE for FY 2017 was 165.

Introduction

The Immigration and Nationality Act (INA) and implementing regulations assigns certain responsibilities to the Secretary of Labor (Secretary) for employment-based immigration programs that require a labor certification. These responsibilities include determining whether there are able, willing, and qualified U.S. workers available for the job and whether there would be any adverse impact on similarly-employed U.S. workers if a labor certification was granted. The Secretary has delegated the processing of labor certification applications to the Employment and Training Administration’s (ETA) Office of Foreign Labor Certification (OFLC).

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

The OFLC is comprised of a National Office and three National Processing Centers. The National Office is responsible for policy and regulatory activities, program management, finance, information technology, and other management-related activities. The OFLC administers its labor certification and prevailing wage determination responsibilities through its three National Processing Centers. The Chicago Center primarily adjudicates temporary nonimmigrant applications, the Atlanta Center primarily adjudicates immigrant PERM applications, and the Prevailing Wage Center in Washington, D.C. provides prevailing wage determinations.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2014	\$61,973	188
2015	\$62,310	177
2016	\$62,310	182
2017	\$62,310	165
2018	\$0	0

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

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Funding Mechanism

Congress appropriates funding for foreign labor certification activities through the State Unemployment Insurance and Employment Service Operations (SUIESO) account. The Federal Administration activity funds federal program functions, including salaries and expenses, IT development and maintenance, contract services to support case processing, rent, and overhead costs. The State Grants activity funds services provided by State Workforce Agencies (SWAs) in support of the foreign labor certification program, including the review and placement of job orders to recruit U.S. workers, management of housing inspections for agricultural workers, and the administration of prevailing wage and practice surveys. The OFLC distributes this grant funding annually in accordance with approved state plans.

In addition to Congressional appropriations, OFLC receives five percent of the revenue from a processing fee for H-1B applications collected by the Department of Homeland Security (DHS), as authorized by the 1998 American Competitiveness and Workforce Improvement Act and subsequently increased by the 2004 H-1B Visa Reform Act. These resources support H-1B and PERM case-processing activities and are separate from the H-1B funding allocated to the Department for U.S. workforce development programs.

OFLC has experienced a dramatic rise in application volumes in recent years, receiving 89 percent more applications in FY 2017 than in FY 2010. The FY 2016 and FY 2017 Consolidated Appropriations Acts authorized one-time funding transfers in response to the significant increase in OFLC applications.

The Consolidated Appropriations Act, 2016 authorized a \$13,000,000 transfer from DOL's H-1B job-training funds for FYs 2016 and 2017 to help reduce the number of pending PERM applications. By the end of FY 2017, through the availability of these resources and sustained backlog-reduction efforts, OFLC had reduced the queue of pending PERM cases by 17,900 from its height in FY 2015. The achieved reduction exceeded the 16,000 case estimate outlined in Senate Report 114-74 by 12 percent. OFLC anticipates, however, that these reductions may not be sustainable without additional resources if PERM application volumes continue to increase as anticipated in FY 2018 and FY 2019.

The Consolidated Appropriations Act, 2017 authorized a \$20,000,000 transfer from the Department's H-1B training grants to help support H-2A and H-2B operations in FY 2017 and FY 2018. These resources will expand OFLC's H-2A and H-2B case-processing capacities and reduce, but not eliminate, the risk of delays during peak filing seasons. The Department is committed to reducing the risk of delays in the foreign labor certification programs; however, eliminating temporary H-2B processing delays is made more difficult by the fact that the bulk of H-2B applications are filed within a few days of the initial date for submissions in order to "beat" the semi-annual H-2B filing cap of 33,000. While these one-time funding transfers can help temporarily alleviate backlogs and delays, they do not provide a permanent solution to the risk of delays caused by consistently increasing annual application levels. Such transfers also divert needed resources from job-training programs for U.S. workers.

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In order to better protect the job opportunities, wages, and working conditions of U.S. workers, reduce delays, and improve the efficiency and quality of application processing, the Budget requests authority for DOL to charge cost-based fees for applications filed under the Permanent, H-2B, and prevailing wage determination programs. The Department also requests authority to replace collection of the fees currently deposited in the U.S. Treasury for applications filed under the H-2A temporary labor certification program with a new H-2A fee included in the Department's fee proposal. The fee levels would be set via regulation to ensure that the amounts are subject to periodic review.

