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## Federal Programs Available to Unemployed Workers

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## Federal Programs Available to Unemployed Workers

### Abstract

[Excerpt] Four groups of federal programs target unemployed workers: income support, health care assistance, job search assistance, and training. Unemployed workers and their families may experience substantial income loss and, as a result, may qualify for a number of other federal programs that determine eligibility based on income (e.g., the Earned Income Tax Credit, Temporary Assistance for Needy Families, or Medicaid). This report presents information on federal programs targeted to unemployed workers specifically, but does not attempt to discuss means-tested programs. A variety of benefits may be available to unemployed workers to provide them with income support during a period of unemployment. When eligible workers lose their jobs, the Unemployment Compensation (UC) program may provide income support through the payment of UC benefits (often referred to as Unemployment Insurance, or UI, benefits). Certain groups of workers who lose their jobs on account of international competition may qualify for additional or supplemental income support through Trade Adjustment Act (TAA) programs. If an unemployed worker is not eligible to receive UC benefits and the worker's unemployment may be directly attributed to a declared major disaster, a worker may be eligible to receive Disaster Unemployment Assistance (DUA) benefits. Two federal laws may aid unemployed workers in the purchase of health insurance. The first, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), allows unemployed workers in certain circumstances to purchase continued health insurance coverage. The second, the Health Care Tax Credit (HCTC), allows certain TAA and Alternative TAA (for older workers) participants to receive an advanceable and refundable tax credit for purchasing health insurance. Federal support for Americans seeking assistance to obtain, retain, or change employment is undertaken by a national system of local One-Stop Career Centers (One-Stops) that were established by the Workforce Investment Act of 1998 (WIA, P.L. 105-220). A variety of services and partner programs – notably including UC and TAA – are located within or linked to One-Stops, which primarily provide job search assistance, career counseling, labor market information, and other employment services. Core labor exchange services (matching job seekers and employers) are provided by the U.S. Employment Service, which was first established by the Wagner-Peyser Act of 1933 and most recently amended under Title III of WIA. In addition to ES, Title I of WIA authorizes resources for similar core and intensive employment services for youth, adults, dislocated workers, and targeted populations. WIA Title I is also the nation's central job training legislation, providing funds for traditional, on-the-job, customized, and other forms of training to individuals unable to obtain or retain employment through other services. This report will be updated as new legislation warrants.

### Keywords

unemployment, public policy, unemployment benefits, health care

### Disciplines

Labor Relations

### Comments

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# CRS Report for Congress

## Federal Programs Available to Unemployed Workers

**November 14, 2007**

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**Prepared for Members and  
Committees of Congress**

# Federal Programs Available to Unemployed Workers

## Summary

Four groups of federal programs target unemployed workers: income support, health care assistance, job search assistance, and training. Unemployed workers and their families may experience substantial income loss and, as a result, may qualify for a number of other federal programs that determine eligibility based on income (e.g., the Earned Income Tax Credit, Temporary Assistance for Needy Families, or Medicaid). This report presents information on federal programs targeted to unemployed workers specifically, but does not attempt to discuss means-tested programs.

A variety of benefits may be available to unemployed workers to provide them with income support during a period of unemployment. When eligible workers lose their jobs, the Unemployment Compensation (UC) program may provide income support through the payment of UC benefits (often referred to as Unemployment Insurance, or UI, benefits). Certain groups of workers who lose their jobs on account of international competition may qualify for additional or supplemental income support through Trade Adjustment Act (TAA) programs. If an unemployed worker is not eligible to receive UC benefits and the worker's unemployment may be directly attributed to a declared major disaster, a worker may be eligible to receive Disaster Unemployment Assistance (DUA) benefits.

Two federal laws may aid unemployed workers in the purchase of health insurance. The first, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), allows unemployed workers in certain circumstances to purchase continued health insurance coverage. The second, the Health Care Tax Credit (HCTC), allows certain TAA and Alternative TAA (for older workers) participants to receive an advanceable and refundable tax credit for purchasing health insurance.

