

<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> UI
	<b>CORRESPONDENCE SYMBOL</b> OWS/ DUIO
	<b>DATE</b> August 8, 2006

**ADVISORY:** UNEMPLOYMENT INSURANCE PROGRAM LETTER 28-06

**TO:** STATE WORKFORCE AGENCIES

**FROM:** EMILY STOVER DeROCCO /s/  
Assistant Secretary

**SUBJECT:** Unemployment Insurance (UI) Fiscal Year (FY) 2006 Supplemental Funding Opportunities

1. Purpose. To notify state workforce agencies (SWAs) of the availability of FY 2006 UI funds for the priority initiatives listed below and for implementation of additional optional projects if states have already received funds for or implemented the priority initiatives.

Priority initiatives include:

- 1) Access to the National Directory of New Hires (NDNH);
- 2) UI Data Validation;
- 3) Interstate Benefits (IB), Combined Wage Claim (CWC), Liable/Agent Data Transfer (LADT) Applications and Interfaces;
- 4) Unemployment Compensation for Federal Employees (UCFE) Electronic Application; and
- 5) UI Required Reports (UIRR) Corrective Action.

Optional projects include:

- 1) Training for Adjudication Staff;
- 2) Improved Occupational Coding Quality;
- 3) Debit Cards and/or Direct Deposit for UI Benefit Payments;
- 4) Social Security Administration "Real Time" or Batch Data Exchange;
- 5) Upgraded Wage Record Databases to Record and Maintain Full Names;
- 6) Agent State Database for Interstate Claimants; and
- 7) Improved Performance.

<b>RESCISSIONS</b>  <b>None</b>	<b>EXPIRATION DATE</b>  August 8, 2007
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2. References. ET Handbook No. 336, 18<sup>th</sup> Edition, State Quality Service Plans Planning and Reporting Guidelines, and the Regional Office issuances regarding the Unemployment Insurance FY 2005 Supplemental Funding Opportunity.
3. Background. The FY 2006 appropriation was based on economic assumptions that anticipated higher workloads than are now projected. As a result, the Employment and Training Administration (ETA) now estimates that a portion of the funds appropriated for FY 2006 will not be needed to process above-base workloads, and these excess workload funds are available to states for UI priority initiatives and other UI purposes described below. These funds will be made available through the supplemental budget request (SBR) process and must be obligated to states by September 30, 2006.
4. Size-Based SBR Allowances. Each state is eligible for a maximum amount of funds based upon the population of the state as determined by the U. S. Census Bureau. Large states may receive a maximum of \$200,000, medium size states a maximum of \$150,000 and small states a maximum of \$100,000. See Attachment A for a list of states' sizes.

States may submit proposals in excess of the established state maximum; however, these should be clearly marked as "extra proposals." If funds are available to fund extra projects they will be funded in the order that they appear on the list of optional projects on page 1.

5. Use of Funds. These one-time funds may be used for the purposes described below. Priority initiatives must be implemented or must be under development with a projected completion date before a state can receive funds for the optional projects listed below. States requesting funds for any optional project(s) must submit a completed copy of the UI Priority Initiatives State Status Summary (Attachment B). Each initiative is described more fully and an SBR outline for each initiative is on the Office of Workforce Security's web site at: [www.ows.doleta.gov](http://www.ows.doleta.gov) under "Quick Links" 2006 SBR Projects.

#### Priority Projects

- *Access to the NDNH:* Up to \$100,000 per state is available to implement the periodic computer matching of UI claims data against data contained in the NDNH for the purpose of identifying potential UI erroneous payments. Additionally, funds may be used to implement or modify automated systems to more effectively use the information obtained as a result of matching against the NDNH, and to inform employers of the importance of reporting new hires. Funding is available only to those states that have not already received funds for this initiative.
- *UI Data Validation (obtain an independent verification that UI data validation extract files meet Federal requirements):* Up to \$100,000 per state is available to obtain an independent verification that state extract files meet UI data validation requirements. For states choosing to obtain an independent verification, any

remaining funds may be used to correct errors in data validation extract files, to complete data validation implementation, training, and to correct reporting errors discovered through data validation. Funds are available only to those states that have not already received funds for this initiative.

