

<b>EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210</b>	<b>CLASSIFICATION</b> UI
	<b>CORRESPONDENCE SYMBOL</b> OUI/DFAS
	<b>DATE</b> March 9, 2012

**ADVISORY:** UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 12-12

**TO:** STATE WORKFORCE AGENCIES

**FROM:** JANE OATES  
Assistant Secretary *Jane Oates*

**SUBJECT:** Guidelines for Fiscal Year (FY) 2012 State Agency Unemployment Insurance (UI) Resource Allocations and Above-Base Funding

**1. Purpose.** To provide information to states regarding FY 2012 UI State Administration base resource allocations, above-base funding, and general guidelines for resource planning.

**2. References.**

- ET Handbook No. 336, 18<sup>th</sup> Edition, Change 2 (December 2009), *Unemployment Insurance State Quality Service Plan (SQSP), Planning and Reporting Guidelines*;
- Unemployment Insurance Program Letter (UIPL) No. 25-11, *Fiscal Year (FY) 2012 State Workforce Agency Unemployment Insurance (UI) Resource Planning Targets and Guidelines*;
- UIPL No. 21-11, *Additional Planning Guidance for the Fiscal Year (FY) 2012 Unemployment Insurance (UI) State Quality Service Plan (SQSP)*; and
- Office of Management and Budget (OMB) Circular a-87 (Revised), 2 CFR part 225.

**3. Appropriation.** The FY 2012 consolidated spending bill that included the appropriations for state UI operations (Public Law 112-74) was enacted on December 23, 2011. Congressional action included a rescission of 0.189 percent. The table below shows the average weekly insured unemployment (AWIU) levels and the dollar amounts of the President's Budget request, the FY 2012 appropriation, and the difference.

	<b>Budget Request</b>	<b>Appropriation</b>	<b>Difference</b>
AWIU Contingency Trigger	4,832,000	4,832,000	0
State Administration	\$3,205,610,000	\$3,165,141,619	-\$40,468,381
Reemployment and Eligibility Assessments (REAs)	\$70,000,000	\$59,905,500	-\$10,094,500
National Activities	\$11,310,000	\$11,265,668	-\$44,332
<b>Total</b>	<b>\$3,286,920,000</b>	<b>\$3,236,312,787</b>	<b>-\$50,607,213</b>

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> March 9, 2013
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The appropriation allows for these funds to be available for obligation by the states through December 31, 2012, except that funds used for automation acquisitions or competitive grants awarded to states for improved operations, or reemployment and eligibility assessments and improper payments, shall be available for obligation by the states through September 30, 2014.

4. **Final Base Allocations.** The final FY 2012 State UI base administration allocations are identical to the planning targets.
5. **Above-Base Administration.**
  - a. **Above-Base and Contingency Reserve.** One hundred percent reimbursement for above-base administrative expenses is provided under the FY 2012 appropriation. Based on the most recent economic projections, it is not expected that actual workloads will approach the 4,832,000 AWIU contingency reserve trigger. Hence, to the extent possible, reductions to allocation factors impacting above-base funding will be restored at the end of the fiscal year.
  - b. **Emergency Unemployment Compensation (EUC).** EUC administrative costs will continue to be based on quarterly EUC workloads and funded through the UI-3 process.
  - c. **Support.** The overhead for above-base State UI, Trade Adjustment Assistance, Alternative Trade Adjustment Assistance, and Reemployment Trade Adjustment Assistance administration remains at 19 percent.
  - d. **Postage.** Above-base funding for postage will be issued to states on a quarterly basis using the above-base weeks claimed reported on the UI-3 reports. For any quarter, above-base weeks claimed will be those in excess of 25 percent of the FY 2012 base weeks claimed issued in the planning targets. The above-base postage will be paid at 26.9 cents per above base week claimed.
  - e. **Trade Readjustment Allowance (TRA) Redeterminations.** Currently, there are no court decisions regarding TRA that would require the states to make monetary redeterminations. If one occurs, states should follow the UI-3 reporting instructions in ET Handbook No. 336, 18<sup>th</sup> Edition.
6. **Supplemental Budget Requests (SBRs).** The SQSP Handbook contains SBR instructions and procedures that remain in place each year unless states are instructed otherwise. States may submit a Standard Form (SF) 424 (OMB approval #4040-0004) and SF 424A (OMB approval #0348-0444) for additional funds for certain types of administrative costs (listed below) that are not funded within the states' base and above-base grants.
  - a. **Special Projects.** Proposals from states for Reemployment and Eligibility Assessments grants will be solicited. States will also have the opportunity to apply for funds for other purposes that improve integrity, efficiency and/or IT security. Specific instructions will be provided to states in separate advisories.

- b. **UI Performs Travel.** Travel dollars are available for Benefit Accuracy Measurement Peer Reviews, Benefits Timeliness and Quality Nonmonetary Determinations Tripartite Reviews, Appeals Reviews, and Tax Performance System Reviews. States should provide travel estimates and reimbursement requests to the Regional Office rather than submitting an SF 424 for these travel dollars.
7. **State Flexibility.** All State UI administrative grant funds must be used in accordance with Section 303(a)(8) of the Social Security Act and the cost principles contained in OMB Circular No. A-87 (Revised), 2 CFR part 225. Beyond this, states do have discretion to expend these grant funds within the UI program functions as they deem appropriate and necessary to manage and operate their UI programs to meet established goals and requirements. The only caveat is that states must use the annual allocated staff year level for claims activities for above-base reporting purposes. This ensures that states do not earn more above-base resources than they otherwise would have been entitled to earn. This flexibility does not pertain to funding for special projects or supplemental budget requests: funding for these purposes must be spent in accordance with the spending plans approved for these respective projects.
8. **Action Requested.** State Administrators are requested to provide copies of this information to the appropriate staff.
9. **Inquiries.** Questions should be addressed to the appropriate Regional Office.