Federal support for Americans seeking assistance to obtain, retain, or change employment is undertaken by a national system of local One-Stop Career Centers (One-Stops) that were established by the Workforce Investment Act of 1998 (WIA, P.L. 105-220). A variety of services and partner programs — notably including UC and TAA — are located within or linked to One-Stops, which primarily provide job search assistance, career counseling, labor market information, and other employment services. Core labor exchange services (matching job seekers and employers) are provided by the U.S. Employment Service, which was first established by the Wagner-Peyser Act of 1933 and most recently amended under Title III of WIA. In addition to ES, Title I of WIA authorizes resources for similar core and intensive employment services for youth, adults, dislocated workers, and targeted populations.

WIA Title I is also the nation's central job training legislation, providing funds for traditional, on-the-job, customized, and other forms of training to individuals unable to obtain or retain employment through other services.

This report will be updated as new legislation warrants.

## Contents

Income Support for Unemployed Workers .....	1
Unemployment Compensation .....	2
Extended Benefits .....	2
Trade Readjustment Allowance (TRA): Unemployment Benefit Extensions for Workers Unemployed on Account of International Trade .....	3
Other Benefits .....	4
Job Training .....	4
Older Workers and TAA .....	4
Disaster Unemployment Assistance (DUA) .....	4
Health Care Assistance for Unemployed Workers .....	5
Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA, P.L. 99-272) .....	5
Health Care Tax Credit .....	6
Job Search Assistance for Unemployed Workers .....	6
Wagner-Peyser Act of 1933 .....	6
Employment Services .....	7
Wagner-Peyser Act Funding .....	7
Job Training Assistance for Unemployed Workers .....	7
Workforce Investment Act of 1998 .....	7
WIA State Formula Grant Programs .....	8
National Training Programs for Special Populations .....	8
Other Targeted Competitive Grant Programs .....	9
Workforce Investment Act Funding .....	9
Targeted Federal Job Training Activities: Trade Adjustment Assistance and Community Service Employment for Older Americans .....	10
Trade Adjustment Assistance .....	10
Community Service Employment for Older Americans .....	11
Employer Education Assistance .....	11

## List of Tables

Table 1. Workforce Investment Act Title I FY2007 Appropriations .....	10
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# Federal Programs Available to Unemployed Workers

There are four groups of federal programs that target unemployed workers: income support, health care assistance, job search assistance, and training. On the following pages we describe these programs, how they interact with each other, and their funding.

Unemployed workers and their families may experience substantial income loss. If the unemployed worker's family income is low enough, there are a number of means-tested benefits and programs for which the unemployed worker's family might qualify (e.g., the Earned Income Tax Credit, Temporary Assistance for Needy Families, or Medicaid). Eligibility for such programs is not conditional on one's employment status. This report does not attempt to discuss these means-tested programs.

## Income Support for Unemployed Workers

A variety of benefits may be available to unemployed workers to provide them with income support during a spell of unemployment. When eligible workers lose their jobs, the Unemployment Compensation (UC) program may provide income support through the payment of UC benefits. Certain groups of workers who lose their jobs on account of international competition may qualify for additional or supplemental income support through Trade Adjustment Act (TAA) programs. If an unemployed worker is not eligible to receive UC benefits and the worker's unemployment may be directly attributed to a declared major disaster, a worker may be eligible to receive Disaster Unemployment Assistance (DUA) benefits.<sup>1</sup>

The federal government provided Temporary Extended Unemployment Compensation (TEUC) benefits to unemployed workers in the past during some economic recessions. This temporary program generally extended UC benefits for an additional 13 weeks and had an expiration date. *As of this writing, no TEUC program exists; therefore, these benefits are not available.*

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<sup>1</sup> For a more comprehensive review of these income support programs, see CRS Report RL33362, *Unemployment Insurance: Available Unemployment Benefits and Legislative Activity*, by Julie Whittaker; CRS Report RS22718, *Trade Adjustment Assistance for Workers (TAA) and Alternative Trade Adjustment Assistance for Older Workers (ATAA)*, by John Topoleski; and CRS Report RS22022, *Disaster Unemployment Assistance (DUA)*, by Julie Whittaker.

