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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: unemployment insurance programs, health care assistance, job search assistance, and training. This report describes 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., Temporary Assistance for Needy Families, SSI, or Medicaid). Eligibility for such benefits is not conditional on an individual's current employment status. This report does not attempt to discuss these means-tested benefits and programs.

### Keywords

federal programs, unemployment insurance, health care assistance, training, federal benefits

### Comments

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# Federal Programs Available to Unemployed Workers

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## Summary

Four groups of federal programs target unemployed workers: unemployment insurance, health care assistance, job search assistance, and training. This report presents information on federal programs targeted to unemployed workers specifically, but does not attempt to discuss means-tested programs (such as Medicaid or SSI) that are available regardless of employment status.

When eligible workers lose their jobs, the Unemployment Compensation (UC) program may provide up to 26 weeks of income support through the payment of regular UC benefits. Unemployment benefits may be extended by the temporarily authorized Emergency Unemployment Compensation (EUC08) program. Unemployment benefits may also be extended for up to 13 or 20 weeks by the permanent Extended Benefit (EB) program if certain economic conditions exist within the state. Workers whose job loss is caused by foreign competition may be eligible for extended income support through the Trade Adjustment Assistance for Workers (TAA) program. 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 continue health insurance coverage from their employers. The second, the Health Coverage Tax Credit (HCTC), allows certain TAA participants to receive an advanceable and refundable tax credit for purchasing qualified 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 (WIA) of 1998. 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 (ES), 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.

Title I of WIA 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 with major new legislation.

## Contents

|  |    |
|--|----|
| Introduction.....  | 1  |
| Unemployment Insurance for Unemployed Workers .....  | 1  |
| Unemployment Compensation .....  | 1  |
| Emergency Unemployment Compensation.....   | 2  |
| Extended Benefits .....  | 3  |
| EUC08 and EB Interactions .....  | 4  |
| Trade Readjustment Allowance: UI Extension for Workers Affected by Foreign<br>Competition.....                                     | 5  |
| Reemployment Trade Adjustment Assistance .....   | 6  |
| Disaster Unemployment Assistance .....   | 6  |
| Health Care Assistance for Unemployed Workers.....   | 7  |
| Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272).....  | 7  |
| Health Coverage Tax Credit .....   | 8  |
| Job Search Assistance for Unemployed Workers.....  | 8  |
| Wagner-Peyser Act of 1933 .....  | 9  |
| Employment Services.....   | 9  |
| Wagner-Peyser Act Funding.....   | 9  |
| Job Search Assistance for TAA-Certified Workers.....   | 9  |
| Job Training Assistance for Unemployed Workers.....  | 10 |
| Workforce Investment Act of 1998.....  | 10 |
| WIA State Formula Grant Programs for Job Training and Related Services .....   | 10 |
| National Training Programs for Special Populations .....   | 11 |
| Other Targeted Competitive Grant Programs.....   | 12 |
| Workforce Investment Act Funding .....   | 13 |
| Targeted Federal Job Training Activities: Trade Adjustment Assistance and<br>Community Service Employment for Older Americans..... | 13 |
| Training Assistance for TAA-Certified Workers .....  | 14 |
| Community Service Employment for Older Americans .....   | 14 |

## Tables

|  |    |
|--|----|
| Table 1. Workforce Investment Act Title I FY2012 Appropriations..... | 13 |
|--|----|

## Contacts

|                                 |    |
|---------------------------------|----|
| Author Contact Information..... | 15 |
|---------------------------------|----|

## Introduction

Four groups of federal programs target unemployed workers: unemployment insurance programs, health care assistance, job search assistance, and training. This report describes 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., Temporary Assistance for Needy Families, SSI, or Medicaid). Eligibility for such benefits is not conditional on an individual's current employment status. This report does not attempt to discuss these means-tested benefits and programs.