The enactment of a fee-based funding structure that calibrates the supply of resources to the demand for foreign labor certifications would reduce the risk of delays when application volumes increase and automatically reduce resources if application levels fell. These fees would offset Federal and state costs for administering the OFLC programs and, once fully implemented, would eliminate the need for appropriations for these purposes.

The current appropriations supporting OFLC are funded from taxes collected under the Federal Unemployment Tax Act, which are paid by millions of employers, the vast majority of which do not apply for foreign labor certifications. Fees charged only to the employers seeking foreign workers would be more equitable and better targeted.

There is also ample precedent for such application fees in immigration and guest worker programs. As referenced above, DOL currently uses five percent of the proceeds from an H-1B fee collected by DHS to support H-1B and PERM case-processing operations. In addition, a processing fee for the H-2A program is already authorized but, under current law, the Department does not have the authority to retain those fees to support processing activities. The existing H-2A fee would be replaced by a new fee pursuant to the Department's fee proposal. Other Federal activities involving similar immigration-related services are already substantially or entirely funded from user-fee revenue. For example, enforcement activities conducted by the Department's Wage and Hour Division in industries likely to employ nonimmigrants have been fee-funded since 2004 (the H-1B fraud prevention and detection fee). The U.S. Citizenship and Immigration Service (formerly the Immigration and Naturalization Service) administers many of the post-labor certification activities for the applications associated with OFLC and has been funded almost entirely by application fees since 1988. Employing a similar model for foreign labor certifications would reduce Congressional appropriations and create a funding structure responsive to market conditions.

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WORKLOAD AND PERFORMANCE SUMMARY					
		FY 2017 Enacted		FY 2018 Full Year C.R.	FY 2019 Request
		Target	Result	Target	Target
Foreign Labor Certification					
ETA-Budget OFLC-02	PERM New Applications Filed	98,600[p]	105,034	115,400[p]	126,700[p]
ETA-Budget OFLC-03	PERM Applications Processed	98,600	97,603	101,500	100,000
ETA-FLC-01	Average Number of Days to Resolve PERM Applications NOT Subject to Integrity Review (Analyst Review) (OFLC)	74	78	185	245
ETA-FLC-02	Average Number of Days to Resolve PERM Applications Subject to Integrity Review (Audit) (OFLC)	225	225	305	305
ETA-Budget OFLC-05	H-1B New Applications Filed	602,300[p]	594,570	673,500[p]	736,000[p]
ETA-Budget OFLC-06	H-1B Applications Processed	635,200	624,650	706,700	773,300
ETA-FLC-03	Percent of H-1B Employer Applications Resolved in 7 Business Days (OFLC)	100.0%	100.0%	100.0%	100.0%
ETA-Budget OFLC-08	H-2A New Applications Filed	10,200[p]	10,115	11,300[p]	12,900[p]
ETA-Budget OFLC-09	H-2A Applications Processed	10,000	10,097	11,600	12,500
ETA-FLC-04	Percent of Complete H-2A Employer Applications Resolved 30 Days Before the Date of Need (OFLC)	93.0%	97.6%	95.0%	97.0%

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WORKLOAD AND PERFORMANCE SUMMARY					
		FY 2017 Enacted		FY 2018 Full Year C.R.	FY 2019 Request
		Target	Result	Target	Target
ETA-Budget OFLC-11	H-2B New Applications Filed	10,200[p]	8,984	10,600[p]	12,500[p]
ETA-Budget OFLC-12	H-2B Applications Processed	8,300	8,970	10,900	12,500
ETA-FLC-05	Percent of H-2B Employer Applications Resolved 30 Days Before the date of need (OFLC)	50.0%	63.7%	60.0%	70.0%

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

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Workload and Performance Summary

During FY 2017, OFLC implemented a new interoperability initiative in its National Processing Centers (NPCs) to optimize timely processing in the temporary certification programs. This resulted in Atlanta NPC personnel, who generally focus on applications relating to permanent certification programs, working on pending cases from the other NPCs relating to temporary certification programs. Staff interoperability is an important element of OFLC's efforts to reduce delays during peak filing seasons. OFLC plans to continue its interoperability initiative to support H-2A and H-2B case-processing during the FY 2018 and FY 2019 peak filing seasons.

