

<b>EMPLOYMENT AND TRAINING ADMINISTRATION</b> <b>ADVISORY SYSTEM</b> <b>U.S. DEPARTMENT OF LABOR</b> <b>Washington, D.C. 20210</b>	<b>CLASSIFICATION</b> Unemployment Insurance
	<b>CORRESPONDENCE SYMBOL</b> OUI
	<b>DATE</b> May 11, 2012

**ADVISORY:** UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 18-12

**TO:** STATE WORKFORCE AGENCIES

**FROM:** JANE OATES /s/  
Assistant Secretary

**SUBJECT:** Unemployment Insurance (UI) Supplemental Funding Opportunity for Program Integrity, Performance, and System Improvements

1. **Purpose.** To notify State Workforce Agencies of the availability of Fiscal Year (FY) 2012 funds for activities that support the integrity of the UI program for the prevention, detection, and recovery of improper UI benefit payments; improve state performance; address outdated Information Technology (IT) system infrastructures necessary to improve UI program integrity; and enable states to expand or implement Reemployment and Eligibility Assessment (REA) programs.

2. **References.**

- Improper Payment Information Act of 2002 (IPIA; 31 U.S.C. 3321 note);
- Improper Payment Elimination and Recovery Act of 2010 (IPERA; 31 U.S.C. 3301 note);
- Executive Order (E.O.) 13520, *Reducing Improper Payments* (November 20, 2009);
- Unemployment Insurance Program Letter (UIPL) No. 28-06, *Unemployment Insurance (UI) Fiscal Year (FY) 2006 Supplemental Funding Opportunities*;
- UIPL No. 2-09, *Changes 1 and 2, Recovery of Unemployment Compensation Debts Due to Fraud from Federal Income Tax Refunds*;
- UIPL No. 19-11, *National Effort to Reduce Improper Payments in the Unemployment Insurance (UI) Program*;
- UIPL No. 26-11, *Unemployment Insurance (UI) Supplemental Funding Opportunity for Program Integrity and Performance and System Improvements*;
- UIPL No. 28-11, *Unemployment Insurance (UI) State Integrity Task Forces and Strategic Plans*;
- UIPL No 10-12, *Fiscal Year (FY) 2012 Unemployment Insurance (UI) Reemployment and Eligibility Assessment (REA) Grants*;
- UIPL No. 11-12, *Unemployment Insurance (UI) Claimant and Employer Messaging Toolkit Availability and State Implementation*; and
- UIPL No. 12-12, *Guidelines for Fiscal Year (FY) 2012 State Agency Unemployment Insurance (UI) Resource Allocations and Above-Base Funding*.

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> May 11, 2016
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3. **Background.** On November 20, 2009, President Obama signed E.O. 13520, *Reducing Improper Payments*. The Executive Order emphasized the need to eliminate waste, fraud, and abuse in federally administered programs while protecting access to these programs by their intended beneficiaries. Subsequently, the IPIA, as amended by IPERA, required Federal agencies to review their programs and program activities annually, identify programs and areas that may be susceptible to significant overpayments, and develop and implement corrective action plans for any “high-risk” programs. Under the IPIA, an agency which reports an improper payment rate above 10 percent for a program it administers will be determined to be out of compliance, which will trigger oversight by Congress, the Office of Management and Budget (OMB), and the U.S. Department of Labor’s Office of the Inspector General. The UI program is currently out of compliance. The UI Benefit Accuracy Measurement (BAM) program, which provides the basis for assessing the accuracy of UI payments, estimated the UI national improper payment rate to be 12.0 percent for the 2011 reporting period (11.35 percent overpayment rate plus a 0.65 percent underpayment rate). This translates to approximately \$15 billion in improper payments nationally.

On June 10, 2011, the Department of Labor (Department) issued UIPL No. 19-11, *National Effort to Reduce Improper Payments in the UI Program*, to stress that UI integrity remains a top priority and to provide a strategic plan to aggressively target UI overpayment prevention and detection. UIPL No. 19-11 also requested that all states participate in a Federal-state collaboration to reduce UI improper payments by implementing new strategies aimed at addressing root causes of overpayments to significantly reduce the UI improper payment rate. Later, UIPL No. 26-11 announced a supplemental funding opportunity to help the states develop their own state-specific strategies to reduce the improper payment rate. As a condition of eligibility, that funding opportunity required states to implement eight Core Integrity Strategies to qualify for additional Incentive Integrity Activity funding. The Department ultimately funded Supplemental Budget Request (SBR) grants to 40 states, the District of Columbia, and Puerto Rico for UI program integrity and technology infrastructure systems.

