**U.S. Department of Labor**
**Employment and Training Administration**

# Trade Adjustment Assistance Final Rule on Merit Staffing of State Administration and Allocation of Training Funds to States

## Fact Sheet

In the first substantive rulemaking on the Trade Adjustment Assistance (TAA) program in over 15 years, the Department is issuing a regulation implementing changes to the TAA funding formula, as required by The Trade and Globalization Adjustment Assistance Act of 2009 (TGAAA) (P.L. No. 111-5). The TGAAA, which was part of the American Recovery and Reinvestment Act of 2009, reauthorized and substantially expanded the TAA program. The rule also requires (with exceptions) that TAA-funded personnel administering services and benefits to workers covered by certifications must be state employees covered by a merit system of personnel administration.

### Formula for Allocation of Training Funds

The changes to the funding formula contained in this rule improve the way the Department provides TAA funding to states. The new formula, mandated by the TGAAA and explained in this regulation, provides states with a predictable level of funding at the start of a Fiscal Year, and allows for additional allocations of funds that respond more quickly to states' needs than the preceding formula the Department had used. This regulation describes the formula factors, and how they will be applied. Additionally, this regulation reflects the increase in training funds provided in the TGAAA – the Department may now provide states with $575 million in training funds in a fiscal year, rather than the previous limit of $220 million per year. A hold harmless provision requires that a state receive in the initial allocation at least 25 percent of that state's initial allocation in the prior fiscal year. Because the funding formula is set out in the statute, it was used to determine state funding allocations for Fiscal Year 2010.

### Use of State Merit Staff

States administer the provision of benefits and services in the TAA program as agents of the United States. Each state does so through a state agency designated in an Agreement between the state's Governor and the United States Secretary of Labor. This regulation requires that, after a transition period, a state must (with exceptions) engage only state government personnel to perform TAA-funded functions undertaken to carry out the state's responsibilities under the Trade Act, and must apply to these personnel the standards for a merit system of personnel administration.

### Effective Date

The Rule goes into effect May 3, 2010. In response to comments received on the proposed rule, the Department has adopted a longer transition period with a deadline of December 15, 2010, for states to comply with the merit staffing requirements.

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