OFLC is also utilizing a funding transfer authorized in FY 2017 to prevent backlogs and delays in the H-2A and H-2B programs. The increased case-processing capacity made possible by these resources will reduce the risk of delays during upcoming peak filing seasons, but not eliminate the risk entirely. Increased demand for H-2B certifications has condensed the peak H-2B filing season in recent years, as an increasing percentage of employers submit their applications within a few days of the first allowable application date in order to increase their chances of obtaining their requested visas under the mandated semi-annual cap of 33,000. For example, on January 1, 2018 (the earliest date employers could apply for the most recent semi-annual cap), OFLC received approximately 4,500 H-2B applications covering more than 81,600 worker positions. Thus, within the first 24 hours that applications could be submitted, OFLC received requests for 2.5 times more workers than can obtain visas under the semi-annual cap. During the first calendar week of January 2018, OFLC received 67 percent more H-2B applications than during the same time week in 2017 and 222 percent more than the equivalent period in 2016.

These application spikes can temporarily overload OFLC's case-processing capacity and increase the risk of delays for applications filed during these periods. The intensifying seasonality of the peak H-2B filing period and increasing overall application volumes are currently the greatest factors contributing to the risk of delays in the OFLC programs. Despite these structural challenges, the Department is committed to reducing the risk of delays in the foreign labor certification programs and is utilizing all available resources and interoperability strategies to address the risk of delays during peak filing seasons.

OFLC utilized a funding transfer authorized for FY 2016 and FY 2017 to reduce the end-of-year FY 2017 queue of pending PERM applications by 17,900 cases from its height in FY 2015. This result exceeded the 16,000 case estimate outlined in Senate Report 114-74 by 12 percent. If PERM application receipts continue to increase as projected in FY 2018 and FY 2019, however, OFLC anticipates these reductions may not be sustainable now that these resources have expired. In addition, utilization of a significant number of PERM staff to support H-2A and H-2B regulatory processing times will also impact PERM. The overall impact of these factors is a projected increase in the average number of days to process PERM applications in FY 2018 and FY 2019.

Through its annual operating plans, OFLC regularly monitors the rate at which applications are processed – continually assessing strategies in relation to programmatic outcome; mitigating adverse impacts on processing center operations; and ensuring that high-priority strategies are implemented and managed with integrity and in compliance with applicable statutes, regulations,

FOREIGN LABOR CERTIFICATION

and standard operating procedures. All production-related data is extracted from electronic case management systems and aggregated using standard algorithms to ensure the consistent measurement of results.

FOREIGN LABOR CERTIFICATION

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2017 Enacted	FY 2018 Full Year C.R.	FY 2019 Request	Diff. FY19 Request / FY18 Full Year C.R.
11.1	Full-time permanent	16,920	17,132	17,217	85
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	317	158	158	0
11.9	Total personnel compensation	17,237	17,290	17,375	85
12.1	Civilian personnel benefits	5,499	5,744	5,744	0
13.0	Benefits for former personnel	2	0	0	0
21.0	Travel and transportation of persons	183	153	153	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	2,636	2,841	2,841	0
23.2	Rental payments to others	55	39	39	0
23.3	Communications, utilities, and miscellaneous charges	352	297	297	0
24.0	Printing and reproduction	20	15	15	0
25.1	Advisory and assistance services	8,558	8,881	9,031	150
25.2	Other services from non-Federal sources	191	74	74	0
25.3	Other goods and services from Federal sources 1/	8,800	9,225	9,225	0
25.4	Operation and maintenance of facilities	154	50	50	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	3,792	2,855	2,855	0
26.0	Supplies and materials	103	112	112	0
31.0	Equipment	220	66	66	0
41.0	Grants, subsidies, and contributions	14,282	14,185	14,255	70
42.0	Insurance claims and indemnities	226	60	60	0
	Total	62,310	61,887	62,192	305
	1/Other goods and services from Federal sources				
	Working Capital Fund	8,100	9,225	9,225	0
	DHS Services	122	0	0	0
	Census Services	578	0	0	0

