2022 Section 3 Final Rule Training Series

Session 3 Office Hours

Les Warner: Thanks, John. Welcome, everybody. So we're going to go through a few housekeeping things, talk a little bit about resources. And then in each one of these office hours, we're taking about 10 minutes in the beginning and talking about a particular topic that folks will be working with before we get into our questions.

So if you're coming to the session with questions, I would encourage you to either type your question into the Q&A, as John mentioned, or you can indicate that you want to be unmuted and be able to ask questions.

So first off, for introductions, I'm Les Warner. I'm going to be the person verbally answering questions. But I also have Janine Cuneo and Andelyn Nesbitt-Rodriguez, who are -- will be typing away madly on, trying to respond and make sure that we have answers for your questions.

And it's possible that we will get a question that we will need to consult with HUD and get a final answer for you. And so that's always possible. We still have some guidance that's still evolving on some of these, and we want to make sure that we give you the best answer to your question as possible.

So I want to remind folks, we have done a series of trainings. So I would expect many of you have already gone through the trainings. But for those who have not, just want to go through some of the resources that are out there. So for the main links, you could either go to the hud.gov Section 3 landing page.

There's also a Section 3 landing page on the HUD Exchange where you'll find all of the resources that are listed. And that's where additionally as new guidance or new FAQs come out, those would be available for you. There is a Section 3 guidebook which I think will be helpful for folks. If you've not taken a look at that, we have provided the link here on that.

There are also some CPD notices that have been issued, specifically by programs to further clarify how Section 3 will work within those programs. So there's a HOME and Housing Trust Fund notice, there is an OBGA, Office of Block Grant Assistance for the CDBG program and other CDBG-related funding sources. And then there's a PIH notice which is the most recent of those.

So I would really recommend if you've not taken a look at those specific notices that relate to the types of programs and funding that you're working with, I would recommend that you take a look at that.

For the training and tools, there are a number of Section 3 tools including sample forms, a sample Section 3 plan which would I think be helpful to folks. You're able to customize those to what's going to work well for your program.

You'll notice the second item here is the searchable FAQs, and those will continue to build over time. And so I would recommend kind of frequently taking a look at those as new guidance is released.

For those of you that may not have been able to participate in prior training, there is a three day training course that includes both the HCD and public housing recipients that is posted on the HUD Exchange, and there's a link we've provided you for that. There is a separate public housing training that was recorded. It has not yet been posted, and I would think it'll be posted within the next week or so on that. So you might want to keep an eye out for that.

Also, link for the opportunity portal. And there is, I will just mention, there's a how-to video, which might be really helpful to share with partners who you are encouraging to use the opportunity portal for the -- to understand how to work with that.

There is an IDIS tutorial, for those of you that will be reporting in IDIS for your Section 3 outcomes. And then, of course, linkages for some additional video and other guidance that could be useful resources. So if you're not familiar with those resources, I would recommend you take a chance -- take a moment and familiarize yourself with that.

One of the other projects that we're working on is to try to put together some successful implementation examples. And so we're looking for grantees who would share about their experience in things like working with unions, linking up with apprenticeship programs, how you've put together, and they're using a Section 3 plan, or any other ideas that you've put together and seems like it might be something useful for other grantees.

And so we'd ask that you use the chat box and provide contact information, and we'll have folks that would then follow up with you. Because we're trying to put together some best practices, some further helpful information for other folks. All right. So wanted to take just a little time at the beginning of this. For those of you that have gone through the training, you'll notice we talk quite a bit about to the greatest extent feasible.

And so the language and the requirements talks about, to ensure employment and other economic opportunities that are being generated by that federal financial assistance, that to the greatest extent feasible, we need grantees, subrecipients, other partners to be working to make those connections to direct those benefits toward those low and very low income persons. Particularly those that are recipients of that government assistance for housing.

So for you as a recipient that is implementing funding, we need to be able to demonstrate that you have, to the greatest extent feasible, taken on the goals of the Section 3 requirements, and implemented them as fully as possible. So we wanted to take a little bit of time at the beginning of this office hour session to talk about a few points that relate to that implementation.

So we kind of divided this into a couple of categories. We're going to start out talking just a little bit about technical support. So one of the things that we talked about in the training was putting together a Section 3 plan, establishing a Section 3 coordinator.

The reason you want to do this is to lay out, have an implementation plan of how -- what's our process going to be. So that everyone, whether they're internal or external, understands what your process is going to be, what those requirements would be, and helps them understand what their role is in that.

As part of that, setting standards of how Section 3 is going to be incorporated into your existing programs. And that includes things like the procurement process and also standard outreach efforts.

So we're trying to make sure that all of our external, and really internal partners, understand what those requirements are, what the expectations are, particularly what their role is in that. And then as part of those standards, what's the standard documentation going to be as part of that?

So I think on the front end, and I know a lot of folks are in the midst of doing this now, a lot of our questions that we're getting in office hours are as folks are looking at the specific activities and programs that they're running, that they recognize these particular programs are going to trigger Section 3, is evaluating those programs, their current process systems, documents to make whatever modifications need to be done.

And that includes things like the language that gets captured, not only in your agreement with maybe a subrecipient or a developer, but also the language that you expect to be incorporated into contracts that they may be then entering into for that particular project.

Also, of course, the information that needs to be reported, the form that you expect, the timing, all of that on the front end is really important so folks are able to kind of arrange their systems and make sure that all of the partners understand their role in that. So I think that's part of the technical support that you can provide in this phase.

There's also a recognition that not only have you needed training and your staff, but also subrecipients, contractors, based on whatever their role is in Section 3, but they're going to need to be brought up to speed. And that may be either for the first time, or they were familiar with the old Section 3 rules and need some further training.

And so some folks are using their Section 3 plan as part of that training process, education, maybe some part of that gets pulled out to be provided to those partners. But also then, as part of that training, laying out the expectations on timing, their role in this, the kind of documentation that you would need to have in place.

So thinking through who are these different individuals that need to -- need some aspect of training, what their functions are, and then trying to put together training that's going to address that need.

And as part of that, as we go into implementing some rules that are different than they were in the past, making sure that we have ways to get some feedback about how that is going, kind of check in with partners, and make sure that they understand that we are available to sort of problem-solve as we go along.

We mentioned one of the things under technical assistance, if having someone designated as that Section 3 coordinator, so sort of the go-to person. And that may be helpful in facilitating some of those feedback sessions, some of the problem-solving. Folks know who to go to to ask questions.

