**WorkforceGPS**

**Transcript of Webinar**

**Subpart I: Allocation of Funds**

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GRACE MCCALL: And welcome to "Subpart I, Allocation of Funds." So without further ado, I'd like to turn things over to Tim Theberge to kick things off. Take it away, Tim.

TIM THEBERGE: Thank you, Grace. Good morning or good afternoon, depending on where you are joining us from today. Welcome to Subpart I. I would like to remind you that in the file share pod in the bottom of the screen you can download today's PowerPoint that has the speakers' notes in it, which is a good resource for all of you to have, to review either during this session or at a later date.

In addition, the Final Rule is also available for you to download; we suggest you have that open so you can follow along. It's also vitally important that you have a copy of that version of the Final Rule, along with the proposed rule that was published in the Federal Register, as both of those documents will have the preamble language, which is very important to understanding the actual rule text itself, the justifications for why we have implemented the regulations that we have.

Please during the presentation, continue to use the chat to ask us your questions. We will answer those either via the chat back to you privately; to the entire group; or, depending on the question, we may even answer it during the presentation itself.

With that, I am now going to turn this over to Frankie Russell to introduce herself and take us through Subpart I. Frankie?

FRANKIE RUSSELL: All right. Thank you, Tim. Hi, everybody. I'm Frankie Russell. And stated, for the next 30 minutes or so I'll be walking us through the final subpart, Subpart I, or I like to refer to it as the funding subpart.

OK. Today we will review the major updates in Subpart I, the initial allocation, the second distribution, reserve requests, and the recapture provision of the subpart.

Major updates. Subpart I revises the regulations currently found at 20 CFR 618.900 through 618.940. The department first published these regulations on April 2, 2010 and they became effective May 3, 2010.

This Final Rule does not provide regulatory text for TRA or RTAA funding since those allocations are made through the department's administration of the UI program. One exception, as provided by Section 235A(1)(C) of the act, and addressed in Subpart H, involves the use of TAA program funds for the administration of RTAA.

Next slide.

These updates – Subpart I, major updates, introduces the term "training and other activities" – or TaOA; codifies the statutory availability of funds; updates the language and clarifies rules on initial allocation, second distribution, reserve requests; and establishes regulations on the recapture and reallocation of unexpended funds.

These updates reflect subsequent statutory revisions and policy updates. Subpart I addresses the act's provisions at Section 236(a)(2) and 245 and introduces the term "training and other activities – or TaOA. As I mentioned it codifies a statutory update of the annual funding limit and allocates – annual allocations of funds to states, and an update to the reserve request process.

This subpart also addresses the recapture and reallocation provisions established by Section 245(c) of the act.

Annual cap on funds, training and other activities, 20 CFR 618.9. (Section) 618.9 includes some revisions to the existing rule.

Section 618.900 paragraph (a) summarizes what services may be paid under the funding, and introduces the term "training and other activities," and its acronym TaOA, both of which refer to the benefits and services described in Sections 235 through 238 of the act.

TaOA benefits and services are: employment and case management services, training, job search and relocation allowances, and related state administration.

This paragraph is also updated to reflect the 2015 program's annual funding limit for training and other activities, which is $450 million for fiscal years 2015 through 2021.

Paragraph (b) is new and explains the statutory period of availability for funds set out at Section 245(b) of the act. Funds allocated to states under the TAA program for TaOA can be spent in the fiscal year awarded and the next two fiscal years, for a maximum altogether of three fiscal years.

Initial allocation. Section 618.910 updates the language to reflect statutory changes and minor grammatical corrections and other clarifications. These changes primarily relate to indicating that the annual funding cap in Section 236(a)(2)(A) of the act applies to the full category of TaOA, not only to the training services described in Section 236.

Initial allocation, 20 CFR 618.910. Paragraph (a) through (f)(1) contain nonsubstantive changes to enhance the readability of the section.

The initial allocation section includes paragraph (a) through (f). Paragraph (a) is the nitial allocation. Paragraph (b), timing of the distribution of the initial allocation. Paragraph (c) is the hold harmless provision. Paragraph (d) is the minimum initial allocation. Paragraph (e) explains the process for determining the initial allocation. And paragraph (f) provides the initial allocation factors.

Paragraph (f)(2) gives each of the four factors listed in paragraphs (f)(1)(i) through (iv) equal weight. Paragraph (f)(3) retains the rest of the existing rule at 20 CFR 618.910(f)(3), but removes the word "weighted" in referring to the factors.

Reserve fund, 20 CFR 618.92. This section, 20 CFR 618.920 describes the reserve fund request process established by 236(a)(2)(D) of the act.

Reserve funds, 20 CFR 618.920 (a) and (b). This section – the revised section, the updates in 20 CFR 618.92 (a) updates the reserve fund process. This existing rule at 20 CFR 618(b) is divided into 20 CFR 618.920(b) and (c) for organizational purposes.