FOREIGN LABOR CERTIFICATION

CHANGES IN FY 2019

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
Personnel benefits	0
One day more of pay	85
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	-85
Other services from non-Federal sources	0
Working Capital Fund	0
Other Federal sources (Census Bureau)	0
Other Federal sources (DHS Charges)	0
Other goods and services from Federal sources	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
State Administration Workload	0
Insurance claims and indemnities	0

Built-Ins Subtotal **\$0**

Net Program **\$305**

Direct FTE **0**

	Estimate	FTE
Base	\$61,887	163
Program Increase	\$305	0
Program Decrease	\$0	0

FEDERAL ADMINISTRATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2017 Enacted	FY 2018 Full Year C.R.	FY 2019 Request	Diff. FY19 Request / FY18 Full Year C.R.
Activity Appropriation	48,028	47,702	47,937	235
FTE	163	163	163	0

NOTE: FY 2017 FTE reflects actual FTE. Authorized FTE for FY 2017 was 165.

Introduction

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

Demand for foreign labor certifications has risen dramatically in recent years. OFLC received 89 percent more applications in FY 2017 than in FY 2010 – and application volumes are projected to continue to increase. To reduce the risk of delays in the midst of sharply rising application levels, the Department will continue to implement its internal operating strategy of aligning funding, facilities, staffing, and technological resources to provide timely and high-quality adjudication services.

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2014	\$47,691	188
2015	\$48,028	177
2016	\$48,028	182
2017	\$48,028	165
2018	\$0	0

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

FY 2019

In FY 2019, the Department requests \$47,937,000 and 163 FTE for the Federal Administration of the foreign labor certification programs. These resources will support the operation, management, and oversight of the OFLC. In FY 2019, the Department is projected to receive 126,700 PERM applications, 736,000 H-1B applications, 12,900 H-2A applications, 12,500 H-2B applications, and 185,100 Prevailing Wage determination requests – a 21 percent increase from the total application volume received in FY 2017.

FEDERAL ADMINISTRATION

As previously noted, the Budget requests authority for DOL to establish and retain fees to cover the costs of operating its foreign labor certification programs. Once fully implemented, these fees would reduce the risk of delays and eliminate the need for appropriations for these activities.

FY 2018

A full-year 2018 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, 2018 (Division D of P.L. 115–56, as amended). The amounts included for 2018 reflect the annualized level provided by the continuing resolution. The Department will provide an Operating Plan after a full-year appropriation bill is enacted.

FY 2017

The enacted FY 2017 level for OFLC Federal Administration was \$48,028,000. In FY 2017, the Department received 105,000 PERM applications, 594,600 H-1B applications, 10,100 H-2A applications, 9,000 H-2B applications, and 168,500 Prevailing Wage determination requests.

The Consolidated Appropriations Act, 2016 authorized a \$13,000,000 transfer from H-1B job-training funds for FY 2016 and FY 2017 to help reduce the number of pending PERM applications. Through the availability of these resources and sustained backlog-reduction efforts, by the end of FY 2017 OFLC had reduced the queue of pending PERM cases by 17,900 from its height in FY 2015. The achieved reduction exceeded the 16,000 case estimate outlined in Senate Report 114-74 by 12 percent. OFLC anticipates, however, that these reductions may not be sustainable without these resources if PERM application volumes continue to increase as expected in FY 2018 and FY 2019.

A similar transfer from H-1B job-training funds was authorized in the Consolidated Appropriations Act, 2017 to help support H-2A and H-2B operations in FY 2017 and FY 2018. This \$20,000,000 transfer will expand OFLC's H-2A and H-2B case-processing capacities and reduce, but not eliminate, the risk of delays during peak filing seasons. These resources are being utilized to increase staffing levels during peak filing seasons, provide grants to reduce state-level delays, and improve the IT systems used to submit and adjudicate applications.

The intensifying seasonality of the peak H-2B filing period and increasing overall application volumes are currently the greatest factors contributing to the risk of delays in the OFLC programs. The Department is committed to reducing the risk of delays in the foreign labor certification programs and is utilizing all available resources and interoperability strategies to address the risk of delays during peak filing seasons.

