**WorkforceGPS**

**Transcript of Webinar**

**NFJP PY 2018 Formula Allocation Discussion**

**Thursday, February 23, 2017**

*Transcript by*

*Noble Transcription Services*

*Murrieta, CA*

JONATHAN VEHLOW: Now I'd like to turn things over to our moderator today, Steve Rietzke, division chief, Division of National Programs, Tools, and Technical Assistance with the Employment and Training Administration at the U.S. Department of Labor. Steve?

STEVE RIETZKE: Great. Thanks Jon. Good afternoon everyone, or good morning, good – late morning if you're out on the West Coast. Again my name is Steve Rietzke. I'm here in the office of workforce investment at the Employment and Training Administration. And I'm glad you're all joining us today to talk about the NFJP formula.

Before we get started, I just want to acknowledge our other two speakers. I'm joined by Anita Harvey in our budget office here at ETA; and by Daniel Carroll, who's a workforce analyst. And I have to say, Daniel has really put a lot of work and sweat into this webinar to get ready for this conversation. The data behind this formula can be pretty complex, and there's a lot of moving parts to it. And so, I kind of have the easy part today, just to frame the conversation. Daniel's got the hard part. And Anita is going to jump in towards the end with the second hardest part.

But thank you, again, for joining us. Just to put this conversation in context, I've been able to speak a couple times recently at NFJP events here in D.C. And I – and have kind of foreshadowed this conversation. As the title says, what we're talking are some potential changes to the formula that would – (inaudible) – program year 2018, so essentially two July's from now.

For program year '17 that starts this July 1st, we're leaving things alone. And really we wanted to allow enough time to provide some input process at the beginning of our effort. Ultimately this is going to lead to a Federal Register Notice that goes out for public comment. And that will be the formal written way to provide comments to the formula, and the results of the formula.

But before we got to that point, we thought it was important, and we certainly heard from you all that it was important to you to have the opportunity to hear what we're thinking before things are fully baked, and give us input into the process. And so today we think this is really the first step in that direction. We don't expect that this is going to be the only conversation that we have.

We're expecting that we're going to follow up with another webinar and possibly two, depending on how our conversations go. And so essentially we're undertaking some due diligence to update our understanding of the distribution of NFJP eligible farm workers. And the allocation formula hasn't actually been updated since program year 2005. And that update was relying mostly on 2002 data.

Obviously since we're in 2017 we're due for a refresh. And WIOA actually requires that we use the most current data available. And so kind of the core change here is that we're just updating the data. And really that's the part that we have to do. And frankly, that's the part that accounts for probably the most change that you're going to see. And really that's a result of changes in agriculture that took place between '02 and 2012.

Daniel, I think, is going to expand on that a bit. But we're also looking at a couple of other potential modifications to the formula. And I won't steal too much of Daniel's thunder here, but just a preview of it. The first one concerns unemployment insurance tax payments that employers make on behalf of farm workers.

And this is something we examined in 1999, but was never actually implemented. And the second proposed adjustment concerns H-2A earnings. And really we wanted to take a close look at that because we've heard a lot of concerns from the field just in terms of the way that H-2A worker population impact the way the formula shakes out, so we took a close look at that.

In terms of these two proposed changes, what we're seeing is that these changes are refinements that get us closer to a more accurate picture of the distribution of NFJP eligible population. These aren't the changes that are going to drive huge shifts in the way the formula results shake out. Like I said, it's really that updating the data and the way that the agricultural industry has shifted between 2002 and 2012 that's probably going to drive most of that.

So that's a little bit about what we're going to talk about today. I do want to say up front that we haven't necessarily run every possibly scenario, and don't necessarily have every single answer there is. But we thought it was important to get what we have out to you all so that you can start looking at it and really start to give us input on the direction that we're going.

And so in today's conversation, I want to encourage everybody to ask questions, express concerns. We may not have answers to all the questions today, but it's really going to help us understand what you're thinking and where your concerns are. And I think in subsequent conversations, those questions are going to shape the way that we move forward with this input process.

So I think the way we have this webinar platform set up is that throughout the presentation, please type your questions into the chat. By default, it's an open chat where the whole audience can see your question. If you happen to have something that you want to ask or to comment on that you want only us to see, you can send us a private chat and just pick the host. Do I have that right, Jon, that they pick the host to send a private chat just to us?

MR. VEHLOW: Yes.

MR. RIETZKE: OK.

MR. VEHLOW: They can do that.

MR. RIETZKE: And then towards the end, we're going to give a chance to open up phone lines if people have more nuance comments that you want to give verbally that you're – you don't want to just type into a chat window. We'll have a chance towards the end to open up phone lines and say a few words if you want to do that. So I think that kind of covers the basics.

Our objectives today, Daniel is going to walk us through the allocation formula, talk about some of the proposed modifications, and explain our rationale. Towards the end – and this is maybe one of the most important parts of the conversation – talk about stop loss or stop gain options. So in other words, ways that we can phase this in more gradually so that it doesn't hit all at once in terms of changes to the allocations. So that's an overview of what we want to do today. And I will turn it over to Daniel to get started.

DANIEL CARROLL: Thank you very much, Steve. Hello, everyone. I'm Daniel Carroll. I work in ETA's Office of Policy Development and Research. My primary work here concerns the National Agricultural Worker Survey, which is one of the data sources that feeds into the NFJP allocation formula. I want to thank Steve for the acknowledgement, and recognize some of the farm labor experts who have been instrumental over the years in helping develop this formula.