## Unemployment Compensation

The cornerstone of an unemployed worker's income support is the joint federal-state Unemployment Compensation (UC)<sup>2</sup> program, which may provide income support through the payment of UC benefits. The underlying framework of the UC system is contained in the Social Security Act (the act). Title III of the act authorizes grants to states for the administration of state UC laws, Title IX authorizes the various components of the federal Unemployment Trust Fund (UTF), and Title XII authorizes advances or loans to insolvent state UC programs. UC is financed by federal taxes under the Federal Unemployment Tax Act (FUTA) and by state payroll taxes under the State Unemployment Tax Acts (SUTA).

The federal government appropriates funds for federal and state UC program administration, the federal share of Extended Benefit (EB) payments, and federal loans to insolvent state UC programs. The federal government has distributed base funding amounts distributed to states for the administration of their UC programs for FY2008. States should receive an estimated \$2.29 billion.<sup>3</sup> In FY2007, states spent an estimated \$30.8 billion on UC benefits.

The UC system pays benefits to covered workers who become involuntarily unemployed for economic reasons and meet state-established eligibility rules. The UC system generally does not provide UC benefits to the self-employed, to those who are unable to work, or to those who do not have a recent earnings history. States usually disqualify claimants who lost their jobs because of inability to work, unavailability for work, or a labor dispute, or who voluntarily quit without good cause, who were discharged for job-related misconduct, or who refused suitable work without good cause. To receive UC benefits, claimants must have enough recent earnings to meet their state's earnings requirements.

Weekly UC maximums in January 2007 ranged from \$210 (Mississippi) to \$575 (Massachusetts) and, in states that provide dependent's allowances, up to \$862 (Massachusetts).

In FY2007, the U.S. average weekly benefit was \$280. Benefits are available for up to 26 weeks (30 weeks in Massachusetts). For the third quarter of FY2007, the U.S. average regular UC benefit duration was 15.1 weeks.

**Extended Benefits.** The EB program, established by P.L. 91-373 (26 U.S.C. 3304), may extend UC benefits at the state level if certain economic situations within the state exist. Although the EB program is not currently active in any state, it — like the UC program — is permanently authorized. The EB program is triggered when

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<sup>2</sup> For more information on UC, see CRS Report RS22538, *Unemployment Compensation: The Cornerstone of Income Support for Unemployed Workers*, by Julie M. Whittaker, and CRS Report RL33362, *Unemployment Insurance: Available Unemployment Benefits and Legislative Activity*, by Julie M. Whittaker.

<sup>3</sup> In addition to the base state amounts, states may receive extra funds each quarter for actual UC claims workload above the state's base.

a state's insured unemployment rate (IUR)<sup>4</sup> or total unemployment rate (TUR)<sup>5</sup> reaches certain levels. All states must pay up to 13 weeks of EB if the IUR for the previous 13 weeks is at least 5% and is 120% of the average of the rates for the same 13-week period in each of the 2 previous years. There are two other optional thresholds that states may choose. If the state has chosen the option, they would provide the following:

- Option 1: an additional 13 weeks of benefits if the state's IUR is at least 6%, regardless of previous years' averages.
- Option 2: an additional 13 weeks of benefits if the state's TUR is at least 6.5% and is at least 110% of the state's average TUR for the same 13-weeks in either of the previous two years; an additional 20 weeks of benefits if the TUR is at least 8%.

No state currently has an active EB program.

