

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION TAA
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TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 8-06

TO: STATE WORKFORCE AGENCIES
 STATE WORKFORCE LIAISONS
 STATE TRADE COORDINATORS

FROM: EMILY STOVER DeROCCO /s/
 Assistant Secretary

SUBJECT: Trade Adjustment Assistance (TAA) Final Fiscal Year 2006 Reserve
 Distribution and Funding for Management Information Systems (MIS)
 Improvement

1. **Purpose.** To provide final Fiscal Year 2006 TAA training funds to states and provide guidance on the appropriate use of TAA reserve funds to be used on MIS improvements.
2. **References.** The Trade Act of 1974, as amended; the Secretary-Governor Agreement; Fiscal Year 2006 TAA Annual Cooperative Financial Agreement, 2 CFR Part 225 (codifying OMB Circular A-87); 20 CFR Part 617, as amended; 29 CFR Parts 96, 97, 98, and 99; Training and Employment Guidance Letter (TEGL) 2-04, "Trade Adjustment Assistance (TAA) Program Reserve Funds," dated July 14, 2004; and TEGL 4-05 "Fiscal Year 2006 State Base Allocations and the Process for Requesting Additional Trade Adjustment Assistance (TAA) Program Reserve Funds," dated September 8, 2005.
3. **Background.** The Employment and Training Administration (ETA) revised its fund allocation process for the TAA program and implemented a formula-based methodology for distributing training funds on October 1, 2003. This approach enables states to receive a base allocation at the beginning of the fiscal year. The formula has proven effective in allowing states to better plan and manage funds for TAA training, job search assistance and relocation assistance.

RESCISSIONS None	EXPIRATION DATE: Continuing
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For Fiscal Year 2006, the Department has over \$43 million in reserve funds available to distribute to states. In addition to providing reserve funds for training, allowances and administration, the Department has authorized a one-time, \$250,000 lump sum to each state for the purpose of upgrading and improving their MIS that will lead to greater efficiency, data accuracy, and reliability of TAA data.

4. **New Program Requirements and GAO Findings.** The TAA Reform Act of 2002 has made it necessary for states to reprogram their Management Information Systems to include tracking capabilities for new programs such as the Alternative Trade Adjustment Assistance Program (ATAA) for Older Workers and the Health Coverage Tax Credit, as well as reporting on the common measures using the Trade Act Participant Report (TAPR). In a recent study, the Government Accountability Office (GAO) highlighted some of the challenges of these new program requirements.

The GAO study, "Trade Adjustment Assistance: Labor Should Take Action to Ensure Performance Data Are Complete, Accurate and Accessible, April 2006," was conducted between December 2004 and March 2006, and included 46 states administering the TAA program. A major finding was that data collection and validation varied from state to state with one state out of every five using a manual process to compile TAPR data, and many states using an MIS with limited capacities to produce timely, accurate and complete reports. In fact, the GAO found that only 15 of 46 states surveyed had an MIS with all three of the following capabilities: performing edit checks to prevent data errors, identifying dates TAA participants completed WIA-funded services, and allowing staff to query the system to assess data reliability and completeness.

In reviewing the GAO findings, the Department has determined that there is a need for additional investment in TAA MIS in order to achieve timely, accurate, and reliable program information.

5. **Availability of Funds for System Upgrades.** Although the annual funding agreement limits a state to spending no more than 15 percent of training and job search and relocation funds on administration, this one-time, \$250,000 lump sum is to be spent entirely on upgrading the state's MIS.
6. **Expected Use of Funds.** The Department is providing a one-time allotment of \$250,000 for each state to invest in MIS improvements. Use of these funds for day-to-day administration activities is not authorized.

Funding may be used to develop new reporting systems or enhance those systems currently in place. States should consider prioritizing system improvements that result in the three capabilities identified by the GAO: 1) performing edit checks to prevent data errors; 2) identifying dates TAA participants completed WIA-funded services; and 3) allowing staff to query the system to assess data reliability and completeness.

When planning the use of these new resources to address the three capabilities identified by the GAO, states should take the following into account:

- GAO Capability #2 - In addressing this issue, states should work toward producing integrated participant records and reports across workforce investment programs, as discussed in the July 2004 Federal Register notice announcing the Employment and Training Administration's (ETA) Management Information and Longitudinal Evaluation (EMILE) proposal. While another Federal Register notice will be published shortly that makes significant changes to the original EMILE proposal, the ability to submit integrated information on businesses and individuals across state-administered programs, including the TAA program, will remain.
- GAO Capability #3 - In planning to address this issue, states are encouraged to assess their ability to produce the appropriate extract files to be used with ETA's Data Validation and Reporting Software (DVRS) to meet their data element validation requirements, as defined in TEGL 3-03, Change 3, as part of their overall efforts to address data reliability issues.

Several states have also expressed the need to upgrade their existing case management systems to fully include all components of the TAA program -- ATAA and HCTC. Ideally, these systems would interface with other workforce investment programs in the state such as the Workforce Investment Act (WIA), Wagner-Peyser Employment Service and Rapid Response to allow staff to track and report outcomes on the common measures while avoiding duplication of services.

If, after an assessment of its current MIS, any state believes that it does not need the full \$250,000 for MIS upgrades, the state may submit a written proposal to the Department for use of the funds for an alternative administration project such as staff training or concentrated outreach. Such a proposal must indicate how the investment will improve overall program management and performance.

7. **Program Reporting.** Financial reporting for these funds will be recorded under the administration category on the SF-269, Financial Status Report.
8. **Action Required.** States should assess their MIS and determine their priorities for system improvements.
9. **Inquiries.** States should direct all inquiries to the appropriate ETA regional office.