

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION UI
	CORRESPONDENCE SYMBOL OUI/DFAS
	DATE March 4, 2015

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 12-15

TO: STATE WORKFORCE AGENCIES

FROM: PORTIA WU /s/
Assistant Secretary

SUBJECT: Guidelines for Fiscal Year (FY) 2015 State Agency Unemployment Insurance (UI) Resource Allocations, Supplemental Budget Requests (SBRs), and Above-Base Funding

1. **Purpose.** To provide information to states about FY 2015 UI State Administration base resource allocations, general guidelines for resource planning, above-base funding, and SBRs.
2. **References.**
 - Office of Management and Budget (OMB) Code of Federal Regulations (CFR) Chapter 2, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Rule*;
 - Section 303(a)(8) of the Social Security Act;
 - Consolidated and Further Continuing Appropriations Act, 2015, Public Law (Pub. L) 113-235;
 - Department of Labor (DOL) CFR Chapter 2, Part 2900, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*;
 - Unemployment Insurance Program Letter (UIPL) No. 2-15, Change 1, *Implementation of Sequestration under the Budget Control Act of 2011 for Mandatory Unemployment Insurance Programs for Fiscal Year 2015*;
 - UIPL No. 19-14, *FY 2015 State Workforce Agency Unemployment Insurance Resource Planning Targets and Guidelines*;
 - UIPL No. 21-14, *Additional Planning Guidance for the FY 2015 Unemployment Insurance State Quality Service Plan (SQSP)*; and
 - Employment and Training (ET) Handbook No. 336, 18th Edition, Change 3 (April 2014), *Unemployment Insurance State Quality Service Plan (SQSP), Planning and Reporting Guidelines*.
3. **Appropriation.** The FY 2015 consolidated spending bill that included the appropriations for State UI operations (Pub. L. 113-235) was enacted on December 16, 2014. The table

RESCISSIONS None	EXPIRATION DATE September 30, 2021
----------------------------	--

below summarizes the average weekly insured unemployment (AWIU) levels and dollar amounts corresponding to the FY 2015 President’s Budget request and the FY 2015 appropriation.

Summary of FY 2015 UI Budget Authority

	Budget Request	Appropriation	Difference
AWIU Contingency Trigger	2,957,000	2,957,000	0
State Administration	\$2,697,793,000	\$2,697,793,000	0
REA/RES / Integrity	\$157,650,000	\$80,000,000	(\$77,650,000)
National Activities	\$14,547,000	\$12,892,000	(\$1,655,000)
Total	\$2,869,990,000	\$2,790,685,000	(\$79,305,000)

The appropriation allows these funds to be available for obligation by the states through December 31, 2015, except that funds used for automation acquisition or competitive grants awarded to states for improved operations, in-person assessments and reviews, reemployment services and referrals, and misclassification of workers, shall be available for obligation by the states through September 30, 2017. If the automation acquisition is being carried out through a consortium of states, it must be obligated by September 30, 2020, and expended by September 30, 2021. The appropriation also provides that funds from appropriations for FYs 2011 through 2014 allocated to consortia established for automation acquisition, “shall be available for expenditure by the states for six fiscal years after the fiscal year in which the funds were obligated to the states.”

4. **Final Base Allocations.** The final FY 2015 base allocations are identical to the planning targets. The attached table shows the total full-year base allocation to each state in FY 2015.

5. **Above-Base Administration.**
 - a. **Above-Base and Contingency Funding.** The FY 2015 appropriation is estimated to be sufficient to provide adequate resources for workloads associated with an AWIU of 2.957 million. Current projections expect the FY 2015 AWIU to be 2.615 million, thus allowing for 100 percent reimbursement of above-base administrative expenses. If the actual workload levels increase above those currently projected, above- base payouts may be reconsidered.

 - b. **Emergency Unemployment Compensation (EUC).** Administrative costs for the expired EUC program will continue to be based on quarterly EUC workloads and funded through the UI-3 process. EUC administrative funding is subject to sequestration as described in UIPL No. 2-15, Change 1.

- c. Support. The overhead for above-base state UI, Trade Adjustment Assistance, Alternative Trade Adjustment Assistance, and Reemployment Trade Adjustment Assistance administration remains at 19 percent.
 - d. Postage. Above-base funding for postage will be issued to states on a quarterly basis using the above-base weeks claimed reported on the UI-3 reports. For any quarter, above-base weeks claimed will be those in excess of 25 percent of the FY 2015 base weeks claimed issued in the planning targets. The above-base postage will be paid at 33.3 cents per above-base week claimed.
 - e. Trade Readjustment Allowance (TRA) Redeterminations. Currently, there are no court decisions on the TRA program that would require the states to make monetary redeterminations. If one occurs, states should follow the UI-3 reporting instructions in ET Handbook No. 336, 18th Edition.
- 6. Supplemental Budget Requests (SBRs).** Generally, instructions for SBRs are provided through UIPLs. The SQSP Handbook also contains SBR instructions and procedures for SBRs. Pending funding availability, states may submit a Standard Form (SF) 424 (OMB Approval No. 4040-0004) and SF 424A (OMB Approval No. 0348-0444) for additional funds for certain types of administrative costs (listed below) that are not funded within the states' base and above-base grants.
- a. Special Projects.
 - Proposals from states for Reemployment and Eligibility Assessments and Reemployment Services (REA/RES) grants will be solicited. If funds are available, states may also have the opportunity to apply for funds for other purposes that improve integrity, efficiency and/or information technology (IT) security. Specific instructions will be provided to states in separate advisories;
 - Proposals for projects that improve program performance and integrity;
 - Proposals for Unemployment Insurance IT modernization projects; and
 - Other priority projects designed to improve state administration of the UI program nationally.
 - b. Travel. Travel dollars are available for Benefit Accuracy Measurement Peer Reviews and Tax Performance System reviews. States should provide travel estimates and reimbursement requests to the appropriate Regional Office rather than submitting an SF 424 for these travel dollars.
- 7. State Flexibility.** All state UI administrative grant funds must be used in accordance with Section 303(a)(8) of the Social Security Act and the cost principles contained in 2 CFR Part 200, and 2 CFR Part 2900. Beyond this, states have discretion to expend these grant funds as they deem appropriate and necessary to manage and operate their UI programs to meet established goals and requirements. The only caveat is that states must use the annual allocated staff-year level for claims activities for above-base reporting purposes. This

ensures that states do not earn more above-base resources than they otherwise would have been entitled to earn. This flexibility does not pertain to funding issued for special projects or supplemental budget requests: funding for these purposes must be spent in accordance with the spending plans approved for these respective projects.

8. **Action Requested.** State Administrators are requested to provide copies of this information to the appropriate staff.
9. **Inquiries.** Questions should be addressed to the appropriate regional office.
10. **Attachment.** FY 2015 State UI Administration – Base Allocation Summary