### **Trade Readjustment Allowance (TRA): Unemployment Benefit Extensions for Workers Unemployed on Account of International Trade**

The Trade Adjustment Act (TAA)<sup>6</sup> program, established by the Trade Expansion Act of 1962 (P.L. 87-794) and now authorized by the Trade Act of 1974 (P.L. 93-618), as amended, extends unemployment benefits for workers dislocated by import competition. TAA eligible workers may also receive job training. To gain TAA eligibility, a group of workers (or a state or firm on behalf of a group of workers) petitions the Department of Labor (DOL), and DOL investigates whether import competition "contributed importantly" to their job loss or whether their firm has shifted production of like articles to certain countries. The reauthorization of TAA by the Trade Act of 2002 (P.L. 107-210) extends eligibility to secondary workers whose job loss results from the loss of business with a primary firm (the firm that directly lost business or outsourced work as a result of trade). P.L. 110-89 extends authorization for the TAA program through December 31, 2007.

TAA funds are appropriated as an entitlement out of the federal government's general fund (not out of the Unemployment Trust Fund) to workers who meet the eligibility requirements, although training funds are subject to annual funding caps. At the federal level, TAA is administered by, and is part of the federal budget for, the U.S. Department of Labor (DOL). Claims for TAA benefits by individual workers are administered by the state UC agencies under agreements and contracts with DOL.

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<sup>4</sup> The IUR is the ratio of UC eligible unemployed workers to all UC eligible workers (employed and unemployed) in the labor force.

<sup>5</sup> The TUR is the ratio of unemployed workers to all workers (employed and unemployed, without regard to UC eligibility) in the labor force.

<sup>6</sup> For more information on TAA, see CRS Report RS22718, *Trade Adjustment Assistance for Workers (TAA) and Alternative Trade Adjustment Assistance for Older Workers (ATAA)*, by John J. Topoleski.



The income support portion of the TAA is a trade readjustment allowance (TRA) benefit. The TRA benefit is identical to the UC benefit the worker would have received under the regular UC program of the worker's state. The TRA benefit is available for 52 weeks, less any weeks in which regular UC or EB benefits are received, plus an additional 52 weeks for claimants still in approved job training after the basic TRA runs out. An additional 26-week extension is available to those in need of remedial education. Therefore, the total period of unemployment benefit receipt for a TAA certified unemployed worker — including regular and extended UC benefits, as well as the TRA benefits — may last as long as 130 weeks.

In FY2006, there were 129,552 workers covered by TAA certifications and approximately 60,000 new TRA recipients. Approximately \$549 million was spent on TRA benefits in FY2006.

**Other Benefits.** An allowance of up to \$1,250 may be paid to eligible workers who must search for work outside their commuting area. Another \$1,250 allowance may be paid for the cost of relocation to another job market.

**Job Training.** TAA eligible workers may be provided job training through the TAA. This assistance is discussed in the Job Training Assistance section below.

**Older Workers and TAA.** An alternative TAA (ATAA) for older workers was established by the Trade Act of 2002 (P.L. 107-210). It replaces up to 50% of the difference (up to \$10,000) between the wages in a new job and the old job for up to two years for an older worker who has been displaced by import competition.

The ATAA program went into effect on August 6, 2003, and is intended to shorten transitions into new occupations or industries without requiring older workers to participate in training programs. Eligibility is limited to those over age 50 whose incomes are less than \$50,000 yearly, who work full time, and who find new jobs within 26 weeks after job separation.

## **Disaster Unemployment Assistance (DUA)**

The Disaster Unemployment Assistance (DUA) program provides monetary assistance to individuals unemployed as a direct result of a major disaster who are not eligible for regular Unemployment Compensation (UC) benefits. DUA is funded through the Federal Emergency Management Agency (FEMA). DUA is administered by the Department of Labor (DOL) through each state's UC agency.

