**WorkforceGPS**

**Transcript of Webinar**

**TAA Financial Reporting TEGL Discussion**

**Thursday, May 27, 2021**

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Robert Hoekstra: (In progress) -- for overpayments and agent/liable with this kind of a weird situation might not add up correctly. So there are some things that make it not perfectly aligned, but it should be pretty close. So that's kind of the starting point we're going to be working from. I'm going to be referring to throughout the attachments and TEGL quite a bit. Here you can see on Attachment I of the TEGL we outline the 9130 versus the PIRL and which elements align with which.

For example, you can see on your TaOA -- and I'm going to be using this abbreviation TaOA repeatedly -- that is your main trade grant. You can have up to three active grants at a time. And that's what training, case management, and admin -- (all caught up ?) -- that stands for training and other activities. And then, of course, you also have your trade adjustment allowance and reemployment trade adjusted assistance as separate grants as well. So here's how those kind of align. That's, like I said, in Attachment I. So here you can see the grant type.

You can have a possible up to five grants active at any one time. There are two slightly different forms. The training and other activities grant is not on the 9130(M). Whereas your two other grants are on the UI form, which is the 9130( I). There are these expenditure types which are reported on the line items. You see that there are a couple of things that could combine. For example, job search and relocation are added together and reported in a single line on the 9130. And all of the various TRA expenditures you can see are all grouped together on the 9130.

Whereas, as we move over here to the PIRL, you can see that we have separate PIRL elements for each of those. But if you add up those sub components, they should equal to what's on the 9130. All right. You do see that there are these two up here -- admin and case management -- these are not collected in PIRL, partly because we can't do individual participant tracking on those. So those come off the top when we do any comparisons. I'm going to pause for just a sec to see if there are any questions on that general alignment before I move on to the accrual accounting.

So accrual reporting has been a requirement for a very long time. This shouldn't be news to anyone who's been around in the trade program. But this makes it nice, clear, and explicit across both reports. That's a big reason why we want to do this TEGL is to make things as clear and explicit as possible. We're going to talk a little bit about 9130 first. All grant types require accrual accounting and all sub component lines require accrual accounting. And this is spelled out in the TEGL.

There are one or two elements on there that ask for cash. That's a slightly different calculus. But for all of the elements that we talk about, they'll all be on accrual accounting. Accruals are defined in 2 CFR 200.34 (c), which also says that you are not required to have an accrual accounting system. But if you don't have an accrual accounting system, you are required to still report your best estimate of accrual based on the information you have. You can see at the bottom we included a couple of diagrams in Attachment III on how accrual is expected to occur.

So on our training expenditures, you see as a general workflow, there's a training approval. You get enrolled. You then start training. And then there's this add/drop deadline. Before that, if they dropped out of training, you wouldn't have to pay that so it hasn't accrued yet. But as soon as you hit that add/drop deadline or even if they didn't continue to go, you'd still have to pay; that is when the accrual actually occurs. And then later you may get invoiced and have to pay it.

Now, not all training providers work this way. This is the typical workflow we see in trade. So there are some caveats on this attachment that you may have some other relationship that has this flow work a little bit differently. But this is generally what we see. On the PIRL, the PIRL also requires accrual accounting. And that's across all expenditure types -- that's training, job search, relocation, TRA, ARTAA, and for all subtypes of those. So all of your financial reporting on the PIRL is also required to be in accrual.

It is the same definition for what is an accrual. And I included down here the accrual diagram for TRA. And this is true for both TRA and RTAA. Generally, the way it works is someone applies. They say, I am applying for my TRA payment. You then approve them. As soon as that happens, you are saying, yes, you are owed this money. And then you pay them. Now, this process typically happens very quickly, so there isn't a big difference between accrual and cash accounting on TRA and RTAA . But the accrual is actually occurring when you are approving them for that benefit.

All right. Any questions on accrual accounting before I move on? Marvelous. I'm a little surprised we haven't gotten any questions on that. But I'm happy to answer any going forward if you guys think of any as we move on. So the next section of TEGL talks a little bit about the alignment of the TaOA expenditure sub components. So these are your training and other activities funds. And it's funding things like training, case management, etc.

