Recovery Act Funds Received by USDOL In Perspective

- **Under the Recovery Act, the United States Department of Labor (USDOL) received the third most funds among federal agencies. The Employment and Training Administration (ETA) at the Department of Labor was the primary recipient of the USDOL funds.**

Table 1.1 is a list of agencies receiving the majority of the Recovery Act funding. At the time of its passage in February 2009, the cost of the Recovery Act was estimated by the Congressional Budget Office (CBO) to be $787 billion over the period 2009–2019, through a combination of tax and spending provisions. By February 2012, the CBO had revised the estimate to $831 billion.

Agencies with the Most Recovery Act Funds ($ billions)

1. Department of Health and Human Services 122.9
2. Department of Education 90.9
3. Department of Labor 66.0
4. Department of Agriculture 39.4
5. Department of Transportation 36.3
6. Department of Energy 26.8
7. Department of the Treasury 18.9
8. Social Security Administration 13.8
9. Department of Housing and Urban Development 12.7
10. Environmental Protection Agency 6.8 Total 434.7

NOTE: Categories may not sum correctly because of rounding. SOURCE: www.Recovery.gov, updated: 07/27/2012.

- **<u>Workforce development investments</u> through the Department of Labor programs totaled about $4.8 billion (more below).**

- **By far, the <u>UI provisions</u> of the Recovery Act accounted for most of the Department of Labor's Recovery Act stimulus expenditures.**

At the time of passage, the Recovery Act UI program tax and spending provisions were estimated to result in federal outlays totaling approximately $45 billion over 10 years, with most outlays occurring in fiscal years 2009 and 2010. These estimates were made in the early months of 2009, well before the depth and duration of the Great Recession were widely understood, and substantially underestimate actual costs. The estimates also do not include later benefit extensions related to the Great Recession. Estimates of all benefit extensions subsequently totaled much more than $200 billion for the 2008–2012 time period.

Breakdown of $4.8 Billion for USDOL Workforce Development Activities

- **Among the $4.8 billion in workforce development investments through USDOL, the Workforce Investment Act (WIA) Dislocated Worker Program and WIA Youth Program received the largest increases in funding with over $1 billion in additional funding each.**

- **Unrestricted Wagner-Peyser Act (W-P) funds were increased by the smallest amount, $148 million, but an additional $247 million in Recovery Act funds were included for Reemployment Services (RES), which had received no funding since 2005, for a total of close to $400 million.**

Table 1. Summary of Appropriations for Workforce Investment and Related Programs Included in H.R. 1

Program	Total Appropriation ($) House Bill	Total Appropriation ($) Senate Bill	Total Appropriation ($) Conference Version
Title I-B Grants to States for Adult Employment and Training Activities (WIA)	500,000,000	500,000,000	500,000,000
Title I-B Grants to States for Youth Activities (WIA)	1,200,000,000	1,200,000,000	1,200,000,000
Title I-B Grants to States for Dislocated Worker Employment and Training Activities (WIA)	1,000,000,000	1,000,000,000	1,250,000,000
Title I-D National Reserve Assistance for Dislocated Workers (WIA)	500,000,000	200,000,000	200,000,000
Title I-D YouthBuild Activities (WIA)	50,000,000	100,000,000	50,000,000
Title I-D Worker Training and Placement in High Growth and Emerging Industry Sectors (WIA)	750,000,000	250,000,000	750,000,000
Office of Job Corps	300,000,000	160,000,000	250,000,000
Community Service Employment for Older Americans	120,000,000	120,000,000	120,000,000
Employment Service Operations	500,000,000	400,000,000	400,000,000
Departmental Management	80,000,000	3,000,000	86,000,000
Total	5,000,000,000	3,933,000,000	4,806,000,000

Source: Table prepared by CRS, February 13, 2009, based on H.R. 1 as passed by the House of Representatives, January 28, 2009, S.Amdt. 570, released by the Senate Committee on Appropriations, February 9, 2009, and conference report to accompany H.R. 1. See footnote 2 for references to online versions.

- **The Recovery Act provided $250 million for the construction, rehabilitation, and acquisition of Job Corps Centers.**

The funds were available for obligation through June 30, 2010. There was a partial exception to the requirement to close an account after five years, in order to give priority to projects that can begin construction within 120 days of enactment of the act.

