

I. INTRODUCTION

A. Background. The Resource Justification Model (RJM) is a budget formulation and allocation system that will allow state agencies to request the administrative resources they need to operate their respective Unemployment Insurance (UI) programs. The RJM software will assist states in compiling information needed as input for the model. The system will also provide the National and Regional Offices a compatible automated process to review and analyze the states' information in order to formulate the annual budget request. Finally, the RJM will provide the National Office with a rational capability to allocate the funds appropriated by Congress.

States will play an integral role in submitting annual budget justifications for their projected operating costs. These submissions will be collected in a relational database to enable Regional Office review through comparative analysis, final National Office review, and report generation to produce UI program budget requests. RJM also has analytical procedures to allocate appropriated funds, using pre-determined decision rules that are applied to the data. Like the current system, RJM is workload-based, but with a capacity for annual updates of each state's data and review by the National and Regional Offices.

The objective of RJM was to develop a system that would: determine resource needs for budget requests and have credibility with all stakeholders; reflect all required activities; ensure service with acceptable quality; allow for use of technology and technological change; address capital investment needs; and tie budget formulation with allocation.

B. Concept. Each state will submit sufficiently detailed data, which may be subject to audit, in a structured format to develop a credible budget. States will use their accounting data to insert information into RJM worksheets that will cumulate the information to build the budget request. The RJM has separate worksheets for each workload function for claims and employer activities, and each non-workload function (e.g., Benefit Payment Control, UI PERFORMS, and Support). For each of these activities, the RJM will calculate the number of staff years needed and the cost per staff year, which includes personal services (PS) and personnel benefits (PB). This cost will be multiplied by the staff years from appropriate workload and non-workload categories and summed over categories to arrive at total personnel compensation costs.

The RJM also addresses non-personal services (NPS) by including forms to display recent requirements and to request and justify enhancements. The NPS categories are communications, facilities, computer services, travel, non-ADP (automated data processing) office equipment, supplies, state indirect costs, and miscellaneous.

Each year, states will enter four years worth of information on the RJM worksheets: the previous year, the current year, the next year (the year following the current year) and the request year (the year for which the budget is being developed). This is necessary to show the resource path leading up to the year for which the budget is being developed.

States will submit their data in late-January for the fiscal year to begin 20 months later to allow for inclusion in the federal budget formulation process. The states' submissions will also be used as input for the planning targets based on the President's budget request and the final allocations after Congress appropriates funds.

C. Guiding Principles. The following principles will help ensure consistency of the data.

1. Include only those costs allowable under OMB Circular A-87.
2. Include only expenditures associated with the operation of the regular UI program for 12-month periods ending September 30th. Include expenditures for UI PERFORMS and exclude expenditures for SAVE, TRA, and NAFTA. Include those costs that are being funded by state funds that would have been appropriately charged to the UI program if sufficient federal dollars had been available.
3. Include items reportable on a W-2, except educational grants and meal allowances, under **PERSONAL SERVICES**.
4. Include educational grants and meal allowances reported on a W-2 under **PERSONAL SERVICE CONTRACTS** and **TRAVEL**, respectively.
5. Include costs reportable on a SF 1099 under an **NPS** category.
6. Provide supporting documentation for requests for **PS\PB** increases.
7. Provide supporting documentation for any NPS category that exceeds 3 percent.
8. If the state's functional activity codes differ from the RJM categories, include those costs in the RJM category in accordance with the definitions.
9. If an item is purchased for a primary purpose and has other applications, include it in the RJM category for the primary purpose.
10. If an item can be classified in more than one NPS category, include it in the first category according to the order specified by the definitions.
11. Include charges from other state agencies due to a request for service under **PERSONAL SERVICE CONTRACTS**.
12. Include purchases made from other state agencies under the appropriate NPS category.
13. State Indirect costs are those charges that all programs receive from outside the agency. This principle applies when there are multiple layers of State Indirect costs.

14. If more than one item is being combined in an agency's accounting system (either by category or minor object code) and they should be split between two or more RJM categories, make the best estimate as to how to split those costs.

15. When costs are split, the sum of the parts must equal the whole.

16. If multiple taxes are collected, reduce costs in accordance with General Administration Letter 4-91, prior to entering the RJM data. Attach a table that shows the reductions.

17. Convert costs for personal service contracts used to provide workload-related staff functions to MPU values and add them to the appropriate functional activity code. Convert costs for personal service contracts for non-workload staff functions to staff years and add them to the appropriate functional activity code.

18. Exclude from Performance and Capital Improvement (PCI) requests the amount of state agency funding that has historically been used for that activity.

19. Include ICON programmers and Internal Security under Support.

20. Exclude staff years and dollars earned for multi-claimant nonmonetary determinations and appeals. These are funded from above-base dollars.

21. The deciding factor for whether a project should be included in the RJM as a PCI request or in base is the level of the state's commitment to fund the project. If the state intends to proceed with the project irrespective of federal funding, the project should not be submitted as a PCI request.

22. The Resource Justification Model is designed to capture expenditures that occur during a federal fiscal year. Include resources on order from a prior fiscal year in the year in which they are liquidated.

D. Modules. The RJM system has six process modules:

- Module I Data Collection
- Module II Data Review
- Module III Analysis and Evaluation
- Module IV Budget Formulation
- Module V Allocation
- Module VI Monitoring

1. Module I - Data Collection. The states will prepare the request for resources using their current operating costs and project these costs for the balance of the current year, as well as the next two fiscal years. These projections will be based on known operating costs, projected workload, and any known increases such as legislated compensation

increases. States may also request additional funding for enhancements. Module I consists of three major tasks:

- a. Prepare the PCI requests for additional dollars to improve program operation.
- b. Enter data into the RJM Microsoft Excel® worksheets that determine the amount of dollars required to operate the UI program. The worksheets provide a standard format for the submission of data. The worksheets are designed to calculate the total state needs based on the entry of specific data.
- c. Compile the notebook that includes the narrative description of the budget request and the conversion of accounting data, and copies of the accounting documents that were used to prepare the request.

