

<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> OUI/DFAS
	<b>DATE</b> April 27, 2021

**ADVISORY:** UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 17-21

**TO:** STATE WORKFORCE AGENCIES

**FROM:** SUZAN G. LEVINE /s/  
Principal Deputy Assistant Secretary

**SUBJECT:** Guidelines for Fiscal Year (FY) 2021 State Agency Unemployment Insurance (UI) Resource Allocations, Supplemental Budget Requests (SBRs), and Above-Base Funding

- Purpose.** To provide information to states about FY 2021 UI State Administration base resource allocations, general guidelines for resource planning, above-base funding, and SBRs.
- Action Requested.** State Administrators are requested to provide copies of this Unemployment Insurance Program Letter (UIPL) to the appropriate staff.
- Summary and Background.** The Consolidated Appropriations Act, 2021 (Pub. L. 116-260), which was enacted on December 27, 2020, provides the U.S. Department of Labor (Department) with FY 2021 appropriations for state UI operations. The final appropriation did not include funding for a program initiative the Department had included in the FY2021 Budget, requesting \$90 million for state integrity funding. However, the appropriation does increase the funding for the regular state administration activities and maintains the average weekly insured unemployment (AWIU) trigger at 1,728,000. The table below summarizes the AWIU levels and dollar amounts corresponding to the FY 2021 President’s Budget request and the FY 2021 appropriation.

Summary of FY 2021 UI Budget Authority

	Budget Request	Appropriation	Difference
AWIU Contingency Trigger	1,728,000	1,728,000	0
State Administration	\$2,446,686,000	\$2,365,816,000	-\$80,870,000
State Administration (workload)	\$2,356,686,000	\$2,365,816,000	\$9,130,000
State Administration (integrity)	\$90,000,000	\$0	-\$90,000,000
RESEA / Integrity	\$200,000,000	\$200,000,000	\$0
National Activities	\$18,000,000	\$18,000,000	\$0
Total	\$2,664,686,000	\$2,583,816,000	-\$80,870,000

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> September 30, 2024
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The appropriation allows these funds to be available for obligation by the states through December 31, 2021, except that funds used for automation or competitive grants awarded to states for improved operations and to conduct in-person reemployment and eligibility assessments and unemployment insurance improper payment reviews and to provide reemployment services and referrals to training, as appropriate, are available for obligation by the states through September 30, 2023. If the automation is being carried out through a consortium of states, the states must obligate funds by September 30, 2027, and expend them by September 30, 2028. Funding for the Unemployment Insurance Integrity Center of Excellence is available for obligation by the state through September 30, 2022.

#### 4. **Guidance.**

**Final Base Administration Allocations.** The final FY 2021 base allocations are identical to the planning targets developed at a 1,600,000 AWIU level, as published in UIPL No. 02-21, Change 1. The attached table shows the total full-year base allocations for each state in FY 2021.

#### **Above-Base Administration.**

- a. **Above-Base and Contingency Funding.** The Employment and Training Administration (ETA) estimates the FY 2021 appropriation to be sufficient to provide adequate resources for workloads associated with an AWIU of 1,728,000. Using current economic assumptions, the Department projects an AWIU of 4,267,000 for FY 2021. Assuming this level of claims materializes, the AWIU contingency language contained in the FY 2021 State Unemployment Insurance and Employment Service Operations (SUIESO) appropriation would provide for an additional \$726,154,000 being made available to support above-base administration expenses.
- b. **Pandemic Emergency Unemployment Compensation (PEUC).** Administrative costs for the PEUC program will continue to be based on quarterly PEUC workloads and funded through the UI-3 reports submitted by state agencies. Because the PEUC program was enacted after submission of the Office of Management and Budget (OMB) Report to the Congress on the Joint Committee Reductions for FY 2021, PEUC administrative costs are not subject to sequestration.
- c. **Support.** The overhead for above-base state UI, Trade Readjustment Assistance (TRA), Alternative Trade Adjustment Assistance (ATAA), and Reemployment Trade Adjustment Assistance (RTAA) administration remains at 19 percent.
- d. **Postage.** Since FY 2007, ETA has provided above-base funding for postage directly to state workforce agencies based on the amount of weeks claimed workload not included in the base allocations. During FY 2020, the postage rate had to be reduced in order to keep above-base distributions within the limits of the appropriation. Given the unprecedented volatility in the workload volumes being experienced and reported by