So I think particularly in the early years of this, thinking about how do we incorporate Section 3 into some of our early technical assistance, checking in with subrecipients, contractors, and others to make sure that they have understood how this impacts them, what they need to be doing and when, the kind of documentation in place.

So thinking about, how do we target this, how do we facilitate that, would be important. And I think as we go along, I'm thinking about in the trainings we've been talking about on things like reporting, collecting data, that making sure that folks aren't waiting until late in a project to then try to start that process. That we want to kind of check in, make sure that all of our partners understand their roles and are activating this.

So things like, let's do some interim reporting, just to make sure that, yes, those processes are being completed. And as part of that evaluating, is this working? Do those partners understand? Is our reporting working? Maybe we have to go back and tweak our reporting forms, or the training we've done, or realizing we need to do a little more handholding with it.

So checking in as early as possible with folks. And I think, as always, we always have to kind of check in, see where things are working, where they're not, and then think about tweaking policies and guidance on things. And that will be particularly important in the early time with the new Section 3 requirements to make sure that we're kind of on course with that, and that it's working.

And then we're hoping that some of those things you'll bring back not only to suggest, hey, these are best practices that are working, other people may want to try that. Or coming back to office hours, and I would expect that we are going to continue to have some office hours available for you.

Coming back and saying, okay, we're having some challenges here, asking further questions, and asking for help. Whether there's a gap in guidance, or you're trying to figure out how to implement this.

As part of that, I just mentioned about outreach. So we know that our goal is to meet our quantitative goals on Section 3 and targeted Section 3 workers. But we also want to make sure that our appropriate qualitative efforts are happening.

And so things, such as the opportunity portal, are not only a tool to be able to match up workers with jobs and identify Section 3 businesses, but also incorporating the use of the opportunity portal into our standard operations could also be a way to be able to document that we have a qualitative effort in place to try to do those appropriate outreach efforts as part of that.

Also, we're talking to folks who are early on doing contacts with trying to identify, do we have a youth build or youth build programs in our area? How do we best coordinate, establish a contact with them to look at meeting part of our Section 3 goals by linking up with the youth build program?

Also, the Department of Labor has an Office of Apprenticeship. And they're -- you may also have a state apprenticeship agency. And so we provided links here to help you establish those contacts, and see if there are ways that you can more effectively create those linkages and help you towards meeting your quantitative measures on that.

Also just mentioning developing a relationship with the Workforce Development Board. So they're working directly with federal, state, and local funding, and they're trying to help employers meet their needs for skilled workers.

They have some paths for career advancement. And so that may be a way to tie in helping with Section 3 eligible workers, maybe also identifying where we have Section 3 business concerns that might help us with our Section 3 goals.

So all of these things are just kind of suggested as, think about have you looked at these areas, how they might be helpful for your program in trying to make sure that you -- you've got things up and running so that you can demonstrate, to the greatest extent feasible, that you are taking appropriate measures. You can demonstrate that to HUD as part of monitoring for your program.

All right. With that, I would just want to mention, here is a visual for the Section 3 opportunity portal that I was mentioning. And so this allows you to search, this allows workers to post their resumes, but it also can help businesses identify potential workers. This is for businesses, this is also where we could be posting about opportunities. So this is a great linkage that could be very helpful.

And we mentioned in trainings, this could be part of your standard protocols that you adopted for your programs that you were going to require folks to use the opportunity portal so that we build out that information over time to make it as effective as possible.

Again, same -- the resource slide that we looked at a little bit earlier. With that, I'm going to turn to John. John, do we have any folks that would like to be unmuted to give us a verbal question?

John Panetti: I don't have anybody in the queue at the moment.

Les Warner: Okay. I'm going to check the Q&A box and see if there's something I can help with. Do a little sort here. All right. So we have a question. Should the contracts that are collected by PJs to verify the Section 3 clause to make sure that it is included --?

So you -- I think what's intended here is asking, does the PJ, this would be a home participating jurisdiction in this example, but I think it would apply more broadly. Whether you need to be checking to make sure that those Section 3 clauses are being included in those subsequent contracts that are being issued.

So yeah. I think that's an important part of this process, is that we're passing along these requirements to other partners. And so when you are -- let's say we were doing a subrecipient agreement, and that subrecipient then is going to be funding a particular project, we're going to be depending on that contract agreement with a general contractor to be implementing parts of our Section 3 requirements, to be collecting and reporting information.

But also, they would need to be including that language within any subcontracts that they were issued, so that those same chain of requirements is being passed along. And so that would be important for you as the PJ to make sure that those other partners understood what those requirements are and what their role was in that.

And so we're seeing folks -- some of you may have standard subrecipient agreements, or have sample language that you are passing on to contractor or subrecipients to ensure that they include in their documents. And so referencing those in your funding agreements, including those maybe in your Section 3 plan, and referencing or linking to those in your agreements.

And then I think having that follow-up, as you're suggesting, in making sure that that's actually happening. Much like you would do with Davis-Bacon or some other requirements, that you're making sure that those requirements are actually being implemented.

See what else. And, John, at any point that you get a request to unmute -- and I will just say to folks, if you've got a question that is easier to ask it live than to type it out, and kind of deal with the finer details on it, I would encourage you to just let John know that you would like to be unmuted. So there's a --

Andelyn Nesbitt-Rodriguez: Les?

Les Warner: Yes?

Andelyn Nesbitt-Rodriguez: I just was going to say there's a good question here in the chat about a Section 3 plan, so I thought you might want to go through that. To create a Section 3 plan, is there a draft document that we can start with to develop our agency-specific plan?

Les Warner: Perfect. So first of all, let me just mention that you're actually not required to have a Section 3 plan. You were under the old requirements. But the reason that we are recommending is that you need to make sure that not only all of your internal staff understand what's our process going to be? But also, this is a communication tool for those other partners.

So there is a sample as part of the Section 3 tools that are showing on this resource page. There is a Section 3 sample plan. Now, it's really just a -- it's a starting point for you on listing out things that we think it would make sense to include in that Section 3 plan. So really defining what are the rules? What are our quantitative goals here? But I think for most folks, that's a good starting point.

But then you're going to want to customize that with, okay, what's our reporting requirement going to be? What form do we want to use? If you're providing things like sample clauses that need to be included in any of your legal documents, other things, that would be the place to do that. So I think the -- it's a good starting point and will kind of help as sort of a reminder on what things might I want to include. But don't think of that as a sort of limiting framework in any way.

Andelyn Nesbitt-Rodriguez: Thanks. We have another question here that I think would just be better handled verbally. When calculating hours worked, do the hours of contractors that are below the threshold count towards the 25/5 percent goal?