There are really five people, three of whom I believe are on the phone today: Phil Martin, Don Vierejo (sp), and Rick Mimes. Rick was my predecessor on the NAWS, and coincidentally I was hired I guess three days before this NFJP allocation formula came out. And my first homework assignment was to read the Federal Register Notice, which wasn't a lot of fun. Phil and Don have dedicated large parts of their career to farm labor, and really are very knowledgeable about farm labor data. The other two people who have helped me along the way are Susan Gabbard, the project director for the NAWS, and Ed Kissam, another farm labor expert. So with that, I'll get started.

I'm going to talk just a little bit about the formula, and then introduce the proposed modifications, and then we'll talk about what they do to the distribution. I've inserted a lot of notes beneath many of the slides. And a lot of those notes are just cut and paste from the Federal Register Notice. And I don't know if they're going to help or hurt, but rather than me go through the nitty and gritty of the formula, I thought I would just leave you to those notes if you're willing.

So as I noted, the formula was published in May of 1999. You can search for it on the Federal Register web link, which is there in the slide. And the title is "Job Training Partnership Acts, Migrant and Seasonal Farm Worker Programs, Final Allocation Formula." It's a 13-page document, and although it's hard to read, it's very informative.

So to summarize, the formula was developed for the purpose of distributing funding geographically by state service area on the basis of each state service area's relative share of NFJP eligible farm workers. The formula approximates the distribution of farm workers, farm workers within the United States who meet the criteria. It accounts for the identification of NFJP eligible farm workers, the time and location of their activities, including time not employed and time working in non-agriculture, and their turnover rates, or the relative difference – differences across regions and the length of time workers are engaged in farm work and other activities.

Today, like 1999, there is still no single data source that purports to the definitive and comprehensive count of migrant and seasonal farm workers in the United States. And it's our belief that the NFJP allocation formula provides the most current means currently available to estimate the relative distribution of this population.

So there are four data sources and now there will be six if we introduce these proposed modifications. And the first one – the most important one – is the U.S. Department of Agriculture, Census of Agriculture. The Census of Ag – (inaudible) – every five years. The next one will begin in January of 2018, and it will ask farmers about their production and expenditures, and those kinds of things for calendar year 2017. So we'll get those data in 2019, and we will refer to it as the 2017 Census of Ag.

So the formula starts with Census of Ag hired farm labor expenditure data. And we're using these data as a proxy for wages. And it's a proxy because expenditures include other things besides wages, for example, unemployment insurance taxes that employers pay on behalf of farm workers. Those expenditures include Social Security, Workers' Compensation, and other fringe benefits.

So that's probably one of the most important things to take away from the formula is that the Census of Ag expenditures is a proxy for wages. The second data source is the USDA's Farm Labor Survey, also known or referred to as the Quarterly Ag Labor Survey, or the QALS. Sounds like a storm. I'll refer to it as the FLS. The Farm Labor Survey is administered quarterly, and that provides an annual average hourly earnings or wages for 12 regions, and we're using it as a denominator.

What we're doing is we're taking Census of Ag expenditures or dollars in the numerator and dividing that by dollars per hour and the denominator, and we end up with ours. So the first part of this formula is estimating each state's number of farm labor hours in crop and livestock agriculture. And the reason we do this is back to point number one, there's no definitive single source that tells us the number of farm workers or how they're distributed. We have a Census of Agriculture, but we don't have a Census of farm workers. So getting at the number and distribution of farm workers by looking at ours is what we're doing.

The third data source is the National Agricultural Worker Survey, which is administered three times per year. And we use it to identify crop workers who meet the four NFJP eligibility criteria. And so as part of the normal, albeit, kind of late in the game update as Steve noted. We'll be using NAWS data from 2006 to 2014, so that's nine years of pulled data. We'll be using those data to look at the characteristics of farm workers to estimate those who are NFJP-eligible to account for their time and location, and to account for turnover rates. And I've included notes beneath this slide on the three adjustment factors. And if you have any questions about those, feel free to write.

The fourth data source is now the – well, traditionally we used the Census of Population. We're now using the American Community Survey, which is administered monthly. We're using an average finding from a five year file. So it's five years of data. And what we're getting from the American Community Survey is the share of farm workers in animal agriculture who are living below the LLSIL.

So what we do essentially is we take, for each state, the total number of workers employed in animal agriculture that's in the denominator, and then above that we put the number who are below LLSIL, and that provides your ratio, which we then apply to the hours of animal agriculture in each state. And the result is the share of those hours that are NFJP-eligible based on the economically disadvantaged criteria.

The thing to remember about the formula is that the NAWS, the National Ag Worker Survey, only interviews crop workers. So we have no national data on the characteristics of livestock workers, so we can't adjust livestock workers for all of the NFJP eligibility criteria, so we're using what we can get from the ACS to adjust them based on LLSIL. For those who are not familiar with LLSIL, I think it's the lower living standard income level.

All right. So those have been historically the four data sources that inform the allocation formula. And so what we want to do now is introduce two new data sources to make a finely-tuned adjustment to the estimates of each state's share of the NFJP eligible population.

The first proposed formula modification is summing up unemployment insurance payroll tax payments for crop and livestock agriculture, and backing those out of Census of Ag labor expenditures because – and I'm jumping ahead to the rationale. Those UI tax payments are not wages. They're taxes that employers pay. So it's very simple. We're just add – we're going to the quarterly Census of Ag – I'm sorry – quarterly Census of Employment and Wages, which has the – by quarter, the taxes that employers paid by NAICS code.

