

<b>EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U. S. DEPARTMENT OF LABOR Washington, D.C. 20210</b>	<b>CLASSIFICATION</b> Unemployment Insurance
	<b>CORRESPONDENCE SYMBOL</b> OWS/DFAS
	<b>DATE</b> January 17, 2008

**ADVISORY:** UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 7-08

**TO:** STATE WORKFORCE AGENCIES

**FROM:** DOUGLAS F. SMALL /s/  
Deputy Assistant Secretary

**SUBJECT:** Guidelines for Fiscal Year (FY) 2008 State Agency Unemployment Insurance (UI) Resource Allocations, Supplemental Budget Requests (SBRs), and Above-Base Funding

1. Purpose. To provide the following information for FY 2008: UI State Administration base resource allocations, general guidelines for resource planning, above-base funding, and SBRs.
2. 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. 24-07, Fiscal Year (FY) 2008 State Agency Unemployment Insurance Resource Planning Targets and Guidelines; and UIPL No. 20-07, Call Memo for the Fiscal Year 2008 Unemployment Insurance State Quality Service Plan.
3. Appropriation. The FY 2008 Omnibus spending bill that included the appropriation for State UI operations (Public Law 110-161) was enacted on December 26, 2007. The table below shows the amounts of the President's Budget request, the appropriation, and the difference.

	Budget Request	Appropriation	Difference
State Administration	\$2,550,723,000	\$2,454,134,000	-\$96,589,000
National Activities	10,500,000	9,727,000	-773,000
Total	\$2,561,223,000	\$2,463,861,000	-\$97,362,000

4. Final Base Allocations. The final FY 2008 base allocations are identical to the planning targets. In order to provide as much stability as possible for state operations, the reductions will be applied entirely to above-base funding.

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> January 17, 2009
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5. Above-Base Workloads. The National Office currently projects a funding shortfall in above-base funds in the amount of \$79,727,000 due to the following:
  - a. Average Weekly Insured Unemployment (AWIU). As initially constructed, the appropriation supported an AWIU of 2.525 million. With current economic assumptions projecting an AWIU of 2.697 million, the resulting shortfall would have been \$49,334,000.
  - b. Across-the-Board Reduction. The enacted appropriation added an across-the-board cut of 1.747 percent, resulting in a further reduction of \$43,636,000.
  - c. Above-Base Reimbursement Rate. In order to mitigate the shortfall, \$13,243,000 from base reserves, which had been intended for targeted initiatives, will be diverted to above base workload; however, available funding will necessitate reducing above-base entitlements by 68 percent, reimbursing 32 cents on the dollar. Should actual workloads change substantially from the current estimates, the above-base reimbursement rate will be adjusted, up or down, to reflect more recent actual workloads experienced.
  
6. Other Above-Base Funding Information.
  - a. Contingency Reserve. The appropriation provides for an apportionment of contingency reserve funds should the AWIU level exceed 2.786 million. A total of \$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 2.786 million level. However, any AWIU falling between the 2.697 million that is currently projected and the 2.786 million AWIU contingency reserve trigger will require the Department to reduce the above-base reimbursement rate even further.
  - 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.
  - 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 2008 base weeks claimed issued in the planning targets. The payment rate will be 21.5 cents per week claimed.

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 2007 may receive funds to continue those initiatives at the lesser of the amount requested in their FY 2008 proposal or the funding level provided in FY 2007. Proposals 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. In addition, no funds are available for information technology security improvements this year.
  - 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.
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.