Les Warner: So --

Andelyn Nesbitt-Rodriguez: I'm a little confused. Go ahead.

Les Warner: Yeah. So let's think through this. So when we have -- and we have two subparts, our subpart B is for public housing, and subpart C is for housing community development. So with subpart C, we have on a project by project basis, you have to exceed that threshold of $200,000 per project to be triggering Section 3.

So for a project that has triggered Section 3, we're looking at the total project. And so all of our contracts and subcontracts, essentially any labor hours that are being billed to that project, are going to be part of our counting the cumulative labor hours for that project. And also then tracking qualifying hours, whether they are Section 3, or targeted Section 3 workers.

So keep in mind, it is cumulative. So that would include, if I -- I'll use the example with, let's say, home or CDBG. If I have project -- if I have grantee or subrecipient staff that are being charged off as part of the project delivery directly to that project, as opposed to coming out of my admin funds, then those labor hours are also included in my tracking towards meeting those goals.

So I would then be looking to see, okay, if I have -- let's say I have a staff person who is going to be charged off to that project as part of doing maybe some of the scope of work, or inspections, or other things that would be part of that, we would be tracking not only their hours, because that would be counted in our cumulative hours, but it would also be -- we would be determining, are any of those workers actually -- can they qualify as a Section 3 or targeted Section 3 worker?

So think of it as looking at all labor hours that are being charged off to that project. And I will just mention here, so we have had a lot of folks that thought, oh, wait a minute, I've -- so I've got -- I'm running, let's say, a local homeowner rehab program. And thinking, gosh, I'm going to have to go to each one of these.

So this is on a project by project basis. So I might fund a local community to run a local homeowner rehabilitation program. And maybe I'm providing them $300,000 for that program. But this is measured on a project by project basis. And we define a project as having common ownership, financing, and management.

And so if I have individual homeowners that are applying for assistance to make modifications to their homes, those homes are individually owned. So those are each an individual project. So unless you were exceeding that $200,000 threshold, each one of those homeowner rehab programs, none of those are going to trigger Section 3.

So if this question was being asked, and I know this is long-winded, but because we have two different subparts here at play, I want to make sure that folks don't kind of take and run with the wrong information.

So if I am with PHA funding and I'm following subpart B, I am looking at everything that is being funded under one of my triggering sources of funding. So it would be all contracts, all labor that's being charged off, operating or my capital funds are going to be part of that tracking. All right. Let's see.

John Panetti: Les, I have someone in the queue.

Les Warner: Okay. Great.

John Panetti: [inaudible] Hope Ealey [ph], you are -- all right. You're about to be unmuted. Hope, you are unmuted.

Hope Ealey: Hi. Can you hear me?

Les Warner: We can.

Hope Ealey: Okay. Great. So I'm a little confused about in the definitions of -- so Section 3 worker, one of the ways you can qualify as a Section 3 worker is working for a Section 3 business concern. But to be a Section 3 business concern, you would be made of -- potentially be made up of 75 percent Section 3 workers.

And so that's a little circular. And so I -- can you kind of tell me what the highest kind of preference there is? Or kind of why it was written in that way, and how we can use that to run our programs.

Les Warner: That's a great question. So I think the key thing here is -- and I'm going to speculate a little bit. But I believe it is written in this way to give you sort of an easy process, in the case where you have a business that qualifies as a Section 3 business concern, you're able to make this presumption at that point that even though they only have a minimum of 75 percent of their workers that would be qualifying, if once we --

Once they meet that threshold and we qualify this business as a Section 3 business concern, we're able to make that presumption then that all labor hours for that business are qualifying for both Section 3 and also targeted Section 3 workers.

And so it's sort of the -- you've been able to hit the easy button, essentially. That, okay, if I've got a Section 3 business concern, we're just going to report on what are the total labor hours for that entity, and we're going to be able to count all of that as qualifying. So whether that's a general contractor, a subcontractor, that kind of streamlines that process for reporting. Does that help?

Hope Ealey: That's really helpful. Thank you.

Les Warner: So that's -- I mean, that's part of why we talked quite a bit about doing outreach, and trying to identify, might there be some businesses that would be able to qualify on this?

There might be -- as part of your outreach, might be helping businesses that you've kind of identified that might be able to qualify, helping them understand what would that take to document that. Because it's going to be really helpful to you to have some qualifying entities. It'll just streamline things for you immensely. John, anybody else in your queue?

John Panetti: Yes. It looks like we have Granville Woodson [ph]. You are unmuted.

Granville Woodson: Can you hear me?

John Panetti: Yes.

Les Warner: I can.

Granville Woodson: Okay. Great. So -- and this is to go back on, I guess, the smaller projects. We do a lot of business facade projects, say, a developer, or -- we grant them over the $200 -- $200,000 threshold, but they're doing 10 or 15 small facade projects, and each of those is only $15,000 per address.

Does the -- does each -- so are each of the small facades separate? Or do we have to apply Section 3 to the whole amount, because it's -- one grantee is receiving a large amount of money, but doing 10 different small projects?

Les Warner: So let me pull up -- I want to see if I can find -- let's see. Let's try -- all right. And what kind of funding are you using?

Granville Woodson: I believe it's CDBG funds.

Les Warner: Okay. So it's HCD funding. So -- which is why we have this threshold of $200,000 per project. So that's our first sort of test of, is it a triggering funding source, and then looking at the threshold. But we also have a requirement -- and I'm trying to see if I can find -- so here's our definition I just mentioned a minute ago about this defining a project.

And so in the example, as I understand it, when you're talking about helping businesses, they're going to be under separate ownership. And so each one would be considered separately a project. But what I'm trying to get to -- let's see.

Granville Woodson: That was my understanding. It's just, in our office, we have different opinions. So just want to be clear.

Les Warner: But our trigger under HCD funding is for housing, construction, rehabilitation, and other public construction. So as I understand your description, it sounds like you are helping businesses that they privately own. Those are not public infrastructure, but would be privately held business locations.

Granville Woodson: Right.

Les Warner: So they are not going to fall under Section 3, because they are not housing rehab, housing construction, or public infrastructure. So public infrastructure is going to be defined as, like when you're doing water, sewer, public facilities, we're -- we might be funding for, I don't know, a daycare center or something that's going to be publicly held. So when we're assisting a private owner, that's going to be exempt other than we're -- when we're talking about housing.

Granville Woodson: Thank you very much.

Les Warner: So that should be good news.

Granville Woodson: It is, it is.