Thirty-five percent of the training and other activity funds that remain available after the initial allocation will be held in reserve by DOL. Reserve funds will be used, as needed, for additional distributions to states during the remainder of the fiscal year, including distributions to those states that did not receive an initial allocation.

States must show they need – that they have expended 50 percent of the funds – of their TaOA funds, or that they need additional funds due to an unexpected increase in the number of trade-affected workers that they expect to serve.

Paragraph (c) describes what the state's reserve fund request must also include. The state's reserve request – the state's request for reserve funds must provide a documented estimate of the training and other activity funding needs through the end of the fiscal year. That estimate must be based on an analysis that includes at least the following: the average cost of training in the state; the expected number of participants in training through the end of the fiscal year; and the remaining training and other activities funds in the state that the state has available.

Reserve fund requests must be requested via form ETA-9117.

Second distribution. Second distribution is at 20 CFR 618.930. This section updates existing rules regarding the second distribution of training funds – I'm sorry, of TaOA funds – training and other activity funds – by changing the reference from training to training and other activity funds, and making other minor language clarifications and organizational changes.

Second distribution. The second distribution section, 20 CFR 618.930, provides that the department will distribute at least 90 percent of the total training and other activities funds appropriated to the department for a fiscal year to the states no later than July 15 of that fiscal year.

The department must first fund all acceptable requests for reserve funds filed before June 1. After these funds are satisfied, any funds remaining will be distributed to those states that received an initial allocation in an amount greater than their hold harmless amount, using the methodology at 20 CFR 618.91.

Insufficient funds and recapture of training and other activity funds, 20 CFR 618.940 and 20 CFR 618.950.

If, during a fiscal year, the department estimates that the amount of funds necessary to provide training and other activities will exceed the annual $450 million cap, the department will decide how the available funds that have not been distributed at the time of the estimate will be allocated among the states for the remainder of the fiscal year, and will communicate this decision to states through administrative guidance.

Recapture and reallocation, 20 CFR 618.950. The department may recapture unobligated funds and reallocate those funds to meet demand in other states. This is an extreme action that will only be taken in the event of a catastrophic event. This is not an annual process.

Consistent with Section 245(c) of the act, paragraph (a)(1) provides that funds remaining unobligated at the end of the second or third fiscal year after the funds are provided to the state may be recaptured. Paragraph (a)(2) provides that those recaptured funds may be reallocated in accordance with the procedures described in this section of the Final Rule.

Paragraph (b) sets out the circumstances under which the department may recapture and reallocate funds. The department may recapture and reallocate unobligated funds when it is determined there are, or are projected to be, insufficient funds in a state or states to carry out training and other activities for a fiscal year, or when the recapture and reallocation of funds would likely promote the more efficient and effective use of funds among the states.

The department concludes these procedures provide the necessary flexibility to promote sound financial practices, and use the limited available funds most effectively, by directing unobligated funds that are not likely to be spent in those states that are more – to states that are in need of such funds in order to continue to provide program services.

Paragraphs (c) and (d) provide the methodology that will be used during the recapture and reallocation process. If the department determines that there are, or are projected to be, insufficient funds in a state or states to carry out training and other activities for a fiscal year, paragraph (c) allows the department to recapture unobligated funds from the state or states with the highest percentage of unobligated or unexpended funds for the second or third fiscal year after the year in which the funds were awarded, and reallocate those funds to the states with, or projected to have, insufficient funds.

Paragraph (d) allows the department to recapture funds from the state or states with the highest percentage of unobligated or unexpended funds from the second or third fiscal year after the year in which the funds were awarded, and reallocate those funds to States with the lowest percentage of unobligated or unexpended funds, or to all states from which funds are not being recaptured.

Paragraph (e) provides that if the department determines to recapture and reallocate funds under this section, an administrative notice must be sent to the states describing the methodology used and the amounts to be recaptured from and reallocated to each affected state not less than 15 business days in advance of the recapture of funds.

Lastly, paragraph (f) makes clear that the reallocation of funds under this section does not extend the period of the availability for those funds.

So we have a question. What happens if a state has a large petition certified after funds are recaptured? Can states get the recaptured money back?

The department clarifies that for unforeseen situations a state may always request TAA program reserve funds using the reserve funds process that we discussed, that's set forth in Section 618.920, TAA Program Reserve Funds.

Unlike WIOA, the TAA program is a mandatory entitlement with capped funds for training; however, 35 percent of fiscal year funds that are held in reserve are held in reserve for exactly that reason. States experience unexpected/unforeseen events that require additional funds. Further, the department will only recapture funds after having consulted with the state.

So that's it. Tim, you want to take it from here?

MR. THEBERGE: Thanks, Frankie. So that's it for Subpart I. If you have any questions, please let us know. You can enter those into the chat and we will answer them for you. We do have plenty of time available today, so if there are any remaining questions you have, please let us know. We'll stay on for quite a while to let you ask those questions and we will try to get you answers to them.