## Unemployment Insurance for Unemployed Workers

A variety of benefits may be available for unemployed workers. When eligible workers lose their jobs, the Unemployment Compensation (UC) program may provide income support through the payment of UC benefits. Those who exhaust UC benefits may be eligible for additional weeks of unemployment compensation through the temporary Emergency Unemployment Compensation (EUC08) program or through the permanent Extended Benefit (EB) program. Since the creation of the EUC08 program in June 2008, Congress has made several changes to the structure of the EUC08 program. These structural changes have consequences for the availability of EUC08 tiers and benefits in states. The current maximum potential duration of EUC08 benefits available to individuals is 47 weeks, depending on state unemployment rates (in addition to the weeks of UC benefits that are available).<sup>1</sup> 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>2</sup>

## Unemployment Compensation

The cornerstone of an unemployed worker's income security is the joint federal-state UC program,<sup>3</sup> which provides 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

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<sup>1</sup> For additional details on the current availability of EUC08 benefits, see CRS Report R42444, *Emergency Unemployment Compensation (EUC08): Current Status of Benefits*, by Julie M. Whittaker and Katelin P. Isaacs.

<sup>2</sup> For a more comprehensive review of these income support programs, see CRS Report RL33362, *Unemployment Insurance: Programs and Benefits*, by Julie M. Whittaker and Katelin P. Isaacs; CRS Report R42012, *Trade Adjustment Assistance for Workers*, by Benjamin Collins; and CRS Report RS22022, *Disaster Unemployment Assistance (DUA)*, by Julie M. Whittaker.

<sup>3</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: Programs and Benefits*, by Julie M. Whittaker and Katelin P. Isaacs.

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).

In FY2012, states spent an estimated \$44.3 billion on regular UC benefits. The federal government appropriates funds for UC program administration (an estimated \$5.2 billion in FY2012), the federal share of EB payments (an estimated \$4.6 billion in FY2012), the EUC08 program (an estimated \$40.9 billion in FY2012), and federal loans to insolvent state UC programs. The 2009 stimulus package (P.L. 111-5) provided \$500 million in additional funds (i.e., on top of the 2009 federal allocations for administration) for states to use to administer UC programs.<sup>4</sup>

The UC program pays benefits to covered workers who become involuntarily unemployed for economic reasons and meet state-established eligibility rules. The UC program 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, 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. The 2009 stimulus package (P.L. 111-5) provided up to a total of \$7 billion in incentive monies for states to modernize their Unemployment Insurance (UI) programs to include a worker's more recent work history and two of four optional provisions relating to (1) part-time job-seekers, (2) voluntary separations for "compelling family reasons," (3) participation in qualifying training programs, or (4) dependents' allowances.

Maximum weekly benefit amounts in July 2012 ranged from \$133 (Puerto Rico) to \$653 (Massachusetts) and, in states that provide dependent's allowances, up to \$979 (Massachusetts). In November 2012, the average weekly benefit was \$302. In most states, regular UC benefits are available for up to 26 weeks.<sup>5</sup> The average regular UC benefit duration in November 2012 was 17.1 weeks.<sup>6</sup> In September 2012, 25% of all U.S. unemployed workers received UC benefits. At the end of the week of December 8, 2012, about 3.2 million unemployed workers were receiving UC.

## **Emergency Unemployment Compensation**

On June 30, 2008, the EUC08 program was created by P.L. 110-252.<sup>7</sup> This is the eighth time Congress has created a federal temporary program that has extended unemployment

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<sup>4</sup> For more information on provisions in the 2009 stimulus package that affect unemployment benefits, see CRS Report R40368, *Unemployment Insurance Provisions in the American Recovery and Reinvestment Act of 2009*, by Alison M. Shelton and Julie M. Whittaker.

<sup>5</sup> For information on states that have enacted reductions in UC maximum duration, see CRS Report R41859, *Unemployment Insurance: Consequences of Changes in State Unemployment Compensation Laws*, by Katelin P. Isaacs.

<sup>6</sup> The temporary Emergency Unemployment Compensation (EUC08) program may provide additional weeks of benefits in states. The availability of EUC08 benefits varies by state unemployment rate and calendar date. The permanent, federal-state Extended Benefit (EB) program may also offer additional weeks of benefits in states with certain trigger options under state law as well as unemployment rates above certain levels.