FEDERAL ADMINISTRATION

BUDGET ACTIVITY COMPONENT BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2017 Enacted	FY 2018 Full Year C.R.	FY 2019 Request	Diff. FY19 Request / FY18 Full Year C.R.
11.1	Full-time permanent	16,920	17,132	17,217	85
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	317	158	158	0
11.9	Total personnel compensation	17,237	17,290	17,375	85
12.1	Civilian personnel benefits	5,499	5,744	5,744	0
13.0	Benefits for former personnel	2	0	0	0
21.0	Travel and transportation of persons	183	153	153	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	2,636	2,841	2,841	0
23.2	Rental payments to others	55	39	39	0
23.3	Communications, utilities, and miscellaneous charges	352	297	297	0
24.0	Printing and reproduction	20	15	15	0
25.1	Advisory and assistance services	8,558	8,881	9,031	150
25.2	Other services from non-Federal sources	191	74	74	0
25.3	Other goods and services from Federal sources 1/	8,800	9,225	9,225	0
25.4	Operation and maintenance of facilities	154	50	50	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	3,792	2,855	2,855	0
26.0	Supplies and materials	103	112	112	0
31.0	Equipment	220	66	66	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	226	60	60	0
	Total	48,028	47,702	47,937	235
	1/Other goods and services from Federal sources				
	Working Capital Fund	8,100	9,225	9,225	0
	DHS Services	122	0	0	0
	Census Services	578	0	0	0

FEDERAL ADMINISTRATION

CHANGES IN FY 2019

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
Personnel benefits	0
One day more of pay	85
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	-85
Other services from non-Federal sources	0
Working Capital Fund	0
Other Federal sources (Census Bureau)	0
Other Federal sources (DHS Charges)	0
Other goods and services from Federal sources	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

Built-Ins Subtotal **\$0**

Net Program **\$235**

Direct FTE **0**

	Estimate	FTE
Base	\$47,702	163
Program Increase	\$235	0
Program Decrease	\$0	0

STATE GRANTS

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2017 Enacted	FY 2018 Full Year C.R.	FY 2019 Request	Diff. FY19 Request / FY18 Full Year C.R.
Activity Appropriation	14,282	14,185	14,255	70
FTE	0	0	0	0

Introduction

Under the State Grant activity, the Department provides annual grants to State Workforce Agencies (SWAs) in 55 states and U.S. territories for required employment-based immigration activities in support of the foreign labor certification program. These activities include, but are not limited to, reviewing and placing job orders to recruit U.S. workers; providing assistance to employers in the effective recruitment of U.S. workers; conducting safety inspections of employer-provided housing for workers in the H-2A Temporary Agricultural Program; and performing the prevailing practice and wage surveys used to set the wages and standards for a number of occupations within their state.

SWAs submit annual work plans to the OFLC to establish continued eligibility for these grants, in accordance with the requirements of their foreign labor certification grant agreements. These work plans describe the specific activities and workload expectations of each SWA during the upcoming year.

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2014	\$14,282	0
2015	\$14,282	0
2016	\$14,282	0
2017	\$14,282	0
2018	\$0	0

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

FY 2019

The Department requests \$14,255,000 for state foreign labor certification activities in FY 2019. SWAs are expected to continue to conduct housing inspections for temporary agricultural workers employed under H-2A visas, post job orders to recruit American workers for temporary and permanent positions, direct prevailing practice and wage surveys, and provide assistance to employers to effectively recruit U.S. workers. The increased demand for labor certifications experienced in recent years is projected to continue in FY 2019, creating corresponding increases in SWA workloads that may increase delays. States' responsibilities in support of the H-2B temporary non-agricultural visa program increased under new H-2B regulations issued in FY

STATE GRANTS

2015 – which may affect SWAs' ability to conduct timely H-2A housing inspections, post job orders, and perform prevailing wage and practice surveys.

As noted earlier, the Budget requests authority for DOL to establish and retain fees to cover the costs of operating its foreign labor certification programs. Once fully implemented, these fees would reduce the risk of delays and eliminate the need for appropriations for these activities.

FY 2018

A full-year 2018 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, 2018 (Division D of P.L. 115–56, as amended). The amounts included for 2018 reflect the annualized level provided by the continuing resolution. The Department will provide an Operating Plan after a full-year appropriation bill is enacted.