Les Warner: Good. All right. So I see a question here I'm going to just jump in on. So in this, we have a question saying, they're working with CDBG disaster funding, and that they would have hundreds of properties that are going to exceed the $200,000. Is each of these projects reportable in DRGR?

I'm not sure if we have -- I know that there's been some discussion about the logistics of this. For IDIS, we have good clarity on how that's going to be addressed. I think there have been some discussions about how that might be dealt with for something like DR, where the numbers are going to be so significant. I'm going to jump in here for a moment. Janine, I'm going to interrupt you for a moment, if I may.

Janine Cuneo: Please, I have not heard the question. So I'm happy to jump in if you don't mind --

Les Warner: This is a --

Janine Cuneo: -- catching me up.

Les Warner: This is a concern about -- on CDBG-DR. And really, the numbers on needing to report on individual projects in DRGR. And I think there was some discussion early on about that. But I -- I'm not sure that I know that there was any specific guidance that provided relief.

Janine Cuneo: And when you say the numbers, are we talking about a certain type of a program? I'm --

Les Warner: Well, so -- yeah. So this is disaster funding. So we might be working with individual homeowner properties. But because of the dollar figure exceeding that threshold, a large disaster program could have hundreds of these that they were needing to report on individually.

And I know we've had some folks that expressed just concern on the logistics of that. I don't know that there was any relief that had been determined on that or not. Just wanted to see if you knew of anything further on that.

Janine Cuneo: Yeah. We haven't seen any relief. And in fact, in the notice that came out from OBGA, which includes in the CDBG-DR funding, I'm literally going to read it. There's a section on it that I knew. It said -- one thing it did talk about, it says grantees are cautioned to not include multiple Section 3 projects under a single activity in DRGR because it could cause a distortion in the calculation of the benchmarks.

And so instead, to properly report Section 3 projects in DRGR, each project must be established as a distinct activity. I do recognize though, for some of your programs in the DR world, it's -- this could be quite a lot of reporting.

So my strong recommendation before you start breaking these out into activities at the DRGR level, you talk to that CPD rep that's responsible for your CDBG-DR funds, and really walk through how is the best way to report on these. So A, you don't distort the benchmarks, but B, you still get the type of information that's required by HUD.

Les Warner: Right. Thank you, Janine. It's good to have two heads rather than just one on some of these. All right. Let's see. So got another question here. I'll go ahead and -- oh, it just disappeared. So it may be -- oh, no. There it is. All right.

So there was a question about, is the 5 percent of the labor hours part of the 25 percent labor? Or is it 5 percent of the total project hours? So I was going to see if there's a -- I can flip to a handy dandy slide. Because I know we have a nice graphic on this. Let's try to kind of quickly see if this gets us --

Andelyn Nesbitt-Rodriguez: Here, Les. There's one right here. I'll go ahead and undo for you. If this --

Les Warner: Oh, good.

Andelyn Nesbitt-Rodriguez: All right. Does this one work for you? Is that the one you were thinking? Or were you thinking of something else?

Les Warner: I can't see it. Do you know what slide number?

Andelyn Nesbitt-Rodriguez: It was slide number --

Les Warner: Oh, there we go. Yep. There we go. Exactly. That's exactly --

Andelyn Nesbitt-Rodriguez: Great.

Les Warner: -- what I'm looking for.

Andelyn Nesbitt-Rodriguez: Perfect.

Les Warner: So this is the graphic that kind of tries to help explain this. So we oftentimes have people thinking, well, if I've already reported this worker as a Section 3 worker, I couldn't report them also as qualifying as a targeted Section 3 worker, because that somehow would be duplication.

So what we're doing here, and when we're tracking our labor hours, we're looking at all labor hours for the project itself. So that's our, I guess, purplish sort of color here, which would be total labor hours for the -- for this project.

And then we're looking for qualifying workers, based on our definition of Section 3 workers, which is our 25 percent requirement on this. Our 5 percent set aside, which is for targeted Section 3 workers, all of our targeted Section 3 workers would also qualify as a Section 3 worker. This is simply a more restrictive subset of that group.

So if I'm a targeted Section 3 worker, and I've worked 100 hours on this project, I'm going to have 100 of my hours captured and reported towards meeting that 5 percent. But my 100 hours would also be included as the Section 3 worker hours towards meeting that 25 percent goal.

So all of our targeted workers are also going to qualify as Section 3 workers. So we're going to report them in two categories. That's not a duplication, that's simply showing labor hours that qualify based on the definitions for these two set asides.

All right. Let's see. All right. So I'm going to take on this one. So there's a question about if the location of the business doesn't play a factor into eligibility as a Section 3 business concern, how do I verify if the business, for example, is located in Houston, but is a subcontractor to a project in Louisiana? What area should I go by for the HUD income limits to verify that the business is controlled by a low or very low income person?

So we have three ways. And let's see. I want to -- just on my little cheat sheet here. Going to go to -- so in our definition -- no. That's not what we want. We want a Section 3 business concern. Let's try. All right.

So when we define a Section 3 business concern, we have three different ways to be able to document that. So if we are documenting it based on ownership, ownership and control, then if we're looking at income for ownership, we're going to be looking at where those owners reside.

So if they are in Houston versus Louisiana, wherever they reside, we're going to be looking at the local limits for those owners to determine are they income eligible. For owned or controlled by current residents of public housing, we're going to be looking at where they live, and determining that.

But when we are looking at this test of, are over 75 percent of their labor hours performed by workers that are qualifying? We're going to look at the last three months of their payroll. So not a specific project, but we're just looking overall at their workforce. And then we're going to be making that determination based on the income limits that would apply.

So if we've got workers that are -- maybe part of our workers live in one MSA, we're going to use those income limits for those workers. But if I've got somebody that is driving in, it's a long distance commuter, and they are coming in from another area, we're going to need to then pull the income limits for where that worker resides to then determine do they qualify or not.

So hopefully, in trying to make that determination, it won't be that there are lots and lots of different income limits to work with. But that would be -- we're going to base that determination on -- base where that worker actually resides, whether -- rather than where the ownership of the company is, or where the current project that they're working on. I hope that helps with that question. Let's see. Andelyn, it looks like you've --

Andelyn Nesbitt-Rodriguez: Yes. Hello. We have a question here about qualitative efforts. And we've gotten a couple of questions about qualitative efforts. So if you can go into that a little bit. The most recent question was what someone can do to help a contractor with qualitative efforts if they're not going to meet the benchmarks.

