

**Proposals Affecting Unemployment Compensation and
Trade Adjustment Assistance for Workers—
CBO’s Estimate of the President’s Fiscal Year 2021 Budget**

The unemployment insurance system is a joint federal and state program that provides temporary weekly benefits (consisting of regular benefits and, in economic downturns, extended and emergency benefits) to qualified workers who are unemployed through no fault of their own. Funding for the program is drawn from payroll taxes imposed on employers both by state governments and by the federal government. The states administer the system, set regular benefit amounts (based in part on recipients’ past earnings), and distribute payments. The federal government sets broad guidelines for the system, pays a portion of administrative costs incurred by state governments, and makes repayable advances to states that lack the money to pay benefits promptly. In some circumstances, the federal government has funded supplemental benefits, through an extended-benefits program, through temporary emergency benefits, or both.

The Trade Adjustment Assistance Program, operated by the Department of Labor, provides job training, extended unemployment compensation, and wage insurance benefits to workers who have lost their jobs or seen their wages or hours reduced as a result of international trade.

These estimates are based on CBO’s baseline budget projections as of March 6, 2020, which do not incorporate changes to the nation’s economic outlook and fiscal situation arising from the recent and rapidly evolving public health emergency related to the novel coronavirus.

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March 25, 2020

Outlays in Millions of Dollars, by Fiscal Year

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-2025	2021-2030
Direct Spending												
Require States to Provide Parental Leave	375	750	1,635	1,950	2,820	3,385	3,620	3,945	4,275	4,500	7,530	27,255
Offset Disability Insurance for UI receipt (UI effects) ^a	0	-10	-47	-52	-53	-56	-58	-61	-63	-65	-162	-465
Improve UI integrity	0	0	11	25	31	38	45	53	59	64	67	325
Reform the Trade Adjustment Assistance program	-15	-35	-10	-1	8	14	20	27	34	45	-53	87
Revenues												
Establish a Solvency Standard for UI	0	0	0	0	1,044	-88	-115	-150	-210	-277	1,044	204
Require States to Provide Parental Leave	0	0	0	79	371	804	1,329	1,807	2,226	2,544	450	9,160
Offset Disability Insurance for UI receipt (UI effects) ^a	0	0	-1	-5	-15	-26	-34	-40	-44	-46	-21	-211
Improve UI integrity	0	0	0	1	4	10	16	22	29	35	5	116

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Components may not sum to totals because of rounding; UI = unemployment insurance.

For outlays, a positive number denotes an increase in outlays. For revenues, a positive number denotes an increase in revenues. Estimates exclude nonscoreable effects that stem from increased spending for program integrity activities, which seek to identify and reduce overpayments in some federal benefit programs.

a. The proposal to offset Disability Insurance for periods of concurrent UI receipt would have budgetary effects in other programs. The effects shown above are for UI only.