



## WORKFORCE SYSTEMS LETTER NO.: 04-08

DATE: March 29, 2004

EFFECT:        ACTION                      INFO                                      WITH ATTACHMENT  
   [X]                                      [X] SWAs                                      [ ]SUBJECT:        Guidelines for Fiscal Year (FY) 2004 State Agency Unemployment Insurance (UI)  
Resource Allocations, Supplemental Budget Requests (SBRs), and Above-Base Funding

1. **Purpose.** To provide the following information for FY 2004: UI State Administration base resource allocations; general guidelines for resource planning; base allocation methodologies; and specific guidelines for above-base funding and SBRs.
2. **References.** ET Handbook No. 336, 17<sup>th</sup> Edition, Unemployment Insurance State Quality Service Plan (SQSP), Planning and Reporting Guidelines; SESA Issuance No. 03-34, Fiscal Year (FY) 2004 State Agency Unemployment Insurance Resource Planning Targets and Guidelines; and Unemployment Insurance Program Letter (UIPL) No. 28-03, "Call Memo" for the Fiscal Year 2004 Unemployment Insurance State Quality Service Plan.
3. **Appropriation.** The FY 2004 omnibus spending bill that included appropriations for UI operations (Public Law 108-199) was enacted on January 23, 2004. The table below shows the amounts of the President's budget request, the appropriation and the shortfall.

	Budget Request	Appropriation	Shortfall
State Administration	\$2,640,002,000	\$2,608,653,000	-\$31,349,000
National Activities	10,500,000	9,876,000	-624,000
Total	2,650,502,000	2,618,529,000	-31,973,000

4. **Contingency Reserve.** For FY 2004, \$28.6 million will be made available to states for every increase of 100,000 (including a pro rata amount for any increment less than 100,000) in the average weekly insured unemployment (AWIU) above the 3.227 million level in the appropriation. The Administration's December 2003 economic assumptions project that FY 2004 AWIU will be 3.467 million. This translates into a contingency reserve amount of \$68,640,000. These funds will be apportioned in addition to appropriated funds and will be used for above-base workload.
5. **Application of the Shortfall.** The final base allocations remain unchanged from the planning targets. The State Administration funding shortfall will be applied to above-base funding, reducing the availability to \$230,761,843. This amount added to the contingency reserve amount of \$68,640,000 results in a total above-base availability of \$299,401,843 and will require an across-the-board reduction of 9.5 percent to above-base entitlements. Above-base funding reductions will be restored to the extent possible on an annual basis if workload is lower than the 3.227 million AWIU trigger level in the appropriation.

**6. Other Above-Base Funding Information.**

a. 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.

b. 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, 17<sup>th</sup> Edition.

**7. Supplemental Budget Requests (SBRs).** States may submit a Standard Form (SF) 424 for additional funds for certain types of administrative costs that are not funded within the states' base and above-base grants. The SQSP Handbook contains SBR instructions and procedures that remain in place each year unless states are instructed otherwise. FM No. 15-03 contains additional guidelines for Regional Office review of SBRs.

a. Special Projects. There will be no solicitation of proposals for remote claims systems grants or state law change SBRs in FY 2004. Instead, there will be a solicitation of proposals for remote employer registration/wage reporting, information technology security, and overpayment prevention/detection. Specific instructions will be provided to states in a separate advisory.

b. UI Performs Travel. Travel dollars are available for Benefits Timeliness and Quality nonmonetary determinations tripartite reviews, appeals reviews, and Tax Performance System integrity reviews. States should contact the Regional Office instead of 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. Additionally, states that submit UI postage SBRs should include an annual estimate with the first quarter SBR.

**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 please provide the above instructions to appropriate staff as soon as possible after receiving this letter. Please submit all SBRs according to the instructions above.

**6. Inquiries.** Inquiries can be directed to Rod Anderson by telephone at (617) 788-0144 or by e-mail at [anderson.rodney@dol.gov](mailto:anderson.rodney@dol.gov).

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