

**U.S. DEPARTMENT OF LABOR  
EMPLOYMENT AND TRAINING ADMINISTRATION**

**FY 2002 BUDGET OVERVIEW**



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# EMPLOYMENT AND TRAINING ADMINISTRATION

## FY 2002 BUDGET OVERVIEW

### EMPLOYMENT AND TRAINING TOTAL

The FY 2002 budget request for the Employment and Training Administration (ETA) is designed to provide a prepared workforce by helping Americans get the education and training and employment services that will enable them to obtain good jobs at decent wages, and to provide temporary support for those who have lost their job through no fault of their own.

The budget request that will support the programs and activities of America's Workforce Network is \$10.24 billion for FY 2002, a decrease of \$469.4 million below FY 2001. For

discretionary programs, the request is \$9.14 billion, a decrease of \$505.1 million below FY 2001, for a 5.2% decrease. Mandatory spending is \$1.1 billion, an increase of \$35.7 million above FY 2001. This total includes \$213.4 million estimated for revenues from H-1B fees which will be used for skill training grants, an increase of \$33.6

million above FY 2001. Included in mandatory spending is \$404.7 million related to proposed legislation that will extend the Trade Adjustment Assistance and NAFTA-TAA programs beyond September 30, 2001, when they expire under current law.

### America's Workforce Network

America's Workforce Network (AWN) is the nationwide system of workforce development organizations that provide information and services to help employers find qualified workers and to help people manage their careers. State and local agencies, and other employment and training grantees



across the country have come together under the AWN banner to streamline WIA and other services through One Stop Career Centers.

### BUDGET SUMMARY

The budget summary is presented by appropriation accounts.

### TRAINING AND EMPLOYMENT SERVICES ACCOUNT

**FY 2001:** There are several proposed reprogramming changes for FY 2001 reflected in the ETA budget. The budget reflects reprogramming to redirect funds from targeted programs to the core youth activities program authorized by the Workforce Investment Act. First, \$25 million appropriated for Youth Opportunity Grants is redirected to the WIA youth formula grants; second, \$20 million appropriated for the Safe Schools/Healthy Students initiative is redirected to the WIA youth formula grants; and third, \$20 million appropriated for the Incumbent Workers initiative is redirected to the Reintegration of Youth Offenders initiative, which will be a

two-year demonstration funded at \$75 million through FY 2002. The WIA youth formula program will be funded at \$1,147,965,000 in FY 2001, an increase of \$45 million resulting from the reprogramming. Finally, the budget includes an increase of \$14,872,000 for the Unemployment Insurance Program resulting from a projected increase in the average weekly insured unemployment claims volume. Appropriations bill language provides for automatic funding when workloads exceed the budgeted levels.

#### *FY 2001 Proposed Reprogramming*

*P Youth Formula Grants = +45 million*  
*P Youth Opportunity Grants = -\$25 million*  
*P Safe Schools = -\$20 million*  
*P Young Offenders = +\$20 million*  
*P Incumbent Workers = -\$20 million*

**FY 2002:** The request is \$5.34 billion, a net decrease of \$507.9 million below FY 2001. There is a decrease of \$541.4 million in WIA programs (9.5% below FY 2001), and an increase in non-appropriated skill training grants

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**FY 2002 TES Total**

*P \$5.34 billion (-\$507.9 million)*  
*P WIA decrease: -\$541.4 million (-9.5%)*  
*P Skill Training Grants (H-1B): \$213.4 million (+\$33.6 million)*  
*P Unexpended funds permit maintenance of service levels.*

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financed by H-1B fees (+\$33.6 million). The request also discontinues "advance" appropriations used in the past

two years, thus the full funding for Adults, Dislocated Workers and Job Corps will be available for federal obligation on July 1 rather than split between July 1 and October 1. Although Youth, Adult and Dislocated Worker grants to States are decreased by \$404 million, participant levels in these programs will be able to be maintained because of unexpended prior year balances in States. It is currently estimated that about \$1.56 billion in unexpended Youth, Adults and Dislocated Workers funds will be carried into PY 2002. Normally, the amount of unexpended funds would be about 20% of availability, or about \$1 billion.