The Secretary of Labor was permitted to transfer up to 15% of the allocated funds for operational needs of Job Corps Centers. The Secretary of Labor was also required to provide to the Committee on Appropriations in the House and Senate an operating plan on the allocation of funds and a report on actual obligations, expenditures, and unobligated balances for each activity funded by this section. The initial report was due by September 30, 2009, and quarterly thereafter.

- **The Recovery Act provided $200 million for the Dislocated Workers National Reserve, to be used for technical assistance, projects, and emergency grants.**

- **The Recovery Act provided $750 million for competitive grants for worker training in high-growth and emerging sectors.**

The Act specified that, of the $750 million, $500 million was to be reserved for research, labor exchange, and job training projects that prepare workers for careers in energy efficiency and renewable energy industries. The Secretary of Labor had to give priority to projects in the health care industry when granting the remaining $250 million. A local workforce investment board was allowed to award a training contract to an institution of higher education if such a choice would facilitate the training of multiple individuals in high-demand occupation. The $750 million was to remain available through June 10, 2010.

The Department of Labor announced the grant recipients on February 12, 2010. On June 24, 2009 Secretary of Labor Hilda Solis announced the creation of the following five grant competitions to distribute these funds. Four of the grants focused on training. The remaining was geared towards research and labor exchange – state labor market information improvement grants.

- State Labor Market Information Improvement Grants ($50 million)
- Energy Training Partnership Grants ($100 million)
- Pathways Out of Poverty Grants ($150 million)
- State Energy Sector Partnership and Training Grants ($190 million)
- Green Capacity Building Grants ($5 million)

- **The Recovery Act provided $50 million for YouthBuild and allowed, in program years 2008 and 2009, participation for individuals who have dropped out of high school and re-enrolled in an alternative school, if that re-enrollment was part of a "sequential service strategy"**

- **The Act included $120 million for the Community Service Employment for Older Americans program, which was to be allotted in proportion to grantees' PY2008 allocation within 30 days for the enactment of this legislation. Funds were to remain available through June 30, 2010.**

- **The Recovery Act included $80 million for DOL Departmental Management for the enforcement of worker protection laws, oversight, and coordination activities related to the infrastructure and unemployment insurance investments in the ARRA.**

- **The Recovery Act included $6 million for the DOL Office of the Inspector General to provide oversight and audit of programs, grants, and projects funded under this act.**

TANF Emergency Contingency Fund Provisions in the Recovery Act

- **The TANF provisions in section 2101 of the American Recovery and Reinvestment Act of 2009 created a new Emergency Contingency Fund under which states could receive 80 percent federal funding for increases (relative to a base year quarter) in certain TANF-related expenditures in federal fiscal years 2009 and 2010, including subsidized employment.**

States could access "emergency contingency funds" based on increased expenditures in each of three categories: **basic assistance, non-recurrent short-term payments, and subsidized employment.** The law provided that a state could spend the Emergency Contingency Fund payments in any way that a state could use TANF block grant funding except that the funds could not be transferred to the SSBG or the CCDBG. While the funds could be used for any permissible TANF block grant expenditure, a state could only qualify for an amount of funds that represented increased spending in the three categories.

To draw down funds for increases in the basic assistance category, a state had to have an average monthly TANF/MOE caseload increase in a quarter relative to the corresponding quarter of the base year, but there was no caseload increase requirement for the other two categories.

The emergency fund was a temporary provision for 2009 and 2010, and the appropriation was capped at $5 billion total for the two years. The cap was roughly double the amount that the Congressional Budget Office assumed states will draw down.

Some Other Workforce Provisions in the Recovery Act

OTHER PROVISIONS		
PROVISION	**DESCRIPTION**	**$**
Trade Adjustment Assistance (TAA)	Extends TAA to trade-affected services sector workers and workers affected by offshoring or outsourcing.	$860 million
Work Opportunity Tax Credit (WOTC)	Expands the WOTC to create two new targeted groups of prospective	$231 million

	employees: (1) unemployed veterans; and (2) disconnected youth.	
COBRA	Provides a 65% subsidy for COBRA premiums for up to 9 months for workers who have been involuntarily terminated and for their families.	$24.7 billion
Earned Income Tax Credit (EITC)	Temporarily increases the EITC to forty-five percent (45%) of the family's first $12,570 of earned income for families with three or more children	$4.663 billion
Total	Other Provisions, Total	$30.4 billion