And the big takeaway from this is that we're expecting things to add up. So you should expect that 10e -- which is how much total federal share of expenditures are on the grant -- should add up to the total of how much admin, case management, job search, relocation, and training you have. So if you add up all four of these sub components, it should add up to the total because those are the four applicable spending categories on trade and other activities grants.

We are currently working to try and get an e-grants warning message put in that will actually tell you if your sub components are not adding up. We do flag this in a couple of reports. So for example, on the TAADI self-check or on the QFA portion of your TAADI results will tell you if your training and your calculated training expenditures align. And that's because this formula isn't adding up. You can actually click here to see the 9130 (M) Phase V sub components are there and 10e should equal 10f +11b +11c +11d.

Any questions on that before we move on to some PIRL stuff? All right. Quiet group so far today. So the first thing is that on the PIRL, you are required to report both quarterly and cumulative expenditures. This shouldn't be news. This is obviously our layout PIRL requirement. But you are required to report your financial expenditures on a quarterly and cumulative basis. Quarterly means that there was actually an accrual that occurred in the quarter. Whereas, cumulative for the purposes of PIRL is the total accruals for that participant at the end of the quarter.

Now, I make that distinction, because on the 9130 when you talk about cumulative, that is the total amount on the grant. Whereas in PIRL, it's not per grant -- it is per participant. So it's a different cumulative amount. After exit, we shouldn't be getting any new quarterly amounts. And the reason is because if you're accruing new expenditures, then that means that they're getting some sort of new benefit or service, which either means that they should have exited, or that they are now getting new services and that's triggering a new participation for the participant.

That being said, your cumulative amounts, despite the fact that your quarterly amounts are zero, your cumulative amounts should always be the total expenditures for that participant; and any change in after exit can only occur if there are adjustments or retroactive payments. We're going to have some dedicated time talking about those two topics. But it shouldn't be any new benefit. You shouldn't be getting new training expenditures, because they already received their training. You shouldn't be getting new TRA expenditures, because they're not currently receiving those services.

So we're going to talk about adjustments. This is probably the most confusing part of the TEGL. And we're going to make a little bit of a distinction here. We're going to talk about the difference between a correction -- which is adjusting a prior amount reported -- versus a negative accrual. So a correction is where there are changes to a prior amount because an estimate -- you're providing estimated accruals -- if there was clarification, or if the prior amount was reported incorrectly.

For example, we are frequently hearing that there were prior expenditures listed for PUA payments that were not supposed to be reported in TRA. If you are correcting that, that is a correction to your prior amount -- it is not a negative accrual, because they never actually got that in the first place. You should be correcting your cumulative amount and not changing the quarterly amount, because there is no actual negative accrual that occurred, period -- you are just fixing what you reported previously.

However, negative accruals are situations where there is actually a change in the benefit that occurred during the quarter. So that could be a credit on a training account or an overpayment. Overpayments are the most common way to get a negative accrual where that overpayment says, we gave you originally, say, $1,000. It was really supposed to be $800, so this quarter we made a determination -- that is your accrual -- that there was an overpayment of [$2,000?]. That is a negative accrual.

When you report it, you should be correcting the cumulative amount and reporting the quarterly amount. We'll talk a little bit more about overpayments, but the PIRL should handle negative quarterly amounts for any of those elements. That being said, a lot of the things we're seeing are being treated as negative accruals just because the amount went down; when in fact, they're actually correcting prior amounts, which doesn't actually have a negative accrual that occurred in the period.

So this is a subtle distinction, but a very important one -- the difference between a correction to a prior amount versus item accrual that actually occurred during this period. I'll wait here for a couple questions. So I see a comment from Maureen saying that licenses and certifications may occur after the completion of training because they're being offered.