The Department also remains committed to supporting states in updating their IT infrastructures. The National Association of State Workforce Agencies’ (NASWA) Information Technology Support Center reported that the average age of the states’ UI IT infrastructures is 23 years, with many systems more than 30 years old. States that have recently modernized their systems have found that the cost to design and develop a new system is, on average, about \$40 to \$50 million. The Department’s budget estimates show that the cost of funding individual customized state systems, even if costs were spread over multiple years, is unaffordable in the current budget environment and that states must seek collaborative solutions to address the challenge. Therefore, this solicitation employs a consortium strategy to fund system modernization and large technology projects.

Finally, the Department supports states in their efforts to reduce improper payments and help claimants return to work more quickly through Reemployment and Eligibility Assessments (REAs). REAs have been proven effective at reducing UI improper payments and improving employment outcomes for claimants who participate. This solicitation provides an opportunity for states to expand their current REA operations or to implement a new REA program if the state does not currently have one.

4. **Goals.** The Department strongly encourages states to continue efforts to aggressively target UI overpayment prevention and detection, and to develop state-specific strategies to reduce the UI improper payment rate. The funding opportunities explained below are designed to build from the supplemental funding provided in FY 2011 to assist states in developing their own state specific strategies to prevent, detect, and recover improper payments. The goals of the funding for this solicitation are to:

- Accelerate significant state actions to reduce improper payment rates;
- Provide states the flexibility to design state-specific strategies, modernize their UI benefits and/or UI tax systems, and implement other integrity-related tools and staff training activities; and
- Provide states the ability to implement or expand their existing REA programs for the regular state UI program.

5. **Structure of Funding Opportunity.** Supplemental funds are available for: 1) integrity activities (required core activities and optional incentive activities); and 2) incentive funding to initiate and/or accelerate significant actions to reduce improper payments and improve overall state program performance. States must have implemented, or must agree to implement, the entire set of Core Integrity Activities by the specified dates, to qualify for any of the funding discussed in this UIPL.

Section 6 of this UIPL identifies and describes the funding available for the Core Integrity Activities and the Incentive Integrity Activities. The Department believes all states should implement the Core Integrity Activities as part of their individual strategic plans to reduce improper payments attributed to the key root causes of overpayments. These include improper payments resulting from benefit year earnings, separations, and employment service registration. Included in Section 6 is a chart showing the maximum funding amounts available for each Core Integrity Activity. Incentive funds are offered to states to implement an additional set of integrity activities, in an amount of \$1.85 to \$2.2 million per state, contingent upon the state having already implemented, or agreeing to implement, all Core Integrity Activities by the dates specified in this UIPL.

Section 7 of this UIPL identifies and describes consortium projects that may be funded. As with the incentive activities, a state may receive these funds only if it has already implemented, or agrees to implement all the Core Integrity Activities by the dates specified below.

6. **Core Integrity Activities and Incentive Integrity Activities.**

Core Integrity Activities. The following are the Core Integrity Activities that must have been or that must be undertaken for a state to receive funding through this solicitation:

- Continued operation of a Cross-Functional Integrity Task Force (see UIPL No. 28-11);
- Engaging in a business process analysis to identify areas of weakness and improve program performance if the state's improper payment rate is above ten percent;

- Activities listed in the Recommended Operating Procedures (ROP) for conducting cross matching with the National Directory of New Hires (NDNH) and the State Directory of New Hires (SDNH) (see UIPL No. 19-11);
- Use of the State Information Data Exchange System (SIDES) and SIDES Messaging;
- Claimant/Employer messaging about UI program requirements;
- Employment Service (ES) Registration as required under state UI law if the state’s ES Registration error rate is above three percent;
- Implementing the U.S. Department of the Treasury’s Treasury Offset Program (TOP); and
- Using an automated State Unemployment Tax Act (SUTA) Dumping Detection System (SDDS) to conduct SUTA dumping investigations to detect employers who may be engaged in UI tax rate manipulation.