- *Interstate Benefits, Combined Wage Claim and Liable/Agent Data Transfer (LADT) Applications and Interfaces:* Up to \$50,000 per state is available to fully interface benefits systems with the model code or specifications for the IB, CWC and LADT applications via the Interstate Connection (ICON) Network thus ensuring that required data are accurate and can be transmitted electronically to take advantage of the efficiencies these applications provide to states. One of the lessons learned as a result of Hurricane Katrina is that these applications must be fully implemented.
- *Unemployment Compensation for Federal Employees (UCFE) Electronic Application:* Up to \$50,000 per state is available to implement the UCFE ICON application, which provides for the electronic exchange of wage and/or separation information from Federal agencies.
- *UI Required Reports Corrective Action:* Up to \$25,000 per state is available to program UI Required Reports and ensure timeliness. Regional Office staff have a list of states that must address missing reports and all states should determine whether they must address this project.

#### Optional Projects

- *Training for Adjudication Staff:* Up to \$11,000 per state is available to participate in Internet training developed by the National Judicial College for adjudication staff. States may receive funding for training up to 20 adjudicators when they agree to fund up to ten staff from other funds.
- *Improve Occupational Coding Quality:* Up to \$100,000 per state is available to implement AutoCoder software which was developed for the U. S. Department of Labor (USDOL) to assist states in properly assigning occupational codes when coding individuals' records or job openings. AutoCoder can assist in getting UI claimants the re-employment services they need and help them to more quickly return to suitable employment. Funds are available only to those states that have not already received funds for this initiative.
- *Debit Cards and/or Direct Deposit for UI Benefit Payments:* Up to \$100,000 per state is available to implement debit card systems for the payment of unemployment insurance benefits.
- *Social Security Administration Data Exchange:* Up to \$100,000 per state is available to states to implement the Social Security Data Exchange system. Funds are available for a real-time or batch system. A batch system is expected to cost less than a real-time system. In addition, \$51,622 is available to provide for an independent verification of the security of the state's ADP system as required

for the “real time” system access. This same independent validation and verification (IV&V) may also be used for NDNH. Only those states that have not already received the maximum allowable funds for this initiative should apply for funding.

- *Upgrade Wage Record Data Base to Record and Maintain Full Names:* Up to \$100,000 per state is available to states to modify their wage records systems to capture and retain employee full names.
- *Agent State Database for Interstate Claimants:* Up to \$50,000 per state is available to states to program systems to store Interstate agent claim files.
- *Improve Performance:* Up to \$100,000 per state is available for optional projects to implement performance improvements. FY 2005 proposed projects that were not funded may be resubmitted for consideration.

6. Application for Supplemental Funds. The projects should be submitted in one SBR package. To be eligible to request funds for optional initiatives, states must first apply for funds for priority projects which they have not already implemented or received funds to implement previously. After requesting funds for any required initiatives in the “priority” category, states may apply the balance of their size-based supplemental funds to initiatives they choose from the “optional” category. An outline of the information needed for each project follows the project description. States should use the SBR outlines for each project for which the state wishes to apply. By applying for each project the state is agreeing to complete the project even if no additional federal funds, in excess of this SBR, are available.

Each initiative or project proposal will be considered a section of the state’s SBR, and each will be evaluated separately/individually. In some instances, identical expenditures may be proposed by states for two (or more) separate projects for which the state can only receive funding one time. When this kind of duplication occurs the state should clearly indicate that the expenditures are duplicated in some other sections of the SBR to ensure that the same costs are not funded twice. An SF 424A must be submitted for each project identifying anticipated expenditures by category. The SF 424 will not be required until the awards are decided and the states are notified of the awards.

7. Awards and Expenditure of Supplemental Funds. Once projects have been approved, *Letters of Award* will be issued to states listing all approved projects and the grant awards for each project as well as the total funding award for the state. States will submit one SF 424 covering all approved projects.

States must obligate the funds by December 31, 2006, and liquidate the obligations within 90 days of that date unless they are used for automation acquisition. Funds used for automation acquisition are available for obligation through September 30, 2008, and obligations must be expended/liquidated within 90 days of that date. Upon written request prior to the obligation deadline, the Grant Officer may extend the expenditure/liquidation period. In addition, while states must obligate non-

automation project funds by December 31, 2006, and automation project funds by September 30, 2008, obligation in a contract to an outside contractor (but not to another state agency) allows for funds to be expended/liquidated beyond the cited dates but no later than the end of the extended period approved by the Grant Officer. States must ensure that funded projects will be completed for the stated purpose.