And in those cases where you are getting -- like if you were actually providing services for that license, then that is still a benefit. And even though they're done with training, they shouldn't have exited yet; especially since you should know that that is going to occur. So that's almost for sure a future anticipated benefit. If it is just that they're taking a test and you are having no role in providing that, then you'll definitely update things like credential attainment. But that's not actually service, so there is no accrual. But if you are paying for that, that is a benefit that should be [inaudible].

And yes, Jennifer. This is just talking about in the PIRL -- so the difference between a correction and accrual in terms of PIRL reporting. I'll wait just another second. Hopefully that clarifies. Great. And if people think of other questions, I'm happy to come back. So the next topic that we cover here is expenditures for co-enrolled participants or those using non-TAA funds. There is an easy part to this and a hard part to this. The easy part to this is that the PIRL elements are specific to trade expenditures.

That means that if there are any other programs or any other funds that are being provided to the participant, it doesn't count. So if they received some WIOA-funded training, then that does not count in that expenditure element. The PIRL does require if they are a trade participant that you report the number of expenditures. But if it wasn't funded by trade, then it's perfectly fine to report that as zero. The edit checks only require that it not null, but that you actually tell us that the value is at least zero. All right.

On the 9130, it's not included in any of the common items. So when you're talking about 10e, 10f, all the sub components in your training and other activities grant, you shouldn't be reporting anything that is not a trade grant fund. However, I will say that there are actually two special elements on the 9130 that I do want to flag here because it does educate in the co-enrollment requirement that if you are extending other federal funds -- let's say the trainings funded by WIOA -- those should actually be listed in 11a, which should be saying, I spent other federal funds in serving these people.

And if you are funding certain activities for the participant through some state funds -- some states have some case management that they run through their state funded agency -- then that should actually be reported in 10k. So make sure that, despite the fact that we don't generally count co-enrollment funds from other grants in any way, the main element, there are these two very special elements on the 9130 that should be capturing some of that information. I'm going to pause there and let people ask questions.

So Sheila has a great question. She's asking about things like child care and needs payments, supportive services. So these are things that can be funded, say, through WIOA that are not -- so supportive services, for example, cannot be funded through TAA. So yes. If in serving a co-enrolled participant they are receiving the supportive services, those should be reported in 11a. Great question. All right. Great. If people have other questions, I'm happy to respond to those when they come up too.

So I'm going to hop over to the next topic, which is agent and liable financial reporting. I imagine I'll get a number of questions here. Although, I will say this, almost all of the TEGL fully aligns with prior technical assistance that we've provided on this. The difference between agent/liable is that trade specific thing. It is put out there in 20 CFR 618.110 with some responsibilities outlined in the regulation as well.

As a general rule, your agent state is providing things like training and case management. Your liable state is providing TRA. But they're also responsible for doing things like approving training plans, approving TRA payments, etc. So they have a very active role in overseeing the service of that participant. States are required to report PIRL records for all participants whether or not they're being served in agent or a liable capacity or both. Obviously, both is the most common. But if you are just fulfilling one of those roles, you're required to report on them.

Liable states should be reporting a complete record because they are not only responsible for providing half of the benefits, but they are also responsible for approving the other half. So they need to be understanding what's going on with the participant when services are be provided. Agent states are not required to report on the TRA or RTAA financial expenditure information. They don't necessarily have that information. And this is consistent with what we have been putting out in the agent/liable fact sheet, so it should be hopefully not too much news to people.

But, yes. There is an expectation that when there is an agent/liable situation, the two states will work together to make sure there is complete documentation on the participant. I'll wait for just a minute. So that's an absolutely great comment here from Sheila about if you report a complete record for agent/liable participants, then it could cause misalignment between the PIRL and the 9130. I will say that we actually compensate for this in the TAADI.

So because the regulations define which roles are for which participants, when we add up the amount from the PIRL, if you are a liable state, we only include the TRA and the RTAA expenditures. And if you are an agent state, we only include the training, job search, relocation expenditures because that is how those responsibilities are defined. We have known that there are some situations where a state takes on a role that is inconsistent with those expectations in the regulation.