2. Module II - Data Review. The National and Regional Offices will conduct a detailed review of states' requests for resources. The data from all states' submissions will be imported into a relational database maintained by the National Office. The Regional Offices will ensure that submitted data is accurate through comparisons with cost accounting data and that states' submissions are treated equitably. They will be responsible for determining if a state has a unique requirement that should be given special consideration and for entering that data into the RJM model. Regional Offices will also be responsible for ensuring the accuracy of requests for increases.

3. Module III - Analysis and Evaluation. The National Office will analyze the RJM data to determine the acceptable norms for the formulation process and decide which requests for special requirements and enhancements to incorporate into the budget request. The RJM uses Brio® queries and report generating capabilities to provide reports in the required budget submission format. In addition to the required reports, a set of detailed reports will be produced showing the requested funding for each state.

4. Module IV - Budget Formulation. Output from the three previous modules will be used to formulate a budget request. The National Office can adjust variable parameters as a method of review and analysis to build the reports. The relational database provides flexibility and quick turn-around for analysis and evaluation.

5. Module V – Allocation. To distribute the available funds, the National Office will use an appropriately modified version of the Workload Allocation System (WAS), which came into use with the Cost Model system. If state requests exceed the funding availability, the National Office will first reduce PCI requests according to their scores; if state requests still exceed the funding availability, the National Office will use the current MPU reduction algorithm in WAS to reduce staff years.

6. Module VI - Monitoring. Monitoring is a National Office-directed continuing review process focused on data integrity. The analysis and evaluation resulting from Module III of the RJM will provide indicators of areas that are a priority for external review.

II- PERFORMANCE AND CAPITAL IMPROVEMENTS

A. Introduction. Performance and Capital Improvement (PCI) requests are optional. States may submit PCI requests for additional resources under three categories. The guidelines for each category differ; therefore, states should determine the most appropriate category and submit each proposal under only one category. States may submit individual grants for different projects and may be awarded multiple grants.

PCI requests are not planning grants and cannot be used for feasibility studies. States should not submit PCI requests for salary and benefit increases, workload mix changes, inflationary cost increases, and hours worked changes.

1. Large One-Time Expenditures. Projects that are intended to finance large one-time expenditures include costs such as CPU replacement, and the redesign of benefits and tax systems. These projects must be equal to or greater than the lesser of \$5 million or 15 percent of the state's base allocation for the previous year. Guidelines require that states submit information explaining the critical need for such projects. States should not submit PCI requests for building purchases since they cannot use UI grant funds for this purpose; however, states may use other funds to purchase buildings, and charge the interest and depreciation to the UI grant.

2. Cost-Effective Projects. Projects that are intended to generate savings should be submitted as cost effective projects. Guidelines require that the cost-benefit be projected over the lesser of ten years or the life-cycle of the project.

3. Corrective Action or Improvement in Customer Service. Projects that will not necessarily generate savings can be submitted for two purposes. They may be designed to correct performance deficiencies in which case states must submit detailed information about prior actions intended to correct the deficiency. Projects may also be designed to improve customer services in which case guidelines require that states submit detailed information about the need for the project and the expected benefits.

B. Impact of Performance and Capital Improvements. It is recognized that PCI requests may affect costs differently in the short and long-term. Many investments increase costs early on but realize savings later. Given the short-term nature of fiscal year appropriations, budgeting for long-term capital investments has presented many challenges, some insurmountable, to state agencies in the past. It may be extremely difficult to accumulate sufficient resources in one fiscal year's budget to finance a new computer acquisition, for example. Additionally, there is no guarantee of sufficient funding in ensuing fiscal years to cover the additional costs, even if they are amortized. Moreover, reduction of costs (savings) resulting from long-term capital investments would be applied in the budget period in which the savings were realized so that there has been little incentive to make such changes.

Funding of a PCI request will result in approval of the request year's costs; funding for out-year costs, if applicable, will receive funding priority in subsequent years. Projects should clearly identify request year and out-year costs.

C. Process.

1. Submission Date. Regional Offices will establish a due date so that they can submit PCI requests to the National Office via e-mail in a Microsoft Word® file in the format shown in Appendix C by the last Friday of February. More complex PCI requests with several attachments may also require mailing of hard copies.

2. Procedure for Developing a PCI Request. PCI requests should be developed for the request year. Requests should specify the amount requested for PCI funding, and may also specify the amount for the project that will be financed from base budget resources, the amount to be financed from other state funds, and the amount to be financed by other programs.

Proposals should not be longer than 35 single-spaced pages. All pages should be numbered. An Executive Summary of 1 – 2 paragraphs should accompany the proposal explaining the planned project. This summary will not be scored but is an important part of the proposal that helps to introduce the proposal to reviewers.

a. Complete a PCI request form as a Word® document for each PCI requested. Appendix C displays the PCI request format, as described more fully below.

b. Number each PCI request according to the following schema: the state's 2-letter abbreviation, FY, and number of PCI request for that fiscal year (e.g., NY-2005-15). The number should reflect the priority that the state gives the request, with 1 being the highest priority.

D. Format and Evaluation Criteria. In Module II, Regional Offices will screen the PCI requests and the National Office staff will score them according to the criteria below:

1. Large Scale One-Time Expenditures.

a. Proposed Expenditures and Technical Approach. (Weight 20 Points) How would the grant money be spent?