And I did want to make it clear that qualitative efforts are the responsibility of the PJ, of the grantee. So -- but you can certainly do that in conjunction with contractors. And wanted to talk about it verbally to give some ideas of qualitative efforts.

So qualitative efforts could include things like job fairs. I think that's one of my favorite. Right? Because you can bring together people who are perhaps looking, job seekers with contractors, you can educate folks, you can do some -- allow them to do networking, and create those opportunities. There are some other examples of qualitative efforts.

Les Warner: Yeah. That's what I was searching for. Because I know we have a slide that we go through --

Andelyn Nesbitt-Rodriguez: We sure do. Bear with us. We're going to -- is it slide 40? No. That was what we were on. Okay. I think I --

Les Warner: Here we go.

Andelyn Nesbitt-Rodriguez: I think I know.

Les Warner: Yeah. So let's see if we -- I still want to see what we have before that. So when you were doing your reporting, within -- may have a better -- I was trying to see if we've got a better slide example. But while I'm working on that.

So as part of your qualitative efforts, which you're going to want to have in place on all of your projects. And that's kind of what I was talking about with the Section 3 plan. When we talk about the safe -- meeting the safe harbor, you can be considered to be in compliance by having met those quantitative efforts, being able to show that at least 25 percent of the labor hours were performed by qualifying workers, and 5 percent for targeted.

But in the absence of meeting those numerical measures, you could also be in safe harbor by demonstrating those qualitative efforts. And so this slide is showing you right out of the regulations that our qualitative efforts are defined within the regulations. And these are all efforts that would link outreach for opportunities on this, still trying to see if there's a better slide for this. I have sort of a handy dandy cheat sheet that I'm trying to look at. Let's see.

But essentially, our -- all of our qualitative efforts are things where we are doing some outreach. So let's look at some of the examples on this. So this might be where we are working with job applicants, and trying to assist them in linking up with a business, or where we have a Section 3 project.

So we've talked about things like workforce development offices, where they would be working with workers, helping them do things, such as posting on the opportunity portal, so that they could be identified and link up where there are opportunities.

As -- we talked a little bit about trying to identify Section 3 business concerns. And in some cases, maybe doing some coaching with those businesses on helping them qualify, how to fill out the paperwork on that, being registered. That could all be part of your qualitative efforts as part of that.

Andelyn mentioned job fairs. So particularly, our focus is trying to have some of these benefits stay local, to neighborhoods, areas where our investments are going. So if we have a contractor that's going to be doing some hiring, that having a job fair on-site at that property, or in that neighborhood, working with some of those neighborhood organizations would count as a qualitative effort.

And that would be a way -- making it easy so that local residents wouldn't have to travel somewhere else. Interviews, applications could be done right there on-site. Keeping track of that, and showing that as one of your qualitative efforts would be something that would count towards this.

When we mentioned about requiring businesses to list any time that they were going to do hiring, to post that on the opportunity portal, for you working with subrecipients, and requiring them when there's contracting opportunities to post those, these are all things that are part of that outreach that would be counted as part of your qualitative efforts.

And so I think as part of that Section 3 plan, you're going to want to identify sort of some standard protocols of what you expect. I know under the old Section 3 rules, I saw Section 3 plans and contract language that would say, any time you are hiring, we expect you to do one of these activities listed in this list.

Any time -- and so kind of laying out some protocols that you would expect. Then checking to see that contractors, subrecipients are following that, so that you're going to be able to document compliance with that. All right. Let's see.

So this question, which I think is related, saying, in the section of IDIS that there are 20 check boxes, would -- you need to have a certain number of boxes checked, and have supporting documentation.

So what is required here, and this is the screen related to that. What -- you're only going to see this screen at the point that when you are reporting in IDIS that you are shown to not meet the quantitative. So if we back up a screen here on IDIS, you're going to be plugging in information on that project about total labor hours, about qualifying Section 3 and targeted worker hours.

The system's going to calculate that for you. And if you meet the 25 and 5 percent benchmarks, you're done. You also would be certifying that you followed your prioritization of effort. The only time you're going to see this next screen, which is about these qualitative efforts, is when you have failed to meet the benchmarks.

And so with that, you're needing to show something on this list. And there is, at the bottom of that list, and other categories. So it's not an all-inclusive list, you could have something else that would qualify on that. This is just listing out what's in the regulations themselves.

So you're not required to be checking off multiple boxes on this. I don't actually know, not having access to the system and kind of trying that, to determine whether it would allow you to check multiple boxes. But if you're needing to be able to show qualitative efforts, you would need to have something on this list that you could indicate.

You're not submitting any documentation as part of that. But keep in mind that as part of compliance monitoring, HUD could be asking to see, based on what was reported in IDIS, what that was that was done.

So for instance, if you were -- if the contractor did an on-site job fair, I would think that you would have files that are going to collect. Here's the posting that we put up on-site, it happened on a particular date, maybe you had people sign in.

There are no specific formal requirements on this. So you may need to think about what's the level of documentation I want? Maybe keep it reasonable. Think about who's going to be responsible for holding on to that. Do I want the contractor to submit that to me so I have it in my files, or a subrecipient on that? But you have some flexibility. I hope that helps with that.

We have a content -- we have -- someone loves the wing chair in the background. Well, I bought that for the cat who never sits in it. So it wasn't really all that successful. All right. John, any other verbal requests?

John Panetti: It looks like Granville has another question.

Les Warner: Great.

John Panetti: Granville, you're unmuted.

Granville Woodson: Well, I -- actually, I -- someone just said that they're going to have to consult with HUD in my written response. So I won't put you -- well, I feel like I need to ask it. But if you don't want to answer. So I am in Washington, DC. And we are part of the uncapped, low income limits. So on the income website, it says that our single individual person would be $63,000. But the uncapped limit that we got is $79,700.

Les Warner: Are you an exception community? Is that part of your -- for a -- an area of benefit?

Granville Woodson: I believe so. It's like San Francisco, DC, two places in New York, New Jersey, where the income limit doesn't have a cap.

Les Warner: I agree with our folks that we're going to need to double check on this. I do know that under CDBG for area benefit, that we have some exception communities that essentially don't have pockets of low income. And so there's a way to do an alternative ranking on that, which would give you then a top number that would be different than the income limits themselves.

So I -- that might be what's happening here. But I think what we should do here is, as whoever typed on this suggested, I just want to double check to make sure that that's accurate. Janine, anything you want to --

Janine Cuneo: That was me, Les. Yeah. I feel -- and sorry we can't answer that for you right now, Granville. I think, my understanding, the uncapped low income limits, it's usually applied to the moderate, and it's usually applied the median family, not that individual household. So there are just some nuances here that my understanding that has some limitations, and I'd be afraid we'd answer you incorrectly off the cuff. So I think it'd be best we consult. Our apologies.