First created in 1970 through P.L. 91-606, DUA benefits are authorized by the Robert T. Stafford Disaster Relief and Emergency Relief Act (the Stafford Act), which authorizes the President to issue a major disaster declaration after state and local government resources have been overwhelmed by a natural catastrophe or, "regardless of cause, any fire, flood, or explosion in any part of the United States" (42 U.S.C. 5122(2)). On the basis of the request of the affected state's governor, the President may declare that a major disaster exists. The declaration identifies the areas in the state eligible for assistance. The declaration of a major disaster provides the full range of disaster assistance available under the Stafford Act, including, but not limited to, the repair, replacement or reconstruction of public and non-profit

facilities, cash grants for the personal needs of victims, housing, and unemployment assistance related to job loss from the disaster.

In FY2006, \$373 million was spent on DUA benefits. This was an atypical outlay and reflects the severity of the Hurricane Katrina disaster. Generally, the federal budget contains an estimated \$40 million in a given year for DUA benefits.

## **Health Care Assistance for Unemployed Workers**

Two federal laws may aid unemployed workers in the purchase of health insurance. The first, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), allows unemployed workers in certain circumstances to purchase continued health insurance coverage. The second, the Health Care Tax Credit (HCTC), allows certain TAA and ATAA participants to receive an advanceable and refundable tax credit for purchasing health insurance.

### **Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA, P.L. 99-272)**

Title X of COBRA<sup>7</sup> requires employers who offer health insurance to continue coverage for their employees under certain circumstances. Congress approved the legislation to expand access to coverage at group rates to qualified employees and their families who are faced with loss of coverage due to certain events, including termination or reduction in hours of employment (for reasons other than gross misconduct). Although the law allows employers to charge 102% of the group plan premium, this can be much less expensive than comparable coverage available in the individual insurance market.

Coverage generally lasts 18 months but, depending on the circumstances, can last for longer periods. COBRA requirements also apply to self-insured firms. An employer must comply with COBRA even if it does not contribute to the health plan; it need only maintain such a plan to come under the statute's continuation requirements.

Unpublished Department of Health and Human Services data from 2004 estimate that approximately 2.8 million non-elderly adults were enrolled in COBRA coverage obtained through their own former employer.<sup>8</sup>

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<sup>7</sup> For more information on COBRA, see CRS Report RL30626, *Health Insurance Continuation Coverage Under COBRA*, by Heidi Yacker.

<sup>8</sup> This estimate includes unemployed workers from private industry and state and local governments. It does not include former federal workers.

## Health Care Tax Credit

Workers eligible for Trade Adjustment Assistance or receiving a pension paid by the Pension Benefit Guaranty Corporation (PBGC) may be eligible to receive an advanceable, refundable tax credit (the Health Coverage Tax Credit, HCTC)<sup>9</sup> to purchase certain types of insurance. The Health Care Tax Credit (HCTC) is a refundable and advanceable tax credit for 65% of health insurance premiums.

The HCTC is available to TAA and ATAA eligibles as well as individuals aged 55 and older receiving a PBGC pension payment. Recipients cannot be enrolled in certain other health insurance, including Medicaid or employment-based insurance for which the employer pays at least half the cost, nor can they be entitled to Medicare.

The HCTC equals 65% of the premiums the taxpayer pays for qualifying insurance. Up to 10 types of coverage are specified in the statute, although most require state action to become effective. The credit is payable in advance to insurers, allowing workers to benefit before they file their tax returns. It is also refundable: workers can receive the full credit even if they have no regular tax liability.

The Congressional Budget Office (CBO) estimates \$20 million in HCTC expenditures for tax year 2006.

## Job Search Assistance for Unemployed Workers

Federal support for Americans seeking assistance to obtain, retain, or change employment is undertaken by a national system of local One-Stop Career Centers (One-Stops). One-Stops were established by law under the Workforce Investment Act of 1998 (WIA, P.L. 105-220), but had been encouraged by the Department of Labor (DOL) since it began awarding states One-Stop development grants in 1993. Although One-Stops bring together employment and training services of approximately 20 required partners, the central component of all One-Stops is a labor exchange system that is universally accessible to job seekers and employers. This labor exchange system is undertaken by the U.S. Employment Service (ES), first established by the Wagner-Peyser Act of 1933.