All estimated cost information is required. If costs will accrue over multiple years, all cost information must be included by year.

Explain what the agency would purchase with these funds. Provide the best possible cost estimates based upon currently available information. Due to the rapid changes in technology it is recognized that substitute equipment might better meet the needs of the agency at the time of the actual purchase. Subsequent changes can be proposed as appropriate by the agency.

(1) Hardware. List hardware purchases that are included in the proposal. Descriptions should include the technical specifications of the equipment to the extent that these can be determined. A table similar to the following should be used to provide the number of items and the cost per item.

Item	Number	Cost Per Item	Total Cost
CPU	1	\$5,500,000	\$5,500,000

(2) Software. List the software that is requested to implement and operate this project. Descriptions should include the technical specifications for the software to the extent that these can be determined. A table similar to the one above should be used to provide the number of items and the cost per item.

(3) Telecommunications Equipment. List telecommunications equipment that is requested to implement and operate this project.

(4) Staff Needs. List both one-time agency staff needs (in excess of base staff) and contract staff needs. Staff needs should include the type of position (e.g., program analyst), the expected number of staff hours, and the projected hourly cost. Agencies should include information in the following table for all staff requests.

Position Title	# Hours	Cost Per Hour	Total Cost
Systems Analyst	120	\$100	\$12,000

If contract staff is requested, documentation should include the type of position(s), estimated number of contract staff hours, and anticipated costs. If the agency is submitting an estimate prior to developing a request for proposal, the narrative should explain how the costs were derived and should include the agency's best estimate of the types of staff needed, the number of staff hours, and the cost per hour. States that are estimating the cost per hour should explain how they derived their estimated cost per hour. Costs for agency staff and contract staff that are not explained cannot be funded as a part of the PCI request and the appropriate costs will be reduced from the grant amount.

(5) Other. Explain other one-time costs not identified above.

(6) Explanation of Technical Approach. Explain why this technical approach is the best choice among the available options. If specific technical information cannot be provided, the narrative should explain why and should provide all of the available information.

b. Proposed Timeline. (Weight 10 Points) When will the work be done?

Explain when the work will be done. Include a projected schedule of significant project activities. This information may be presented as a timeline and should include the projected completion dates of all major aspects of the project. If the proposal covers multiple years, each of the years should be addressed in the timeline.

c. Critical Need and Strategic Design (Weight 25 Points) What is the critical need and how will this system correct the problem?

Provide the following information about current financial resources on hand if the carry-over from the fiscal year just completed was in excess of fifteen percent of the base allocation for the subsequent year. Explain why any carry-forward funds in excess of 15% are not being contributed towards this project.

Explain the project design and the problems that the grant is intended to correct. What is wrong and why is it critical that the problem be corrected? What will happen if this project is not undertaken? When will these adverse actions occur? Provide a well-thought-out analysis of operations and a plan that integrates the project into the total UI system. Include estimates of the percentage of specific work products such as initial claims, adjudications, tax reports, or any other measurable work product that will be affected by the project. Describe how this proposal fits into the agency's staffing and automation plans. The narrative should show how the agency has evaluated its current status and should state why this must be done at this time.

d. Measurable Improvements Expected in UI Operations. (Weight 25 Points) What will the system do to make things better and avoid problems?

Explain the potential consequences of implementing this project. Explain how the project will improve the UI program and services to customers in the state. Improvements must be related to UI program goals both in performance improvement and customer service. If the project is replacing a prior system or equipment what improvements are expected over the prior system? Improvements might address activities that will be done more quickly, at lower cost, and/or with fewer errors? They may include automating processes that are currently done by agency staff.

e. Cost-Benefit Analysis. (Weight 20 Points) What savings will accrue during the life-cycle of the project?

Explain how the project will result in Trust Fund savings, increased revenues, and/or a reduction of administrative costs. These calculations must be based upon the formula below. All projects must include a specific life-cycle. If the life-cycle is longer than ten years, calculations should be based on a ten year period. The end of the life-cycle is the point at which it is anticipated that a substantial investment will be needed in replacement of the hardware, commercial off the shelf software, vendor supplied or in-house programs and/or the point at which it is reasonably anticipated that the requested project items will no longer be supported by the vendor. Projections should be realistic and the narrative must explain the basis for the determination of the specific life-cycle.

The following formula should be used to present the cost-benefit analysis. The proposal should convert annual costs and benefits over the life-cycle of the project to a present value. Those projects whose present value benefit stream exceeds the investment stream would be submitted in this category. Projects that will not produce substantial cost-benefits should be submitted under a different category. If the state is contributing other funds from any source, the amount of the contributions should be provided along with an explanation of what costs the state will cover. The investment from the state should be subtracted from the cost of the project resulting in a larger rate of return for the PCI investment. States contributing additional funds should provide very clear information identifying the exact amount of the state's contribution that was subtracted from the initial cost, the source of the funds (e.g., Reed Act) and the degree of certainty the funds will be available. The total cost of the project and the total state contributions must be provided as follows.

Total Cost – State Contributions = Total Cost of PCI Proposal

The formula to use to determine the present value follows.

$$PV_B = \sum_{i=1}^n (B_i / (1+r)^i)$$

$$PV_C = \sum_{i=1}^n (C_i / (1+r)^i)$$

$$\text{Rate of return} = (PV_B / PV_C) - 1$$

Where:

PV_B = present value of benefit stream

PV_C = present value of cost stream

C_i = the cost of the project in the ith year

B_i = the value of the benefit in the ith year

r = the discount rate

n = the number of years in the project's life-cycle

The National Office will provide the discount rate annually. It will be set at the interest rate earned by trust fund balances for the last quarter of the fiscal year preceding release of the guidance. The discount rate for the FY 2005 PCI submissions is 0.062.

