

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	<b>CLASSIFICATION</b> UI
	<b>CORRESPONDENCE SYMBOL</b> OUI/DFAS
	<b>DATE</b> March 1, 2016

**ADVISORY:** UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 10-16

**TO:** STATE WORKFORCE AGENCIES

**FROM:** PORTIA WU /s/  
Assistant Secretary

**SUBJECT:** Guidelines for Fiscal Year (FY) 2016 State Agency Unemployment Insurance (UI) Resource Allocations, Supplemental Budget Requests (SBRs), and Above-Base Funding

1. **Purpose.** To provide information to states about FY 2016 UI State Administration base resource allocations, general guidelines for resource planning, above-base funding, and SBRs.

2. **References.**

- Section 303(a)(8) of the Social Security Act;
- Consolidated Appropriations Act, 2016, Public Law (Pub. L.) 114-113;
- Office of Management and Budget (OMB) Code of Federal Regulations (CFR) Chapter 2, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Rule*;
- Department of Labor (DOL) CFR Chapter 2, Part 2900, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*;
- OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2016;
- Unemployment Insurance Program Letters (UIPL) No. 21-15, *FY 2016 State Workforce Agency Unemployment Insurance Resource Planning Targets and Guidelines*;
- UIPL No. 17-15, *Additional Planning Guidance for the FY 2016 Unemployment Insurance State Quality Service Plan (SQSP)*; and
- Employment and Training (ET) Handbook No. 336, 18<sup>th</sup> Edition, Change 3 (April 2014), *Unemployment Insurance State Quality Service Plan (SQSP), Planning and Reporting Guidelines*.

3. **Appropriation.** The FY 2016 consolidated spending bill that included the appropriations for state UI operations (Pub. L. 114-113) was enacted on December 18, 2015. The table below summarizes the average weekly insured unemployment (AWIU) levels and dollar amounts corresponding to the FY 2016 President’s Budget request and the FY 2016 appropriation.

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> September 30, 2022
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Summary of FY 2016 UI Budget Authority

	<b>Budget Request</b>	<b>Appropriation</b>	<b>Difference</b>
AWIU Contingency Trigger	2,507,000	2,680,000	173,000
State Administration	\$2,702,550,000	\$2,630,550,000	(\$72,000,000)
RESEA / Integrity	\$180,900,000	\$115,000,000	(\$65,900,000)
National Activities	\$14,547,000	\$14,547,000	0
Total	\$2,897,997,000	\$2,760,097,000	(\$137,900,000)

The appropriation allows these funds to be available for obligation by the states through December 31, 2016, except that funds used for automation acquisition or competitive grants awarded to states for improved operations, conducting in-person assessments and reviews, and providing reemployment services and referrals are available for obligation by the states through September 30, 2018. If the automation acquisition is being carried out through consortia of states, it must be obligated by September 30, 2021, and expended by September 30, 2022. Funding for the Integrity Center of Excellence is available for obligation through September 30, 2017. Please note that misclassification is not an allowable use of FY 2016 funds.

4. **Final Base Allocations.** The final FY 2016 base allocations are identical to the planning targets at a 2.2 million AWIU. The attached table shows the total full-year base allocation to each state in FY 2016.
  
5. **Above-Base Administration.**
  - a. **Above-Base and Contingency Funding.** The FY 2016 appropriation is estimated to be sufficient to provide adequate resources for workloads associated with an AWIU of 2.507 million. Current projections expect the FY 2016 AWIU to be 2.297 million, thus allowing for 100 percent reimbursement of above-base administrative expenses. If the actual workload levels increase and approach an AWIU of 2.507 million, above-base payouts may be reconsidered.
  
  - b. **Emergency Unemployment Compensation (EUC).** Administrative costs for the expired EUC program will continue to be based on quarterly EUC workloads and funded through the UI-3 process. EUC administrative funding is subject to sequestration of 6.8 percent as described in the OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2016.
  
  - c. **Support.** The overhead for above-base state UI, Trade Adjustment Assistance, Alternative Trade Adjustment Assistance, and Reemployment Trade Adjustment Assistance administration remains at 19 percent.

- 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 2016 base weeks claimed issued in the planning targets. The above-base postage will be paid at 33.3 cents per above-base week claimed.
  - e. Trade Readjustment Allowance (TRA) Redeterminations. Currently, there are no court decisions on the TRA 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.
- 6. Supplemental Budget Requests (SBRs)**. Generally, instructions for SBRs are provided through UIPLs. The SQSP Handbook also contains SBR instructions and procedures for SBRs. Pending funding availability, states may submit a Standard Form (SF) 424 (OMB Approval No. 4040-0004) and SF 424A (OMB Approval No. 0348-0444) 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.
    - Proposals from states for Reemployment Services and Eligibility Assessments (RESEAs) grants have been solicited. If funds are available, states may also have the opportunity to apply for funds for other purposes that improve integrity, efficiency and/or information technology (IT) security. Specific instructions will be provided to states in separate advisories;
    - Proposals for projects that improve program performance and integrity;
    - Proposals for Unemployment Insurance IT modernization projects; and
    - Other priority projects designed to improve state administration of the UI program nationally.
  - b. Travel. Travel dollars are available for Benefit Accuracy Measurement Peer Reviews, National Benefits Timeliness and Quality Reviews, Tax Performance System reviews, and the UI Profiling Seminar. States should provide travel estimates and reimbursement requests to the appropriate regional office rather than submitting an SF 424 for these travel dollars.
- 7. Nationally Funded Activities**. As provided in the State Unemployment Insurance and Employment Service Operations appropriation, the Department will, on behalf of the states, make payments to the entities operating the National Directory of New Hires and the State Information Data Exchange System for use by the states.
- 8. State Flexibility**. All state UI administrative grant funds must be used in accordance with Section 303(a)(8) of the Social Security Act and the cost principles contained in 2 CFR Part 200, and 2 CFR Part 2900. Beyond this, states have discretion to expend these grant funds as they deem 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. This flexibility does not pertain to funding issued for special projects or supplemental budget requests: funding for these purposes must be spent in accordance with the spending plans approved for these respective projects.

9. **Action Requested.** 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.
11. **Attachment.** FY 2016 State UI Base Allocations.