<sup>7</sup> For a detailed explanation of the current structure and availability of EUC08 benefits, see CRS Report R42444, (continued...)

compensation during an economic slowdown.<sup>8</sup> The EUC08 authorizing legislation has been amended 11 times,<sup>9</sup> mostly recently by H.R. 8, the American Taxpayer Relief Act of 2012. H.R. 8 extends the authorization of the EUC08 program until the week ending on or before January 1, 2014.

The duration of EUC08 benefits currently available to eligible individuals depends on a state's unemployment rate. The maximum potential duration of benefits from all four tiers of EUC08 in high unemployment states is 47 weeks (in addition to the weeks of UC benefits that are available):

- **Tier I** provides up to 14 weeks of benefits and is available in all states.
- **Tier II** provides up to 14 weeks of benefits and is available in states with a total unemployment rate (TUR) of at least 6%.<sup>10</sup>
- **Tier III** provides up to 9 weeks of benefits and is available in states with a TUR of at 7% (or insured unemployment rate [IUR] of at least 4%).<sup>11</sup>
- **Tier IV** provides up to 10 weeks of benefits and is available in states with a TUR of at least 9% (or an IUR of at least 5%).

All tiers of EUC08 benefits are temporary and expire in the week ending on or before January 1, 2014. Thus, on December 28, 2013 (December 29, 2013, for New York), the EUC08 program ends. There is no grandfathering of any EUC08 benefit after that date.

A current listing of states that have triggered on for various EUC08 tiers, when the EUC08 program is authorized, can be found at [http://www.workforcsecurity.doleta.gov/unemploy/claims\\_arch.asp](http://www.workforcsecurity.doleta.gov/unemploy/claims_arch.asp).

## Extended Benefits

The EB program, established by P.L. 91-373 (26 U.S.C. 3304 note), may extend UC benefits at the state level if certain economic conditions exist within the state. The EB program is

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(...continued)

*Emergency Unemployment Compensation (EUC08): Current Status of Benefits*, by Julie M. Whittaker and Katelin P. Isaacs.

<sup>8</sup> For information on prior federal temporary programs, see CRS Report RL34340, *Extending Unemployment Compensation Benefits During Recessions*, by Julie M. Whittaker and Katelin P. Isaacs.

<sup>9</sup> P.L. 110-449; P.L. 111-5; P.L. 111-92; P.L. 111-118; P.L. 111-144; P.L. 111-157; P.L. 111-205; P.L. 111-312; P.L. 112-78; P.L. 112-96; and H.R. 8 (in the 112<sup>th</sup> Congress). For additional details on the legislative history of EUC08, see CRS Report R42444, *Emergency Unemployment Compensation (EUC08): Current Status of Benefits*, by Julie M. Whittaker and Katelin P. Isaacs.

<sup>10</sup> The TUR is the ratio of unemployed workers to all workers (employed and unemployed) in the labor market. The TUR is essentially a weekly version of the unemployment rate published by the Bureau of Labor Statistics (BLS) and based on data from the BLS' monthly Current Population Survey.

<sup>11</sup> The IUR is the ratio of UC claimants divided by individuals in UC-covered jobs. The IUR is substantially different than the TUR because it excludes several important groups: self-employed workers, unpaid family workers, workers in certain not-for-profit organizations, and several other, primarily seasonal, categories of workers. In addition to those unemployed workers whose last jobs were in the excluded employment, the insured unemployment rate excludes the following: those who have exhausted their UC benefits (even if they receive EB or EUC08 benefits); new entrants or reentrants to the labor force; disqualified workers whose unemployment is considered to have resulted from their own actions rather than from economic conditions; and, eligible unemployed persons who do not file for benefits.

permanently authorized, and is triggered when a state's insured unemployment rate (IUR) or total unemployment rate (TUR) 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 two previous years. There are two other optional thresholds that states may choose. If the state has chosen a given 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-week period in either of the previous two years; an additional 20 weeks of benefits if the TUR is at least 8%.

In addition to all state requirements for regular UC eligibility, the EB program requires claimants to have at least 20 weeks of full-time insured employment or the equivalent in their base period, and to conduct a systematic and sustained work search.<sup>12</sup> A current listing of states that have triggered on for EB can be found at [http://www.workforcesecurity.doleta.gov/unemploy/claims\\_arch.asp](http://www.workforcesecurity.doleta.gov/unemploy/claims_arch.asp).

