

TRANSMITTAL # 3

MEMORANDUM

June 20, 2002

TO: Workforce Development Council

FROM: Roger B. Madsen, Director

SUBJECT: Trade Adjustment Act and Dislocated Worker Funding Update

ACTION REQUESTED: None. Information Only.

BACKGROUND:

The Trade Adjustment Assistance (TAA) program assists unemployed workers who have lost their jobs because of foreign trade. TAA benefits include extended unemployment compensation, out-of-area job search assistance, relocation allowance, and training to gain new skills to be more competitive in their job search. TAA worker benefits are administered by the Idaho Department of Labor but funded by grants from the U.S. Department of Labor (USDOL).

Since January 2001, the USDOL has approved ten TAA petitions affecting a total of 1,847 Idaho workers. Not all of these workers have applied for TAA training benefits, but all of them are eligible and may request training in the future.

In relationship to these ten TAA petitions, the Idaho Department of Labor has requested from USDOL \$8,190,400 in TAA funds to help workers with training expenses. Of that amount, USDOL has provided \$3,428,600, or 42% of the training funds requested, leaving a deficit of \$4,761,800.

When USDOL gave us notice on April 18th that our March funding request for TAA training dollars of \$2,595,800 would be funded at \$500,000, we felt we had no choice but to suspend new training enrollments and to notify previously approved individuals that if their training began after May 17th, 2002, funding for their training would not be available. Forty-two such individuals had previously been approved and received notification that their training could not begin.

Because of increased layoffs, this is an ongoing funding issue. There are eight additional TAA petitions currently pending decisions by USDOL that affect approximately 1,900 additional Idaho workers, including the recently announced layoff of more than 600 employees affected by the closure of the Simplot potato processing plant in Heyburn. If funds are not available to meet

future needs for TAA training in Idaho, then even if we get the funding we have currently requested, we will face the same funding crisis in a few months.

In the absence of adequate TAA funding, additional pressure and demands are placed on Idaho's WIA Dislocated Worker funding. We anticipate exhausting our Dislocated Worker funding and utilizing state 15% setaside funds in order to continue to enroll customers in much needed skill training.

ACTIONS BEING TAKEN

- IDOL has contacted the Regional USDOL office and the Idaho Congressional delegation informing them of this situation and requesting their assistance (see Attachment 1).
- Governor Kempthorne has sent a letter to Secretary of Labor Chao requesting assurance that USDOL will fund any deficit in TAA training funds incurred in Idaho (see Attachment 2).
- We are working with USDOL to request a modification to an existing National Emergency Grant (NEG) to redirect approximately \$300,000 to mitigate this current deficit.
- On May 31 the Governor submitted an application for a new NEG in the amount of \$10,822,179 to address the shortfall and resume new training enrollments of TAA eligible individuals.
- We are expediting another TAA funding request to USDOL.
- Until additional federal funds become available, the 42 individuals whose approved training was suspended are being given priority for enrollment into the WIA Dislocated Worker program. While the Dislocated Worker program benefits are more limited than those of the TAA program, if any of these 42 customers are eligible and appropriate for enrollment in WIA and are comfortable with the program/service guidelines for WIA (vs. TAA), we are giving them preference for enrollment.
- Other TAA eligibles, beyond these 42 whose scheduled training was suspended, will be considered for enrollment in the Dislocated Worker program as appropriate.

Contact: Primary Larry Hertling (208) 332-3570 ext. 3321
 Secondary Pat Debban (208) 332-3570 ext. 3308

Attachments

317 W. Main Street
Boise, ID 83735

DIRK KEMPTHORNE, GOVERNOR
Roger B. Madsen, Director

MEMORANDUM

Date: May 9, 2002

To: Senator Larry Craig
Senator Mike Crapo
Representative Butch Otter
Representative Mike Simpson

From: Roger B. Madsen, Director

Roger B. Madsen

Re: Funding for Trade Adjustment Assistance (TAA) Training

As you are aware, the Trade Adjustment Assistance (TAA) program assists unemployed workers who have lost their jobs because of foreign trade. TAA benefits include extended unemployment compensation, out-of-area job search assistance, relocation allowance, and training to gain new skills to be more competitive in their job search.

Since January 2001, the US Department of Labor (USDOL) has approved 10 TAA petitions affecting a total of 1,847 Idaho workers. Not all of these workers have applied for TAA training benefits, but all of them are eligible and may request training in the future.

In relationship to these 10 TAA petitions, the Idaho Department of Labor has requested \$8,190,400 in TAA funds to help workers with training expenses. Of that amount, USDOL has provided \$3,428,600, or 42% of the training funds requested, leaving a deficit of \$4,761,800.