## Wagner-Peyser Act of 1933

The Wagner-Peyser Act established the Employment Service<sup>10</sup> as a system jointly operated by DOL and the state employment security agencies. The central mission of the ES is to facilitate the match between individuals seeking employment and employers seeking workers. Services are open to all without fees.

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<sup>9</sup> For more information on the HCTC, see CRS Report RL32620, *Health Coverage Tax Credit Authorized by the Trade Act of 2002*, by Bernadette Fernandez.

<sup>10</sup> For more information on ES, see CRS Report RL30248, *The Employment Service: The Federal-State Labor Exchange System*, by Alison Pasternak and Ann Lordeman.

**Employment Services.** Local ES offices are known by many names, such as Employment Service, Job Service, One-Stop Career Center, and Workforce Development Center. These offices offer an array of services to job seekers and employers, including career counseling, job search workshops, labor market information, job listings, applicant screening, and referrals to job openings. States provide ES services through three tiers of service delivery: self-service, facilitated self-help, and staff-assisted. As the names of the tiers imply, progressively more active staff involvement is required as services range from internet job postings to career counseling.

Upon the establishment of the Unemployment Compensation program in 1935, ES offices also began to administer the UC “work test” requirements. These offices monitor UC claimants to ensure that they are able to work, available for work, and actively seeking work. For the recently unemployed, the ES processes UC income support claims while helping the individual find new employment.

**Wagner-Peyser Act Funding.** Total funding for the Wagner-Peyser activities was over \$813 million for FY2007, including Employment Service national activities and allotments to states as well as labor market information and other One-Stop funding. Over 89% of this appropriation came from the Unemployment Trust Fund, and approximately 96% was allotted to state employment security agencies for One-Stop services.

## Job Training Assistance for Unemployed Workers

The nation’s central job training legislation is the Workforce Investment Act (WIA) of 1998. In addition, the act established linkages between WIA training activities and three other populations targeted by federal programs: workers eligible for TAA, military veterans, and workers over the age of 55 covered under the Older Americans Act of 1965. Although not discussed below, it should be noted that other federal education and training programs provide support that could assist the unemployed in reaching career goals, even though these programs do not explicitly target an unemployed population (e.g., student financial assistance authorized under Title IV of the Higher Education Act of 1965 and the Lifetime Learning Credit).

### Workforce Investment Act of 1998

The Workforce Investment Act includes titles that authorize programs for job training, adult education and literacy (the Adult Education and Family Literacy Act), vocational rehabilitation (the Rehabilitation Act of 1973), and the Employment Service (the Wagner-Peyser Act of 1933). Title I of WIA<sup>11</sup> provides for job training and related services for unemployed and underemployed individuals through three state formula grant programs (adults, dislocated workers, and youth) and a number

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<sup>11</sup> For more information on WIA, see CRS Report RL33687, *The Workforce Investment Act (WIA): Program-by-Program Overview and Funding of Title I Training Programs*, by Blake Alan Naughton and CRS Report 97-536, *Job Training Under the Workforce Investment Act (WIA): An Overview*, by Ann Lordeman.

of national programs. **Table 1** provides detailed national funding information for WIA Title I programs. The WIA programs are briefly described below.

**WIA State Formula Grant Programs.** Funding for formula grant programs is first allotted to states on the basis of a number of factors (e.g., relative number of unemployed individuals compared to the number of unemployed individuals nationally). In a second step, after a set amount is reserved for statewide activities, funds are then allocated to local areas' workforce investment boards for use in their One-Stop system.