Under the 2009 stimulus package (P.L. 111-5), as amended, the federal government temporarily finances 100% of the EB program through December 31, 2013 (under permanent law, the federal government finances 50% of the EB program and states finance the other 50%).

### ***Temporary EB Trigger Modifications in P.L. 111-312***

P.L. 111-312 made some temporary, technical changes to certain triggers in the EB program. P.L. 111-312, as amended, allows states to temporarily use lookback calculations based on three years of unemployment rate data (rather than the current lookback of two years of data) as part of their mandatory IUR and optional TUR triggers if states would otherwise trigger off or not be on a period of EB benefits. Using a two-year vs. a three-year EB trigger lookback is an important adjustment because some states are likely to trigger off of their EB periods in the near future despite high, sustained—but not increasing—unemployment rates.

States implement the lookback changes individually by amending their state UC laws. These state law changes must be written in such a way that if the two-year lookback is working and the state would have an active EB program, no action would be taken. But if a two-year lookback is not working as part of an EB trigger and the state is not triggered on to an EB period, then the state would be able to use a three-year lookback. This temporary option to use three-year EB trigger lookbacks expires the week on or before December 31, 2013.

### **EUC08 and EB Interactions**

The EUC08 program should not be confused with the similarly named EB program. The EUC08 program is temporary and the availability of EUC08 tiers depends on state unemployment rate

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<sup>12</sup> The base period is the time period during which wages earned and/or hours/weeks worked are examined to determine a worker's monetary entitlement to UI. Almost all states use the first 4 of the last 5 completed calendar quarters preceding the filing of the claim as their base period.

and calendar date. The EB program is permanently authorized and applies only to certain states on the basis of state unemployment conditions specified in law.

In the past, states were permitted to determine which benefit, EB or EUC08, was paid first. Alaska was the only state to pay EB first when this option was available. But with the enactment of P.L. 112-96, states are now required to pay EUC08 benefits before EB benefits.

## **Trade Readjustment Allowance: UI Extension for Workers Affected by Foreign Competition**

The Trade Adjustment Assistance for Workers program (TAA)<sup>13</sup> provides additional federal assistance to unemployed workers who have been dislocated by international trade. These benefits consist of income support, case management and job search assistance, a health coverage tax credit, and training assistance. Each TAA benefit is discussed in its respective section of this report.

To establish TAA eligibility, a group of dislocated workers (or a union, firm, or state on behalf of a group of workers) petitions the Department of Labor (DOL) to establish that their job loss was attributable to foreign competition. If a DOL investigation finds that import competition “contributed importantly” to the petitioning workers’ job loss or that their firm has shifted their jobs overseas, the petition is certified and the petitioning workers are eligible for TAA benefits. TAA benefits for individuals are typically obtained through state unemployment insurance agencies and state workforce systems.

Trade Readjustment Allowance (TRA) is an extended income support program available to TAA-eligible workers who are enrolled in eligible training programs who have exhausted their UC. A worker’s weekly TRA benefit equals his or her final UC benefit and TRA payments begin the first week in which the worker is no longer entitled to UC. Notably, TRA interacts with UC to provide a single duration of benefits. In cases where a worker is eligible for EUC08 or EB, the duration the worker receives income support under TRA may be relatively short.

There are two stages of TRA:

- **Basic TRA** is available to workers who have exhausted UC and have either (1) enrolled in qualified training, (2) completed a qualified training program, or (3) received a waiver from training. The total basic TRA benefit is equal to 52 times the worker’s weekly UC benefit level minus any UC benefits collected. Assuming a constant benefit level, UC and basic TRA combine to offer 52 weeks of income support. UC benefits offset TRA, so in cases where a worker is entitled to 52 or more weeks of UC, the worker will not collect any basic TRA benefits.
- **Additional TRA** is available to workers who have exhausted basic TRA and are enrolled in an eligible training program. Workers can collect up to 65 weeks of additional TRA (for a total of 117 weeks of TRA) as long as they remain in an eligible training program. In cases where a worker has collected 117 weeks of

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<sup>13</sup> For more information on TAA, see CRS Report R42012, *Trade Adjustment Assistance for Workers*, by Benjamin Collins.