The narrative for the cost/benefit analysis must contain documentation supporting the validity of the variables in the analysis, i.e., the number of years in the life-cycle of the investment, the cost stream, and the benefit stream. Proposals must explain the basis for

all benefits and savings. Thus, great care should be taken in developing and clearly presenting the supporting documentation.

A portion of the score for this element will be based on the documentation of the validity of the cost-benefit analysis and a portion will be based on the ranking of cost-benefit of this proposal when compared with all proposals in this PCI request category.

2. Innovative and Cost-Effective Projects.

a. Proposed Expenditures and Technical Approach. (Weight 20 Points) How would the grant money be spent?

All estimated cost information is required. If costs will accrue over multiple years all cost information must be included by year.

Explain what the state would purchase with these funds. Provide the best possible cost estimates based upon currently available information. Due to the rapid changes in technology it is recognized that substitute equipment might better meet the needs of the agency at the time of the actual purchase. Subsequent changes can be proposed as appropriate by the agency.

(1) Hardware. List hardware purchases that are included in the proposal. Descriptions should include the technical specifications of the equipment to the extent that these can be determined. A table similar to the following should be used to provide the number of items and the cost per item.

Item	Number	Cost Per Item	Total Cost
PCs	40	\$2,500	\$100,000

(2) Software. List the software that is requested to implement and operate this project. Descriptions should include the technical specifications for the software to the extent that these can be determined. A table similar to the one above should be used to provide the number of items and the cost per item.

(3) Telecommunications Equipment. List telecommunications equipment that is requested to implement and operate this project.

(4) Staff Needs. List both one-time agency staff needs (in excess of base staff) and contract staff needs. Staff needs should include the type of position (e.g., program analyst), the expected number of staff hours, and the projected hourly cost. Agencies should include information in the following table for all staff requests.

Position Title	# Hours	Cost Per Hour	Total Cost
Systems Analyst	120	\$100	\$12,000

If contract staff is requested, documentation should include the type of position(s), estimated number of contract staff hours, and anticipated costs. If the agency is submitting an estimate prior to developing a request for proposal, the narrative should explain how the costs were derived and should include the agency's best estimate of the types of staff needed, the number of staff hours, and the cost per hour. States that are estimating the cost per hour should explain how they derived their estimated cost per hour. Costs for agency staff and contract staff that are not explained cannot be funded as a part of the PCI request and the appropriate costs will be reduced from the grant amount.

(5) Other. Explain other one-time costs not identified above.

(6) Explanation of Technical Approach. Explain why this technical approach is the best choice among the available options. If specific technical information cannot be provided, the narrative should explain why and should provide all of the available information.

b. Proposed Timeline. (Weight 10 Points) When will the work be done?

Explain when the work will be done. Include a projected schedule of significant project activities. This information may be presented as a timeline and should include the projected completion dates of all major aspects of the project. If the proposal covers multiple years, each of the years should be addressed in the timeline.

c. Strategic Design (Weight 25 Points) How will the system work and what will it do?

Explain the project design. It should provide a well-thought-out analysis of operations and a plan that integrates the project into the total UI system. Include estimates of the percentage of specific work products such as initial claims, adjudications, tax reports, or any other measurable work product that will be affected by the project. Describe how this proposal fits into ETA's Strategic Plan and into the agency's staffing and automation plans. The narrative should show how the agency has evaluated its current status and should state why this is the next logical step.

d. Measurable Improvements Expected in UI Operations. (Weight 25 Points) What will the system do to make things better?

Explain how the project will improve the UI program and services to customers in the state. Improvements must be related to UI program goals both in performance improvement and customer service. All projected improvements in performance in Tier I measures should be explained by stating the recent and current performance levels and estimating projected levels of improvement.

e. Cost-Benefit Analysis. (Weight 20 Points) What savings will accrue during the life-cycle of the project?

Provide the following information about current financial resources on hand if the carry-over from the fiscal year just completed was in excess of fifteen percent of the base allocation for the subsequent year. Explain why any carry forward funds in excess of 15% are not being contributed towards this project.

Explain how the project will result in Trust Fund savings, increased revenues, and/or a reduction of administrative costs. These calculations must be based upon the formula below. All projects must include a specific. If the life-cycle is longer than ten years, calculations should be based on a ten year period. The end of the life-cycle is the point at which it is anticipated that a substantial investment will be needed in replacement of the hardware, commercial off the shelf software, vendor supplied or in-house programs and/or the point at which it is reasonably anticipated that the requested project items will no longer be supported by the vendor. Projections should be realistic and the narrative must explain the basis for the determination of the specific life-cycle.

The following formula should be used to present the cost-benefit analysis. The proposal should convert annual costs and benefits over the life-cycle of the project to a present value. Those projects whose present value benefit stream exceeds the investment stream would be submitted in this category. Projects that will not produce a substantial rate of return should be submitted under a different category. If the state is contributing other funds from any source towards this project, the amount of the contributions should be provided along with an explanation of what costs the state will cover. The investment from the state should be subtracted from the cost of the project resulting in a larger cost-benefit for the PCI investment. The total cost of the project and the total state contributions must be provided as follows.