There are some bases for why you might tweak around the edges about having some state pay for something that's not clearly their responsibility. In those things that deviate from 20 CFR 618.824, it could cause misalignment. And that is a perfectly sufficient explanation as to why it causes a misalignment. But if strange agent/liable reporting inconsistent with the regulation peaks up 15 percent of the financial reporting, that's probably still something we'd want to look at. So yeah. It should handle the agent/liable reporting generally, unless you fall into a weird exception.

All right. Time to move on to the next topic. Although, as always, feel free to ask more questions on that because I know that there are some questions. So we're going to talk about overpayments. Overpayments are also referred to as improper payments. And 2 CFR 200.53, overpayments are specifically improper payments where the amount exceeds what it should.

We don't collect overpayment information for job search and relocation, but we do for training and all of our subtypes. And you can see in Attachment II there is a breakdown of all of the various elements we collect in PIRL. You can see that there is a little bit of inconsistency. For example, there is an overpayment flag for TRA and ARTAA -- but there is not for training. You can see that we have a waiver element for each of these, which we'll talk about in just a minute. So there's a little bit of inconsistency in the PIRL. I apologize for that.

But you should be able to collect that information across. So it typically includes the flag, how much the overpayment was, and whether or not a waiver occurred. So the flag is an on-off switch. As soon as an overpayment occurs at any point during their participation, that flag should be set to yes. You now have had an overpayment. And it should stay that way for the rest of the participation no matter what happens in quarters after that. The little note here on the except for training is only because there is no flag for training.

For amount -- the amount of overpayments throughout the participation should just be the total amount of all overpayment that occurred during the course of participation. This does not get reduced if you recover that overpayment amount. It is telling us how much total was overpaid whether or not it was waived or recovered. The waiver is just an on-off flag that says, if you waive any part of that overpayment -- i.e., you said, this person does not need to repay it -- then it should get a waiver, yes.

And that doesn't matter if it's the whole overpayment or just part of it. If one cent of that overpayment was waived, then it should be marked as waived, yes. All right. Recaptured overpayments -- when you recapture an overpayment, there's no current quarter accrual. But the cumulative expenditure should be corrected because you're saying that that prior payment was in the incorrect amount; that quarterly accrual occurred in a prior quarter. So you should just be correcting your cumulative amount. I see a couple of questions.

First one is, if we receive a refund from a training institution for participant after they've exited, how is that reported in PIRL? So the refund is an interesting question. That would be a correction to the amount, because what you're really saying is that the amount you accrued back when they were participating was incorrect. And thus, you overpaid them. So what would happen is you should be updating the cumulative amount to the correct amount. You should be not having a current quarter accrual because it's correcting a prior amount. And it should be recorded an overpayment because you originally paid them too much, which is why you're [inaudible] month.

Great question. I also saw a question, will the reversion 2021 impact how he report on 9130 in terms of case management funds? And my short answer is no. The 9130 reporting remains the same. I'm not going to speak to the allowances. We'll have some dedicated sessions on how reversion affects what can and can't be spent, but how you report it operates the same. Great question. All right. So that went a little bit quicker than I expected. That is essentially the whole TEGL. I do want to just say definitely take a look at the attachments. They outline a lot of the process steps.

I'm happy to take any other questions as we go forward. Here are some of the resources that we have out there. And you see TAADI and our new final rule. That's where most of our citations were. Obviously, you're also welcome to reach out to me. I think most of you already know me pretty well. But I'm just going to wait for a few minutes and let people ask more questions about the TEGL. I'm watching people furiously typing into the chat, so I'm just waiting for questions. Yeah. Absolutely, Maureen. Maureen asked if I could just go over the WIOA expenditures again.

So WIOA expenditures -- I'm going to go over co-enrolled. On the PIRL, WIOA expenditures don't matter at all. Those elements are trade-specific. There should be nothing reported in the PIRL for WIOA expenditures. The 9130 is where it gets both easier and harder. So on the 9130(M), you can see our main elements that we frequently talk about -- 10e, 10f, 11b, 11c, 11d. These main elements still have nothing but trade in it. So those main reporting elements are still trade. So you're 9130 and your PIRL are still talking trade to trade.