So for crop agriculture it's 111 and 1151, which is support activities for crop agriculture. And for livestock agriculture, it's NAICS 112 and 1152, support activities for livestock agriculture. Then one of the resources you received, which is in the resource part of the Webpage is the – there's a spreadsheet, 2012 UI payroll tax payments and crop and animal agriculture. And there you can see the payments by state by NAICS.

So, again, we're just adding those up across the four quarters and then subtracting them from Census of Ag. The second proposed modification is very similar. It concerns wages, paid H-2A workers, and here, we're going to the Employment and Training Administration's Office of Foreign Labor Certification, which administers the H-2A program for DOL. And they have on their website H-2A case disclosure data. It's a public data file that you can access, and I've provided some instructions on how to get it. And what we're doing, it's basically the same thing. We're looking at how much employers paid H-2A workers by state by crop and animal agriculture. We're summing those up and then we're subtracting them from Census of Ag expenditures.

And, again, the rationale is we're trying to get closer to pure wages in the Census of Ag Wage Bill as it's often called, and secondly, regarding H-2A, we're trying to better align the allocation formula with the NFJP-eligible population. H-2A workers are not eligible for NFJP services except for emergency services, and that was explained in a January 19, 2017 (TGL ?), which is referenced in slide 14 notes.

So I've jumped ahead a little bit here. I've gone over slide 15. And so slide 16 looks at what the UI payroll tax payments came to for the 48 states. And just a quick note here, we're looking at UI payroll tax payments for the lower 48, because Hawaii, Alaska, and Puerto Rico are treated differently.

The formula that we're discussing today does not apply to Hawaii, Alaska, and Puerto Rico, as discussed in the two main Federal Register Notices about this allocation formula1. The first one was December 22, 1998 and the next one was May 19, 1999. In both of those notices we discussed, or ETA discussed. I wasn't around back then. ETA discussed why Hawaii, Alaska, and Puerto Rico could not be treated the same way by this formula. So we're not backing UI out for those three locations.

So for the lower 48, UI tax payments in crop agriculture were about $469 million or only a little over 2 percent of Census of Ag total labor expenditures and crop agriculture, which came to about $23.3 billion, so it's a very – it's a small percentage, and that's why in Steve's introductory remarks he noted that applying these modifications really doesn't do a whole lot to the shifting of the NFJP-eligible numbers that we'll see later. UI contributions in crop agriculture ranged from about $210,000 in Delaware to about $237.9 million in California.

In livestock agriculture, NAICS 112 and 1152, UI payroll tax payments totaled about 50 – I'm sorry, about 76 million, or only three-quarters of 1 percent of total hired labor expenditures in livestock agriculture, which were about 10.2 billion in 2012. Like UI contributions in crop agriculture, the UI contributions in livestock Ag also ranged from about $50,000 in Delaware to about $12.6 million in California. So that's UI.

The second modification, proposed modification is backing out H-2A expenditures, or wages paid to H-2A workers. So we did the same thing. We calculated the wages, paid the H-2A workers, and then we backed them out of Census of Ag expenditures. And there are some notes on the bottom of slide 18 that tell you where to go to find that case disclosure data file and some tips on how you can calculate wages.

So I'm on slide 19. And for the 48 states, H-2A earnings in crop agriculture were about $569 million, or 2.45 percent of Census of Ag total hired labor expenditures in crop agriculture, again of $23.3 billion. And those earnings or wages also varied. They ranged from $23,000 in Rhode Island to about $67 million in North Carolina. There's a note at the bottom of that slide. Each of the lower 48 states had H-2A expenditures in crop agriculture in 2012, which is not true for livestock agriculture. There were 12 states that had no H-2A expenditures.

So I'm on slide 20 now. And so for the lower 48 H-2A earnings in animal ag were only about $37.4 million, or .37 percent of Census of Ag total hired labor expenditures in animal agriculture, which were about $10.2 billion. H-2A earnings in animal ag ranged from $0 in 12 states to almost $10 million in Louisiana. So those are the modifications.

And now we're going to take a look at what the modifications do, but more importantly, what the general update of data does to each state's share of the NFJP-eligible population. And we'll be referring not only to slide 20 here, but if you haven't already, I think it would be really helpful – and I'm sorry that I didn't mention this when I got started – that there's a spreadsheet that has much more data in it. And I think if you open that up, it will help you see and understand what the general update does verses what these minor modifications do. And so the resource I'm referring to is in the file share area of the Webpage. It's the PY18 NFJP preliminary state factors with PY05 and PY16 comparisons.

If you open up that spreadsheet there are two tables or tabs, and the one that I'll be referring to is the one on the left, so it's the first one. But let's just pay attention to slide 20 first. This is changes in the formula derived shares of each state's share of the NFJP-eligible population. And here basically we're looking at the differences that obtain, or that you get just from updating the data. We're not looking at percentages of an allocation. We're not looking at percentages of dollars. We're looking at percentages of each state's share of the eligible population.

So the second column from the left in slide 20 titled, or labeled, PY05 formula shares. That tells us what each state's share was estimated to be – what each state's share of the NFJP-eligible population was estimated to be back in PY 2005 when we updated the data. And the thing to recall here is that when we're looking at this PY05 column, we're looking at figures that really are based on 2002 data. So 2002 Census of Ag data; 2002 Farm Labor Survey data; data from the NAWS, which includes 2002; and the 2000 Census of Population.

