

<b>TRAINING AND EMPLOYMENT NOTICE</b>	<b>NO.</b> 23-22
	<b>DATE</b> April 10, 2023

**TO:** STATE WORKFORCE AGENCIES

**FROM:** BRENT PARTON /s/  
Acting Assistant Secretary

**SUBJECT:** Fiscal Year (FY) 2023 Reemployment Services and Eligibility Assessment Program (RESEA) Excess Carry-Over Base Funding Adjustments

1. **Purpose.** To provide clarifying information on the FY 2023 implementation of the RESEA 60 percent state funding carry-over limit.
2. **Action Requested.** The U.S. Department of Labor’s (Department’s) Employment and Training Administration (ETA) requests that state agency administrators provide information contained in this Training and Employment Notice (TEN) to appropriate staff.
3. **Summary and Background.**
  - a. Summary – During preparations for the FY 2023 RESEA state plan and grant award process, ETA received a series of questions related to the carry-over limitation and is publishing this TEN to provide necessary clarifying information. This notice clarifies that the carry-over limitation requiring a reduction to a state’s RESEA funding allocation resulting from excessive carry-over into FY 2023 is applied to the FY 2024 allocation, not the FY 2023 allocation. Thus, states may receive up to their full FY 2023 formula allocation.
  - b. Background – The Bipartisan Budget Act of 2018, Public Law 115-123 (BBA), enacted on February 9, 2018, amended the Social Security Act (SSA) to create a permanent authorization for the RESEA program. The RESEA provisions are contained in Section 30206 of the BBA, enacting new Section 306 of the SSA. Section 306(f), SSA, specifies three uses for the funding and designates the proportion of annual appropriations to be assigned to these uses: (1) base funding (84 percent to 89 percent depending on the year) for states to operate the RESEA program; (2) outcome payments (10 percent to 15 percent of the appropriation depending on the year) designed to reward states meeting or exceeding certain criteria; and (3) up to one percent for the Secretary of Labor to use for research and technical assistance to states.

On April 4, 2019, as required by section 306(f)(4), SSA, ETA published a proposed funding formula in [84 Fed. Reg. 13,319](#), requesting public comments on the RESEA allocation process. On August 8, 2019, ETA published in [84 Fed. Reg. 39,018](#), the final allocation methodology, including an analysis of how ETA considered public comments

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in its development. The formula includes provisions intended to stabilize funding from year to year, and to incentivize the timely expenditure of RESEA funds by limiting the amount of previously awarded RESEA funds each state is permitted to carry over into a new fiscal year:

Carry-Over Threshold – If a state has a balance of up to 30 percent of its previous year's award, the state may carry that amount over from one year to the next. However, a state carrying an amount in excess of 30 percent will have any amount in excess of the 30 percent reduced from its subsequent year's allocation, and the resulting additional resources will be included in the distribution to states that are under the 30-percent threshold.

The COVID-19 pandemic caused many states to temporarily pause the operations of their RESEA programs and resulted in higher-than-normal carry-over of program funds. Section 306(g), SSA, provides the Department with authority to change the allocation formula 90 days after Congress is notified of the proposed change. In response to pandemic-related program disruptions, the Department utilized this authority in FY 2021 and FY 2022 to delay implementation of the carry-over limit to FY 2023 and then in FY 2023 to apply a modified carry-over level of 60 percent.

#### **4. FY 2023 RESEA Excess Carry-Over Base Funding Adjustments**

As quoted above, the RESEA formula methodology published on August 8, 2019 identified that any reduction resulting from carry-over in excess of the carry-over limit would be reduced from the state's "subsequent year's allocation." This TEN clarifies that reducing the "subsequent year's allocation" means any reductions to state funding resulting from exceeding the carry-over limit are to occur in the year following the occurrence of the carry-over, rather than concurrently. This provides states with greater predictability regarding RESEA funding from year to year.

Adjustments to states' allocations based on funding carried into FY 2023 exceeding the 60-percent carry-over limit will be applied to FY 2024 allocations. For FY 2023, states may request up to their full FY 2023 formula allocation. ETA will provide technical assistance and additional information to help states prepare for future allocation adjustments resulting from the carry-over limit.

5. **Inquiries.** Please direct inquiries regarding the information in this TEN to the appropriate ETA Regional Office and copy [OUI.RESEA@dol.gov](mailto:OUI.RESEA@dol.gov).
6. **References.**

- Section 306 of the Social Security Act (42 U.S.C. 506);
- 84 Fed. Reg. 13319, *Allocating Grants to States for Reemployment Services and Eligibility Assessments (RESEA) and Determining Outcome Payments in Accordance*

With Title III, Section 306 of the Social Security Act, Published on April 4, 2019, <https://www.federalregister.gov/documents/2019/04/04/2019-06558/allocating-grants-to-states-for-reemployment-services-and-eligibility-assessments-resea-and>;

- 84 Fed. Reg. 39018, *Allocating Grants to States for Reemployment Services and Eligibility Assessments (RESEA) in Accordance with Title III, Section 306 of the Social Security Act (SSA)*, published August 8, 2019, <https://www.federalregister.gov/documents/2019/08/08/2019-16988/allocating-grants-to-states-for-reemployment-services-and-eligibility-assessments-resea-in>;
- UIPL No. 10-22/TEGL No. 05-21, *Fiscal Year (FY) 2022 Funding Allotments and Operating Guidance for Unemployment Insurance (UI) Reemployment Services and Eligibility Assessment (RESEA) Grants*, issued January 21, 2022, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-10-22>, <https://www.dol.gov/agencies/eta/advisories/training-and-employment-guidance-letter-no-05-21>; and
- UIPL No. 02-23/TEGL No. 08-22, *Fiscal Year (FY) 2023 Funding Allotments and Operating Guidance for Unemployment Insurance (UI) Reemployment Services and Eligibility Assessment (RESEA) Grants*, issued February 23, 2023, <http://www.dol.gov/agencies/eta/advisories/uipl-no-02-23>, <http://www.dol.gov/agencies/eta/advisories/tegl-08-22>.

7. **Attachment(s)**. Not applicable.