**Youth Programs**

A total of \$2.65 billion is requested for employment and training programs for Youth for investments that help young people make a successful transition to

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**Youth Programs**

*P Youth Activities = \$1 billion*  
*P Youth Opportunity Grants = \$250 million*  
*P Job Corps = \$1.4 billion*  
*P Young Offenders continued through 2002 (FY 2001 funds)*

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the world of work and family responsibility -- a decrease of \$222 million below the FY 2001 budget authority level provided. In FY 2002, the Department will administer three programs to address youth problems: Workforce

Investment Act (WIA) Youth Activities, Youth Opportunity Grants, and Job Corps. In addition, the Responsible Reintegration for Young Offenders

program that was begun in FY 2001 will be continued as a two year effort with \$55 million in budget authority provided in that year supplemented by an additional \$20 million reprogrammed from the new Incumbent Worker program, which will not be undertaken in FY 2001.

For **Youth Activities** under Section 126 of WIA, a total of \$1.001 billion is requested, a decrease of \$147 million below the revised FY 2001 level. In FY 2001, \$25 million from Youth Opportunity Grants and \$20 million from the new Safe Schools/Healthy Students program, which will not be undertaken, are reprogrammed to Youth Activities thereby providing a total budget authority level of \$1.148 billion in that year. The decrease in FY 2002 can be accommodated without affecting service levels due to the availability of large amounts of State unexpended carryover which can be used in lieu of new budget authority. This program supports a wide range of activities and services to

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**Youth Activities**

*P 721,000 participants (same as 2001)*  
*P 77% of 19-21 year olds will be employed in third quarter after exit*

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prepare low-income youth for academic and employment success, including summer jobs. It also provides increased flexibility to local Youth Councils, enabling them to develop pathways for career opportunities. In so doing, Youth Councils link businesses and schools to ensure that work preparation activities are more relevant. The budget authority requested, together with unexpended carryover, will support an estimated 721,100 participants, the same level anticipated for FY 2001. Of the 19-21 year old youth registered under this program, 77 percent will be employed in the third quarter after program exit.

The FY 2002 budget includes \$250 million for **Youth Opportunity Grants**, the same level as in FY 2001. In FY 2001, \$25 million will be reprogrammed to Youth Activities, thereby providing a budget authority level of \$250 million in that year for

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**Youth Opportunity Grants**

*P \$250 million (same as 2001)*  
*P 58,100 youth*  
*P 53% of 14-18 year olds placed in employment*  
*P \$20 million for Rewarding Youth Achievement*  
*P \$10 million for Migrant Youth*

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this program. This program provides comprehensive, longer term intervention in the lives of primarily out-of-school youth living in inner cities and high poverty areas to help them graduate from high school, get jobs, and progress in the workforce. Included in the request is \$20 million for the Rewarding Youth Achievement Program which will provide economically disadvantaged youth in high poverty areas with extended summer employment opportunities and the opportunity to earn an end of summer bonus as a reward for academic achievement. Also included is \$10 million for Migrant Youth activities to provide employment and training assistance to youth in families engaged in migrant and seasonal farm work. In total, the requested amount for Youth Opportunity Grants will serve an estimated 58,100 youth, the same level anticipated for FY 2001. By 2002, 53 percent of 14-18 year old participants in this program placed in employment, the military, advanced training, post-secondary education, or apprenticeships will be retained at six months.

The **Job Corps** will provide intensive skill training, academic and social education, and support to an estimated 73,000 participants at 121 centers in FY 2002. The budget request is \$1.399 billion, the same level as FY 2001. This funding level, combined with cost containment efforts and savings from unplanned delays opening

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**Job Corps**  
*P \$1.4 billion, same as 2001*  
*P 73,000 youth*  
*P 121 centers, 3 new*  
*P 88.5% get jobs or higher education,*  
*P \$7.90 hourly wages*  
*P 70% in jobs or education six months after initial placement*

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new centers, will be sufficient to cover normal inflation increases. For FY 2002, 88.5 percent of the program's graduates will get jobs or be enrolled in education with entry average hourly wages of \$7.90, and 70

percent will continue to be employed or enrolled in education six months after their initial placement date.