Granville Woodson: No worries. I had sent this e-mail to HUD directly, and I got the same kind of we don't know. So I thought I'd ask again.

Les Warner: Well, good luck with that. We will see what we can do on that also. All right. So we have a question in here. For a project that crosses federal fiscal years, are the labor hours reported in IDIS for each fiscal year annually, or for the project as it is completed?

So I want to be clear on this. For HCD projects, essentially, for Section 3 reporting, they've really melded this into what your program requirements are. So under subpart C, which is our HCD funding, and for those of you using IDIS, you're doing your reporting into IDIS at project completion for Section 3. So you're not needing to report this on a fiscal year basis.

If you were someone with public housing assistance and following subpart B, you would be reporting into the new portal, the SR3 portal that's being created. But under that subpart rule, they are reporting under fiscal year.

So for HCD, it's at completion. And again, I would recommend getting some interim reporting from projects, not waiting until they're completely finished. For some things, we probably wait until the end of the project, and are asking for some specifics on who was assisted, and those sorts of things.

I would want to maybe know that your subrecipients or others are collecting that information as they go along. So you might be collecting that information more frequently. But the actual reporting in IDIS is at project completion. So depending on the program you're implementing and those program requirements, the answer would be a little bit different. But for IDIS, it's going to be at completion. All right.

John Panetti: Les, we have someone who wants to ask their question verbally.

Les Warner: Great.

John Panetti: Anne Topin [ph], you are unmuted.

Les Warner: Hi, Anne. What can we do for you? And, Anne, if you're speaking, you might be on mute.

Anne Topin: Can you hear me now?

Les Warner: There we go.

Anne Topin: Okay. Sorry about that. I just -- I have a clarification and a question. So I'm the one who was asking about 5 percent labor hours, 25 percent labor hours. And Andelyn replied back. She said -- excuse me. The benchmark that you're trying to meet is having 25 percent of total labor hours being performed by Section 3 workers. That makes sense. And having 5 percent of total labor hours being performed by target Section 3. That makes sense to me.

But I'm confused. Because if I understand it -- understood you correctly, Les, you answered the question as those 5 percent total labor hours for the workers can be counted as part of the 25 percent labor hours for Section 3.

Les Warner: So both of us are telling you the correct thing.

Anne Topin: Okay.

Les Warner: So each of these benchmarks are looking at a percentage of the total hours for that project. And so there's a separate test, the -- who qualifies as a Section 3 worker versus targeted, and we're going to calculate that.

But it's also true that that same worker that qualifies as a targeted worker and gets reported their labor hours towards that 5 percent is also included in that calculation for the 25 percent, because they also qualify under that criteria.

Anne Topin: Okay. So they're going to meet the requirements under both if they're a targeted --

Les Warner: Yep.

Anne Topin: -- Section 3. Okay.

Les Warner: Yep.

Anne Topin: All right. Just wanted to make sure I understood that correctly. And then one quick question. I was talking to a contractor the other day, and a lot of times they hire temporary workers, not day workers, but from a temp agency to help out in their office. Can they -- if they meet the income guidelines and they qualify as a Section 3 or targeted Section 3 worker, can they count those hours towards the benchmarks?

Les Warner: If they're part -- if they're a paid employee, whether they're a temp worker provided by an agency, they are going to -- they're -- and they're being charged off to this project, yes. They can be counted in that. You would want the same documentation on that. But it's hours charged to the particular project.

Anne Topin: Great. That's it. Thank you so much.

Les Warner: Perfect. And I'll just mention that we sometimes get questions about -- like, for -- maybe we have a large construction company, and we have upper management, are they going to be -- are we counting their labor hours also as part of making that calculation?

If their labor hours are being charged to the project as part of payroll, then yes. We would include them, unless they were excluded as the -- as professional hours. So if we -- if they required licensing or higher education criteria on that, we might be excluding them for that reason.

But we may have projects where their labor hours themselves aren't being charged off to the project, but they're making a profit. And as part of the profit, that's how upper management is being paid.

So the real test is, are they part of the payroll, the labor hours that are being charged off to that particular project? We've got a question here about -- and, Andelyn, I -- you have a particular one you want me to hit?

Andelyn Nesbitt-Rodriguez: I did. And then also, probably the one that you were going to hit too.

Les Warner: Okay.

Andelyn Nesbitt-Rodriguez: Both of these, I think, are really good to be answered verbally. But we had a question about a Section 3 plan, and whether each subcontractor should have a Section

3 plan, or the contractors that would have a Section 3 plan. So I wanted to kind of discuss that, if you will.

Les Warner: Well, I -- well, first off, no one is actually required under the regulations to have a Section 3 plan, which is --we're kind of used to being -- having specific requirements called out on that. So I just want to make that clear.

But I think in implementing Section 3, like everything else, you need to have a plan of how am I -- at the end of this project, or under this fiscal year, how am I going to have the ability to collect the information I need to be able to report this? So I think having a Section 3 plan is sort of self-explanatory to be able to get to that end goal.

So I think in most cases, a grantee themselves is going to want to have a Section 3 plan. And parts of that would then apply to subrecipients or contractors. And that's part of the reason I've kind of talked about Section 3 plans might be a way to kind of help educate other partners.

And I think you'll see some folks will take some portion of that Section 3 plan, which will kind of be pulled out and handed to those external partners. So part of your Section 3 plan might be talking about a lot of internal stuff that doesn't really apply to others.

But sort of the basics of what is it that we're capturing? What do we need to report? What are some of those definitions? What's the goal? What form I'm asking people to use, might be things that you could pull out of your Section 3 plan and utilize those.

And so in our trainings, we talked about doing things like pre-bid conferences, where we're trying to bring all the potential bidders up to speed on, okay, we've got a process, it's not that difficult so we don't scare people off when they hear, oh, wait a minute, there's a new rule. That's probably going to be terrible, I just don't want to bid any more on these public projects.

But also pre-construction conferences. Using some of those materials out of your Section 3 plan to kind of make sure everybody knows what we need them to do, and when, and using what document.

So I would anticipate that some parts of that would then be potentially passed on by a contractor who's subcontracting out part of the work. Now, maybe that's done in advance of the pre-construction conference, and you're able to, as part of that process, be able to kind of handle passing that information on.

But I think we've probably all kind of learned over the years, just having some language in a written agreement or contract doesn't always guarantee that those other parties understand what that means, what we expect them to do.