TRA and is still enrolled in a training program that leads to a degree or industry-recognized credential, the worker may collect TRA for up to 13 more weeks (130 weeks total), if the worker will complete the training program during that time.

As is the case with basic TRA, UC benefits offset additional TRA. In cases where a worker is eligible for more than 52 weeks of UC, the worker's additional TRA benefit is reduced by the number of weeks beyond 52 that he or she collects UC.

According to DOL, approximately 26,000 individuals collected TRA in FY2011 at a cost of \$208 million. DOL noted that eligibility for EUC08 and EB reduced the number of TRA participants and limited their time in the program. In FY2008, the last full year when EUC08 and EB were not widely available, TRA outlays were \$523 million.

In its current form, TAA is authorized by the Trade Adjustment Assistance Extension Act of 2011 (Title II of P.L. 112-40). The provisions described in this report are authorized through the end of calendar year 2013. In 2014, the program will revert to the more restrictive eligibility criteria and lower benefit levels specified by the Trade Act of 2002 (P.L. 107-210) for one calendar year before authorization for the program expires on December 31, 2014.

### **Reemployment Trade Adjustment Assistance**

Reemployment Trade Adjustment Assistance (RTAA) is a wage insurance program for TAA-certified workers aged 50 and over who secure reemployment at a lower wage than their certified jobs. RTAA is available to workers with a reemployment wage of less than \$50,000 per year and provides a wage supplement equal to 50% of the difference between the worker's reemployment wage and the wage at his or her certified job. Workers can be enrolled in RTAA for up to two years and can collect a maximum benefit of \$10,000. RTAA was first established by the Trade Act of 2002 (P.L. 107-210) and was reauthorized along with the rest of the TAA program in October 2011. In FY2011, \$40 million was paid to more than 6,100 participants in the RTAA wage insurance program.

### **Disaster Unemployment Assistance**

The Disaster Unemployment Assistance (DUA) program provides monetary assistance to individuals unemployed as a direct result of a major disaster and who are not eligible for regular UC benefits.<sup>14</sup> DUA is funded through the Federal Emergency Management Agency (FEMA) and is administered by 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,

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<sup>14</sup> See CRS Report RS22022, *Disaster Unemployment Assistance (DUA)*, by Julie M. Whittaker, for details on the DUA program.

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, DUA benefit payments totaled \$401 million. This was an atypical outlay and reflected the severity of the Hurricane Katrina disaster. DUA benefit payments totaled \$1.4 million in FY2010, \$5.5 million in FY2011, and \$7.2 million in FY2012.<sup>15</sup>

## **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 from their previous employers. The second, the Health Coverage Tax Credit (HCTC), allows certain TAA and RTAA participants to receive an advanceable and refundable tax credit for purchasing health insurance.

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

Title X of COBRA<sup>16</sup> requires certain employers who offer health insurance to continue to make coverage available for their former 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, for some this can be less expensive than comparable coverage available in the individual insurance market.

COBRA 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. State and local workers are also covered by COBRA.

However, not all individuals who lose their jobs have access to COBRA. For example, firms with fewer than 20 employees are exempt from federal COBRA, but some states do have special programs for small employers. Additionally, firms that do not provide access to health insurance to current employees (including those that previously provided access but went out of business) are not required to provide access to COBRA coverage. Among those individuals with access to COBRA, the cost of the COBRA premiums may be prohibitive. Since most employers subsidize health insurance premiums for their workers, the 102% COBRA premium may not be affordable for the unemployed, especially when compared to unemployment compensation. In 2011, an average COBRA premium was about \$460 per month for individual coverage (\$5,538 annually)

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<sup>15</sup> Data provided by the U.S. Department of Labor.

