

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR WASHINGTON, D.C. 20210	CLASSIFICATION UI
	CORRESPONDENCE SYMBOL OWS/DUIO
	DATE May 12, 2005

ADVISORY: FIELD MEMORANDUM NO. 12-05

TO: REGIONAL ADMINISTRATORS
 /s/
FROM: JACK H. RAPPORT
 Administrator
 Office of Field Operations

SUBJECT: Unemployment Insurance Integrity Crossmatch Systems
 Funding Opportunity

1. Purpose. To inform regional offices of the opportunity for state workforce agencies (SWAs) to submit supplemental budget requests (SBRs) to fund the implementation and/or enhancement of integrity crossmatch systems for preventing and detecting unemployment insurance (UI) overpayments.

2. Reference. ET Handbook No. 336, UI State Quality Service Plan Planning and Reporting Guidelines, FM No. 02-03, SWAs Implementation of Funding for Data Sharing via the ICON with SSA, and FM No. 02-03 Change 1 SWAs Implementation Funding for Data Sharing via the ICON with SSA.

3. Background. Preventing, detecting and recovering overpayments of UI benefits is a top priority for the Department of Labor. In calendar year 2004, \$34 billion was paid in state unemployment benefits. Through intensive audits (Benefit Accuracy Measurement) of a small sample of weekly payments, we estimate that about \$3.4 billion of these (9.9%) were overpayments, many of which could be prevented or detected by state workforce agencies. However, states detected only about \$1.1 billion of the total. One of the most effective methods of preventing or quickly detecting overpayments is cross-matching of UI claims against data held by other state and Federal agencies. Supplemental funds for these cross-matches were made available to states in fiscal years (FYs) 2003 and 2004.

4. FY 2005 Funds Available. In FY 2005, supplemental funds are again available to states to implement or improve systems for matching UI data with other state and Federal agencies such as departments of motor vehicles, state directories of new hires, and the Social Security Administration, for the prevention or detection of UI overpayments. States may request up to \$100,000 for each data source with which a cross-match will be implemented or improved. Requests for implementing the real-time data exchange with the Social Security Administration should follow guidelines provided in FM No. 02-03.

RESCISSIONS None	EXPIRATION DATE September 30, 2007
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5. Guidelines for the Preparation of SBRs. ET Handbook No. 336 contains instructions for completing SBRs. SWAs are encouraged to submit SBRs using the following format. Requests that do not contain complete information, as indicated in the format below, will not be funded.

a. Description of the Crossmatch/Integrity System. The narrative description of the system must:

- Identify the data that will be received from the crossmatch, e.g., name, date of birth, address, etc.
- Estimate the amount of overpayments the system will prevent or detect in a year.
- Estimate the percentage of claimants that will be a part of the system/crossmatch.
- Describe the data system(s) that the SWA will utilize to crossmatch claimant records.
- Indicate how often the crossmatch will be conducted.
- Describe assurance(s) that the SWA has received from the owner(s) of the data which demonstrates a willingness to participate in the proposed crossmatch.
- Provide the planned implementation schedule identifying dates of critical steps through implementation.

b. Hardware, Software, and Telecommunications Equipment. The SBR should include descriptions of the hardware, software, and/or telecommunications equipment purchases that are a part of the proposed project. Descriptions must include the number of items and the cost per item. A table similar to the following, which contains an example relating to personal computer (PC) acquisition, should be used to provide the required information.

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

The technical specifications of the hardware must also be provided. Specifications should include any of the following that are applicable:

- Processors (number, type, size, etc.)
- Memory (type, size, etc.)
- Storage (hard drive, controllers, back-up devices, etc.)
- Hardware peripherals (monitors, network connectivity, tape drives, external modem, etc.)
- Operating system
- Warranty, field service, and/or system support specifications.

A detailed narrative description of the software should include the technical specifications of the version to be purchased including the version type and the license type, as appropriate.

All estimated cost information is required. If any of the above information cannot be provided, the narrative should explain why it is not included. Ongoing maintenance and telecommunications costs cannot be funded through these SBRs.

c. Staff Needs. The proposal should identify one-time SWA staff needs and/or 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 costs. All staff funded under this grant must be in excess of base staff, and proposals must state this in writing. If contract staff are requested, documentation must include the type of position, estimated contract staff hours, and the projected hourly costs for contract staff. SWAs should include information in a format similar to the following table containing an example relating to system analyst usage.

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

d. Other. The proposal should include and explain any one-time costs for other activities, not identified above, that will be obtained from vendors – such as telephone companies, Internet service providers, and telecommunications providers.

6. Project Management. SWAs should refer to Handbook 336 concerning the time allowed for obligation of funds, specifically, funds used for automation acquisitions. For example, funds used for purposes of the security verification (Independent Verification and Validation (IV&V)) necessary for the SSA data exchange that meet the definition of automation acquisitions may be obligated through September 30, 2007, and liquidated within 90 days. Any SBR funds used for non-automation activities must be obligated by December 31, 2005, and liquidated within 90 days. The liquidation period cannot be extended to fund agency staff. There are no provisions allowing for an extension of the obligation period. Requests to extend the expenditure must be submitted in a letter by the state in accordance with 29 CFR 97.23 (b). The letter should include the Federal grant number for the year of the SBR funding which is located in item 2 on the state's Financial Status Report, SF – 269. Regional Offices should forward the letter with appropriate recommendations to the National Office, attention Diane Wood. Requests to extend the expenditure period should be submitted prior to the deadline for obligation of the funds.

Forms SF-424 and SF-424A serve as the basis for the grant agreement between the U.S. Department of Labor and the SWA, and they must reflect the SWA's best estimate of costs in each individual category. If during the performance period states wish to move funds among categories within a project, a new SF 424A must be submitted to the Regional Office for approval if the amount moved exceeds 20 percent of any category in the initially awarded amount for the project. States may move funds from one project to another, if needed, to implement all funded projects in a timely manner. However, the same approval requirement applies to movement of funds between projects if the amount moved exceeds 20 percent of either the donating or receiving project as initially funded.

7. Action. Regional Administrators are requested to:

- a. Provide information contained in this Field Memorandum to SWAs and encourage them to submit requests for implementation or enhancements of BPC integrity crossmatch systems.

- b. Work with interested SWAs to develop SBRs adhering to all guidelines of this Field Memorandum.
 - c. Establish due dates for SWAs to submit proposals to regional offices.
 - d. Establish internal procedures to review SBRs, returning them to SWAs to correct any deficiencies and ensuring timely submission of the final SBR(s) to the National Office.
 - e. Transmit two copies of each SBR and regional office comments and recommendations to the National Office, attention: Diane Wood, by July 2, 2005.
 - f. Notification of approval of the project(s) will include the total amount approved for the state and a request that the state submit a signed 424 to the regional office. Upon receipt regional offices should send a copy of the 424 to the National Office.
8. Inquiries. Direct questions to Diane Wood at 202-693-3212, e-mail wood.diane@dol.gov.