Total Cost – State Contributions = Total Cost of PCI Proposal

States contributing additional funds should provide very clear information identifying the exact amount of the state's contribution that was subtracted from the initial cost, the source of the funds (e.g., Reed Act) and the degree of certainty the funds will be available. The formula to use to determine the present value follows.

$$PV_B = \sum_{i=1}^n (B_i / (1+r)^i)$$

$$PV_C = \sum_{i=1}^n (C_i / (1+r)^i)$$

$$\text{Rate of return} = (PV_B / PV_C) - 1$$

Where:

- PV_B = present value of benefit stream
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- C_i = the cost of the project in the ith year
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- r = the discount rate
- n = the number of years in the project's life-cycle

The National Office will provide the discount rate annually. It will be set at the interest rate earned by trust fund balances for the last quarter of the fiscal year preceding release of the guidance. The discount rate for the FY 2005 PCI submissions is 0.062.

The narrative for the cost/benefit analysis must contain documentation supporting the validity of the variables in the analysis, i.e., the number of years in the life-cycle of the investment, the cost stream, and the benefit stream. Proposals must explain the basis for all benefits and savings projections. Thus, great care should be taken in developing and clearly presenting the supporting documentation.

A portion of the score for this element will be based on the documentation of the validity of the cost-benefit analysis and a portion will be based on the ranking of cost-benefit of this proposal when compared with all proposals in this PCI request category.

The scale of points is based on the rate of return for investment that follows.

50% or higher	20 points
40% to 49%	19 points
30% to 39%	18 points
20% to 29%	17 points
10% to 19%	16 points
5% to 10%	15 points

3. Requests for Corrective Action or Improvements in Customer Service.

a. Proposed Expenditures and Technical Approach. (Weight 20 Points) How would the grant money be spent?

All estimated cost information is required. If costs will accrue over multiple years all cost information must be included by year.

Explain what the state would purchase with these funds. Provide the best possible cost estimates based upon currently available information. Due to the rapid changes in technology it is recognized that substitute equipment might better meet the needs of the agency at the time of the actual purchase. Subsequent changes can be proposed as appropriate by the agency.

(1) Hardware. List hardware purchases that are included in the proposal. Descriptions should include the technical specifications of the equipment to the extent

that these can be determined. A table similar to the following should be used to provide the number of items and the cost per item.

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(3) Telecommunications Equipment. List telecommunications equipment that is requested to implement and operate this project.

(4) Staff Needs. List both one-time agency staff needs (in excess of base staff) and contract staff needs. Staff needs should include the type of position (e.g., program analyst), the expected number of staff hours, and the projected hourly cost. Agencies should include information in the following table for all staff requests.

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If contract staff is requested, documentation should include the type of position(s), estimated number of contract staff hours, and anticipated costs. If the agency is submitting an estimate prior to developing a request for proposal, the narrative should explain how the costs were derived and should include the agency's best estimate of the types of staff needed, the number of staff hours, and the cost per hour. States that are estimating the cost per hour should explain how they derived their estimated cost per hour. Costs for agency staff and contract staff that are not explained cannot be funded as a part of the PCI request and the appropriate costs will be reduced from the grant amount.

(5) Other. Explain other one-time costs not identified above.

(6) Explanation of Technical Approach. Explain why this technical approach is the best choice among the available options. If specific technical information cannot be provided, the narrative should explain why and should provide all of the available information.

b. Proposed Timeline. (Weight 10 Points) When will the work be done?

Explain when the work will be done. Include a projected schedule of significant project activities. This information may be presented as a timeline and should include the projected completion dates of all major aspects of the project. If the proposal covers multiple years, each of the years should be addressed in the timeline.

c. Critical Need and Strategic Design (Weight 25 Points) How will this system work and what will it do?

Provide the following information about current financial resources on hand if the carry-over from the fiscal year just completed was in excess of fifteen percent of the base allocation for the subsequent year. Explain why any carry forward funds in excess of 15% are not being contributed towards this project.

Explain the project design. It should provide a well-thought-out analysis of operations and a plan that integrates the project into the total UI system. Include estimates of the percentage of specific work products such as initial claims, adjudications, tax reports, or any other measurable work product that will be affected by the project. Describe how this proposal fits into ETA's Strategic Plan and into the agency's staffing and automation plans. The narrative should show that the agency has evaluated its current status and should state why this is the next logical step.

d. Measurable Improvements Expected in UI Operations. (Weight 20 Points) What will the system do to make things better?

Explain how the project will improve the UI program and services to customers in the state. Improvements must be related to UI program goals both in performance improvement and customer service. All projected performance improvements in Tier I measures should be explained, stating the recent and current performance levels and estimating projected levels of improvement. If this project will reduce administrative costs or increase Trust Fund saving, this information should also be addressed and monetary estimates included with explanations of the method in which these estimates were calculated.

Proposals that are designed for corrective action should address part e, not part f. Proposals that are designed to improve customer service should address part f, not part e.

e. Performance Goals. (Weight 25 Points) How will this project ensure that the SWA meets performance goals?

This section provides the opportunity for agencies to review past actions aimed at correcting performance problems and to explain why this proposed solution will correct a long-standing problem. The narrative should answer all of the following questions.

- What performance measure does this project address?
- What is the Tier I criterion for this function and what has been the agency's performance score for the measure in each of the last 5 years?
- How has this item been addressed in the agency's Corrective Action Plan (CAP) for the last 5 years? Attach copies of the appropriate section of the CAP to answer this element. These pages will not be counted against the maximum page count.

- Has the agency done everything it agreed to do in the CAP? If not, list each element not accomplished for each year and explain why the agreed actions were not accomplished.
- Why does the agency remain unable to meet the Tier I criterion?
- Which automation options has the state explored to help with this performance area? Which ones have been implemented, when, and why did they not resolve the problem?
- Has a cost-benefit analysis been done to determine if it is more cost effective to automate some processes? If yes, what were the findings?

f. Customer Service. (Weight 25 Points) What will the system do to improve customer service?