Although no new 2002 budget authority is requested for the new **Responsible Reintegration for Young Offenders** program, funding of \$55 million, together with \$20 million reprogrammed from the new Incumbent Worker program, will be used to provide \$75 million in two year grants to address youth offender issues. The Incumbent Worker program represents a targeted

job training effort whose participants can be served under core employment and training programs, where local decision making can make best use of these resources. The Responsible Reintegration for Young Offenders program will build on work begun in FY 1998. Building on lessons learned through these smaller pilot projects, this large scale WIA Pilot and Demonstration initiative will link youthful offenders under age 35 with essential services that can help make the difference in their choices in the future, such as education, training, job placement, drug counseling, and mentoring, in order to reintegrate them into the mainstream economy. Through local competitive grants, this program would establish partnerships between the criminal justice system and local workforce investment systems, complementing a similar program in the Department of Justice (DOJ). To maximize the impact of these initiatives, the DOL and DOJ funds will be targeted to the same communities and populations. An estimated 9,400 youth will be served in FY 2001 and in FY 2002. For FY 2002, an estimated 65 percent of program graduates will get jobs, re-enroll in high school, be enrolled in post-secondary education, or enroll in training.

**Adult Programs**

A total of \$2.414 billion is requested for employment and training programs for Adults, including Dislocated Worker Employment and Training Activities, Adult Employment and Training Activities, Native Americans and Migrant and Seasonal Farmworkers. This is

a decrease of \$257 million below FY 2001, which can be

accommodated without affecting service levels due to the availability of large amounts of unexpended carryover.

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**Adult Programs**  
*P Total of \$2.414 billion (-\$257 million)*  
*P Adults = \$900 million (-\$50 million)*  
*P Dislocated Workers = \$1.383 billion (-\$207 million)*  
*P Native Americans = \$55 million*  
*P MSFW = \$76.8 million*  
*P Native Americans = \$55 million*

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**Dislocated Worker Employment and Training Activities** under authority of WIA, provides State formula grants, as well as a national emergency grant

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**Dislocated Workers**

*P 927,000 participants (same as 2001)*  
*P 75% employed first quarter after exit*  
*P 85% employed third quarter after exit*  
*P 92% post-program earnings*

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account, for retraining and adjustment services to laid off workers with a labor market attachment to help them quickly return to work. The FY 2002 request of \$1.383 billion for this program reflects a decrease of \$207 million. The budget

authority requested, together with State unexpended carryover, will support 927,000 participants, the same level anticipated for FY 2001. This is possible despite the program decrease due to the availability of large amounts of unexpended carryover which can be used in lieu of new budget authority. Among the workers assisted by the program are those displaced by trade, technology, defense downsizing, and other causes. For FY 2002, 75 percent of those registered under this program will be employed in the first quarter after program exit, and 85 percent will be employed in the third quarter after program exit with total post-program earnings in the second and third quarter after exit of 92 percent of pre-dislocation earnings.

**Adult Employment and Training Activities** provides formula grants to States under authority of WIA for employment and training assistance to low-income adults. The FY 2002 request of \$900 million for this program reflects a decrease of \$50 million. The budget authority requested, together with unexpended carryover, will support 396,000 participants, the same level anticipated for FY 2001. This is possible despite the program decrease due to the availability of large amounts of unexpended carryover which can be used in lieu of new budget authority. The WIA adult program offers universal access to core services for job seekers and adults trying to advance their careers, with more intensive services and training being targeted to those most in need, including welfare recipients. For FY 2002, of those

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**Adult Activities**

*P 396,000 participants (same as 2001)*  
*P 80% employed in third quarter after exit*  
*P \$3,423 earnings gain*

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registered under this program, 80 percent will be employed in the third quarter after program exit, with an average earnings change of \$3,423.