There are two special elements on the 9130. One is saying, did you spend any other federal funds serving these folks? And that is reported in 11a. So WIOA funds would go there. So anything you spend in serving that participant during that grant period should be reported on 11a. 10k is the exact same thing -- except not for other federal funds like WIOA -- but if you use any state funds to provide for those for those participants. Yeah. Great question, Vanessa, on a refund from a training institution.

You're right -- there is one subtle difference on whether we count overpayment as a negative accrual or not. And that actually depends on whether it is before exit or not. So let's say they withdrew from training and they paid you back. That probably means that accrual shouldn't have occurred in the first place. But that could be a negative accrual depending on how your agreement works. However, after exit, we're not accepting negative accrual, so it'll be treated as a correction where you will update the cumulative amount.

One way or another you'll have to assess whether that consisted of an overpayment. At which point, you'll have to document that as an overpayment. I hope that makes sense. So Soria [ph] says, for liable participants, I get we need to report TRA on the PIRL. But there should not be any TAA finances reported -- are you saying that all other training besides money needs to be on the report? So yes. Soria, the requirement is that your PIRL record is complete, especially for the liable state.

So you should be reporting, for example, the training expenditures on a participant when you're the liable state. The agent state is the one extending it -- but you should be reporting it on your PIRL. And, like I said, the liable state should be in a decent position to do that because they've got to be approving training plans and things like that. So they should be actively involved in those decisions even though it's not coming off of their grant. Great question. Just another minute for more questions.

So Sheila does point out that the liable state isn't involved in the day-to-day often with the participant. And that's absolutely true. So it does require a lot of coordination. And you're absolutely right. That's my answer, is you're absolutely right. It does require some close coordination between liable and agent state.

Hi, Terri. I'm sorry you joined late. I was not planning on going through it again. There is obviously a recording that'll be posted within a couple of days. We did go through step by step through TEGL. If there is a specific section or a specific question you have, I'm happy to take those. So, Christina, that's really great. Christina mentions that we did a webinar about two years ago now that discusses what happens, what's the best practice for states who don't have an accrual accounting system.

So today we've been mostly focusing on what the TEGL says. The TEGL does say that -- and you can see it right there, the star -- that you are not required to have an accrual accounting system. What the rule requires you to have and the TEGL requires you to have is to provide the best estimate based on the documentation you currently have. I know a lot of states are using basically an invoice system. And you can see in the process flow an invoice isn't terribly far off from the accrual.

You can get some weird behavior when that happens because if you do have a long lag before you get those invoices, it'll look like there's accruals occurring after the participant exits. And that will be blocked by edit checks. Now, I will say there is probably a better way to estimate. So, for example, we do know that you guys estimate what the cost of training is when you do a training plan. So you may actually know what that accrual is going to be ahead of time. So the requirement is that you provide the best estimate of accruals based on what information you do have. Yeah.

And just kind of broadly I want to say the closest to accrual you can get, the better off you're going to be on your reporting. Yes. Whatever information you do have is what you should be basing it on. I do think that there is -- I agree, Maureen. You are asking about if there are some states out there that could talk about best practices on coordination of expenditures. I'm definitely taking some notes on that to see if we can set up something about looking at what states can do. If a state has a good best practice, we'd love to hear about it.

But yes. We'll definitely look at doing something around that. Great. Any other questions? Wonderful. As always, I'm happy to take any of these questions obviously now, or we talk to you on AMAs. We post 18 AMAs a year leading up to each reporting deadline to leading up to each TAADI deadline and then usually to fiscal reporting ones each year as well -- which reminds me; I've got to schedule the one for July.

So I'm happy to take questions in any of those by email, through your regions, and any other ways these come up. But I do highly recommend you take a look at the TEGL because the TEGL's fairly comprehensive. So hopefully, that gets everybody aligned on what the expectations are. Great.

(END)