<sup>16</sup> For more information on COBRA, see CRS Report R40142, *Health Insurance Continuation Coverage Under COBRA*, by Janet Kinzer.

and about \$1,280 per month for family coverage (\$15,375 annually).<sup>17</sup> Average weekly unemployment benefits were about \$296 in 2011.<sup>18</sup> When converted to a monthly basis of about \$1,233 a month, these premiums may consume a large share of one's monthly unemployment benefits, especially for those purchasing family coverage. These premium costs are most likely the reason for low COBRA participation. According to surveys of the unemployed eligible for COBRA, the participation rate ranges from 18% to 26% (or about 1 in 4 workers).<sup>19</sup>

## **Health Coverage Tax Credit**

TAA-certified workers receiving TRA, UI in lieu of TRA, or RTAA wage insurance may be eligible for a Health Coverage Tax Credit (HCTC).<sup>20</sup> The HCTC is a refundable, advanceable tax credit for eligible individuals who purchase qualified health insurance.<sup>21</sup>

The Trade Adjustment Assistance Extension Act of 2011 (Title II of P.L. 112-40) set the HCTC at 72.5% of qualified premium costs. The credit can be claimed when an eligible worker files his or her tax return or it can also be paid in advance to insurers, allowing workers to benefit before they file their tax returns. HCTC 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.

TRA recipients can receive the HCTC for one month longer than they are eligible for TRA. RTAA recipients may receive the HCTC for two years. The HCTC program will expire on January 1, 2014. This expiration will coincide with the availability of new federal tax credits for health coverage under the Patient Protection and Affordable Care Act (P.L. 111-148).

## **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 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.

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<sup>17</sup> CRS estimate based on data from Kaiser Family Foundation, *Worker and Employer Contributions for Premiums, Employer Health Benefits 2011 Annual Survey*.

<sup>18</sup> U.S. Department of Labor, Employment and Training Administration, Office of Unemployment Insurance, Monthly UI and Financial Data, available online at <http://www.workforcesecurity.doleta.gov/unemploy/claimssum.asp>.

<sup>19</sup> Spencer's Benefits Reports, 2006, COBRA Survey: More Were Eligible, More Elected, Cost Was 145% of Active Employee Cost (Chicago: CCH a Wolters Kluwer Company, 2006).

<sup>20</sup> Pension Benefit Guaranty Corporation (PBGC) payees who are at least 55 years old may also be eligible for the HCTC.

<sup>21</sup> For more information on the HCTC, see CRS Report RL32620, *Health Coverage Tax Credit*, by Bernadette Fernandez.

## **Wagner-Peyser Act of 1933**

The Wagner-Peyser Act established the Employment Service<sup>22</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.

### **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 \$786.7 million for FY2012. These activities include ES grants to states, ES national activities, and workforce information. Also, the American Recovery and Reinvestment Act of 2009 (ARRA; P.L. 111-5) provided an additional \$400 million for ES operations in FY2009.

## **Job Search Assistance for TAA-Certified Workers**

Workers who are covered by a certified TAA petition are eligible for case management and employment services. Statute specifies a group of employment services for which all TAA-certified workers are eligible and these services may be more intensive than the services immediately available to the general unemployed population. Employment services for TAA-certified workers are typically provided at the same locations and by the same staff that provide the public employment services described in the previous section.

In cases where a TAA-certified worker is not able to find a suitable job locally, the worker may be able to obtain a job search allowance to cover the costs of seeking employment outside of the local commuting area. If a worker secures a job that requires the worker to relocate, an additional allowance to cover relocation expenses may be available. Job search and relocation allowances are limited to \$1,250 each.

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<sup>22</sup> For more information on ES, see CRS Report RL30248, *The Employment Service: The Federal-State Public Labor Exchange System*, by Alison Pasternak and Ann Lordeman.

These services and allowances are funded out of the TAA Reemployment Services funding, which is granted to states each year using a formula. Case management and job search-related activities account for a relatively small portion of expenditures out of this fund; the large majority of TAA Reemployment Services funding is allocated to training benefits (described later in this report).

## Job Training Assistance for Unemployed Workers

The nation's central workforce development legislation is the Workforce Investment Act of 1998 (WIA). 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.<sup>23</sup>

### Workforce Investment Act of 1998

WIA 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>24</sup> provides employment and training services for unemployed and underemployed individuals through three state formula grant programs (adults, dislocated workers, and youth) and a number of national programs. WIA programs operate on a program year (PY) of July 1 to June 30 (e.g., PY2012 runs from July 1, 2012, through June 30, 2013). FY2012 appropriations fund programs from July 1, 2012, until June 30, 2013. Although WIA authorized funding through September 30, 2003, WIA programs continue to be funded through annual appropriations. **Table 1** provides detailed national funding information for WIA Title I programs. The WIA programs are briefly described below.

