

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION TAA
	CORRESPONDENCE SYMBOL ONR
	DATE July 14, 2010

**ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO: 9-09
Change 1**

TO: STATE WORKFORCE AGENCIES
STATE WORKFORCE LIAISONS
STATE TRADE COORDINATORS

FROM: JANE OATES /s/
Assistant Secretary

SUBJECT: Fiscal Year (FY) 2010 Second Distribution of Trade Adjustment Assistance (TAA) Training Funds to States

1. Purpose. To provide states with the amounts and formula methodology used in developing the FY 2010 second distribution.

2. References. The Trade and Globalization Adjustment Assistance Act of 2009 (TGAAA) (Division B, Title I, Subtitle I of the "American Recovery and Reinvestment Act of 2009" (Recovery Act), Public Law (P.L.) No. 111-5 (enacted February 17, 2009); the Trade Act of 1974, as amended (Trade Act) (P.L. No. 93-618, as amended); 20 CFR Part 618 "Trade Adjustment Assistance; Merit Staffing of State Administration and Allocation of Training Funds to States; Final Rule," (75 Fed. Reg. 16988- 17002, April 2, 2010); Training and Employment Guidance Letter (TEGL) No. 22-08, "Operating Instructions for Implementing the Amendments to the Trade Act of 1974 Enacted by the Trade and Globalization Adjustment Assistance Act of 2009"; TEGL No. 9-09, "Fiscal Year 2010 Initial Allocations and the Process for Requesting Additional Trade Adjustment Assistance Program Reserve Funds."

3. Background. On February 17, 2009, President Obama signed the Recovery Act. The TGAAA, a part of the Recovery Act, reauthorized and amended Section 236(a)(2)(A) of the Trade Act to increase the cap on TAA training funds from \$220 million to \$575 million annually in both FY 2009 and FY 2010, and capped the first quarter of FY 2011 (October 1, 2010 through December 31, 2010) at \$143,750,000.

The TGAAA further amended Section 236(a)(2)(B) and (C) of the Trade Act:

- To set timelines for the distribution of training funds; and
- To establish specific formula factors that the Employment and Training Administration (ETA) must consider in making those distributions.

RESCISSIONS None	EXPIRATION DATE Continuing
---------------------	-------------------------------

These statutory provisions for distributing training funds went into effect October 1, 2009, for FY 2010. On April 2, 2010, ETA published 20 CFR Part 618, subpart I- Allocation of Training Funds to States in the Federal Register. Section 618.930 governs the second distribution of the FY 2010 training funds, under which at least 90 percent of the \$575 million in TAA training funds for FY 2010 must be distributed to states by July 15, 2010.

4. FY 2010 TAA Training Fund Distribution Process. As noted above, the TGAAA increased the cap on TAA training funds from \$220 million annually to \$575 million for both FY 2009 and FY 2010. For FY 2010, an amount equal to 65 percent of the annual training funds was initially distributed to states by formula, and 35 percent was held in reserve, as required by the Trade Act. Additionally, 20 CFR § 618.930 provides for a “second distribution” of FY 2010 training funds:

The Department will distribute at least 90 percent of the total training funds for a fiscal year to the states no later than July 15 of that fiscal year. The Department will first fund all acceptable requests for reserve funds filed before June 1. If there are any funds remaining to be distributed after these reserve fund requests are satisfied, those funds will be distributed to those states that received an initial allocation in an amount greater than their hold harmless amount, using the methodology described in § 618.910.

TAA Training Fund Distribution Formula:

Accordingly, at least \$517,500,000 (90 percent of the total annual training funds) must be distributed by July 15, 2010. The \$517,500,000 amount will equal the FY 2010 initial allocation, all reserve funds awarded before July 15th, and funds awarded through this TEGL ensuring that the mandated amount is met.

The funds awarded through this TEGL are the second distribution, totaling \$104,000,000. As required by § 618.930, these remaining funds will be distributed to those states that received an initial allocation in an amount greater than their hold harmless amount, using the same methodology as used for the initial allocation set forth in § 618.910. This formula uses the most recent four consecutive calendar quarters for which data gathered from all states is available. The second distributions to each state reflect data reported for all FY 2009 activity.

After the second distribution, approximately \$57,500,000 will remain available through the end of FY 2010 to be used, as needed, for additional distributions during the remainder of the fiscal year. These funds will be available to the states by request, under § 618.920, governing reserve fund distributions.

TAA Program Administration Funds:

States will receive an additional 15 percent of all supplemental allocation and reserve funds for program administration, as provided by Section 235A(a)(1) of the Trade Act. Not more than two-thirds of these additional funds may be used to cover administrative expenses, and not less than one-third of these funds may be used for the purpose of providing employment and case management services, as provided by Section 235A(a)(2) of the Trade Act. The administrative funds will be included each time funds are obligated to states by ETA. The program administration allocations for each state are also included in the attachment.

5. **Recapture of TAA Funds.** Consistent with the FY 2010 TAA Annual Cooperative Financial Agreement, ETA may recapture any funds distributed to any state in the same fiscal year as they were given if it determines that the state will not expend the funds, but only after consultation with, and appropriate notification to, state officials.
6. **Action Requested.** States will inform all appropriate staff of the contents of these instructions.
7. **Inquiries.** States should direct all inquiries to the appropriate ETA regional office.
8. **Attachment.** Second Distribution of TAA Training Funds to States for FY 2010.