**Training Services for Adults.** This formula grant program provides training and related services to both unemployed and employed individuals ages 18 and older. Any individual may receive "core" services (e.g., job search assistance). To receive "intensive" services (e.g., individual career planning and job training), an individual must need these services to become employed or to obtain or retain employment that allows for self-sufficiency.

**Training Services for Dislocated Workers.** In general, of the funds appropriated for this program, 80% are allocated by formula grants to states (which in turn allocate funds to local entities) to provide training and related services to individuals who have lost their jobs and are unlikely to return to them or similar jobs in the same industry. Generally, 20% of the appropriation is reserved by DOL for a national reserve account, which in part provides for national emergency grants to states or local entities — especially in response to mass layoffs.

**Training Services for Youth.** This formula grant program provides training and related services to low-income youth ages 14-21 who face barriers to employment. Services prepare both in-school and out-of-school youth for employment and post-secondary education by linkages between academic and occupational learning.

**National Training Programs for Special Populations.** WIA authorizes several national grant programs that provide training funds to targeted populations. Job Corps and programs for Native Americans and migrant and seasonal farm workers are generally found in all states.

**Job Corps.** This residential job training program provides services to low-income individuals ages 16-24 primarily through contracts administered by DOL with corporations and nonprofit organizations. Currently, there are 122 Job Corps centers in 48 states, the District of Columbia, and Puerto Rico. On February 8, 2007, DOL announced that three new centers will open, including the first centers in each of the remaining two states, New Hampshire and Wyoming.

**Native Americans Program.** This program provides training and related services to low-income Indians, Eskimos, Aleuts, and Native Hawaiians through formula grants to Indian tribes and reservations and other Native American groups.

**Migrant and Seasonal Farmworker Program.** This program provides training and related services, including technical assistance and housing, to disadvantaged migrant and seasonal farmworkers and their dependents through

discretionary grants awarded to public, private, and nonprofit organizations. This program is also referred to as the National Farmworker Jobs Program.

**Other Targeted Competitive Grant Programs.** Additional competitive grant programs are specified in either the WIA legislation itself or in appropriations language for WIA.

**Veterans' Workforce Investment Program.** This program provides training and related services to veterans through competitive grants to states and nonprofit organizations. (DOL and the Department of Veterans Affairs administer additional veterans employment programs.)

**Responsible Reintegration for Young Offenders.** This competitive grant program funds projects that serve young offenders and youth at risk of becoming involved in the juvenile justice system. This program is authorized under the WIA's general demonstration, pilot, and research authority. First funded in FY2000, the program is specified only in annual appropriations language.

**Prisoner Reentry Initiative.** This competitive grant program funds faith-based and community organizations that help recently released prisoners find work when they return to their communities. This program is authorized under the WIA's general demonstration, pilot, and research authority. First funded in FY2005, this program is directly specified only in annual appropriations language.

**Community-Based Job Training Grants.** This competitive grant program, also known as the Community College Initiative, funds entities to strengthen the capacity of community colleges to train workers in the skills required to succeed in high-growth, high-demand industries. This program is authorized under the WIA's general demonstration, pilot, and research authority. First funded in FY2005 under the general authority of WIA, this program is directly specified only in annual appropriations language.

**YouthBuild.** This program provides disadvantaged young adults with education and employment skills through rehabilitating and constructing housing for low-income and homeless people. The program was transferred at the beginning of FY2007 from the Department of Housing and Urban Development to DOL as a part of WIA.

**Workforce Investment Act Funding.** Appropriations for WIA totaled over \$5.1 billion in FY2007. From that amount, nearly \$3.0 billion was allotted to states through programmatic formula grants. These dollars flow through the state workforce investment board and then, by formula, to local boards to serve as the central funding for One-Stops. Although unemployed persons are the target population for WIA Title I programs, particularly for training, currently employed individuals also benefit from many WIA services. **Table 1** provides program-by-program funding information.