FY 2017

The enacted appropriation for OFLC State Grants was \$14,282,000 in FY 2017. In addition, OFLC allocated \$1,420,278 from a funding transfer authorized in the Consolidated Appropriations Act, 2017 to help prevent state-level delays in the H-2A and H-2B programs during peak filing seasons. Rising application levels in recent years without commensurate increases in resources have led to periodic delays in required state-level activities that support the foreign labor certification program. Delays in receiving required state-level documentation accounted for approximately 38 percent of all H-2A and H-2B delays in FY 2017. These resources will increase states' capacity to review employer job orders and conduct housing inspections, reducing the risk of delays.

In FY 2017, SWAs conducted 7,714 housing inspections for temporary agricultural workers employed under H-2A visas, posted 22,276 job orders to recruit American workers for available positions, and directed 2,194 prevailing practice and wage surveys.

STATE GRANTS

BUDGET ACTIVITY COMPONENT BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2017 Enacted	FY 2018 Full Year C.R.	FY 2019 Request	Diff. FY19 Request / FY18 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	14,282	14,185	14,255	70
	Total	14,282	14,185	14,255	70

STATE GRANTS

CHANGES IN FY 2019

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

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

Built-Ins Subtotal **\$0**

Net Program **\$70**

Direct FTE **0**

	Estimate	FTE
Base	\$14,185	0
Program Increase	\$70	0
Program Decrease	\$0	0

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2017 Enacted	FY 2018 Full Year C.R.	FY 2019 Request	Diff. FY19 Request / FY18 Full Year C.R.
Activity Appropriation	67,653	67,194	67,194	0
FTE	0	0	0	0

Introduction

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

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

- 2) **Deliver Web-based information and interactive career tools.** DOL's online career tools are visited more than 90 million times annually, including CareerOneStop, O*NET Online, the *mySkills myFuture* skills transferability tool, and the *My Next Move* and the *My Next Move for Veterans* career exploration sites. In 2017, the monthly average of the number of unemployed job seekers using public employment agencies was 933,000.⁴ Virtual services provided through the online tools expand the reach of the American Job Center network and staff, and also enable self-service use by customers around the clock.

The services provided via these tools include:

- Employment, career, and job search information;
- Education and training information;
- A skill transferability tool that enables previously employed job seekers to match their occupational skills and experiences with the skills needed in other occupations;

⁴ Unpublished BLS data on job search methods from the *Current Population Survey*

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

- Information about other assistance to individuals (e.g., unemployment insurance and social, family, housing and emergency services);
- Employer and economic development tools; and
- Tools specifically tailored for veterans and transitioning military service members.

3) Operate a performance-driven system. The performance systems supported by these funds enable the Department to advance transparency and accountability in its employment and training programs, and inform policy and program improvements. These resources support performance reporting systems; systems used by states to ensure reported performance results are accurate and consistent across all states; the Wage Record Interchange System, which provides interstate administrative wage records collected through the UI system to enable states to report reliable performance outcome data for Federally-funded employment and training program participants; and performance analyses to promote continuous improvement in the workforce system.

4) Expand the capacity of the workforce system, including capacity to serve persons with disabilities. The FY 2018 Budget proposed to use funds previously dedicated to the Disability Employment Initiative and invest \$9,800,000, along with \$9,000,000 from the Office of Disability Employment Policy (ODEP), to launch a new demonstration project that will be jointly funded with the Social Security Administration to award Stay-at-Work/Return-to-Work demonstration grants. The FY 2019 Budget proposes to continue to expand these grants, and maintain related technical assistance activities. This demonstration tests the potential of certain interventions to: (1) increase labor force participation of people with disabilities; and (2) prevent permanent labor force detachment resulting from temporary or permanent illness or injury. The program emphasizes connections to existing employment services and supports provided through the workforce development system.

ETA also 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.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2014	\$60,153	0
2015	\$60,153	0
2016	\$67,653	0
2017	\$67,653	0
2018	\$0	0

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

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

Funding Mechanism

The workforce information grants are funded by an administrative formula to all states and a portion for the Virgin Islands and Guam, with 40 percent distributed equally to all states, and 60 percent distributed based on each state's share of the Civilian Labor Force. The online career tools and other investments in workforce information core products and tools are managed through grants to certain states. The Department awards contracts to implement elements of the performance accountability systems and the agency's technical assistance platform. The disability grants are awarded through a competitive solicitation to state workforce agencies.

