VI. BUDGET WORKSHEETS AND INSTRUCTIONS. This section contains instructions SESAs will need to prepare resource requests for administering the UI program during the Fiscal Year. Budget worksheets are on pre-numbered pages in Appendix I. Only two UI program operations worksheets (UI-1 and SF 424) are required. State agencies must prepare and submit the UI-1 (via UIRR) for staff hours and travel staff year estimates, and the SF 424 for base level planning and supplemental grant requests.

A. Worksheet UI-1, UI Staff Hours and Travel Staff Years. A facsimile of Worksheet UI-1 and associated form completion instructions are found in Appendix I. These data are required for the development of annual base planning targets. The UI-1 worksheet is due in the National Office (Attn.: TEUFA) by April 1 of each year.

B. SF 424, Application for Federal Assistance. The regulation at 29 CFR 97.10 requires the use of the OMB Standard Form (SF) 424, Application for Federal Assistance, or other forms approved by OMB under the Paperwork Reduction Act of 1995, for an application for grant funds by State grantees. ETA requires that States use the SF 424 for submitting applications for UI base grants and supplemental budget requests (SBRs). The SF 424 must be filled out according to its instructions.

1. Procedures for Submission. States must submit a separate SF 424 and SF 424B for each request for base funding and each SBR. A separate SF 424A also may be required as described in sub-paragraph 2.b., below. In addition, States which submit SBRs must provide supporting justification and documentation.

2. Forms Completion Instructions. States must follow the standard instructions in completing SFs 424, 424A and 424B; however, States are not required to complete all items on the SF 424 and 424A. A facsimile of these forms and completion instructions are found in Appendix I. The following are specific guidelines for completing SFs 424 and 424A.

a. SF 424. States are not required to complete Items 3, 4, 9, 12, and 14 for base grants and SBRs. States must complete the remaining items. In Item 8, all SBRs are considered to be revisions. In Item 12, the title of the project must refer to either the base grant or SBR title and number. SBRs must be numbered sequentially within the fiscal year, e.g., 00-1, 00-2, etc.

b. SF 424A. States must complete Items 1, 6, and 16 for SBRs. States are not required to complete this form for base grants, unless they vary the number of base claims activity staff years paid by quarter; States that do so must show the quarterly distribution in Item 23 (Remarks).

C. SBRs. The UI appropriation language authorizes supplemental funding related to expenditures due to State law changes enacted after the base allocation is provided. In addition, ETA may on occasion award supplemental funds for specific items not funded in the base allocations.

1. **Allowable/Unallowable Costs**.

a. Allowable Costs. SESAs may submit SBRs only for one-time costs that are not a part of base or contingency. SBR funds may be used only for the purposes identified in the SBR and/or any modifications to the original agreement approved by the grant officer.

b. Unallowable Costs. SBR funds may not be used for ongoing costs, such as maintenance of software and hardware, or ongoing communications costs. In addition, SBRs may not be used to pay for salary increases, even when these increases are caused by a law change.

2. **Guidelines for Preparing SBR Supporting Documentation.** ETA will evaluate and approve all SBRs on the basis of supporting documentation and justification provided. Insufficient justification may delay processing and result in partial or total disapproval of the SBR.

a. Supporting Documentation. SBRs may address a variety of projects whose scope cannot be fully anticipated. At a minimum, the SBR supporting documentation must contain the following five elements; however, these guidelines will not perfectly fit every SBR. SESAs should use them as a minimum starting point.

1) Summary. For larger projects, the SBR should contain a summary (1-2 paragraphs) that explains what the funds will accomplish. It should identify major capital expenditures including hardware, software, and telecommunications equipment; staff in excess of base staff; contract staff; and other purchases. It should also state what the final product or results will be when the funds have been expended.

2) Commitment to Complete Project. ETA cannot assure the availability of future Federal supplemental funds. Applicants must agree to continue efforts to complete the SBR project, and to supply any additional funds necessary to complete the project in a timely manner. This assurance is necessary to ensure that projects begun with federal funds are not abandoned due to a lack of additional federal funding.

3) Schedule. If the project activities haven't been completed, the SBR must include a projected schedule. The schedule should provide the projected dates for significant activities from start to completion.

