



June 21, 2004

SWA ISSUANCE NO. 04-09

SUBJECT: Solicitation for Supplemental Budget Requests (SBRs) for Improving the Security of State Unemployment Insurance (UI) Information Technology (IT) Systems

1. Purpose. To announce the availability of FY 2004 funds to improve IT security for UI Benefits and Tax systems.
2. References. ET Handbook No. 336, 17th Edition, the Unemployment Insurance State Quality Service Planning and Reporting Guidelines, Chapter 1, Section VI, C, SBRs, and Chapter 1, Section VII, J, Assurances of Automated Information System Security; and UIPL 24-04, Unemployment Insurance Information Technology Security.
3. Background. Over the last ten (10) years, there has been an increasing need to improve the security of IT systems that support UI. The U.S. Department of Labor's (DOL) Office of Inspector General (OIG) recently conducted IT security audits in seven State Workforce Agencies (SWAs). The OIG found security weaknesses in each state that need to be addressed, and DOL concludes that the remaining 46 states have similar security weaknesses.
4. Fiscal Year 2004 Funding. DOL will award funds to selected SWAs to address the UI IT security weaknesses that have been identified by recent (three years) IT security audits or SWA self-assessments that comply with the National Institute of Standards and Technology (NIST) IT security guidelines. Awards will be based upon proposal scores and input from regional offices (ROs). States may submit more than one SBR proposal. Each proposal should address a specific security weakness identified by the audit or through a self-assessment and the proposed remediation. Each award will be limited to \$100,000.

All SBR submissions must include the following documentation:

- Copy of the audit or self-assessment specifications or tools used;
- Audit or self-assessment report which outlines the finding related to the weakness being addressed;
- Description of the proposed remediation;
- Description of how the proposed remediation addresses the IT security weakness;
- Costs breakout (including any additional costs to be covered by the SWA) and timeframe for the corrective actions; and
- Name, address, telephone number, and e-mail address of SWA contact person.

5. Confidentiality of Information. Under the provisions of the Freedom of Information Act (FOIA), records received by a federal agency can be requested by any member of the public. DOL recognizes the states' concern related to disclosure of information about IT security

weaknesses that are submitted to support their SBRs. DOL will protect the states' data to the greatest extent permitted by law. As appropriate, DOL will invoke one or more of the nine

FOIA exemptions in order to protect the sensitive data. SWAs should specifically request that IT security weakness information provided to support an SBR be kept strictly confidential. Documents that the state's request be held confidential should be clearly marked as "confidential."

Should DOL receive a FOIA request related to the IT security material submitted as part of this SBR, it will notify the relevant state, seek its views on any potential disclosure, and act in consultation with the affected SWA.

6. Evaluation Criteria. A national office (NO) expert panel will score the proposals and determine the SBR awards based on the following criteria:

- How well the SWA's proposal addresses the specific IT security weaknesses documented in a recently-conducted security audit or self-assessment report.
- Level of risk of the finding which the SWA proposal addresses. Priority will be given to proposals which address findings with the greatest risk.
- Whether the SWA provides assurance that future audits or self-assessments will show that the weaknesses have been resolved or mitigated.
- Whether the audit and findings comply with the standards established by the Office of Management and Budget Circular A-130, Appendix III, The Federal Information System Controls Audit Manual, and the NIST computer security and information processing publications.

7. SBR Award Time Lines.

- SWAs submit proposals to the RO by c.o.b. July 16, 2004;
- ROs submit proposals from SWAs to the NO postmarked by July 30, 2004;
- Evaluation panel completes evaluation by August 14, 2004;
- Final selection and required notifications made by September 3, 2004;
- Grant awards made to selected SWAs by September 17, 2004.

8. Action Required. SWA Administrators are requested to:

- Provide information contained in this Issuance to appropriate staff;
- Submit the following documents to the RO by c.o.b July 16, 2004, ATTN: Office of Workforce Security, Division of Unemployment Insurance:
 - Original and two copies of each SBR proposal with supporting documentation.
 - Completed forms SF 424 (revised 9-2003), 424a and 424b as required in ET Handbook 336, 17th Edition.

9. Inquiries. Direct questions to Chuck Vantreese at 404-562-2122 or Vantreese.Charles@dol.gov or Dianna Milhollin at 404-562-2122 or Milhollin.Dianna@dol.gov.

10. Expiration Date. September 30, 2004.

Helen N. Parker

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Regional Administrator