Incentive Integrity Activities. The Incentive Integrity Activities that a state may undertake are listed below. Only those states that have implemented, or commit to implementing, all of the Core Integrity Activities listed above will be eligible for these incentive funds. Incentive Integrity Activity funds may be requested for:

- Hiring merit staff to clear workload backlogs in adjudication, appeals, or benefit payment control units;
- Securing contract support to contact claimants when an NDNH or SDNH “hit” indicates a claimant may have returned to work;
- Enhanced NDNH Operating Procedures;
- Implementation of state-specific solutions to prevent/reduce improper payments;
- Expanded Reemployment and Eligibility Assessment (REA) program support;
- Payment of the SIDES subscription fees;
- Implementing the SIDES earnings verification;
- Worker Misclassification detection and enforcement activities;
- State-specific UI performance improvement projects designed to help the state achieve standards of performance under UI Performs;
- IT Security and Contingency Planning activities;
- Upgrade State SUTA Dumping Detection Systems; and
- Programming an agent state database for Interstate claim files.

### **Description of Core Integrity Activities Requirements**

To qualify for any supplemental funding a state must have already implemented, or must agree to implement, all of the Core Integrity Activities listed above and must adhere to the time frames identified for each activity. (States that have implemented all of the Core Integrity Activities must document this using Attachment C and would thus be able to apply for incentive funding). Funding caps are identified for each activity, where appropriate. Each state must meet its commitment(s) in accepting these funds. A state that does not meet the conditions of the SBR grant(s) will be penalized for failing to meet agreed-upon goals or performance requirements and the costs associated with these conditions would need to be repaid.

The Core Integrity Activities include:

- **Cross-Functional Task Force.** Continuing to convene and enhance the state's cross-functional UI Integrity Task Force to assess the state's UI integrity functions and make recommendations for continuous improvement (see UIPL No. 28-11). States must commit to completing a revised integrity strategic plan as part of their annual State Quality Service Plan by **September 30, 2012**. The updated strategic plan must address state-specific root causes and strategies. We require continuation of the task force that all states established in 2011 to cultivate a sense of ownership for program integrity within the entire UI system. **We will provide states with up to \$80,000 in funding for a dedicated senior staff person devoted solely to leading and coordinating the state's improper payment strategies and supporting the state's task force activities.**
  
- **Business Process Analysis.** Engage in a business process analysis to identify areas of weakness and to set the stage for reengineering processes that will improve program integrity performance. The review must be conducted collaboratively by state staff and a qualified independent third party contracted by the state, and recommendations from this review should be included in the state's strategic plan to the extent feasible.
  - States with an estimated improper payment rate (overpayment rate + underpayment rate) of 10 percent or higher as reported in the calendar year (CY) 2011 Benefit Accuracy Measurement (BAM) report must conduct an operational business process review of their benefit systems to identify areas where changes in business processes will lead to a reduction in the improper payment rate and overall improvement in program integrity. States that have already planned or conducted a business process analysis must provide evidence of this effort as well as an assurance that the recommendations from this review will be included in the state's strategic plan to the extent feasible in Attachment C;
  - States with an estimated improper payment rate under 10% may also request funding for this review; and
  - States must commit to completing this activity by **June 30, 2013** (up to \$250,000 per state is available for this activity).
  
- **National Directory of New Hires Recommended Operating Procedures.** Implement the ROP (see the attachment to UIPL No. 19-11) in conducting cross-matches with the NDNH (and with the SDNH). This includes sending automated notices to claimants and, as appropriate, to employers no later than the next business day after a cross-match identifies the possibility that a claimant was working during a week claimed and did not report earnings. Alerting claimants that the agency has information indicating they may have returned to work and that they may be overpaid is a successful practice in reducing and preventing overpayments.
  - States that received SBR funding in FY 2011 must provide an attestation that NDNH ROPs have been implemented to meet this requirement in Attachment C; no additional funding will be provided for this activity; and

- States that did not receive SBR funding for FY 2011 must commit to completing this activity by **December 31, 2012** (up to \$250,000 per state is available for this activity).
- **State Information Data Exchange System Implementation.** Implementing SIDES to improve the timeliness and quality of separation information needed to adjudicate non-monetary determinations:
  - States that currently have not implemented SIDES, and have not received any supplemental to do so, will be required to fully complete the implementation of both the SIDES Web Services and SIDES E-Response components by **September 30, 2013** (up to \$500,000 per state to support this implementation);
  - States that received SBR funding previously for SIDES implementation must provide evidence of their progress in implementing SIDES and an assurance of their ability to complete implementation by the established deadline in Attachment C. No additional funding will be provided to these states for this activity; and
  - States that have implemented SIDES must begin implementing the SIDES marketing tools that were released to the states in March 2012 to encourage employers to use the SIDES Web Services or E-Response services (see <http://info.uisides.org>). These states must complete the implementation of at least one product from this toolkit no later than **December 31, 2012** (up to \$100,000 per state for these messaging and outreach activities).
- **Claimant/Employer Messaging.** Implementing a statewide claimant and employer messaging campaign designed to: 1) improve claimant awareness of the responsibility to report any work and earnings when claiming benefits; 2) improve claimant understanding of work search requirements as a condition of eligibility for benefits; and 3) improve employer awareness of the responsibility to respond to state requests for separation information and/or earnings/wage verifications. The state's campaign must incorporate at least one product from the Department's messaging toolkit (see UIPL No. 11-12).
  - States that received SBR funding for FY 2011 must provide evidence of their progress in implementing their messaging campaign products and tools in Attachment C; and
  - States that did not receive SBR funding for FY 2011 must complete the implementation of this campaign no later than **December 31, 2012** (up to \$100,000 per state for these messaging activities).
- **Employment Service Registration.** Implementing technology or other solutions designed to address improper payments resulting from a claimant's failure to register with the state's ES or job bank in accordance with the state's UI law.