While we're waiting for your questions, we will point out that there are several resources available to you related to the Trade Act and this Final Rule.

The first, and most importantly, is our TAA community here on WorkforceGPS; that is taa.workforcegps.org. What that is, is a collection of – in addition to resources that we make available, there are resources and discussions that your peers make available. That is where this webinar is hosted, other webinars are hosted, our scheduled chats that we have been holding prior to implementation of this rule and that will resume shortly. As we move into the next phase of the training, that will also be posted here at the TAA community website.

We have the link here to the TAA program website; that is our program website. Please note that the department has recently redone its addresses for its agencies, so please make sure you update your bookmark.

We have a copy here – a link here as well to the copy of the official version of the Trade Act of 1974 in U.S. Code format. There is an unofficial version on our program website for you to use, but the official version is maintained on the house.gov website.

There is also a link to this Final Rule, to the Federal Register publication of that.

If you have questions about the Final Rule that we have not yet answered during any of the webinars or during today's session, we encourage you to submit those questions to regulations.taa@dol.gov. This is – we have a team of individuals that monitor this inbox and will prepare responses to your questions.

In general, we will respond to those in about a day or two, unless it is a more involved question. We are working on making sure we get all of those responses to you as timely as we can. This is the best source for you to send in any remaining questions you may have on Subpart I that we did not get to, or anything in the rule at all that you need assistance with in implementing those rules.

I will remind you the effective date of the Final Rule is this Monday, September 21st, 2020. So keep that in mind as you enjoy your weekend. (Chuckles.) When you come back to work on Monday, we will be operating under the new TAA Final Rule.

So as I stated, this is the last session of phase one of our training. We are working on phase two of that training that will also be presented here via the TAA community on WorkforceGPS.org. Those will be a combination of webinars and scheduled chats.

We will also be posting a series of blogs, again starting Monday, on the topic of co-enrollment. So we know that many of your states have already embraced and fully deployed co-enrollment between Trade and the WIOA dislocated worker program. We know that others of you have been working towards that for some time and we recognize that for some of you, this may be a relatively new concept.

So having said that, we are starting a series of blogs. The first one is by us, by the Trade Office, talking about co-enrollment. And then starting the Monday after, we will be posting a series of blog entries written by states that are in various phases of where they are in co-enrollment. So there will be states talking about how long their journey has been to where they are, versus others that can give you a good picture of where they are now in terms of having been co-enrolling people for some time.

So with that, that is really what we have for you today. If you have additional questions, please continue to enter those into the chat as they come in and we can try to get you those answers before we log off for the day.

We do have some questions in our regulations inbox that we are working on that we have received this week. We are trying to clear out most of those today. So stay tuned and watch your email. Those emails – we hope to get those out to you today, for those that have been pending during this week. Some of them, we've gone back and forth with you a couple of times and that's OK too, if it helps refine the answer that you need.

As a reminder, you can always contact – and should be in regular communication – with your appropriate regional office. If you don't know who that is, I encourage you to learn by visiting our website and using the contact page that's there to find out who that person is. The regional offices should always be your first go-to place for any questions you have in general operation of the Trade Act.

But again, if it is regulatory – regulation-specific, we do ask that you send them in for the time-being to the regulations.taa@dol.gov email, as that will let us have a good idea of what questions are coming in, what themes there might be, and what we might need to prepare by way of additional technical assistance products along the way as we continue to deploy the TAA Final Rule.

For those of you – so as a reminder, we have posted all of the recordings for these sessions – or all the – I think we're up to G, maybe, or F part two. Anyway, so as these webinars are finished, we prepare the executive summary and the recording and we post those recordings to the TAA community website. So any of the questions that have come in during the chat where we respond to via the chat, are available in that recording, as obviously is the audio portion of these sessions as well. So if we answer that question via the audio portion, you'll be able to see that question there as well.

We are not at this time planning to issue a full and complete list of the Q&As. We distribute those to the regional office. We always copy the regional office via our answer to the states when those questions do come in. We're working on and sort of deciding what that looks like going forward, whether or not there will be a more comprehensive collection of Q&As or not. Part of that will sort of depend on how this rolls out and what those questions continue to be, and part of that is really going to determine what the content of our phase two training will be.

So we're going to look at all of the questions that have come in thus far. We're going to use those in developing phase two of the training, and then sort of we'll go from there in terms of what that looks like going forward in terms of publication of Q&As.

So with that, thank you for all, for joining us on a Friday for this relatively short webinar. Subpart I is not as in-depth as some of the others, though that is how you get your money. So please continue to report accurately via your quarterly financial reports, the 9130Ms, as those are vitally important to help us be aware of the funding concerns that are out there with the states.

With that, I am going to hand this back over to Grace. And thank you all for coming today.

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