4) Amount of Funding Requested. The total dollar amount of the SBR must be included. The costs of specific program modules or tasks also must be listed.

5) Description of the Proposed Fund Usage. The SBR must contain a full description of how the funds are to be used and why the proposed expenditures represent the best use of funds for the SESA. For each specific program module or task, the SBR must include costs for:

(a) Staff. The request must identify both one-time SESA staff needs (in excess of base staff) and contract staff needs. Staff needs must include the type of position (e.g., program analysts), the expected number of staff hours, and the projected hourly cost per position.

(1) SESA Staff. Any staff costs are allowable only for additional staff, not staff previously funded by the SESA's base grant. Costs incurred by regular SESA staff assigned to the project on a temporary basis may not be funded by the SBR unless those positions are "back-filled." The request may include costs for staff that conduct training; however, personal services (PS) and personal benefit (PB) costs for staff attending training are not allowable unless those positions are back-filled. Unless otherwise justified, regular, Administrative Staff and Technical Services (AS&T), and contingency staff year costs must be based on the State PS and PB rate approved for the current year's UI grant. If not itemized in the SBR, standard add-on costs for support and AS&T staff must be based on the rates approved for the current year's base allocation.

(2) Contractor Staff. For contract staff, the SESA must supply documentation including the estimated positions and hours, and the anticipated costs. SESAs electing to negotiate with the ITSC or other available sources for technical assistance must supply the same information normally requested for all contract staff, including the type of position, the expected staff hours, and the costs.

(b) Non-Personal Services (NPS). SESAs either may identify itemized one-time SESA NPS needs or may calculate staff-related NPS costs by formula. If not itemized in the SBR, staff-related NPS costs (excluding data processing and other needs) must be based on the rates approved for the current year's base allocation.

(1) Hardware, Software, and Telecommunications Equipment. This section must include any hardware, software, and/or telecommunications equipment

purchases that are a part of the request. Descriptions must show that the sizing and capabilities of the proposed purchases are appropriate for the SESA. SESAs that receive SBR funds for specific items, and subsequently determine that other items are more suitable, may substitute those items if they submit an amendment to the SBR documenting the appropriateness of the purchase, and the grant officer approves the substitution. Substitutions must be in line with the overall goals of the project.

SBRs sometimes include requests for items covered under the definition of automation acquisition in Chapter II. The obligation and expenditure periods for these funds are longer than the periods for regular UI base and contingency funds. SESAs must clearly identify automation acquisition items in the SBR.

(2) Travel. The request may include NPS travel costs; however, PS and PB costs for staff while on travel are not allowable.

(3) Other. The request may include one-time costs for other activities, not identified above, anticipated to be obtained from vendors, such as telephone companies, Internet service providers, and telecommunications providers.

b. Additional Required Items for Law Change SBRs. SBRs for law changes must contain the following information:

1) The specific bill number of enactment, and effective date of law change.

2) Relevant provisions as an attachment.

3) Costs per legislative provision and a narrative explaining why costs were or will be incurred for each provision, e.g., implementing tax rate changes; increasing the maximum benefit amount; or creating an alternative base period.

4) If a legislative provision benefits both UI and non-UI activities, the SBR must contain a statement certifying that the request is consistent with the State's approved cost allocation plan and is only for costs which, under Federal law, may be funded from UI grants.

c. Supplementary Items. Some SBRs are for large-scale, complex projects that may be accomplished over a period of years. The following items are not required, but

would be helpful in the SBR evaluation process:

1) Use of Technology. If applicable, the request should describe how the SESA will use technology in this project**,** including the technical appropriateness of the hardware, software, and/or telecommunications equipment for integration with the SESA's current operating systems**.**

2) Strategic Design. The SBR should include a description of the strategic design of the project as evidence of a well-thought-out analysis of operations.

3) Measurable Improvements Expected in UI Operations. The request should identify the areas in which services could be improved through implementation of the proposed project. Measurable improvements may include accomplishing necessary work using fewer steps, doing work more quickly, incorporating work steps which are not currently accomplished, or reducing the amount of error which presently occurs in the work product.

4) Supporting Materials. SESAs may attach any additional materials which they believe will enhance the content of the SBR.