FY 2019

The Department requests \$67,194,000 for the Workforce Information/Electronic Tools/System Building activity for FY 2019. In FY 2019, these funds will support workforce information grants to states, and will continue formal consultation with the Workforce Information Advisory Council established by WIOA. The funds will also continue to support the ongoing operation and maintenance of the suite of online career tools, including the CareerOneStop portal and the O*NET data collection, as well as data dissemination. The Department will further use these resources to support performance reporting systems, which continue to undergo updates and modifications to meet requirements of WIOA, and to share information about the performance of training providers to inform job seekers' training decisions. Lastly, the Department will continue to support the implementation of WIOA through technical assistance to build the capacity of the workforce system to serve individuals with disabilities, particularly individuals seeking to re-enter the workforce after the onset of a disability or after receiving Social Security disability benefits. In FY 2019, the Department will continue to fund licensing grants, helping states and entities identify and remove unnecessary barriers to job entry. This effort especially benefits veterans and military families.

FY 2018

A full-year 2018 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, 2018 (Division D of P.L. 115-56, as amended). The amounts included for 2018 reflect the annualized level provided by the continuing resolution. The Department will provide an Operating Plan after a full-year appropriation bill is enacted.

FY 2017

The Department received \$67,653,000 for FY 2017. In PY 2017, these funds support workforce information grants to states, and will continue formal consultations with the Workforce Information Advisory Council established by WIOA. The funds will also continue to support the ongoing operation and maintenance of the suite of online career tools, including the CareerOneStop portal and the O*NET data collection, as well as data dissemination. The Department will further use these resources to support performance reporting systems, which continue to undergo updates and modifications to meet requirements of WIOA, and to share

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

information about the performance of training providers to inform job seekers' training decisions.

The Department has begun awarding grants that support states in efforts to review and reform occupational licensing requirements, in particular transitioning service members so they could be able to address remaining gaps to obtaining relevant occupational licenses. These activities build on current efforts to provide support and technical assistance to selected states in order for them to review licensing requirements and reduce barriers to entry and portability.

Lastly, the Department will continue to support the implementation of WIOA through technical assistance and the capacity of the public workforce system to serve individuals with disabilities, particularly individuals seeking to re-enter the workforce after the onset of a disability or after receiving Social Security disability benefits.

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

WORKLOAD AND PERFORMANCE SUMMARY						
	PY 2016 Enacted		PY 2017 Enacted		PY 2018 Full Year C.R.	PY 2019 Request
	Target	Result	Target	Result	Target	Target
Workforce Information-Electronic Tools-System Building						
ETA- eTools- 01	Number of CareerOneStop site visits (in millions)					
	28.50[p]	28.50	29.75[p]	--	30.50[p]	31.25[p]
ETA- eTools- 02	Number of O*NET site visits (in millions)					
	55.75[p]	55.75	58.50[p]	--	62.00[p]	64.50[p]

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

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

Workload and Performance Narrative

Performance for the workforce information and electronic tools program is measured by the number of site visits to various electronic tools Web sites. Performance targets for FY/PY 2019 are 31.25 million site visits for CareerOneStop Web sites and 64.5 million site visits for O*NET Web sites, for an estimated total of 95.75 million site visits.

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

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

For FY 2019, the Department will establish measures for the new demonstration project focused on (1) increased labor force participation of people with disabilities, and (2) prevention of permanent labor force detachment resulting from temporary or permanent illness or injury.

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

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2017 Enacted	FY 2018 Full Year C.R.	FY 2019 Request	Diff. FY19 Request / FY18 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	0	0	0	0
41.0	Grants, subsidies, and contributions	67,653	67,194	67,194	0
	Total	67,653	67,194	67,194	0

WORKFORCE INFORMATION/ELECTRONIC TOOLS/SYSTEM BUILDING

CHANGES IN FY 2019 (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	\$67,194	0
Program Increase	\$0	0
Program Decrease	\$0	0