

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION UI
	CORRESPONDENCE SYMBOL OUI/DFAS
	DATE July 31, 2017

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 20-17

TO: STATE WORKFORCE AGENCIES

FROM: BYRON ZUIDEMA /s/
Deputy Assistant Secretary

SUBJECT: Guidelines for Fiscal Year (FY) 2017 State Agency Unemployment Insurance (UI) Resource Allocations, Supplemental Budget Requests (SBRs), and Above-Base Funding

1. **Purpose.** To provide information to states about FY 2017 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;
- 42 U.S.C. Section 503(a)(8);
- Consolidated Appropriations Act, 2017, Public Law (Pub. L.) 115-31;
- 2 C.F.R. Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*;
- 2 C.F.R Part 2900, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Department of Labor)*;
- OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2017 (February 9, 2016);
- Unemployment Insurance Program Letter (UIPL) No. 20-16, *Fiscal Year (FY) 2017 State Workforce Agency Unemployment Insurance (UI) Resource Planning Targets and Guidelines, issued August 11, 2016*;
- UIPL No. 9-17, *Implementation of Sequestration under the Budget Control Act of 2011 for Mandatory Unemployment Insurance Programs for Fiscal Year 2017, issued January 19, 2017*;
- UIPL No. 18-16, *Additional Planning Guidance for the Fiscal Year (FY) 2017 Unemployment Insurance (UI) State Quality Service Plan (SQSP), issued August 1, 2016*; and
- Employment and Training (ET) Handbook No. 336, 18th Edition, Change 3 (April 2014), *Unemployment Insurance State Quality Service Plan (SQSP), Planning and Reporting Guidelines*.

RESCISSIONS None	EXPIRATION DATE September 30, 2022
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3. **Appropriation.** The FY 2017 consolidated spending bill that included the appropriations for state UI operations (Pub. L. 115-31) was enacted on May 5, 2017. The table below summarizes the average weekly insured unemployment (AWIU) levels and dollar amounts corresponding to the FY 2017 President’s Budget request and the FY 2017 appropriation.

Summary of FY 2017 UI Budget Authority

	Budget Request	Appropriation	Difference
AWIU Contingency Trigger	2,249,000	2,453,000	204,000
State Administration	\$2,592,019,000	\$2,572,600,000	(\$19,419,000)
RESEA / Integrity	\$185,900,000	\$115,000,000	(\$70,900,000)
National Activities	\$15,247,000	\$14,897,000	(\$350,000)
Total	\$2,793,166,000	\$2,702,497,000	(\$90,669,000)

The appropriation allows these funds to be available for obligation by the states through December 31, 2017, except that funds used for automation 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, 2019. If the automation is being carried out through a consortia of states, the states must obligate the funds by September 30, 2022, and expend them by September 30, 2023. Funding of \$5,500,000 for the Integrity Center of Excellence is available for obligation by the state through September 30, 2018.

4. **Final Base Allocations.** The final FY 2017 base allocations are identical to the planning targets at a 2.1 million AWIU level. The attached table shows the total full-year base allocation to each state in FY 2017.
5. **Above-Base Administration.**
- a. **Above-Base and Contingency Funding.** The FY 2017 appropriation is estimated to be sufficient to provide adequate resources for workloads associated with an AWIU of 2.246 million. Current projections expect the FY 2017 AWIU level to be 2.199 million, thus allowing for 100 percent reimbursement of above-base administrative expenses. If the actual workload levels increase and approach an AWIU level of 2.246 million, the Employment and Training Administration (ETA) may need to reconsider full reimbursements of above-base payouts.
 - 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 6.9 percent as described in the OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2017 and UIPL No. 9-17.

- 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 as reported on the UI-3 reports. For any quarter, above-base weeks claimed will be those in excess of 25 percent of the FY 2017 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, 18th 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 FY 2017 Reemployment Services and Eligibility Assessments (RESEAs) grants have been solicited and awarded. 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. Submission Requirements. To achieve greater efficiency and as part of ETA's ongoing effort to streamline the grant award process, SBR submissions must be made using an electronically signed copy of the SF-424, Application for Federal Assistance, and the SF-424A, grant budget, through Grants.gov. Additional information on use of Grants.gov for SBR submission will be included in guidance announcing SBR opportunities.
 - c. Travel. Travel dollars are available for Benefit Accuracy Measurement Peer Reviews, Benefits Timeliness and Quality Tripartite Reviews, and Tax Performance System reviews. 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 US Department of Labor 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 C.F.R. Part 200, and 2 C.F.R. 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 2017 State UI Base Allocations.