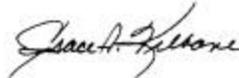


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| Employment and Training Administration Advisory System U. S. Department of Labor Washington, D.C. 20210 | CLASSIFICATION OWS |
| | CORRESPONDENCE SYMBOL OIS/DFAS |
| | DATE April 19, 2002 |

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 26-02

TO: ALL STATE WORKFORCE AGENCIES

FROM : GRACE A. KILBANE
Administrator
Office of Workforce Security



SUBJECT: Temporary Extended Unemployment Compensation (TEUC)
Administrative Costs

1. Purpose. To inform State Workforce Agencies (SWAs) of a third quarter above-base advance and the opportunity to submit a supplemental budget request (SBR) for funding of TEUC implementation costs.

2. References. The Temporary Extended Unemployment Compensation Act of 2002, Public Law 107-147; ET Handbook No. 336; and UIPL 17-02.

3. Background. The Temporary Extended Unemployment Compensation (TEUC) program provides up to 13 weeks of 100 percent federally financed benefits in all states and up to an additional 13 weeks in states that are in an Extended Benefit (EB) period or would be in an EB period using a 4 percent insured unemployment rate trigger.

4. Policy. The TEUC program will involve a significant increase in claims activity and one-time implementation costs. Therefore, SWAs will receive a third quarter above-base advance and may submit an SBR for reimbursement of the implementation costs.

a. Above-Base Advance. The National Office will issue obligational authority for advance above-base funding for third quarter TEUC claims activity. The total amount available for the third quarter is based on estimated TEUC claims workload and the contingency funding formula of \$28.6 million per 100,000 average weeks of insured unemployment. Each state's share of the third quarter availability is based on the estimated number of exhaustees per state. Advance

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| RESCISSIONS None | EXPIRATION DATE December 31, 2002 |
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funds received should be shown on line 21 of the June 30, 2002, regular UI-3. The National Office will subtract the advances from TEUC third quarter entitlement earnings.

b. Implementation SBRs. SBRs should be limited to one-time costs listed below that are attributable to implementation of TEUC. Other costs, such as space and equipment, which might have been incurred at the beginning of the program, are ongoing operational costs that should be covered by the above-base entitlement and should not be included in the implementation SBR.

1. Forms and supplies (e.g., printed notices mailed to exhaustees)
2. Computer programming
3. Training and travel
4. Public notices on television, radio, or in the newspapers
5. Overhead related only to the above

Calculations for costs of SWA staff and contractors should be shown in accordance with the SBR instructions in ET Handbook No. 336. Costs for SWA staff should be included only if they are for overtime or if the positions were back-filled.

5. Action Required. State Administrators are requested to ensure that:

- a. Appropriate staff receive a copy of this directive; and
- b. The appropriate Regional Office receives the TEUC implementation SBR by May 19, 2002. Regional Offices will submit the SBRs to the National Office by May 26, 2002, along with their funding recommendations.

6. Inquiries. Direct questions to the appropriate Regional Office.

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