

<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 - DFAS
	<b>DATE</b> March 29, 2007

**ADVISORY:** UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 14-07

**TO:** STATE WORKFORCE AGENCIES

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

**SUBJECT:** Guidelines for Fiscal Year (FY) 2007 State Agency Unemployment Insurance (UI) Resource Allocations, Supplemental Budget Requests (SBRs), and Above-Base Funding

- Purpose. To provide the following information for FY 2007: UI State Administration base resource allocations, general guidelines for resource planning, above-base funding, and SBRs.
- References. ET Handbook No. 336, 18<sup>th</sup> Edition, Unemployment Insurance State Quality Service Plan (SQSP), Planning and Reporting Guidelines; Unemployment Insurance Program Letter (UIPL) No. 24-06, Fiscal Year (FY) 2007 State Agency Unemployment Insurance Resource Planning Targets and Guidelines; and UIPL No. 25-06, "Call Memo" for the Fiscal Year 2007 Unemployment Insurance State Quality Service Plan.
- Appropriation. The FY 2007 spending bill that included appropriations for state UI operations (Public Law 110-5) was enacted on February 15, 2007. The table below shows the amounts of the President's Budget request, the appropriation, and the difference.

	Budget Request	Appropriation	Difference
State Administration	\$2,639,675,000	\$2,497,770,000	-\$141,905,000
National Activities	10,500,000	9,900,000	-600,000
Total	2,650,175,000	2,507,670,000	-142,505,000

- Final Base Allocations. The final FY 2007 base allocations are identical to the planning targets.
- Above-Base Workloads. The appropriation provides sufficient funding to support the administrative costs associated with an average weekly insured unemployment (AWIU) level of 2,565,000. Using the Administration's November 2006 economic assumptions, workloads are projected to be slightly less than that level, meaning above-base entitlements can be funded at 100%. Should actual workloads increase substantially above current estimates, the above-base reimbursement rate will be adjusted down later in the year.

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> March 29, 2008
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## 6. Other Above-Base Funding Information

- a. Contingency Reserve. The appropriation provides for an apportionment of contingency reserve funds should the AWIU level exceed 2.703 million. \$28.6 million will be made available for each increment of 100,000 (including a pro rata amount for any increment less than 100,000) in the AWIU above the 2.703 million level. However, any AWIU falling between the 2.565 million that the appropriation supports and the 2.703 million AWIU contingency reserve trigger will not be funded, requiring the Department to reduce the above-base reimbursement rate.
- 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, 18<sup>th</sup> Edition.

## 7. Supplemental Budget Requests (SBRs). The SQSP Handbook contains SBR instructions and procedures that remain in place each year unless states are instructed otherwise. States may submit a Standard Form (SF) 424 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. States that received Reemployment and Eligibility Assessments (REA) grants in FY 2005 and FY 2006 may receive funds to continue those initiatives at the same funding levels in FY 2007. In addition, states will have the opportunity to apply for funds to improve information technology security. Specific instructions will be provided to states in a separate advisory. Proposals to combat identity theft and to expand REA initiatives to additional states were solicited; however, funding for these initiatives was not included in the appropriation and, therefore, cannot be awarded.
- b. UI Performs Travel. Travel dollars are available for Benefit Accuracy Measurement Peer Reviews, Benefits Timeliness and Quality nonmonetary determinations tripartite reviews, appeals reviews, and Tax Performance System integrity reviews. States should provide travel estimates and reimbursement requests to the regional office rather than submitting an SF 424 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. States are reminded that after September 30, 2007, funding for postage will be allocated to states by formula rather than provided on a reimbursable basis.

8. 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. 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.
9. Action Required. State Administrators are requested to provide copies of this information to the appropriate staff.
10. Inquiries. Questions should be addressed to the appropriate regional office.