And so I think having some things that you can use to kind of help explain that, and kind of actively interacting to make sure that that's happening will be helpful for folks so we don't have some ugly surprises late in a project where we discover that they've not bothered to try to qualify workers and capture any of that information.

Andelyn Nesbitt-Rodriguez: Great. Thank you. I have another question. For a construction project that was awarded prior to -- during the old Section 3 rule, would you still need to track hours and qualitative efforts for the new rule reporting when closing out in IDIS? So I thought that we could just go really quickly into timeline, the legacy projects.

Les Warner: Yeah. I was going to see -- I was going to switch to day one and go to --

Andelyn Nesbitt-Rodriguez: Yeah. I got it pulled up here for you, Les. There you go.

Les Warner: So luckily, the way this works with the transition from the old rule to the new rule, for any projects that were executed be -- on or before -- I'm sorry. In this case, it's prior to November 30th, 2020, which is the effective date for the new rule, you're simply going to follow that old rule.

You don't have to transition in the middle of a project, and go back, and update what it is that folks are tracking and reporting. So you're just going to follow the old rule, the part 135 rule, you're maintaining those records. So if HUD were to monitor to see, did you follow, did you complete this project and follow part 135? You would have that in place.

So as long as that -- those funds were committed, the contract was signed prior to the November 30th, 2020 date, you're just going to stay with the old rule, nothing further needs to be done. For projects that then were executed, that written agreement was put in place on or after November 30th, 2020, that's when we then say, okay, this is falling under the new rule, part 75.

And so at that point, we need to make sure that our language is appropriate, that we're following those requirements. Now, there is -- there are notices, as I mentioned, that individual funding sources, OBGA has issued a notice about that transition, and when reporting will begin. But the -- there's a break based on when you committed the dollars between the old and the new on that. Janine, you want to add?

Janine Cuneo: Thanks. I was just going to jump in. I do think, especially, that question also came in around closing out IDIS project. And so I did want to note, one thing that's very important for the legacy project in the previous slide that Les just showed, there is something in IDIS, as well as DRGR where you literally have to check a box on that project when you're setting it up, if Section 3 is applicable or not.

If you check that box, then in subsequent screens on IDIS, it will then not just allow, but require you then to report on Section 3. If you don't check that box, that means it's not applicable. And then therefore, you're not reporting on Section 3 in the subsequent screens for that project.

And so I want to make it really clear that if you have a legacy project, and you accidentally hit section -- that it is applicable to Section 3, you will then be required to report on that. And that is -- could be problematic, because you're not -- it's a legacy project. So it's not required to follow the 75 -- part 75.

So I just want to make sure you're really clear in that in the current IDIS screens, it's all about the labor hours. And so if it's a legacy, you do not want to check if Section 3 applies. You need to make sure it's not checked. Because if you check it, then it's going to be required.

So I just want to throw out that every project you set up in IDIS, it asks you the question, is Section 3 applicable or not? And it is up to you to make that determination based on the rules and regulations of this program.

Les Warner: Janine, do you know by chance, does it say part 75? Because that would be really confusing for folks who would say, well, yeah, Section 3 did apply, but it was part 135 versus 75. So people are going to have to be watchful on that, I think.

Janine Cuneo: Yeah. In the screen I've seen, in the demo I received, demo was probably now months ago. So I want to be cautious that they always can update that, that I'm not fully informed on. But in the demo I did see, it does not specifically ask part 75 --

Les Warner: Yeah.

Janine Cuneo: -- or not. It just says, is Section 3 applicable? And it's a yes or no. What I have noted then in the subsequent screens, it's all about the labor hours that you are needing to report on. So therefore, they're really asking about the Section 3, part 75 applicability.

And part of this, just to remember, is because in the legacy program, you used to be doing that in disappears. And they've said, basically, for anything legacy, you do not need to report, you need to keep that data in your own files, because that could be monitored. But for legacy projects, you do not need to report.

And so it's kind of -- the assumption is that when it's asking that question in IDIS, it is for part 75. There's a good video on this. It's -- if you YouTube, it's on the HUD channel. And the title of the video is Section 3 demo IDIS. And it's only about five minutes or something, maybe even six or seven. But it's not that long. So I recommend you checking that out.

Les Warner: I think that's on our list here.

Janine Cuneo: It's on our homepage of the Section 3 HUD Exchange. If you scroll on down, there's kind of a rotator on different information that's provided. And you can click on the rotator, and it will have that Section 3 video.

Les Warner: And I -- and it's on the resource list here under training and tools also. Okay. So we also had a question in -- and asking, did I hear correctly that PIH reporting is annual, and CD is when the project is complete?

So we're really following each program rule. And so for the HCD funding that is IDIS, those are being reported at project completion, much like you would do with reporting beneficiaries on that.

But for CD, which is -- or for PIH, which is falling under subpart B, subpart B specifically requires that it be reported on a fiscal year basis. And I would refer you back to the training that we talked about that's posted, and that'll walk you through the timelines on that. So it's at the completion of your fiscal year, that then you would have -- it starts, I think there's a 60 day window to be -- to report that information.

Question about, will the PowerPoints be sent out to all of us today? I don't know. Janine or Andelyn, are they being sent out? Or are they just simply being posted with the recording?

Janine Cuneo: We -- oh, sorry. Go ahead, Andelyn.

Andelyn Nesbitt-Rodriguez: They will be uploaded, and we can put the page that they'll be uploaded to into the chat. They should be there within two weeks.

Les Warner: Okay.

Andelyn Nesbitt-Rodriguez: But not today.

Les Warner: All right. Let's see.

Janine Cuneo: Do you mind, Les, if we talk for a second about what a Section 3 project is? I know some questions have come in that I think touch on this, it might be helpful that we go back. And I want to specifically hone in on this as it relates to those that have the CDBG-DR Disaster Recovery funding, and why this is important.

I know not everyone's going to have that funding source on this call. But that funding source, usually for most grantees, is quite large. It's a large dollar amount. And so therefore, the thresholds of $200,000 often kind of goes above and beyond that. So it's important for you to understand what a project is in order to determine when that threshold will be required.

Les Warner: And I'm trying to look for the slide that would be a helpful reference on that.

Janine Cuneo: I think it's slide 30 on day one.

Les Warner: Yeah. That's what I just -- let's try this. All right. So we mentioned this earlier, and this is important in sort of defining a project itself, is this issue about it is a site or sites that have common ownership, management, and financing.