**Table 1. Workforce Investment Act Title I  
FY2007 Appropriations**

<b>Program</b>	<b>FY2007 Appropriation (\$)</b>
<b>WIA Grand Total</b>	<b>5,137,966,000</b>
Adult Activities	864,199,000
Dislocated Worker Activities	1,346,903,000
Youth Activities	940,500,000
Job Corps	1,578,277,000
Native Americans	53,696,000
Migrant and Seasonal Farmworkers	79,752,000
Veterans' Workforce Investment	7,435,000
Responsible Reintegration for Young Offenders	49,104,000
Prisoner Reentry Program	19,642,000
Community-based Job Training Grants	125,000,000
YouthBuild	49,500,000
Technical Assistance	480,000
Pilots, Demonstrations, and Research	14,700,000
Evaluation	4,921,000

**Source:** Table compiled by CRS from House Committee on Appropriations tables.

### **Targeted Federal Job Training Activities: Trade Adjustment Assistance and Community Service Employment for Older Americans**

As discussed above, the WIA statute mandates connections between the nation's One-Stop system and a number of other employment, education, and social service programs. Two of these One-Stop partners also specifically fund employment and training activities for their particular populations: workers affected by trade-related layoffs and low-income older Americans.

**Trade Adjustment Assistance.** Trade Adjustment Assistance (TAA) provides eligible workers with employment and training assistance. TAA training is authorized by the Trade Act of 1974 (P.L. 93-618), as is the Trade Readjustment Allowance (TRA) previously described in the income support section of this report. In order for workers to receive TAA benefits, they generally must have lost their jobs due to import competition or shifts to overseas production. Older workers who opt for the Alternative Trade Adjustment Assistance (ATAA) program are excluded from retraining assistance but may receive ES assistance.

TAA employment and training services include reemployment services (similar to Employment Services described above); up to 26 weeks of remedial education; and up to 104 weeks of classroom training, on-the-job training, or other kinds of education.

TAA funds are appropriated as an entitlement out of the general fund (not out of the Unemployment Trust Fund) to workers who meet the eligibility requirements, although training funds are subject to annual funding caps. Appropriations for TAA training funds were \$220 million in FY2007.

**Community Service Employment for Older Americans.** Title V of the Older Americans Act of 1965 (OAA, P.L. 89-73), which authorizes the Community Service Employment Program (CSEP)<sup>12</sup> for older Americans, has as its purpose the promotion of part-time opportunities in community service activities for unemployed low-income persons who are 55 years or older and who have poor employment prospects. The program is the primary job creation program for adults since the elimination of public service employment previously authorized under WIA's predecessor legislation. CSEP not only provides opportunities for part-time employment and income for older persons but also contributes to the general welfare of communities by providing a source of labor for various community service activities.

For FY2007, CSEP funding of \$434 million represented approximately one-quarter of OAA funds. These funds are awarded to both states and national sponsor organizations.

## **Employer Education Assistance**

Generally, education assistance from employers must be included in employees' gross income for federal income tax purposes. Sometimes, as a part of a severance package, employers might provide laid-off workers with such assistance.

Section 127 of the Internal Revenue Code allows up to \$5,250 in tuition reimbursements and other forms of employer education assistance (e.g., payments for books, supplies, and equipment) to be exempt from income and employment taxes even if the education does not qualify as a deductible business expense.<sup>13</sup> For the purposes of Section 127, a laid-off employee may qualify for this exemption.

In January 2005, the Joint Committee on Taxation estimated that the tax expenditure attributable to the Section 127 exclusion would be approximately \$0.8 billion in FY2005.

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<sup>12</sup> For more information on CSEP, see CRS Report RL31336, *The Older Americans Act: Programs, Funding, and 2006 Reauthorization (P.L. 109-365)*, by Carol O'Shaughnessy and Angela Napili.

<sup>13</sup> For more information on the tax treatment of employer education assistance, see CRS Report 97-243, *The Current Status of Employer Education Assistance*, by Linda Levine and Bob Lyke.