

<b>EMPLOYMENT AND TRAINING ADMINISTRATION          ADVISORY SYSTEM          U. S. DEPARTMENT OF LABOR          Washington, D.C. 20210</b>	<b>CLASSIFICATION</b> UI
	<b>CORRESPONDENCE SYMBOL</b> OWS
	<b>DATE</b> January 03, 2005

**ADVISORY :** UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 7-05

**TO :** ALL STATE WORKFORCE AGENCIES  
/s/

**FROM :** CHERYL ATKINSON  
Administrator  
Office of Workforce Security

**SUBJECT :** Guidelines for Fiscal Year (FY) 2005 State Agency Unemployment Insurance (UI) Resource Allocations, Supplemental Budget Requests (SBRs), and Above-Base Funding

1. Purpose. To provide the following information for FY 2005: UI State Administration base resource allocations, general guidelines for resource planning, above-base funding and SBRs.

2. References. ET Handbook No. 336, 17<sup>th</sup> Edition, Unemployment Insurance State Quality Service Plan (SQSP), Planning and Reporting Guidelines; Field Memorandum (FM) No. 15-04, Fiscal Year (FY) 2005 State Workforce Agency Unemployment Insurance Resource Planning Targets and Guidelines; FM No. 16-04, Fiscal Year (FY) 2005 Unemployment Insurance (UI) State Quality Service Plan Process and State Plan Review Instructions; and Unemployment Insurance Program Letter (UIPL) No. 26-04, "Call Memo" for the Fiscal Year 2005 Unemployment Insurance State Quality Service Plan.

3. Appropriation. The FY 2005 omnibus spending bill that included appropriations for UI operations (Public Law 108-447) was enacted on December 8, 2004. This bill contained an across the board cut of 0.8% from the conference bill, as well as an additional rescission of \$198,000. The table below shows the amounts of the President's Budget request, the appropriation (reflecting the 0.8% reduction and \$198,000 rescission) and the difference.

	Budget Request	Appropriation	Difference
State Administration	\$2,700,714,000	\$2,663,040,000	-\$37,674,000
National Activities	10,500,000	10,416,000	-84,000
Total	2,711,214,000	2,673,456,000	-37,758,000

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> December 31, 2005
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4. Impact of the Reduction to the Appropriation. Because of a decrease in projected claims workload, the final base allocations remain unchanged from the planning targets, and above-base workload is anticipated to be fully funded even though the appropriation funding level is \$37,758,000 below the amount requested in the President's Budget.

5. Other Above-Base Funding Information

a. Contingency Reserve. The appropriation provides for an apportionment of contingency reserve funds should the average weekly insured unemployment (AWIU) exceed 3.227 million. This is a change from the 3.327 million AWIU level in the President's budget request.

b. Support. The above-base overhead percentage remains at 19 percent. Although Trade Adjustment Assistance (TAA) administration is not an above-base function, its overhead percentage is also 19 percent.

c. Trade Redeterminations. Currently, there are no court decisions regarding the TAA 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, 17<sup>th</sup> Edition.

6. Supplemental Budget Requests (SBRs). States may submit a Standard Form (SF) 424 for additional funds for certain types of administrative costs that are not funded within the states' base and above-base grants. The SQSP Handbook contains SBR instructions and procedures that remain in place each year unless states are instructed otherwise. FM No. 16-04 contains additional guidelines for Regional Office review of SBRs.

a. Special Projects. There will be a solicitation of proposals for remote employer registration/wage reporting and for information technology security. Specific application instructions will be provided to states in a separate advisory. Should funds be available for additional projects, an advisory including instructions will be issued.

b. UI Performs Travel. Travel dollars are available for Benefits Timeliness and Quality nonmonetary determinations tripartite reviews, appeals reviews, and Tax Performance System integrity reviews. States should inform the Regional Office of the amount needed for these travel dollars.

c. Postage SBRs. States must submit UI postage SBRs for the first three quarters to the National Office no later than 30 days after each quarter has ended. Because the National Office must obligate base postage funds by September 30, states should include estimated fourth quarter UI postage costs, based on historical data, with the third quarter SBR. Additionally, states that submit UI postage SBRs should include an annual estimate with the first quarter SBR.

7. State Flexibility. States have full authority to shift UI resources among program categories as deemed appropriate and necessary to manage and operate their UI programs to meet established goals and requirements with two exceptions:

a. 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.

b. Any funds awarded for specific purposes such as SBRs and special projects are to be used exclusively in accordance with the terms and conditions provided in the award.

8. Action Required. Administrators are requested to provide this information to the appropriate staff.

9. Inquiries. Questions should be addressed to your Regional Office.