So again, we're looking at percentages of the eligible population, not percentages of dollars. Anita gets to talk about that. The second – or the third column from the left tells us – so I'm looking at slide 20. If you have that spreadsheet open it would be column D. So either column D in the spreadsheet, or the third column from the left in slide 20, that shows us what the state's share of the NFJP-eligible population would be if we update the data.

We update the – if we used the newest Census of Ag Farm Labor Survey, NAWS, and NAICS data. If all we do is update the data, but not make any adjustments. I'm sorry. That's column D in the spreadsheet. The third column from the left in slide 20 is updating the data and also incorporating these two minor adjustments, backing out UI and backing out H-2A wages.

The thing to note here, if you have that spreadsheet open, if you pick a state, say California. It's the fifth one down. So starting with Alabama, Alaska, Arizona, Arkansas, California. If you look at California and go across and you look at the figures that are in column D, E, F, and G you'll see that there isn't much change when the UI adjustment kicks in or when the H-2A adjustment kicks in. There's very little change at all. And that's the same thing that you'll see for just about every state. There are a few states.

For example, if you go down to North Carolina and you look at what happens. Just comparing what happens in 2018 if there's no adjustment. If we just update the data, North Carolina would have about 2.4 percent of the NFJP-eligible population. If you just backed out H-2A wages, it would go down to 2.25 percent. So it's not that big of a hit.

And then if you go over farther following across for North Carolina, if you look at column J, which is just the H-2A adjustment, here we're actually looking at what would happen from PY 2018 to PY 2005 just by making the H-2A adjustment, and it's not that big of a change there. It's .07 percent. It's .07 percent from – so it's going from 2.18 percent in PY 2005 to 2.25 percent in 2018. That's what that .07 percent represents in column J. Anyway I'm getting too far into the weeds here. I apologize for that.

Basically what we've done here in slide 20 through 24 is we've sorted this big spreadsheet by column O, which is the percentage difference, and you can see the formula. The percentage difference in the NFJP-eligible population, but we took PY 2018 minus PY 2005 and divided by 2005 to get the percentage difference, and that's what you see in column O. And then we sorted by largest to smallest, and then populated slides 20 and 21 with the top 10 states. Slide 20 is the top 10 states that would see a percentage increase in the NFJP-eligible share. And slide 21 – sorry. Slide 21 shows the top 10 increase and slide 22 shows the top 10 states in terms of a decrease.

A thing to point out here is that a lot of these states that are in the top 10 for an increase, for example, Rhode Island. It really helps if you look at their base, or what we're starting from. In PY05 if we had just gone by the math, Rhode Island had .045 percent of the NFJP-eligible population. In PY 2018 with updating the data and incorporating the modifications, it goes up to .09. So the simple difference, if you just subtract PY18 from PY05 is not that big, .05. But since we're starting from a really small base, the percentage difference is very large, 100 – almost 111 percent, so just to keep that in mind so that you're not shocked when you look at these differences.

And with that, I will turn it over to Anita.

MR. RIETZKE: And actually, can I jump in for one second before we turn it to Anita? This is Steve again. Thank you, Daniel, for running through all of that. And I just want to acknowledge to folks on the phone that we know we're throwing a lot at you all at once, and I think it's helpful to think of this conversation as sort of an introduction to the materials that we're presenting here. So don't feel like there's too much pressure for you to think up questions on the spot here, because as I said, we're going to have subsequent conversations.

And I'll reiterate this again before we close, but I do want to say that if we hang up today and you take another look at the information, you sleep on it, and you come up with questions or concerns, please feel free to e-mail those to us at nfjp@dol.gov, which is our standard NFJP program inbox.

And we would just ask that you clearly distinguish those e-mails as PY18 formula allocation related. So if you can just put in the subject line, PY18 formula, or something along those lines, that'll help us keep those sorted out. But I will turn it over to Anita to talk about the next couple of slides. And all of that said, please do feel free to enter questions or concerns throughout the presentation. Don't hesitate, but again, you'll have more bite to the apple, so to speak. So, Anita.

ANITA HARVEY: Thank you, Steve. So my name is Anita Harvey. I work in ETA's office budget. And my group runs the formula models that disseminate the – or determine how much funding each state will receive for most of ETA's job training programs, including the NFJP program. So it falls to me to help – (inaudible) – put this into a context you're very interested in. I know you're asking how is all of this going to affect the amount of money I get to serve NFJP participants in the states that I'm responsible for.

The two slides that are – this slide that we're looking at and the next one resemble what Daniel was showing you earlier where he was comparing the PY05 shares of the NFJP population to what we would calculate now for PY18. Only now what we're looking at is the – we're comparing in that second column to the left your – the PY16 relative share of the total dollars that were available by state. Go ahead and back up to the other slide.

The first slide is showing the top 10 states that gain in percent change from what you have now in PY16 in terms of your share of the dollars to what you would see for PY18 in terms of shares of the population set. So this is looking at it in terms of no (hold hard losses ?) or stop gains. Rhode Island would see a 92.03 percent increase. They would basically double the amount of funding they get.

Now if you switch to the next slide, looking at the losing state, these are the top 10 states that are losing in terms of their percent – the percent change that they would see. So West Virginia down there at the bottom with a negative 53, almost negative 54 percent change is going to see their funding about cut in half if we're not employing any kind of stop loss/stop gain.