The budget includes \$55 million for **Native Americans**, the same as the FY 2001 appropriation, and will assist 22,200 participants. The **Migrant and Seasonal Farmworkers** request is \$76.8 million, the same as FY 2001. This request will assist 41,000 participants, the same as in FY 2001.

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**National Programs**

*P Native Americans: 22,200 participants*  
*P MSFW: 41,000 participants*

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**WIA Support Activities**

The request for Pilots, Demonstrations, Research, Evaluation, Technical Assistance and Incentive Grants totals \$59.9 million, a decrease of \$62.4 million from FY 2001. This decrease represents elimination of one-time funding provided in FY 2001 for Congressional earmarks.

**Non-WIA Budget Activities**

The budget includes \$3.5 million for the National Skill Standards Board to complete its activities in FY 2002. It also includes \$1 million for Women in Apprenticeship program administered by the Women's Bureau.

**Skill Training Grants (H-1B)**

Although not part of the formal budget request to Congress, ETA's budget includes resources financed from H-1B fees that are used for skill training grants for American workers. For FY 2002, \$213.4 million is estimated to be available, an increase of \$33.6 million above the FY 2001 estimate of \$179.9 million. These funds are classified under the "mandatory" spending category.

## COMMUNITY SERVICE EMPLOYMENT FOR OLDER AMERICANS ACCOUNT

The FY 2002 request is \$440.2 million, the same as FY 2001. The program will assist 92,000 older workers obtain employment opportunities. This program, authorized under Title V of the Older Workers Act, serves individuals with low incomes who are at least 55 years old and have limited employment prospects. This program provides part-time community service jobs (minimum wage) in settings such as day-care centers, hospitals, and schools in occupations ranging from literacy tutoring and conservation to financial consulting and economic development.

## FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

This appropriation covers payments of weekly trade readjustment allowances, training, job search and relocation costs of workers adversely affected by increased imports. In addition, this request provides for similar benefits to workers affected by trade with countries covered by the North American Free Trade Agreement (NAFTA).

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### **Trade Programs**

*P Proposed legislation to extend  
\$415.7 million request*

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For FY 2002, \$415.7 million is requested for TAA and NAFTA-TAA. Of this total, \$11 million is requested under current law and \$404.7 million will be requested under proposed legislation. Legislation will be proposed at a later date to extend the TAA and NAFTA-Transitional Adjustment Assistance programs which expire September 30, 2001. These funds are classified under the “mandatory” spending category.

## STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS ACCOUNT

This account finances the employment security operations of States, and also finances the One-Stop Career Center budget for America’s Labor Market Information System - the information infrastructure of the one-stop delivery

system. Also included in this budget is the Work Incentives Grants program to assist people with disabilities. The request totals \$3.41 billion, an increase of \$34.1 million above the FY 2001 revised level.

## Unemployment Insurance Program

**FY 2001:** The FY 2001 budget includes an increase of \$14.9 million for the States’ Unemployment Insurance (UI) Programs for a projected workload increase above the appropriation of \$2.349 billion. These additional funds are automatically provided by the “true contingency” funding mechanism contained in appropriations bill language.

**FY 2002:** For UI, the FY 2002 budget includes a request for \$2.414 billion, which is \$65 million above the FY 2001 appropriation, and \$50.1 million above the revised FY 2001 level which includes the additional \$14.9 million. The \$50.1 million increase in FY 2002 reflects changes in claims workload under the economic assumptions. The average weekly insured unemployment (AWIU) is projected to increase to 2.622 million from the 2.396 million AWIU level set in the FY 2001 appropriation. The contingency trigger mechanism in the 2001 appropriation is expected to release an additional \$14.9 million in 2001 to cover increasing claims workload (to a total of 2.448 million AWIU).