Explain how it has been determined that customers would like for this project to be implemented. Explain how the project will improve the UI program and services to customers in the state. Improvements may affect claimants and/or employers and other parties. They may include time savings, cost savings, error reduction, and any other improvements that can be measured.

Customer satisfaction may be considered as a customer service improvement if it is shown that it can be measured. For each improvement listed, explain who it will affect and explain how it can be measured to show that an improvement has occurred. Most qualitative improvements can be quantified and the proposal must include both the expected improvement and the means by which it can be measured. If this project will reduce administrative costs or increase Trust Fund saving this information should also be considered as a measurable improvement and monetary estimates should be included with explanations of the method in which these estimates were derived.

E. Federal Review.

1. Regional Office Review. Regional Offices will review the PCI requests and return them with recommended revisions to the states (if necessary). Regional Offices will determine the due date of the revised requests. Regional Offices will send PCI requests they recommend for approval to the National Office by the last Friday of February. Because this is a competitive grant process, the National Office will not accept any PCI request that does not meet the required submission deadlines. The PCI submission date will be determined by the postmark or date electronically transmitted.

2. National Office Review. A National Office panel will review and score all PCI requests. The National Office will alter the Microsoft Word® files before review by the panel to disguise the states' names. The scores established in the evaluation process will be used to rank the PCI requests in terms of funding. Projects scoring below 80 points, of a possible 100 points, will not be considered. Each element of the proposal is important and should be addressed completely to ensure that the proposal scores well.

F. Accountability. States may use PCI funds only for the purpose specified in the request; however, states may modify the original proposal later if necessary to take into account unforeseen technological advances. The modifications must meet or exceed the purpose and goals of the original request. If the modifications result in additional cost, states must use their base grant or state funds for the additional cost. If the modifications result in a total savings for the project, the savings can only be used to improve the specific system for which the grant was requested. States must return the balance of funds received for the PCI that are not used for the specific request with modifications. Funds returned during the same fiscal year as the award will be distributed to the next state on the PCI ranking list; funds returned after the end of the fiscal year will revert to the Treasury. States are encouraged to develop their own internal system to track each project separately for accountability and monitoring and to combine the cost in the assigned fund ledger.

III-USING THE WORKSHEETS

A. Introduction. The RJM worksheets capture historical costs for the previous fiscal year (FY), and projected costs for the current FY, the next FY, and the request FY. Completing previous, current, next, and request fiscal year data in sequential order on each form enables built-in calculations to carry some data forward from one fiscal year to the next. The following paragraphs will explain the structure of the workbooks and how to load and use them. Examples of the worksheets are in Appendix A. Instructions for completion of specific worksheets are contained in Appendix B. It may be useful to view the worksheets side-by-side with their corresponding instruction.

B. Preparations for Completing the RJM Worksheets.

1. Compile the summary accounting reports for the UI grant (fund ledger codes 210 and 213) and any other reports for fund ledgers that could have been charged to the grant if funding had been available. Include reports for state funds and penalty and interest (P&I) funds that were used for UI administration. Exclude reports for Trade claims activity (fund ledger code 219) and Temporary Extended Unemployment Compensation (TEUC). The accounting reports for the previous fiscal year should cover a twelve-month period from October 1 to September 30. Also include reports from fiscal years prior to the previous fiscal year if prior year obligations were liquidated during the previous fiscal year.

2. If P&I funds or other state funds were used, determine if these were used solely for the UI program or for combined functions. Exclude funds that were not used for the UI program.

3. Develop a crosswalk sheet that combines all UI costs from all sources. The document should show only expenditures that were made during that period, including obligations from previous fiscal years that were liquidated during the period; the document should exclude unliquidated obligations.

4. Allocate the accounting system direct charges to the RJM codes.

5. Allocate agency indirect charges to the appropriate RJM codes. Agency indirect includes department indirect and cabinet indirect. Exclude state indirect costs.

C. General Information. This section provides general information for the file structure and using the files.

1. File Structure. The file contains worksheets that collect the RJM data and calculations in a format that can be imported to a National Office database. The database will generate summary and statistical reports for data analysis. The diagram below shows the purpose of and the relationships between the RJM files.

2. Loading and Using the RJM Files

a. System Requirements. The system configuration needed to use the RJM efficiently is as follows:

- MS Windows® 98 or later
- Microsoft Excel® 2000
- 16MB RAM
- 2MB hard drive for RJM files (minimum)

b. Workbook Proficiency Requirements. The procedures for loading and using the workbooks assume an intermediate level of proficiency. It is necessary to understand the concept of cell references and how the value entered in one cell can change the contents of another cell in the same or different worksheets.

c. RJM File Location. The web site at www.ows.doleta.gov/rjm has a current set of the Microsoft Excel® files and the Microsoft Word® file for PCI requests for downloading.

d. Loading the RJM Excel® Files. Load the Excel® files from the web site and copy them to the hard drive and change the file name. For example, use a file name such as RJMXX.xls, where “XX” is the two-digit state abbreviation. It may be useful to keep an unmodified version of the workbook in case it should become necessary to start over completely or if specific worksheets become corrupted and must be rebuilt. In addition, save the data periodically and create backup copies of the files, including the unmodified RJM file.

e. Data Entry. The RJM worksheets are designed so that data entries are used in formulae to calculate values in other cells or used in cell references to copy the values into other cells. Because data elements are linked to elements in other worksheets and all data elements are required for the Data Export, data entry should occur in a specific order. Worksheets in the main workbook should be completed in the order of the worksheet tabs from left to right, starting with the STARTUP worksheet.