So I know not all the states are represented on these slides, and so I'm sure you'll be interested in looking at this in more detail, so the file that Daniel was referring to, the spreadsheet titled, PY18 NFJP preliminary state factors with PY05 and PY16 comparisons. There's two tabs. The first tab is showing you the PY05 to PY18 changes in the share of the data.

The second tab is – says PY18 verses PY16. That's where you'll find a more complete version of what you see depicted on the slide. And I know you'll be interested in going there. So again I point out the column O, which is the percent difference between what you see in PY18 verses '16. That's where you find the percentages that I was talking about in my remarks here.

So in normal practice when we're updating or changing a formula, we usually include a stop loss or stop gain provision in order to mitigate large shifts in funding in any single year in order to not cause serious disruptions to service delivery. So we're going to talk a little bit about stop loss/stop gain options.

The last time we updated data was in program year 2005, and what was employed back then was a stop loss, which was the higher of 85 percent of the state's share of 1998 funding, or 75 percent of the state's share of 2004 funding, the prior program year. And there was a stop gain of 150 percent of the state's share of the prior program year's funding.

From 2007 to '17, no data was being update. There were no stop loss or stop gains employed. Basically all a state would see would be an increase or decrease that was based on the appropriations, the amount of funding appropriated for NFJP. If it increased, everybody got the same prorated increase. If it decreased, everybody kind of got the same prorated decrease. And that's what we've done for the last 10 years. So as we talk about what we could do in the future, we have two options to present today. And none of this is definitely (finding ?). I think we're open to hearing other concepts.

This is the two concepts that made the most sense in terms of at least showing a possibility. The first option would be sort of a gradual implementation. And this one would involve reducing the stop loss provision 5 percent each year until the next data update. So for program year 2018, you would have a 95 percent stop loss and a 150 percent stop gain that first year the data – that we're using the new data, and thereafter, a decrease 5 percent. You can see – the slide here shows that in the future we would plan to update data in time for program years 2021 and program year 2025. And the asterisk on this – next to program year 2020 and 2024 mark the start of a new four-year grant program. So what we could be looking at for the next couple of grant competition cycles at least.

So what we would be looking is updating data in the second year of the four-year grant cycles. And this is really driven by when the data is available. There's not – especially in that second timeframe, there really isn't any other options but to update in the second year. And also – and so the thing that you would note about this option is that it does gradually move people towards their formula-driven shares over the course of about four or five years.

The second option would be to employ just a basic stop loss/stop gain, maybe 90 percent and 130 percent in 2018, and then after not apply a stop loss or stop gain, but freeze each state's share of total dollars available based on their share of the prior program year's dollars, just like we've been doing the last 10 years until the next time we have a data update.

So there wouldn't be – you would have movement towards your formula-driven share of the funding that first year that we did the update, but not necessarily any further progression towards that formula-driven share, but it does provide a lot more certainty in terms of funding levels if you're going to not update every year, but the appropriation goes up and down you would have a little bit more stable funding. So those were two options, and I'm sure we could have a lot of discussion around different concepts.

The last thing that I wanted to mention on the next slide is related to the minimum funding provision. This is pretty basic. It's just another thing that we need to throw out there, particularly in the Federal Register Notice for (Kona ?). Right now there's a $60,000 minimum where – and really this only impacts Rhode Island at the moment. If you get less than $60,000, you can either risk no allocation or have your allocation combined with another state area, which is what happens in this case. And we were proposed to keep this thing level unless anybody felt that there was a reason to increase that level to – or decrease or change it for some reason.

So those are the basic comments. I'm sure that you're going to want to go back and look at that spreadsheet, the column O and the change that it would make to– (inaudible) – funding levels, but again, we need to keep in mind that we have to update the data. We really have – it's been a long time since it's happened, and we can do some things to help mitigate the shift and help us more gradually work into it. It's a bit awkward in terms of the timing of the competition, the timing of when the data's available, and the need to be able to get your input, what we're doing – that's a lot of the reason why we wanted to start this conversation now is so that we can make sure that we did things responsibly. I will turn the time back over to Steve to help us moderate and field the questions.

MR. RIETZKE: Great. Well, thank you, Anita, and thank you to Daniel for all the thought that went into this presentation and all the work behind the spreadsheets that you see. As you can imagine trying to make sense of all these different data sources and boil them all down to some sensible percentages does take some effort. So thank you guys for the work and for the presentations today.

I'm going to go out on a limb and say that the lack of questions that we see coming in is probably not because you don't have thoughts, but probably because you're still digesting all this information that we just doused you with. So – but I do want to say if you have questions or concerns that you want to articulate now, do feel free to type things into the chat window. I think at this point we can probably open up the phone lines if people have thoughts that you'd like to share to share over the phone, and I'll ask the Maher & Maher folks to weigh in with some instructions for how to unmute your phones.

I do want to say one real quick, before we get into that just to make sure everyone gets this message. I said earlier, if you have things you wanted to e-mail us to send them to the NFJP email box. I think just to keep these more separate, I'm actually going to switch things up on you and ask that you send them to our contractor sister Sky (ph) is going to help us collate that information and kind of keep it separated from the rest of the day-to-day programmatic e-mails that would be coming into that NFJP box.