### WIA State Formula Grant Programs for Job Training and Related Services

The three formula grant programs for youth, adult, and dislocated workers provide funding for employment and training activities provided by the national system of One-Stop Career Centers. Statutory formulas distribute funds to states on the basis of measures of unemployment and poverty status for youth and adult allocations and unemployment measures only for dislocated worker allocations. States in turn distribute funds, again by formula, to local workforce investment boards.

### *Employment Services for Adults*

This formula grant funds employment and training services through a “sequential service” strategy to both unemployed and employed individuals aged 18 and older. Any individual may receive “core” services (e.g., job search assistance). To receive “intensive” services (e.g.,

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<sup>23</sup> Although not discussed here, 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).

<sup>24</sup> For more information on WIA, see CRS Report R41135, *The Workforce Investment Act and the One-Stop Delivery System*, by David H. Bradley.

individual career planning), an individual must have received core services and need intensive services to become employed or to obtain or retain employment that allows for self-sufficiency. To receive job training (e.g., occupational skills training), an individual must have received intensive training and need training services to become employed or to obtain or retain employment that allows for self-sufficiency. In FY2012, funding for state grants for adults was \$770.8 million.

### ***Employment Services for Dislocated Workers***

A majority (approximately 80%) of WIA dislocated worker funds 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 those jobs or similar jobs in the same industry. The remainder of the appropriation is reserved by DOL for a National Reserve account, which in part provides for National Emergency Grants to states or entities (as specified under Section 173 of WIA). Grants under this section are for employment and training assistance to workers affected by major economic dislocations, such as plant closures or mass layoffs. In FY2012, funding for state grants for dislocated worker training activities was \$1.008 billion and was \$224 million for the National Reserve.

### ***Employment Services for Youth***

This formula grant program provides training and related services to low-income youths aged 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. In FY2012, funding for state grants for youth activities was \$824.4 million.

### **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 primarily residential job training program, first established in 1964, provides services to low-income individuals aged 16-24 primarily through contracts administered by DOL with corporations and nonprofit organizations. Currently, there are 125 Job Corps centers in 48 states, the District of Columbia, and Puerto Rico. In FY2012, funding for Job Corps was \$1.7 billion.

#### ***Native Americans Program***

This competitive grant program provides training and related services to low-income Indians, Alaska Natives, and Native Hawaiians through grants to Indian tribes and reservations and other Native American groups. In FY2012, funding for the Native Americans program was \$47.6 million.

### ***Migrant and Seasonal Farmworker Program***

This competitive grant program provides training and related services, including technical assistance, 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 and was funded in FY2012 at \$84.3 million.

### **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. It has been administered by DOL's Veterans' Employment and Training Service since FY2001. In FY2012, funding for the Veterans' Workforce Investment Program was \$14.6 million.

### ***Workforce Data Quality Initiative***

Authorized under Section 171 of WIA, this competitive grant program will provide resources to up to 12 states to implement the Workforce Data Quality Initiative (WDQI), which is a joint initiative started in FY2010 between ETA and the U.S. Department of Education (ED). The WDQI is intended to enable state workforce agencies to build longitudinal data systems to merge workforce and education data. The WDQI complements the ARRA-funded State Longitudinal Data System program in the ED. In FY2012, funding for the WDQI was \$6.5 million.

### ***Ex-Offender Reintegration***

This competitive grant program combines two previous demonstration projects, the Prisoner Reentry Initiative (PRI) and the Responsible Reintegration of Youthful Offenders (RRYO). PRI, first funded in FY2005, supports faith-based and community organizations that help recently released prisoners find work when they return to their communities. RRYO, first funded in FY2000, supports projects that serve young offenders and youth at risk of becoming involved in the juvenile justice system. In FY2008, the Reintegration of Ex-Offenders program combined the PRI and RRYO into a single funding stream. In FY2012, funding for this single program was \$80.2 million.