- States with CY 2011 BAM employer service registration error rates above 3 percent must implement these solutions. States may contact the appropriate regional office to confirm the state rate for CY 2011;
- States with CY 2011 BAM employer service registration error rates below 3 percent may also request funding for this review; and
- These changes must be completed by **April 30, 2013** (up to \$100,000 is available per state).
- **Treasury Offset Program.** Implementing the U.S. Department of the Treasury's TOP to recover certain unemployment debts from Federal income tax refunds (see UIPL No. 2-09, Changes 1 and 2).
  - States that received incentive SBR funding in FY 2011 for TOP implementation must provide evidence of their progress in implementing TOP and an assurance of their ability to complete implementation by the established deadline in Attachment C; no additional funding will be provided for this activity; and
  - States that did not receive incentive SBR funding in FY 2011 for TOP implementation must commit to completing this activity by **March 31, 2013** (up to \$400,000 per state is available for this activity).
- **SUTA Dumping Detection/Investigation Systems.** Conducting, or providing an assurance in Attachment C that they have already begun doing so, SUTA Dumping investigations by using an SDDS to detect employers who may be engaged in UI tax rate manipulation. ETA provided states funds in FY 2006 to implement systems to detect SUTA Dumping and began requiring states to report SUTA Dumping activities in 2011. States must be conducting investigations, or commit to conducting SUTA Dumping investigations by **December 31, 2012** (up to \$100,000 per state is available for this activity).

### **Description of Incentive Integrity Activities Requirements**

States that commit to implementation of all of the core activities above, and/or have already implemented the core activities, qualify to request additional incentive funds as described in this section. These funds may be used for any of the activities listed below. States must develop a detailed budget for these projects and identify projected outcomes. Activities may include:

- **Merit staffing and securing contract support through September 30, 2014.**
  - States may hire merit staff to eliminate workload backlogs in adjudication, appeals, Emergency Unemployment Compensation (EUC), Federal Additional Compensation (FAC), or benefit payment control units in support of state integrity and performance improvement efforts. States must agree that they will

maintain current levels of staff and resources (maintenance of effort), that the additional staff will be limited to eliminating backlogs, and that automation and/or streamlined work processes already in place will eliminate the ongoing need for this staff;

- States may secure contract support to contact claimants when an SDNH or NDNH “hit” indicates a claimant may have returned to work and provide instructions to the claimant on his/her responsibility to report his/her current employment status. (NOTE: Contract staff may perform only work that is not inherently governmental, because inherently governmental functions may be performed only by state merit staff). States must agree that they will maintain current levels of staff and resources (maintenance of effort) and that the additional staff will be limited to this activity; and
- **Total funding for staffing and support activities will be provided based on state size (See Attachment E):**
  - **Large States: Up to \$700,000**
  - **Medium States: Up to \$500,000**
  - **Small States: Up to \$350,000**

In addition, states qualify to request additional incentive funds in the amount of \$1,500,000 per state, to support any of the other incentive activities listed below.

- **Enhanced NDNH operating procedures.** When an NDNH or SDNH cross-match results in a “hit,” implement a process to set a flag in the state’s weekly claims processing system requiring the claimant to speak to a state claims representative when attempting to file the next continued claim over the internet or by phone. New Jersey successfully implemented a similar solution in FY 2011 (see description at: <http://www.dol.gov/dol/maps/pdf/20111212NewJersey.pdf>).
- **Implement state-specific solutions** to prevent/reduce improper payments. States must identify the return on investment expected for each solution implemented and project the extent to which the state will reduce its improper payment rate as a result of each solution.
- **Expanded Reemployment and Eligibility Assessment** program automation support to continue an REA program funded by a UI REA grant, or to support implementation of a new REA program in a state. Funding may not be used to support REA or Reemployment Services (RES) activities included as part of the Middle Class Tax Relief and Job Creation Act.
- **Payment of the SIDES subscription fees** as administered by NASWA for up to 2 years, for states that have not previously received funding for SIDES subscription fees.