8. Project Management. If during the performance period states wish to move funds among categories within a project a new SF 424A must be submitted to the ETA National Office for approval if the amount moved exceeds 20 percent of any category in Section 6 of the SF 424A in the initially awarded amount for the project. The same requirement for approval applies to movement of funds between projects if the amount moved exceeds 20 percent of either the donating or receiving project as initially funded.
9. Action Required. State Administrators are requested to:
  - (a) Provide this information to appropriate staff, review possibilities for funding, and determine what funds may be available to the state for the initiatives or projects listed above.
  - (b) Develop the SBR following the guidelines in this UIPL.
  - (c) Submit the SBR by close of business, August 18, 2006, via electronic submission to the National Office at [ows.sbr@dol.gov](mailto:ows.sbr@dol.gov) or mail to the attention of Thomas Stengle at the following address:

USDOL  
Employment and Training Administration  
Office of Workforce Security  
200 Constitution Ave NW, S-4231  
Washington, D.C. 20210

10. Inquiries. Inquiries should be directed to Diane Wood at (202) 693-3212, or via email at: [Wood.Diane@dol.gov](mailto:Wood.Diane@dol.gov) or to Thomas Stengle at (202) 693-2991, or via email at: [Stengle.Thomas@dol.gov](mailto:Stengle.Thomas@dol.gov). Additional staff members are provided on each SBR project descriptions to assist with questions about the specific project.
11. Attachments.

Attachment No. A, State Size Configuration Classifications for FY 2006 Funds  
Attachment No. B, UI Priority Initiatives State Status Summary

**State Size Configuration Classifications Based upon State Population  
for FY 2006 Funds**

Alabama	Medium
Alaska	Small
Arizona	Medium
Arkansas	Medium
California	Large
Colorado	Medium
Connecticut	Medium
Delaware	Small
District of Columbia	Small
Florida	Large
Georgia	Medium
Hawaii	Medium
Idaho	Medium
Illinois	Large
Indiana	Medium
Iowa	Medium
Kansas	Medium
Kentucky	Medium
Louisiana	Medium
Maine	Medium
Maryland	Medium
Massachusetts	Medium
Michigan	Large
Minnesota	Medium
Mississippi	Medium
Missouri	Medium
Montana	Small
Nebraska	Medium
Nevada	Medium
New Hampshire	Medium
New Jersey	Medium
New Mexico	Medium
New York	Large
North Carolina	Medium
North Dakota	Small
Ohio	Large
Oklahoma	Medium
Oregon	Medium
Pennsylvania	Large
Puerto Rico	Medium
Rhode Island	Small
South Carolina	Medium

South Dakota	Small
Tennessee	Medium
Texas	Large
Utah	Medium
Vermont	Small
Virgin Islands	Small
Virginia	Medium
Washington	Medium
West Virginia	Medium
Wisconsin	Medium
Wyoming	Small

**UI Priority Initiatives  
State Status Summary**

**This form must accompany any SBR requesting funds for optional projects.**

**STATE:** \_\_\_\_\_  
**State Contact Name** \_\_\_\_\_  
**State Contact Phone No.** \_\_\_\_\_  
**State Contact E Mail** \_\_\_\_\_

**Status of Priority Initiatives:** States must provide the status for each of the priority initiatives listed below if funds are being requested for any *optional project*. The SWA must provide a projected completion date for any initiative(s) that are under development. UI Required Reports means all reports that are required by the Secretary.

Please indicate the status of these priority initiatives below:

**1. Access to the National Directory of New Hires (NDNH):**

Implemented \_\_\_\_\_  
Under Development, Projected Completion Date \_\_\_\_\_  
Funds requested with this submission \_\_\_\_\_

**2. UI Data Validation:**

Implemented \_\_\_\_\_  
Under Development, Projected Completion Date \_\_\_\_\_  
Funds requested with this submission \_\_\_\_\_

**3. Interstate Benefits (IB), Combined Wage Claims (CWC), and Liable/Agent Data Transfer (LADT) Applications and Interfaces:**

Implemented \_\_\_\_\_  
Under Development, Projected Completion Date \_\_\_\_\_  
Funds requested with this submission \_\_\_\_\_

**4. Unemployment Compensation for Federal Employees (UCFE) Program Electronic Application:**

Implemented \_\_\_\_\_  
Under Development, Projected Completion Date \_\_\_\_\_  
Funds requested with this submission \_\_\_\_\_

**5. UI Required Reports (UIRR) Corrective Action:**

Submitting all UIRRs timely \_\_\_\_\_  
Under Development, Projected Completion Date \_\_\_\_\_  
Funds requested with this submission \_\_\_\_\_