### ***YouthBuild***

This competitive grant program funds projects that provide education and construction skills training for disadvantaged youth. Since its inception in 1992, the program was administered by the Department of Housing and Urban Development, but was moved to DOL by the YouthBuild Transfer Act (P.L. 109-281), effective FY2007. Participating youth gain work experience, job training, education (a GED or preparation for secondary education), and leadership development

by working to rehabilitate and construct housing for homeless and low-income families. Funding in FY2012 for YouthBuild was \$79.7 million.

## Workforce Investment Act Funding

Appropriations for WIA totaled \$4.9 billion in FY2012. From that amount, \$2.6 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-Stop centers. 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 for FY2012.

**Table 1. Workforce Investment Act Title I FY2012 Appropriations**

| Program                              | FY2012 Appropriation<br>(\$ millions) |
|--------------------------------------|---------------------------------------|
| <b>WIA Grand Total</b>               | 4,909.3                               |
| Adult Activities                     | 770.8                                 |
| Dislocated Worker Activities         | 1,232.2                               |
| Youth Activities                     | 824.4                                 |
| Workforce Innovation Fund            | 49.9                                  |
| Job Corps                            | 1,702.9                               |
| Native Americans                     | 47.6                                  |
| Migrant and Seasonal Farmworkers     | 84.3                                  |
| Veterans' Workforce Investment       | 14.6                                  |
| Ex-Offender Activities               | 80.2                                  |
| YouthBuild                           | 79.7                                  |
| Workforce Data Quality Initiative    | 6.5                                   |
| Pilots, Demonstrations, and Research | 6.6                                   |
| Evaluation                           | 9.6                                   |

**Source:** Table compiled by CRS from the Consolidated Appropriations Act, 2012 (P.L. 112-74) and the Department of Labor FY2012 Discretionary Funding Operating Plan.

**Note:** Total for Job Corps includes construction, operations, and administration.

## 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.

## **Training Assistance for TAA-Certified Workers**

In addition to the benefits described previously, TAA-certified workers are eligible for training assistance. Approved training programs include a number of governmental and private programs and may last up to 104 weeks. In FY2011, more than 86,000 workers participated in TAA-funded training.

Training for TAA-certified workers is funded out of the TAA reemployment services funding annually allocated to each state. Under the 2011 reauthorization (P.L. 112-40), \$575 million is distributed each year using a formula that considers the number of recent TAA-certified individuals in a state and the local cost of providing training. In addition to training activities, states must fund administrative activities and case management out of their reemployment services allocation.

Older workers who opt for the RTAA program (described previously in this report) and work full-time may not receive training assistance. RTAA participants that work more than 20 hours per week but less than full-time are required to be enrolled in a training program to receive the RTAA wage supplements.

## **Community Service Employment for Older Americans**

Title V of the Older Americans Act of 1965 (OAA; P.L. 89-73, as amended) authorizes the Community Service Employment for Older Americans (CSEOA) program, also known as the Senior Community Service Employment Program (SCSEP).<sup>25</sup> Administered by DOL, its purpose is to promote part-time employment opportunities in community service for unemployed low-income persons aged 55 or older and who have poor employment prospects.<sup>26</sup> The program is the primary job creation program for adults since the elimination of public service employment previously authorized under WIA's predecessor legislation. While CSEOA aims to move participants into subsidized employment, it also recognizes that older people who have special needs may need to remain in subsidized employment. However, program participation is limited to 48 months. The program also supplements the income for some workers who cannot find jobs in the private economy.

For FY2012, CSEOA funding of \$448.3 million represented 23% of OAA funds. CSEOA funds are awarded to both states and national sponsor organizations.

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<sup>25</sup> For more information on CSEOA, see CRS Report RL33880, *Funding for the Older Americans Act and Other Aging Services Programs*, by Angela Napili and Kirsten J. Colello, and U.S. Department of Labor, Senior Community Service Employment Program, <http://www.doleta.gov/seniors/>.

<sup>26</sup> Participants' incomes must be no greater than 125% of the federal poverty guidelines. Enrollees work part-time in a variety of community service jobs, such as in day care centers, libraries, schools, and hospitals, as well as "green" assignments such as recycling and tree planting.

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