- **Implement the SIDES earnings verification** and monetary and potential employer charges data exchanges.
- **Detection and enforcement activities to address worker misclassification**
- **State-specific UI performance improvement** projects designed to help the state achieve standards of performance under UI Performs.
- **IT security and contingency planning activities.**
- **Upgrade State SUTA Dumping Detection Systems** to the latest ITSC version. Recent improvements to the SDDS significantly improved administration, security, audit trail logging, and migrated SDDS to Windows Server 2008 and SQL Server 2008.
- **Program a database to develop and maintain agent state files for Interstate claimants** to ensure these individuals receive the same level of services as individuals filing Intrastate claims (see UIPL No. 28-06).

#### SUMMARY OF FUNDS AVAILABLE FOR EACH STATE

STATE INTEGRITY ACTIVITY	MAXIMUM FUNDS AVAILABLE	MUST BE COMPLETED BY
<b>Core Integrity Activities</b>		
✓ Cross-Functional Task Force (available to all states)	\$80,000	September 30, 2012
✓ Business Process Analysis (required for states with improper payment rates of 10 percent or higher; available for states with improper payment rates under 10 percent)	\$250,000	June 30, 2013
✓ NDNH Cross-match and Recommended Operating Procedures (available <u>only</u> to those states that did <u>not</u> receive core SBR funding in FY 2011 for NDNH implementation)	\$250,000	December 31, 2012
✓ SIDES Implementation and SIDES Marketing (Implementation funding available <u>only</u> to those states that have <u>not</u> previously received SBR funding for SIDES Implementation; marketing funding available only to those states that have implemented SIDES)	\$500,000 /\$100,000	Implementation: September 30, 2013  Marketing: December 31, 2012
✓ Claimant/Employer Messaging (available to all states)	\$100,000	December 31, 2012
✓ ES Registration (required for states with ES registration rates of 3 percent or higher; available for states with ES registration rates under 3 percent)	\$100,000	April 30, 2013

✓ TOP (available <u>only</u> to those states that did not receive incentive SBR funding in FY 2011 for TOP implementation)	\$400,000	March 31, 2013
✓ SUTA Dumping Detection/Investigation (available to all states)	\$100,000	December 31, 2012
<b>Incentive Integrity Activities – Only those states that have completed, or that commit to complete, all Core Integrity Activities by dates specified may apply</b>		
✓ Merit Staff and Contract Support	\$350,000 /\$500,000 /\$700,000	
✓ Other Incentive Activities	\$1,500,000	

7. **Consortium Projects.** Based on positive outcomes from previous consortia investments, states that commit to implementation of all of the core activities, or have already implemented the core activities, will be eligible to submit proposals for consortium projects. Consortium proposals must identify a lead state agency that will be the “responsible state agency,” identify the partner states, and explain the projected allocation of and fiscal responsibility for expenditures. Additionally, the proposal must include a copy of signed agreement(s) by all participating states. A cover letter must be included and signed by the Administrator of the responsible state agency and it must explain the roles of the participating state(s) in the project.

A consortium of states may submit a proposal for any of the following three purposes:

- **UI IT Modernization.**
  - Develop and/or modify either of the core UI Benefits or Tax and Benefit system designs, which have been recently developed (or join one of the existing consortia);
  - Develop and/or modify core UI Benefits or Tax and Benefits systems using open source components that are also exportable to other states; and
  - Implementation of UI Benefits and/or Tax systems designed and developed by a state consortium.
- **Tools to reduce and recover improper payments.**
  - Design and implement technology-based tools designed to prevent, detect, or recover improper UI payments.
- **Training Center.**
  - Develop and host a platform/infrastructure to support technical and program-related training. The training center should have the capability of developing and delivering core program training in areas such as adjudication, appeals, etc., as

well as a platform for partner/other states to develop, host, and provide state-specific training.

**8. Expansion of State Reemployment and Eligibility Assessment (REA) Programs.**

States currently participating in the REA program may request funds to enhance and/or expand their ongoing program. States may elect to increase the number of participants by selecting additional claimants in current REA offices and/or add additional offices. In addition, states that do not have a current REA program may elect to implement a program. Expansions should be submitted at the cost rate that was funded for the 2012 REA project.