So just to make it easier for us to keep things sorted, I'm going to ask you to do that. And so the e-mail address – and actually, John, can I ask you to type this e-mail address into the chat window so that people can see it? So the e-mail address is Vasquez.littlesky.ag@dol.gov (ph). And John is typing that into the chat window as we speak so that you can make sure you've got the right spelling.

MS. HARVEY: So we have two questions before we open up the phone lines we can try to address. And I wanted to take the one that says, which spreadsheet and which column show the ultimate impact on our program? And I – if you take a look at the – it's called – the names have disappeared. It's the one Excel spreadsheet that has program year 2005 and '16 comparisons in the name. The tab is – it says the – it is labeled PY18 verses PY16. And then if you go out to column O, that percent change column there is where you're going to see the change you would see due to this data update compared to the state share of their dollars that you're currently getting. So you could – that is the column, that column O of that second tab that's labeled PY18 to PY16.

And again, it's the change that would be caused by the data update without any stop loss or stop gain measures. And we are planning on using a stop loss/stop gain. We just need to decide on what. So that's what you would be looking at moving to – over time, but not necessarily in 2018, and that's where we're to employ no stop loss. It's just not the plan. And then I think I wanted to handle the Puerto Rico one.

MR. RIETZKE: Yeah. There's a question. Puerto Rico is not included in the formula. What do you do to replace that? And I'm probably going to have to punt a little bit and get back to you in writing. I'm looking now at what was said in the December 1998 and May 1999 Federal Registers. And basically back then it said that we would just use the – in 1998 and '99 it was we would just use the Census population to figure out how many crop and livestock workers there were in Puerto Rico, Hawaii, and Alaska, and then use the LLSIL data to figure out the share that was NFJP-eligible based on that economic disadvantaged criteria. So I think that's the right answer, but I want to make sure I've got it correct, and so I'll get back to you on that.

MR. VEHLOW: We're just going to put you on mute for one second, and talk about a couple of these questions. We'll be right back in about 20 seconds.

JENNIFER JACOBS: Also just a reminder that a recording of today's webinar as well as the transcripts and PowerPoint will be made available on Workforce GPS in about two business days.

MS. HARVEY: OK. So question number three, would the next competitive RFP adjust to the most current data? So the next RFP will be for program year 2020, at which time we will still be using this data that we are currently talking about using for 2018. So that RFP will be informed by the 2018 data and the funding levels that would be published in the RFP would be based on wherever we are with the stop loss/stop gain impacts that point plus this 2018 data update.

MR. RIETZKE: OK. We're going to go offline for another couple seconds, and we'll be right back.

MS. HARVEY: So there's a question, what's the most detrimental factor for those losing too many H-2As, or not enough? (Inaudible). So where'd it go? OK. Not enough livestock workers. Also have you ran a model that has the factors of the current formula with current data? We do. We have run the model with the current data, and we – I would say that it is not H-2As and the UI is not driving things. It's really just the change over time of the other data sources.

I won't say that we have gone through and examined factor by factor. (Inaudible) – expenditures in one state has increased, or the cost in certain states or the poverty. The bottom line is that when there are shifts, and a shift in one state tends to impact every other state because you're talking about a (finite hole ?) of 100 percent, so I gave a – an example that I gave earlier to the group here when we were back in the recession and we were looking at – I just looked at a worker program changes where there is no stop loss/stop gain.

A state like Michigan, which had very high unemployment for a very long time, and all of a sudden the recession hit, and whole bunch of other big states had gained significantly in terms of unemployment in their data factors. And Michigan saw losses of 10's of millions of dollars for years running because these other states were occupying a greater share of the total.

So when we're talking about each state's share of NFJP-eligible population, if one state increases in its relative share, it takes away from another state. So we – on some of these – it's very difficult to really put a finger on exactly the thing that is causing these shifts, but we can tell you that it's the shifts in the data over time just hasn't been updated in a long time. And I know we'll be doing some more research on that. That's one of those things that we haven't had time to get into in the level of detail that I think the questioner is wanting. But it's definitely not the H-2A or the unemployment adjustments. It's about the changes in the farm work that's going on in the United States.

MR. RIETZKE: There's the question of NAICS 111, does it include employment Ag-related packing – (inaudible) – for example Citrus (ph)? And I'm also going to have to punt on that a little bit. I've got the NAICS, North American Industrial Classification System book in front of me. It's a really big blue book, and I'm looking at all the – everything that's in 111. But basically I think if the fruit, or whatever it is, is being packed on the farm where it was grown, if at least 50 percent it. It would probably be 111. In terms of the NAWS, farm workers are eligible to be interviewed in the NAWS if they're packaging fruit, as long as 50 percent of that is grown on the farm that is selected.

So I think it has to do with the percentage of the packed fruit and where the packing is taking place, and I'll have to get back to you on that. If there's anyone else on the phone who knows right off the top of your head –

MR. VEHLOW: \*six.

MR. RIETZKE: – there very well may be someone who can answer you. Go for it. OK. We're going to go offline for two seconds. OK. We – there's a question about when estimating wage expenditures, how do you account for regional differences in prevailing or minimum wages, and I think Daniel is going to take a shot at that one.

MR. CARROLL: Yeah. We're using the U.S. Department of Agriculture's Farm Labor Survey, or quarterly Ag labor survey, which provides a regional wage for actually 17 regions of the country, but we're using the wages for 12 regions. And there's a map of the NAWS 12 regions in the – on the NAWS Website, and I can provide that later. But for example, if you're – there are two states that are, themselves, regions like California, California and Florida. But the Pacific Coast region is Washington and Oregon, so those states would get the same Farm Labor Survey-based wage. I hope that answers your question.