(1) STARTUP Worksheet. Data entry for the STARTUP worksheet should occur first because key elements from it are linked to every other worksheet. To enter the initial key elements:

Select the state’s name from the pull-down list.

Select the state’s accounting system from the pull-down list.

Enter the “Request Year.”

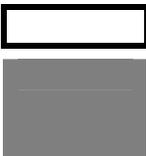
Enter the number of hours per workday.

From the value in “Request Year,” the worksheet calculates the values for the Previous, Current, Next, and Request Fiscal Years. The file uses elements entered or calculated in the STARTUP worksheet to fill headings in the other RJM worksheets.

(2) Completing the RJM Worksheets. After entering the key elements into the STARTUP worksheet, data entry can begin on the rest of the worksheets. Areas where data entry is required have a cyan background color and a dark border.

3. Worksheet Formats and Conventions

a. Cell Formats. The Microsoft Excel® worksheets contain cell border and shading formats that help identify the type of action that is required. Presented below are the formats used in the RJM forms. The examples are from 1-UI, UI Program, found in Section B, File RJM.xls, Worksheet 1-UI, page 1.

Item Name from RJM-1 Form	Cell Format	Description of Format	Action Taken to Populate Cell With a Value
TOTAL PERSONAL SERVICE COST		Heavy border, cyan shading.	Requires typing in a value. [Col. B] You enter correct value as whole number, Excel displays as currency.
TOTAL POSITIONS PAID		Heavy border, cyan shading.	Requires typing in a value. [Col. B] Value entered and displayed in two decimal places.
MONTHS REPORTED YTD	12	No border, no shading.	An Excel formula obtains the value through a link to another cell. [Col. C] Excel retrieves the value of No. Months Reported Current YTD from the STARTUP Worksheet.
STRAIGHT LINE PROJECTED PS COST PER POSITION	#DIV/0!	No border, no shading.	An Excel formula calculates the value. [Col. C] System calculates RESULT OF (Total Personal Service Cost divided by Total Positions Paid) divided by RESULT OF (Months Reported YTD times 12 Months Per Year)
DOCUMENTED PS INCREASES PER POSITION 1.		No border, gray shading.	No value is placed in the cell. {Col. B} Gray shading indicates no data entry or Excel formulae.

b. Number of Decimal Places. The worksheet cells are formatted to round data to a specific number of decimal places. The table below shows the rounding convention for the cells and the degree of numerical precision needed for data entry.

Data Element	Decimal Places
Dollars	Whole dollars
Positions	2 decimal places
MPU	3 decimal places
Work hours	2 decimal places
Workload	Whole numbers

c. Pre-Entered Values. Information that applies to the entire budget request package is entered in the STARTUP worksheet. These key data elements are transferred to all worksheets where appropriate and will not have to be entered on each individual worksheet.

Each key RJM element in the STARTUP Worksheet has a *defined name*. For example, the defined name for the value of State Name is STATENAME, and for Budget Year is BUDGETYR. The means by which the key elements are forwarded from the STARTUP Worksheet to all other worksheets is by use of the defined name in a formula. For example, if a user selects **YOURSTATE** with the state abbreviation of YS on the STARTUP worksheet, then “YOURSTATE” will appear on the left near the top of each of the other worksheets in the workbook. The formula in those cells is = STATENAME

d. Worksheet Row Numbers and Column Letters. The data element cells in the worksheets are identified by row numbers and column letters. These are referenced in the instructions in Appendix B. For most of the RJM forms, worksheet columns B through E designate the years for which data elements are captured.

Column	Fiscal Year
B	PREVIOUS
C	CURRENT
D	NEXT
E	REQUEST

4. General Instructions. Data in the worksheets are to include charges to the UI grant, as well as those that were made against state funds, but could have been charged to the UI grant if sufficient resources had been available. The general instructions below pertain to filling out the forms.

a. Cells for Data Entry. Enter data only in cells with a heavy border and cyan background.

b. Cells with Formulae. Data validation checks have been incorporated into the workbooks that will not allow data entry in cells containing formulae. This is to ensure that the integrity of the data is preserved throughout all the worksheets, and that the way the data elements are prepared is standardized for all states.

c. Adding or Deleting Rows. Do not add or delete rows in the worksheets of the main workbook. Do not modify any cell in the worksheets unless it is surrounded by a heavy border and has a cyan background color.

d. Copying Worksheets. Accidents can happen even when the greatest care is taken in filling out the forms. Data elements can be inadvertently deleted, data entry errors can accumulate, or the file can be damaged somehow. If these occur, delete the affected worksheet and copy and paste in the corresponding worksheet from the unmodified workbook. To do this, perform these steps:

Open the unmodified RJM file or download a new file.

Click on the tab of the sheet you wish to copy.

Click on **Edit**.

Click on **Move or Copy Sheet**.

At the bottom of the dialog box, click on the check box **Create a copy**.

WARNING! The default setting for this check box is blank.

Failure to click on the check box to create a copy will remove the blank sheet from the unmodified RJM workbook entirely.

Should this happen accidentally, use the backup copy of the unmodified RJM files to restore the unmodified RJM file.

Click on the arrow beside the **To book** combo box to pull down the list of open workbooks. Click on your state's data workbook into which the worksheet is to be inserted.

In the **Before sheet** list box, click on the name of the worksheet that the new worksheet should be copied in front of. You will now be in the copied worksheet. You will need to change the source of the links from the template workbook to your data workbook.

Click on **Edit**.

Click on **Links**.

Click on the name of your state's data workbook file. Click on **Change Source**.

In the **Links** list box, click on your state's data workbook file name, and then click **OK**.

