

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION UI
	CORRESPONDENCE SYMBOL OWS/DUIO
	DATE August 08, 2006

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 29-06

TO: STATE WORKFORCE AGENCIES

FROM: EMILY STOVER DeROCCO /s/
 Assistant Secretary
 Employment and Training Administration

SUBJECT: Unemployment Insurance Funding Opportunity for Activities to Prevent and Detect Identity Theft

1. Purpose. To inform State Workforce Agencies (SWAs) of anticipated funds in Fiscal Year (FY) 2007 that provide the opportunity to submit supplemental budget requests (SBRs) for activities to prevent and detect cases of unemployment insurance (UI) fraud due to identity theft.
2. References. ET Handbook No. 336 18th Edition, UI State Quality Service Plan Planning and Reporting Guidelines, and Regional Office issuance regarding FY 2005 supplemental budget requests opportunity.
3. Background. In its semiannual report to Congress, the U.S. Department of Labor's (USDOL) Office of Inspector General (OIG) indicated that identity theft in the UI program is a top management challenge. The OIG expressed concern that identity theft is being perpetrated by "nontraditional organized crime groups" resulting in "more costly, complex and far reaching" fraud schemes than previously seen within the UI system. Most unemployment claims are now filed by telephone or via the Internet, making the process more efficient and access to the UI system convenient for unemployed workers. However, telephone and Internet access have also created new opportunities for fraud schemes.

In (Fiscal Years) FY 2003, 2004, and 2005, the USDOL provided a total of about \$34 million to states to implement projects and automated systems that helped to prevent and detect UI overpayments including the mitigation of identity theft. These projects included real-time access to Social Security Administration (SSA) data and data cross matches with state government agencies to verify personal information provided by claimants. The additional funds anticipated for FY 2007 will allow state UI agencies to obtain staff to target efforts

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aimed at preventing and detecting cases of identity theft without sacrificing the timeliness of proper payments.

4. FY 2007 Funds Available for Activities to Prevent and Detect Identity (ID) Theft.

In FY 2007, \$10 million has been requested by the Department to fund approximately 160 staff positions nationwide to examine and reconcile discrepancies promptly in claimants' personal identifying information. These positions are not intended to design and program data matching systems. Use of funds will be limited to staff activities such as data matching, fact-finding, and investigations to prevent and detect fraudulent overpayments related to identity theft.

5. Guidelines for the Preparation of SBRs.

To receive funds for staff, states must submit a Supplemental Budget Request (SBR) using the format contained in Attachment A. Attachment B is a list of the types of data that states are asked to collect to show what impact these resources had on preventing and detecting identity theft. Contingent upon the appropriation of the funds requested, each state will receive funds for staff positions based on the size of the state. Large states will receive 4 positions, medium size states will receive 3 positions and small states will receive 2 positions. Attachment C contains the list of state sizes. Requests for additional funding for staff will be considered and awarded based on the merits of the SBR. All states may request additional positions that will be considered based upon available funding. States requesting additional positions must ensure that their plans are viable at both the levels provided based on state size as well as with any additional staffing requested.

ET Handbook No. 336 contains instructions for completing SBRs. Requests that do not contain complete information, as requested and outlined in Attachment A, will not be funded.

In accepting funds related to these SBRs, states must agree to provide data (see Attachment B) for an assessment of the effectiveness of the identity theft prevention and detection activities they undertake with these funds. Nine states will be selected to participate in a study. The final data to be collected for the study will be provided to states under separate cover. Examples of the types of data expected to be needed are listed in Attachment B. These results will be used to prepare a report to Congress.

6. SBR Award Time Lines.

- Proposals must be electronically submitted or postmarked and mailed by September 15, 2006, to the National Office (NO).
- Evaluation Panel completes evaluations by October 13, 2006.
- Grant awards made to SWAs by November 7, 2006, or within 30 days of the FY 2007, appropriation enactment whichever date is later.

7. Project Expenditure Period. All SBR funds used for non-automation activities must be obligated by December 31, 2007, and expended/liquidated within 90 days. There are no provisions allowing for an extension of the obligation period.

8. Action Required: State Administrators are requested to distribute this advisory to appropriate staff. States submitting SBRs should either electronically submit or prepare an original and three copies of each of the following:

- SBR using the format provided in Attachment A
- Completed forms SF 424 (revised 10-2005) and SF 424a as required in Handbook 336, 18th Edition.

States submitting the SBR electronically must email by September 15, 2006, to dean.nancy@dol.gov. States submitting the SBR by mail must postmark and mail their SBR by September 15, 2006 to:

USDOL/Employment and Training Administration
Office of Workforce Security/Division of UI Operations (Attn: Nancy Dean)
Room S-4231
200 Constitution Avenue NW
Washington, DC 20210

9. Inquiries. Direct questions to Nancy Dean at 202-693-3215 or dean.nancy@dol.gov .

10. Attachments.

Attachment A: Supplemental Budget Request for Identity Theft Prevention/Detection Activities

Attachment B: Examples of Data Needs for Study

Attachment C: State Size Configuration Classifications Based upon State Population