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### **UI Program**

*P \$14.9 million workload increase in 2001  
P \$50.1 million workload increase in 2002  
P Administration plans to examine program*

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The FY 2002 funding level requested for the UI program will provide for approximately 46,000 staff years of service. State staff will handle 6.8 million employer tax accounts, 19.9 million initial unemployment claims, and a total of 136.4 million weeks claimed and 1.0 million appeals. In addition, to pay for any workload increase over an AWIU rate of 2.622 million, \$28.6 million shall be available for every 100,000 increase over the AWIU, with a pro rata amount for any increase less than 100,000. This unemployment insurance request also includes \$10 million for National Activities, which are interstate or multi-state in nature.

The Administration plans to examine the unemployment compensation program carefully over the coming months.

### **Employment Service Grants to States**

The Employment Service (ES) provides a vast array of information and services to American workers and employers. ES is the essential labor market infrastructure for the One Stop System. In FY 2002, a total of \$811.4 million is requested, the same level provided for FY 2001. Included in this total in FY 2001 is a level of \$761.7 million for allotments to States and \$49.7 million for ES national programs. ES provides no-fee services to individuals seeking employment and to employers seeking workers. The request is expected to result in 5.8 million “entering employment” placements. The request includes \$26.1 million for covering State costs of administering the foreign labor certification programs, the same as in FY 2001. The Department and the States will be competing the streamlining of the programs and eliminating backlogs in FY 2002.

### **Reemployment Services Grants**

Also included is \$35 million for Reemployment Services Grants. This program, which began in FY 2001, provides grants through the Employment Service for targeted, staff-assisted services to unemployment insurance claimants identified as having a high probability of exhausting their benefits. This will speed their reentry into employment and reduce benefit duration and cost.

### **Work Incentive Grants**

In FY 2002, the budget includes \$20 million for Work Incentive Grants, the same level provided in FY 2001, to enhance the prospects of employment for individuals with disabilities. This effort is undertaken in conjunction with the budget’s proposed increase for the Office of Disability Employment Policy. This program will provide competitive grants to partnerships or consortia in States to provide incentives for broader systems building efforts involving coordinated service delivery through, and linkages across, the One Stop Center

system. In addition, these grants would augment the capacity of the One Stop Centers system for the delivery of a full array of effective employment and training services to people with disabilities. Likewise, this effort will promote coordination among members of such partnerships or consortia, in order to ensure that people with disabilities are better prepared to enter, reenter, and remain in the workforce. For FY 2002, the program will increase by 5 percent the number of people with disabilities served and increase by 2 percentage points the rate of unsubsidized employment in the local Workforce Investment Area.

### **One Stop Career Centers**

The FY 2002 budget includes \$134 million to provide employment and related information through One Stop Centers and its America’s Labor Market Information System (ALMIS), a decrease of \$16 million below FY 2001. Services include America’s Job Bank that lists about 1.5 million jobs, and America’s Talent Bank that lists over 500,000 resumes. Information on occupational and career-related items can be obtained from America’s Career InfoNet, and America’s Learning Exchange provides access to lifelong learning opportunities. Efforts to improve access to One Stop information and services include a toll-free number for easier access to information on services and locations, and enhanced technology for serving individuals with disabilities.

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**One-Stop Centers**  
*P \$16 million decrease of investments scaled  
back to maintenance levels*

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### **PROGRAM ADMINISTRATION ACCOUNT**

The Program Administration account provides for Federal administration of all employment and training programs. These programs include those authorized by the following legislation: Workforce Investment Act (WIA) of 1998; the Older Americans Act of 1965, as amended; the School to Work Opportunities Act, expiring October 1, 2001; the Trade Act of 1974, as amended; the National Apprenticeship Act of 1937; Title III of the Social

Security Act of 1935, as amended; the Wagner-Peyser Act of 1933, as amended; and Title 4 of the Social Security Act, as amended (Welfare to Work).