Number seven, have the expand codes for aquaculture been taking into account and estimating eligible MFSW populations? Aquaculture comes under NAICS code 112 animal agriculture, so the formula to recall starts with Census of Ag labor expenditures. So at least in that part we're accounting for aquaculture workers in the formula.

MR. RIETZKE: We're going to go offline for one second, and we'll be right back.

MR. CARROLL: This is Daniel responding to the question about a NAICS code or O\*NET code for Sanitor in the poultry factory. I can't speak to the O\*NET. I can get back to you on that. But NAICS 112 is animal agriculture, and NAICS 1123 is poultry and egg production.

So expenditures in poultry farms or poultry establishments would be picked up under 112 in the Census of Ag. If the question is more to, would that person qualify? I would say, yeah, because poultry is agriculture and that person is working there, not doing exactly what we traditionally think of as a farm job, but cleaning machinery is definitely – it's an Ag-related work.

There's a question nine, I'm still unclear on the wage expenditure estimate question. I don't know if it's an – well, the Farm Labor Survey asks employers on a quarterly basis what – they don't ask employers how much they pay workers. They ask what expenditures, what labor expenditures were at the numerator? And then there's a second question, how many hours did – were your workers employed? And those hours go into the denominator. So it is an estimate. It's expenditures over hours, but it comes from the Farm Labor Survey.

MS. HARVEY: Not minimum wage.

MR. CARROLL: Not minimum wage. No. I mean, I can provide a spreadsheet that has – that shows the FLS, Farm Labor Survey, wage that we use for each of the regions, if that would helpful. It's also available on – you can access it from the USDA if you go to NASS, National Ag Statistic Service. You can find it that way.

MR. RIETZKE: And so Daniel, basically you're using just kind of looking back at the notes from one of your slides. It sounds like you're using an average regional hourly rate wage that's baked into the calculation. And so depending on which of the regions you're looking at, like each of those regions is going to have an average hourly wage.

MR. CARROLL: That's right. I would just add that there are three wages. There's a field wage, the Farm Labor Survey, USDA reports a field wage, a livestock wage, and a combined field and livestock wage. So to estimate the number of hours worked in each state by crop workers, we take crop labor expenditures and divide by the field wage from the FLS to get hours. If we're talking about livestock hours, then we take expenditures and animal agriculture and divide by the livestock wage.

MR. RIETZKE: OK. I don’t see anymore questions right at the moment. If anybody – again, if anybody wants to weigh in on the phone, you can press star six to unmute your line. And if anyone has more questions to type into the chat window, do feel free to do that, do that now. I see a couple folks typing, so we'll give you a minute to do that.

MS. HARVEY: While we're – OK. So while we're taking those other questions, I want to jump back to the impact on programs a little bit, because column O, which I said from the spreadsheet is showing you that the percent change that you would see from your 2016 dollars to where you're sitting in terms of relative share of the NFJP-eligible population.

Well, then you have to understand about the way these formulas work when you have stop losses and stop gains is when people hit a stop loss and you have to give them – they're not going to lose the full amount that they would normally lose. The people who aren't losing as much wind up absorbing the shock of increasing those who are hitting their stop loss. So where you could be looking at column O and going down the list and saying, oh, look – (inaudible). I may have hit the mute button.

MS. JACOBS: Sorry about that. We apologize for any technical (inaudible). They're dialing back in right now. So Anita will be back on the phone in just a second.

MR. RIETZKE: Hi, everybody. Can you hear us now? We seemed to have disappeared for a minute, but we dialed back in.

MS. JACOBS: We can hear you again.

MR. RIETZKE: You can hear us again?

MS. JACOBS: Yep.

MR. RIETZKE: All right. Good. Anita was just giving a really great explanation, apparently just into the wind.

MS. HARVEY: I want us to go back to the question about what's the impact on our programs, and make sure that it's clear that when you're looking at that column O that I referenced where you've got percentage – this percent change from your 2016 share of the total dollars to your 2018 share of the NFJP population, and you're looking down that column and saying, oh, I've got a positive percent there, so I'm not going to lose any money. That's not necessarily true when you're employing stop losses and stop gains in your formula, especially if we have level funding. And whereas in the past the NFJP programs when we were going through formula updates and data changes, Congress made polls and made sure that everybody got – we got a little bit of an increase and appropriation in order to help people not lose from that 1998 level. I don't think that we're looking at being in that kind of a situation these days.

I think we're looking at level or reduce funding. So when we start employing a stop loss or stop gain, and somebody triggers their stop loss levels, that means that somebody else is going to have to give up some money in order to get that person to their stop loss level. So even though – so if you're at that low-end of the positive percentage rates, you may still see a loss of funding where we're employing a stop loss and a stop gain assuming that we have level funding. If we have reduced funding then more people see losses. But there will always be winners and losers every year.

MR. CARROLL: Right. Thanks, Anita. That's a good explanation. And certainly we have no crystal ball about funding, but fingers crossed. And I think our job in this process is to make sure we come up with the most sensible logical way of updating the formula. We bake in the most current sources of data available, and we take the route to phasing this in that minimizes the disruption as much as possible and does it in a fair way.