NOTE: If you do not find the required file in the list, you do not have it open. In this event, click **Cancel** and open the file. Change the source of the links in the manner described above.

e. Checking Cell Values. When finished with entering data in a worksheet, ensure the values in the linked cells are correct. The instruction worksheets indicate

which cells contain links to other cells. The instruction will state, “system imports from.” Find the referenced cell in the appropriate worksheet and see if the value contained in it copied over correctly. Check the calculations to ensure that the results are correct and reconcile in summary to source documents. For worksheets with no data entry cells, check calculations and links as described above. Lastly, ensure that the bottom line numbers make sense.

f. Using the Worksheet Checklist. The RJM 6-List Worksheet is a checklist of all the worksheets. Some worksheets do not require data entry, but contain information that is referenced in other worksheets or is needed in the Data Export. Use this checklist to verify that all the data entry is complete.

5. Glossary for Worksheets.

\$	Cost or Expenditures
AB	Above Base
APP	Appeals
AST	AS&T (Indirect Costs such as the cost of Personnel, Fiscal, etc.)
BPC	Benefit Payment Control
CMP	Comparison
COM	Communications
DP	Data Processing or Information Systems
F	Funded or Funding
IC	Initial Claims
LIST	Listing of RJM Worksheets
LV	Leave
MPU	Minutes Per Unit
NMD	Nonmonetary Determinations
OE	Office Equipment
P	Positions
Rates	Cost per Hour
RQ	Requested (Normally requested by USDOL)
S	Studied (Refers to Cost Model Study MPU's)
SUB	Subcategory
SUM	Summary
SUP	Support
TAX	Tax
UI	Unemployment Insurance
UIP	Unemployment Insurance PERFORMS
WK	Weeks Claimed
WR	Wage Records

IV- NOTEBOOK

A. Purpose. All RJM data are subject to review. The RJM notebooks are designed to provide a documented audit trail on the methods and documents a state used to compile their RJM. The notebook should be compiled so that anyone with a general knowledge of accounting and the RJM system can review a state's data and determine the source of data from the state's accounting system, how it was converted to the RJM format, and how adjustments were made. This will provide a source for review, and also provide the state agency staff with a record of how the RJM was compiled. This will provide continuity, since state agencies normally experience staff turnover and the staff that completed the RJM may not be available to assist in the review or to prepare the following year's RJM. States should make a minimum of four copies of their notebooks. States should retain one notebook, and send one copy to the regional office and two copies to the national office.

B. Description. The RJM notebook should include a narrative that describes the budget request and attachments that include the accounting reports used and documents that show how calculations were made to convert accounting data into the RJM format. The instructions in Appendix B discuss the accounting reports needed.

C. Accounting Records. ETA does not prescribe the type of time distribution and accounting systems that state agencies should use to generate the required data; however, the systems used must be capable of providing accurate data in the required detail. With states having the latitude to use the systems of their choice, this presents problems in compiling data at the national level and comparing states' data. In order for OWS to receive data in a uniform manner, the RJM system was developed with standardized worksheets. In order for states to complete the RJM, they must convert their existing accounting data to conform to the categories for the RJM.

D. Format and Instructions. The notebook should be organized in a manner that will allow the review process to proceed efficiently. Each section of the notebook should include a step by step documentation of how the data for the corresponding worksheet was converted from the state's accounting records to the RJM format, copies of the source document for that data, and a copy of any calculation or adjustments that were made. The notebooks should have tabs to divide the sections and should follow the numbering scheme that is described below. Notebooks should include the name of the state on both the front cover and on the spine.

NOTE: States should note in the appropriate tab(s) how much in non-federal dollars was added to the grant or grant request. For example, any non-federal dollars added to non-personal services should be specified by amount in the NPS SOURCE tab.

TAB #	TAB NAME	DOCUMENT TO BE INCLUDED
1	NARRATIVE	General narrative describing the process the state used in completing their RJM, problems encountered and any items to which the state would like to call attention
2	RJM WORKSHEETS	Copy of RJM spreadsheets.
3	ACCT SUM	Copy of summary report for each fund ledger used to support UI activities.
4	PSPB CROSS	Copy of state's completed PSPB crosswalk sheet. Include calculations for splitting costs of functional activity codes
5	HRS PAID	Copy of state's accounting report that shows hours paid by functional activity and fund ledger.
6	DOLLARS PD	Copy of state's accounting report that shows dollars paid for personal services and personnel benefits by functional activity and fund ledger. If included on previous report insert notation, do not include an additional copy.
7	HRS WORKED	Copy of state's accounting report that shows hours worked by functional activity and fund ledger.
8	NPS CROSS	Copy of state's completed NPS crosswalk sheet
9	NPS SOURCE	Copy of state's accounting records that were used to prepare the NPS crosswalk sheet.
10	PS CONT	Detailed list of all personal service contracts. Provide the name of the contract, the purpose of the contract, the amount of the contract and identify those contracts that were not converted to a functional activity. Of those contracts that were not converted to a functional activity, provide a reason.
11	NPS INC	Provide the documentation and calculations that were used to request increases to NPS.
12	PS INC	Provide the documentation and calculations that were used to request an increase in personal services. Show the effective date of the PS increase and how the calculations were adjusted for the effective date.
13	PB INC	Provide the documentation and calculations that were used to request an increase in personnel benefits. Show the effective date of the PB increase and how the calculations were adjusted for the effective date.
14	LEAVE	Provide the documentation and calculations that were used to request adjustment to leave hours.
15	GAL 4-91	For those states that are affected by GAL 4-91, include a copy of the cost allocation plan that is required by GAL 4-91 and the adjustments to the fund ledger codes that were made prior to completing the RJM forms.
16-99	OTHER	Include any other documentation that the state used to prepare their RJM.