The FY 2002 request for Program Administration provides funds for 1,353, full-time equivalent (FTE) staff and \$161.1 million. This number includes 1,300 FTE financed from direct appropriations, 3 FTE from reimbursements,

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**Program Administration**

*P \$161.million (+\$2.2 million)*

*P 1,353 total FTE (-35 FTE)*

*1,300 appropriated FTE (-60 FTE)*

*53 other FTE (+25 FTE H-1B)*

*P \$1.5 million increase for financial and program performance management*

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and 50 FTE funded from H-1B fee allocations. This request represents a decrease of 60 direct FTE from the FY 2001 appropriation, and an increase of 25 FTE from 25 to 50 for the administrative costs of

processing H-1B applications and the processing of certifications for the permanent foreign labor certification program. The reduction of directly appropriated staff will be accomplished through a variety of measures, including the elimination of management positions as necessary, the consolidation of functions, reduced workloads and other streamlining actions.

Additionally, an increase of \$1.5 million is requested for procuring contractor services to provide specialized financial and program performance management information to all level of ETA organizations. This request includes an increase of \$715 thousand for the increased costs of the San Francisco regional office and \$5.1 million for built-in cost increases, which will be absorbed.

### **Adult Services**

Funding provides staff for leadership, policy direction, and administration for a decentralized system of grants to States and localities for job training and employment assistance for disadvantaged and low income adults and dislocated workers; provides for training and employment services to special targeted groups; provides for the settlement of trade adjustment assistance petitions; and includes related program administration activities. The FY 2002

request for this activity includes an increase of \$375 thousand for improved financial and performance accountability and a decrease of \$495 thousand and 5 FTE for the consolidation and streamlining of functions.

### **Youth Services**

Funding provides staff for leadership, policy direction, and administration for a decentralized system of grants to States for job training and employment assistance for youth programs, including the Youth Opportunity Grants program, and the Job Corps and includes related program administration activities. The FY 2002 request for this activity includes an increase of \$375 thousand for improved financial and performance accountability and a decrease of \$1.2 million and 13 FTE for consolidation and streamlining of activities in the Youth office and Job Corps.

### **Workforce Security**

Funding provides staff for leadership and policy direction for the administration of the comprehensive nationwide public employment service system; unemployment insurance programs in each State; and for a One Stop Center system, including a comprehensive system of collecting, analyzing, and dissemination of labor market information; and includes related programs operations support activities. The FY 2002 request for this activity includes an increase of \$375 thousand for improved financial and performance accountability and a decrease of \$1.6 million and 15 FTE for consolidation and streamlining of functions.

### **Apprenticeship Training, Employer and Labor Services**

Funding promotes and provides leadership and policy direction for the administration of apprenticeship as a method of skill acquisition through a Federal-State apprenticeship structure. Employer and labor services will facilitate the understanding and responsiveness of workforce development systems to the training needs of employers and the interest of labor organizations in training programs. The FY 2002 request for this activity includes an increase of \$375 thousand for improved financial and performance

accountability and a decrease of \$856 thousand and 10 FTE for consolidation and streamlining of activities.

### **Executive Direction**

Funding promotes and provides leadership and policy direction for all training and employment service programs and activities and provides for related program operations support, including research, evaluations, demonstrations, and performance standards. The FY 2002 request for this activity includes a decrease of \$266 thousand and 2 FTE for consolidation and streamlining of activities.

### **Welfare-to-Work**

Funding provides leadership, policy direction, technical assistance, and administration for formula grants to States and competitive grants to local entities to assist long term, hard to employ welfare recipients secure lasting unsubsidized employment. The FY 2002 request for this activity includes a decrease of \$725 thousand and 15 FTE due to declining workloads.

## **ADVANCES TO THE UNEMPLOYMENT TRUST FUND AND OTHER FUNDS**

This appropriation provides general fund advances to several trust and general fund accounts. In FY 2002, the requested amount includes \$464.0 million which will provide for advances to the Black Lung Disability Trust Fund (BLDTF) account administered by the Employment Standards Administration, and which is repayable with interest to the General Fund in Treasury. These funds are classified under the “mandatory” spending category.