When USDOL gave us notice on April 18th that our March funding request for TAA training dollars of \$2,595,800 would be funded at \$500,000, we felt we had no choice but to suspend new training enrollments, and to notify previously approved individuals that if their training began after May 17th, 2002, funding for their training would not be available. Forty-three such individuals had previously been approved and received notification that their training could not begin.

Even with these cost containment actions, TAA training obligations for workers already in training currently exceed allocations by \$678,853. We are working with USDOL to request a modification to an existing National Emergency Grant (NEG) of \$300,000 and will be requesting another NEG shortly to help cover this shortfall. In addition, we are expediting another TAA funding request to USDOL so that we can, hopefully, continue to provide training benefits to current TAA participants as well as resume enrollments for future participants.

However, because of increased layoffs this is an ongoing funding issue. There are seven TAA petitions currently pending decisions by USDOL that affect approximately 1,300 Idaho workers. And this does not

include other recently announced layoffs such as the more than 600 employees affected by the closure of the Simplot potato processing plant in Heyburn. We understand that Simplot will be making a TAA petition relative to this plant closure. If funds are not available to meet future needs for TAA training in Idaho, then even if we get the funding we are currently requesting, we will face the same funding crisis in a few months.

We appreciate your support of this important program. Any assistance you can offer in helping meet these funding demands so that workers can receive these needed training benefits would be greatly appreciated. If you need additional information please contact me or Dwight Johnson at (208) 332-3570 x3209, email: djohnson@labor.state.id.us.

cc: Dirk Kempthorne, Governor of Idaho
Emily DeRocco, Deputy Secretary, US Department of Labor
Mike Brauser, Seattle Regional Office, US Department of Labor
Kate Cashen, Executive Director, National Association of State Workforce Agencies



DIRK KEMPTHORNE
GOVERNOR

May 31, 2002

Elaine Chao, Secretary
U.S. Department of Labor
200 Constitution Ave., NW
Washington, DC 20210

Via Fax: (202) 693-6111

Re: Funding for Trade Adjustment Assistance (TAA) Training

Dear Secretary Chao:

As you may be aware, the Idaho Department of Labor has suspended approval of additional training financed under Trade Adjustment Assistance (TAA) due to lack of funding. I am gravely concerned about this situation because of the escalating need for this program among eligible Idaho citizens. We want to resume approving training as soon as possible.

Until this year TAA training requests made by Idaho were generally fully funded by the USDOL. However, since January 2001, of \$8,190,400 requested to provide training for eligible participants affected by the 10 currently approved TAA petitions, Idaho received only \$3,428,600, or 42% of the training funds requested.

When USDOL gave us notice on April 18th that our March funding request for TAA training dollars of \$2,595,800 would be funded at \$500,000, we felt we had no choice but to suspend new training enrollments, and to notify previously approved individuals that if their training had not yet started, funding for their training would not be available. Forty-two Idahoans had previously been approved and received notification their training could not begin. Idaho's TAA training obligations for workers already in training currently exceed allocations by \$678,853.

Idaho's Department of Labor has been working with the USDOL Regional Office to request a modification to an existing National Emergency Grant (NEG) to redirect approximately \$300,000 to mitigate our deficit. We are expediting another TAA funding request and are also preparing a new NEG application targeted toward TAA eligibles.

However, in order to provide training to currently enrolled TAA participants, resume enrollments for the individuals whose training was suspended, and resume enrollment of

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new TAA training participants, Idaho needs the commitment from the USDOL that future TAA training requests or NEG requests will be fully funded, so we are assured we can meet our financial obligations and honor our commitments to participants. If USDOL will ensure funding for future TAA training requests will be provided at requested levels, and/or that, if we experience a deficit, our training obligations to approved participants will be covered by the USDOL, we can enroll new participants immediately.

We appreciate the excellent relationship we have with you and your office and the cooperation and support provided to Idaho by USDOL from the federal and regional levels. We recognize this is an issue of grave mutual concern. Your timely response to this letter will be greatly appreciated. If you need additional information, please contact Director Roger Madsen, Director of the Idaho Department of Labor.

Sincerely,

A handwritten signature in black ink, appearing to read "Dirk Kempthorne", with a long horizontal flourish extending to the right.

DIRK KEMPTHORNE
Governor

cc: Larry Craig, U.S. Senator
Mike Crapo, U.S. Senator
Mike Simpson, U.S. Representative
C.L. "Butch" Otter, U.S. Representative
Emily DeRocco, Assistant Secretary, Employment & Training Admin., USDOL
Armando Quiroz, Region VI Director, USDOL
Kate Cashen, Executive Director, National Association of State Workforce Agencies
Roger Madsen, Director, Idaho Department of Labor

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