So I use the example of, if we were running a program where we had individual applicants applying, those individual applicants are each separate ownership. And so those would be considered each separate project.

So when we're applying that threshold of does it exceed $200,000, things like, I referenced the homeowner rehabilitation program. That's going to be -- each one of those are going to be considered to be a separate project. So we would then have to evaluate, do they exceed $200,000?

So some of you may be looking at your portfolio and saying, well, we run a homeowner rehab program, there's a maximum level of assistance of $75,000. So you would know by definition that that entire program, none of those individual projects are going to trigger, because you've set your limits that are always going to be below that threshold.

That same program might also do reconstruction. And maybe your limit for reconstruction is set at, I don't know, $225,000. So in those cases, those projects might exceed that. So maybe some of your reconstructions will be under that $200,000, they will not have exceeded the $200,000 threshold, and others will.

When we talked about in disaster, where we're doing large investments because of scale of damage to individual units or properties, we can then easily have all or large portions of our programs that we're operating, each of those projects exceeding that threshold, and triggering those requirements.

So it's going to apply to the overall project. And so that defining, what is the project, becomes really important. I guess the other part of this on financing, so sometimes we will have projects that have been broken into maybe a couple of phases. And they have applied to you for funding, and you have funded them to do maybe half of the units on a property.

And at a later date, they're going to come back in, apply for additional funding to do the rest of the units on that property. So because they have separate financing, those are two separate projects. And we would be evaluating our threshold based on that definition of two separate projects on that.

Janine Cuneo: Thanks, Les. I think that was really important. Another common occurrence, and I saw this a little bit in some of the questions, is around when a grantee and CDBG-DR may allow for buyouts, and then demolition of the property, maybe to let that property, or those many parcels turn into open space. And you need to think about whom is the common ownership at the time of the demolition.

So the demolition is happening when that ownership is still in the individual's hand. Then you think about the threshold at the individual ownership level. But if the -- if all those parcels are transferred to, for example, a grantee, and then they all become under one common ownership with a common financing to do the demo, then you have to think about that as one project.

And does it hit that threshold? Most likely it would. So think about who owns it when they own it. And what does that look like? Especially in CDBG-DR, because you do a lot of kind of transfer of properties, potentially and ownership.

Les Warner: So also keep in mind, and I wanted to find this other slide, so under HCD, we also have this -- it only applies to particular types of activities that you're doing. So it's applying to housing rehab, housing construction, and other public construction.

So if you were doing -- if you're a CDBG grantee, and you're doing public service activities, that doesn't fit in this list, so Section 3 is not going to apply. But maybe I'm funding some public facilities activities. And so that probably is going to qualify as other public construction, because it's publicly held where we're making that investment.

So kind of having to look through the portfolio of projects that you're doing, the types of activities that you're funding, and determine where are the triggers for Section 3 based on type of activity that I'm doing. And then when what I'm proposing funding falls in these categories, then applying that threshold to determine, is this a project, as we've defined project, that triggers our Section 3 requirements?

So our documentation, what we're setting up in IDIS, you're going to have some things that you're saying, no, Section 3 doesn't apply, because it's under the threshold, or it's not the type of activity that triggers Section 3 requirements.

And maybe to add on there, Les, for those that are in the public PHA world, if you guys go to the PIH Section 3 notice, and on page 4, at the top of page 4, there's an excellent chart there. Literally on one side, it says what is applicable, and on the right-hand side, it says what is not applicable.

And I cannot recommend enough making sure you really understand that. There's some good language underneath that chart that goes into the detail of each applicable and non-applicable item. An example of a non-applicable, for you PHAs out there, are your housing choice vouchers. Those, as a standalone item, are not -- do not trigger Section 3, and are not applicable to the Section 3 requirements.

Les Warner: And I would just note with that, that we mentioned that the PHA training on Section 3, we expect to be posted in another week or two on that. So we do have plenty of time for just a couple last questions. We have a question about publicly owned, and that, I think, relates to this applicability on other public construction.

So asking, would a facility owned by a nonprofit agency meet the definition of publicly owned? My understanding would be that it is not, because it is not owned by a unit of government. All right.

So we'll just cover a couple of last things. So I wanted to remind you on -- hopefully it'll switch. I wanted to reference you to the resource list that was included in the packet that will also be posted. And I would recommend that you take a look at that, make sure you're familiar with those resources. And some of the things that we've talked about are listed here.

Also, we mentioned at the beginning of this that we're really encouraging, if you have collaborations, best practices, things that are working for you, we'd like to hear from you. We're trying to put together some resources for others.

As there are sort of lessons learned and things that are working, we want to be able to share that with folks, and kind of help others as they're trying to bring their programs into compliance.

Andelyn or Janine, anything you want to add? We're kind of down to the last couple of minutes here.

Janine Cuneo: That question about the publicly owned, the question was, can you define publicly owned, would a facility owned by nonprofit agency meet the definition of publicly owned? And as you mentioned, most likely not. Obviously, the devil's in the details. But, Les, why would you think someone's asking that question? I just want to make sure we're clear on why we're answering that.

Les Warner: Because our definition of covered projects are listed as housing rehabilitation, housing construction, and public construction. And so trying to figure out where a grantee is funding things like infrastructure, publicly held public facilities clearly fall in that public construction. But we had the example early on where someone was talking about we're assisting private businesses.

Well, in that case, this is not public construction. But we're providing funding to a private entity. And so that is not triggering the Section 3 requirements. So it becomes important for folks to understand when they are going to apply the Section 3 requirements, and when they would not apply.

Janine Cuneo: Thank you. So it looks like we're at the time, but I think we'll handle this last question. So there's a question about, how do I determine whether contractors or others might be exempt from Section 3, such as architects or engineers?

There is an exemption for professional services. And so these are individuals that are required to have advanced education, licensing. And so that can allow you -- it does exclude those individuals from counting in when we're looking at our total labor hours for a project.

But it does allow you that if you have someone that is exempt from this, but actually would qualify as a Section 3 or targeted Section 3 worker, it does allow you to actually sort of, as a bonus, to be able to count their labor hours towards meeting those goals. And I would refer you back to the training sets. We're at the end here, and there is good information on that.

Janine Cuneo: One other thing was material supplies contracts are also exempt.

Les Warner: Yes. And keep in mind that only when it's just supplying the materials, it's not materials and installation. And sometimes we get some questions related to that, where they're kind of trying to stretch that a little further.

All right. So we hope this session was helpful for you. We expect them to -- they will be continuing, and so we may have some of you back at the next office hour. Thanks, everybody. Take care.

(END)