state agencies, for FY 2021 ETA will withhold postage distributions from the first and second quarter above-base distributions. Shortly thereafter, an assessment will be conducted to determine the appropriate postage funding rate for FY 2021.

- 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 must follow the UI-3 reporting instructions in Employment and Training (ET) Handbook No. 336, 18<sup>th</sup> Edition, Change 4.

**Supplemental Budget Requests (SBRs).** Instructions for SBRs are provided mostly through UIPLs. The State Quality Service Plan 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.** FY 2021 funding for Reemployment Services and Eligibility Assessments (RESEAs) will be provided to states to administer these activities in accordance with UIPL No. 13-21 and each state's approved FY 2021 RESEA state plan.
- 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 (Budget Information for Non-Construction Programs), through Grants.gov (<https://www.grants.gov/web/grants/forms.html>). Additional information on use of Grants.gov for SBR submission will be included in any guidance announcing SBR opportunities.
- c. **Travel.** Travel dollars are available for Benefit Accuracy Measurement Peer Reviews, National Review of States' UI Appeals Quarterly Self-Evaluations, 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.

**Nationally Funded Activities.** As provided in the SUIESO appropriation, the Department will make payments, on behalf of the states, to the entities operating the National Directory of New Hires and the State Information Data Exchange System for use by the states.

**State Flexibility.** All state UI administrative grant funds must be used in accordance with Section 303(a)(8) of the Social Security Act (SSA) 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 within the parameters of the SSA and the appropriation. 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 SBRs; funding for these purposes must be spent in accordance with the spending plans approved for these respective projects.

5. **Inquiries.** Questions are to be submitted to the appropriate ETA Regional Office.

6. **References.**

- Section 303(a)(8) of the Social Security Act, codified at 42 U.S.C. Section 503(a)(8);
- Consolidated Appropriations Act, 2021, Public Law (Pub. L.) 116-260;
- 2 C.F.R. Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Rule*;
- 2 C.F.R. Part 2900, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Department of Labor)*;
- Office of Management and Budget (OMB) Report to the Congress on the Joint Committee Reductions for Fiscal Year 2021 (February 10, 2020);
- Unemployment Insurance Program Letter (UIPL) No. 13-21, *Fiscal Year (FY) 2021 Funding Allotments and Operating Guidance for Unemployment Insurance (UI) Reemployment Services and Eligibility Assessments (RESEA) Grants*, issued January 19, 2021;
- Unemployment Insurance Program Letter (UIPL) No. 02-21, and Change 1, *Fiscal Year (FY) 2021 State Workforce Agency Unemployment Insurance (UI) Resource Planning Targets and Guidelines*, issued October 26, 2020;
- UIPL No. 12-21, *Implementation of Sequestration under the Budget Control Act of 2011 (BCA) for Mandatory Unemployment Insurance Programs for Fiscal Year 2021*, issued January 19, 2021;
- UIPL No. 29-20, *Additional Planning Guidance for the Fiscal Year (FY) 2021 Unemployment Insurance (UI) State Quality Service Plan (SQSP)*, issued September 14, 2020; and
- Employment and Training (ET) Handbook No. 336, 18<sup>th</sup> Edition (March 2019), *Unemployment Insurance State Quality Service Plan (SQSP), Planning and Reporting Guidelines*.

7. **Attachment.**

- Attachment I: State UI Base Administrative Grants – FY 2021.