So I definitely thank you all for your participation today. I think there's still a couple of people typing in the chat window, so we'll probably do another couple of questions. One question that just came in is, so you're looking at doing this each year from 2018 going forward. And Anita is going to jump into that one.

MS. HARVEY: So we will update the data in 2018. We have to decide – we're not going to be updating the data in 2019 or 2020. We'd update the data again probably in 2021. What happens in between 2018 and 2021 when the next update happens– (inaudible) – to be determined. One option would be to have a progressive stop loss/stop gain, which would result in your funding levels, even in a consistent appropriation levels environment.

If we do a progressive stop loss/stop gain on the formula, then you would be looking at your funding changing a little bit each year. If you are in that lower part of the column O percentages, every year you're going to get a little less as you march towards the formula data-driven – the data-driven results that the data indicates you should be at. If we just – and like I said in my remarks before, if we just have a single year where we update data and do a – just a stop loss/stop gain that year thereafter we can prorate.

And like we've been saying the last two years, for the funding level that we've been given for NFJP hasn't changed, therefore your allotment hasn't changed. You might see stable funding if the prorate is level given that the program doesn't change, and we only use the stop loss/stop gain the year that we update our data.

But then you're not necessarily driving state's dollars towards the – completely achieving their formula-driven results. So the answer to the question is, we are – we have not yet decided how we're going to handle it, but the data definitely will not be being updated every year, with the best, every five years.

MR. RIETZKE: Thanks, Anita. I saw there was another question. John, if you could maybe scroll up. There was another question about going back to the aquaculture question, which Daniel, I think you did get into a little bit, but there was a comment that we might've missed that one, or maybe your answer didn't quite get to it. So just to reiterate the original question is, have the expanded codes for aquaculture been taken into account in estimating eligible MSFW populations? And if that's – if it's too detailed to put you on the spot about, we can look more into that.

MR. CARROLL: Well, I think – thanks, Steve. I brought this handy NAICS book. It's really big.

MR. RIETZKE: Not everybody walks around with one of those.

MR. CARROLL: Well, it comes in handy once in a while. It's usually just a paperweight. Yeah. Aquaculture is going to be picked up in Census of Ag labor expenditures under animal agriculture 112. Because aquaculture, it's listed as animal aquaculture, and the code is 1125. So any number after 112 is under 112, and it would be picked up in the Census of Ag.

The tricky part comes into play when we – we're basically using crop – data on the characteristics of crop workers to estimate the share of all – well, this is 111, so bad example. We don't have characteristics on aquaculture workers, so we wouldn't be estimating the share that are eligible by looking at the eligibility criteria, except for the economically disadvantaged criteria.

And for that it would be the same as for all livestock and all workers under animal agriculture. It would be the ACS data that we would look to to tell us the share of aquaculture workers that would be eligible. But we wouldn't have a separate breakout. We're not going to have a separate estimate of the number of aquaculture workers in each state that are NFJP-eligible, because the ACS data, even if you pull five years, you're just not going to get that fine-tuned of an estimate.

MR. RIETZKE: OK.

MR. CARROLL: OK. Are there economic downturns in agriculture accounted for in the Census? Example, Texas had a drought for several years that had a detrimental impact on agriculture and farm worker employment. I think it depends on the year that drought happened.

If it happened in a Census year then it would be picked up, and it would be picked up in a – the farms that experienced the drought would have less expenditures. Perhaps those workers were employed in a different part of the same state, so all in all, there wouldn’t – it would all wash out, so to speak. But it just – the Census of Ag is done every five years, so it would depend on when that drought occurred.

MR. RIETZKE: Thanks, Daniel. It looks like we've got one more person typing into the chat window, and we've got just a few minutes left in our allotted time I think. OK. We've got one more question coming in, and we're just going to go offline for a second to chat and we'll be right back. OK. Daniel is going to take a shot at this question.

MR. CARROLL: OK. Chris Paige (ph) asks – hello, Chris. Using your adjusted wage cost, and using the NAWS annual income estimates, could you get to a global estimate of the number of eligible farm workers?

And that's a really interesting approach, and I think using those two sources of data could get us something, but probably not the global estimate of the number of eligible farm workers because we also have to account for the time that farm workers are in a state working in non-Ag and not working.

So there are a lot of – adjustments two and three in the formula kick in, and they're really important to account for. Those facets of the NFJP program eligibility. And I think what you're suggesting might have been considered in the past way back in 1999, and it was determined that the best way to estimate the global population is the current NFJP allocation formula.

MR. RIETZKE: All right. Thanks, Daniel. Any other last minute questions? We're coming right up on our end time of 3:30, so we're going to wrap momentarily, but if anyone has any last thoughts, either in the chat window or on the phone, speak up now. And if you don't, like we talked about before, we are planning to have at least one conversation subsequent to this one, which will get a date out for fairly soon.

And in the meantime, if you think of things that you want to send to us, questions, concerns, comments, I'll ask again that you send them to our colleague sister Sky. And John, do you mind – can you re-paste that e-mail address, which is Vasquez.littlesky.ag@dol.gov? And John's going to put that in the chat window again so you've got it in front of you.

Hearing no other final thoughts. I want to thank everyone for your participation today, especially Daniel and Anita for your work and your presentations and your Q&A. And we appreciate you all's input, and look forward to seeing more of it in the next few weeks, and look forward to having another conversation as we go through this process to get to our 2018 formula.

So thank you everyone. Thank you, Jon and Jen, for your support today, and everybody have a good afternoon.

(END)