

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION UI
	CORRESPONDENCE SYMBOL OUI - DUI 0
	DATE June 10, 2010

**ADVISORY:**      **UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 25-10**

**TO:**                STATE WORKFORCE AGENCIES

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

**SUBJECT:**        Unemployment Insurance (UI) Supplemental Funding  
Opportunity for Automated Integrity Related Systems

1. **Purpose.** To notify State Workforce Agencies (SWAs) of the availability of Fiscal Year (FY) 2010 funds for technology-based infrastructure investments that support integrity-related activities designed to prevent, detect, and collect UI overpayments.
2. **References.** ETA Handbook No. 336, 18<sup>th</sup> Edition, Change 2, Unemployment Insurance State Quality Service Plan Planning and Reporting Guidelines; and the Improper Payments Act of 2002.
3. **Background.** The FY 2010 UI appropriation provided funds for states to conduct in-person Reemployment and Eligibility Assessments for UI beneficiaries and directed that a portion of these funds be used for technology-based infrastructure investments that will help states in preventing, detecting, and collecting UI overpayments. The President issued Executive Order 13520 on November 20, 2009, entitled Reducing Improper Payments. It emphasizes the elimination of fraud, waste, and abuse in various entitlement programs while protecting access to such programs by their intended beneficiaries. The Employment and Training Administration remains committed to the development of integrity-related systems focused on the proper payment of UI benefits, and states have expressed a need for enhanced automation for integrity-related systems. The implementation of automated systems can result in significant savings of staff costs for integrity-related activities, increased dollar amounts of overpayments recovered, reduced staff time to establish and recover overpayments, and prevention of future overpayments.
4. **Use of FY 2010 Integrity-Related Funds.** Approximately \$10 million is available to fund Supplemental Budget Requests (SBRs) for integrity-related activities. All funds are to be used for technology investments. These funds may not be used to add staff needed to process workloads and such requests will not be funded as a part of this SBR opportunity.

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> June 10, 2011
----------------------------	---

5. **Funding Priorities.** Use of these one-time funds should be geared toward systems that will provide future returns. Projects will be funded up to a maximum of \$500,000. States may submit multiple projects.

The Department's priorities for funding include:

- Preventing/detecting earnings not reported by claimants while claiming benefits;
- Reducing errors in processing separation determinations;
- Establishing automated linkages to Workforce/One-Stop Career Center registration systems; and
- Reducing the incidence of misclassified employees.

Examples of acceptable projects are contained in Attachment A.

6. **SBR Scoring Criteria.** The scoring criteria for these proposals are explained in Attachment B along with the value of each of the scoring elements. States should provide the information identified in the guidelines for each element.

Due to the limited availability of funds, additional factors will be considered in the evaluation of the projects. States will receive additional points for providing a percentage of matching funds toward the completion of the project. These points will be scaled based upon the percentage of the matching funds.

The project will be evaluated for the projected cost-benefits and/or reductions in improper payments that will result from implementation. These savings should be computed over a five-year period.

Finally, all cost estimates must be fully justified to explain the necessity of each item requested and costs must be directly related to the project.

7. **Application and Award of Supplemental Funds.** States may submit individual proposals for any or all of the purposes described above in one SBR package. By applying for these funds, states are assuring that the funded projects will be completed with no additional Federal funding. States should prioritize their proposals if submitting multiple requests. Each proposal will be considered a separate section of the state's SBR, and each will be evaluated individually. When the same expenditures are requested in two different proposals, which would be duplicated if both were funded, the state must provide a brief description in both proposals clearly describing the duplication to ensure the same costs are not funded twice.

These one-time funds will be made available through the SBR process. They must be obligated by states by September 30, 2012, and liquidated within 90 days of that date. Upon written request, the Grant Officer may extend the liquidation period. An obligation of the funds by September 30, 2012, to an outside contractor (not to a state agency) allows for work supported by these funds to continue beyond the cited

dates, but only if an extension of the liquidation period is approved by the Grant Officer.

When projects have been approved, a letter of award will be issued to the state listing the proposal(s) that is being funded in the SBR. It will include both the funding level for each approved 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 SBR after receipt of the letter of award.

**8. Project Management.** During the performance period, if the state wishes to move funds among categories within its SBR, a new SF 424A must be submitted to the Regional Office for review if the amount to be moved is equal to or exceeds 20 percent of any category on the SF 424A for the initial awarded amount for the project. The state must also submit a letter for any proposed modification of the grant, signed by the state's signatory authority. The grant number should be included in the letter. This information will be submitted to the National Office to be forwarded to the Grant Officer with a request for modification of the SBR reflecting the requested changes. States may not elect to abandon an approved (single) project and move funds to a different project. If a project is not undertaken by the state, funds for that project must be returned to the Department.

**9. Action Requested.** SWA Administrators are requested to:

- (a) Review the funding opportunities and determine the activities for which the state would like to request funding to improve operations,
- (b) Establish any necessary coordination between the UI program staff and Information Technology staff to develop a proposal(s) under this solicitation,
- (c) Work with the appropriate Regional Office to develop an SBR that will best serve the needs of the state, and
- (d) Submit SBRs including Attachment C by e-mail to [OWS.SBR@dol.gov](mailto:OWS.SBR@dol.gov) by the close of business on July 12, 2010, with an electronic copy to the appropriate Regional Office. The subject line of the email should include the name of the state and the title Integrity-Related SBR 2010.

**10. Inquiries.** Inquiries should be directed to the appropriate Regional Office.

**11. Attachments.**

Attachment A: Examples of Technology Based Projects to Prevent, Detect, or Collect Overpayments

Attachment B: 2010 Supplemental Budget Request Format for

Activities in Support of Technology Based Overpayment  
Prevention, Detection, and Collection Infrastructure Investments

Attachment C: Unemployment Insurance Integrity-Related Supplemental Budget  
Request Cover Sheet