- 9. Application Instructions.** To apply for supplemental funds, a state must submit an SBR package including an individual application for each of the core integrity activities and for each of the incentive integrity activities (see Section 6) for which the state seeks funding. Each activity application will be evaluated separately. When the same expenditures are referred to in two different individual applications and would be duplicated if both were funded, the state must provide a brief description in both applications explaining this duplication to ensure that the same costs are not funded twice. The SBR package must address the status of all the Core Integrity Activities (see Attachment C).

For consortium projects, the lead state will submit a joint application (see Section 7) on behalf of the partner states. The proposal must clearly indicate total project costs including a breakdown of individual state costs. We do not anticipate that we will have adequate resources to fully fund all consortium project proposals. Therefore, states must indicate the minimum funds necessary to complete the proposed project(s) and must also include in their cost summary the cash or in-kind resources they are prepared to commit to the project(s). Depending on the availability of funding and number of proposals deemed eligible for funding, it may be necessary to negotiate project funding.

States proposing to expand their regular state REA program or to implement a new REA program should follow the current REA guidelines in UIPL 10-12. States electing to expand should update Attachment B from UIPL 10-12 and identify the total number of additional REAs to be completed and the location of the expansion. If the request is solely to add additional REAs the state may substitute Attachment B from UIPL 10-12 for Attachment A of this UIPL for the REA portion of their request. States wishing to implement a new REA program should submit a proposal as defined in UIPL 10-12 rather than completing Attachment A of this UIPL for the REA project.

- 10. Availability of Funds.** All funds awarded for Core Integrity Activities should be properly obligated by the completion date assigned to that activity. For Incentive Integrity awards and Consortium awards, the FY 2012 appropriation allows for funds used for automation acquisitions or competitive grants awarded to states for improved operations, or reemployment and eligibility assessments and improper payments to be available for obligation by the states through September 30, 2014. All funds should be expended and liquidated within 90 days of the obligation. Upon written request, the Grant Officer may extend the liquidation period. An obligation of funds by a state by September 30, 2014, to an outside contractor (not to another state agency) allows for work supported by these funds to

continue for 90 days beyond that date (but any work beyond that date would require an approved extension).

By applying for any of these funds, the state is agreeing that the proposed projects will be completed with no additional Federal funding. When projects have been approved, a Letter of Award will be issued to the state(s) listing the proposals that are being funded in the SBR. It will include both the funding level for each proposal and the total funding level for the state's entire SBR. States must submit forms SF-424 (OMB No. 4040-0004) and SF-424A (OMB No. 4040-0006) covering all approved projects in the grant upon receipt of the Letter of Award.

**11. Project Modifications.** If, during the performance period, a state wishes to reallocate funds among categories/projects within its SBR, it must submit a new SF-424A (OMB No. 4040-0006) to the regional office for approval, with a copy to the national office, if the amount to be moved exceeds 20 percent of any category of the initially awarded amount for the grant. The state must also submit a request for modification of the grant signed and dated by the state's signatory authority. This information will be submitted to the Grant Officer with a request for modification of the SBR grant to reflect the requested changes. States may not elect to abandon an approved (single) project and move funds to a different project. If a state fails to complete a project, funds for that project must be returned to the Department.

**12. Action Requested.** We request State Administrators to:

- a) Review the funding opportunities and determine whether the state will apply for funds under this solicitation;
- b) Determine/Implement coordination needed between the UI program and Information Technology staff to develop a proposal under this solicitation;
- c) Work with the appropriate regional office to develop an SBR that will best serve the needs of the state in enhancing program integrity;
- d) Submit the state SBR by e-mail to [OUI.IntegritySBRs@dol.gov](mailto:OUI.IntegritySBRs@dol.gov) by 4:00 p.m. ET on July 6, 2012. **The subject line of the e-mail should include the name of the state and the title "Integrity-Related SBR 2012;"** and
- e) Submit an electronic copy of the state SBR to the appropriate regional office.

**13. Inquiries.** Questions should be directed to the appropriate regional office.

**14. Attachments.**

Attachment A: 2012 Supplemental Budget Request (SBR) Application Guidelines  
Attachment B: Unemployment Insurance Supplemental Budget Request Abstract  
Attachment C: Core Integrity Initiatives, State Status Summary  
Attachment D: Description of Consortium Projects  
Attachment E: State Size Classifications