



July 18, 2003

REGION 3 SWA ISSUANCE NO. 03-13

SUBJECT: Unemployment Insurance Crossmatch Systems Funding Opportunity

1. Purpose. To inform State workforce agencies (SWAs) of the opportunity to submit Supplemental Budget Requests (SBRs) to fund the implementation and/or enhancement of systems to access data from the State Departments of Motor Vehicles (DMVs) and/or other data systems for the purpose of preventing, detecting, and reducing overpayments in the Unemployment Insurance (UI) Program.
2. References. ET Handbook No. 336; Unemployment Insurance Program Letter (UIPL) No. 29-02; and SWA Issuance No. 03-09 dated February 4, 2003, which transmitted Field Memorandum (FM) No. 4-03.
3. Background. SWAs have recently been awarded grants to fund the implementation of crossmatches with the Social Security Administration (SSA) and State Directories of New Hires (SDNH). Both methods help to deter and detect overpayments of UI benefits.

Recently, schemes to obtain unemployment benefits fraudulently using stolen payroll records have been discovered in several States. Some arrests have been made, but the Department of Labor's Inspector General believes that other schemes are likely to be operating. These identity theft schemes highlight the critical need for States to verify the identity of claimants. One option for identity verification is access to data from non-payroll sources such as DMVs.

4. Funding for DMV and Other Crossmatches. The Fiscal Year 2003 budget provides \$10 million for data crossmatches for prevention, detection, and collection of benefit overpayments. To date, SWAs have been awarded \$4.8 million for SSA and SDNH crossmatches; therefore, up to \$5.2 million remains available for additional projects. A number of States have found automated crossmatch systems with DMVs to be a cost-effective means of verifying claimant identity early in the claims process, thus avoiding overpayments. Funding up to \$100,000 is available to States for DMV crossmatches.

States may also request funding for other types of crossmatches, including SSA and SDNH; however, the limits for funding for SSA and SDNH will be governed by the amounts designated for the earlier grants for these systems: \$50,000 for SSA (See UIPL No. 29-02); and \$150,000 for SDNH (See FM No. 4-03). SWAs may submit multiple grant proposals for different crossmatch systems. Priority for funding will be given to crossmatches with DMVs and other systems that help to verify claimant identity. Proposals for funding other systems for the purpose of enhancing the prevention, detection, and/or recovery of overpayments will be funded, up to \$100,000 per proposal, to the extent that funds are available.

5. Guidelines for the Preparation of SBRs. ET Handbook No. 336 contains instructions



for completing SBRs. SWAs are encouraged to submit one or more proposals using the following guidelines:

a. Description of the Crossmatch System. The narrative must include the following information:

- Identify the data that will be received from the crossmatch; e.g., name, date of birth, address, etc.
- Estimate the amount of overpayments the match will prevent or detect in a year.
- Estimate the percentage of claimants that will be a part of the crossmatch system.
- Describe the data system that the SWA will utilize to crossmatch claimant records.
- Indicate how often the crossmatch will be run.
- Describe the assurance that the SWA has received that the owner(s) of the data is willing to participate in the proposed crossmatch.
- Identify the planned implementation date of the crossmatch system.

b. Hardware, Software, and Telecommunications Equipment. The SBR must include detailed descriptions of the hardware, software, and/or telecommunications equipment purchases that are to be a part of the proposed project. Descriptions must include the number of items and the cost per item. A table similar to the following should be used to provide the required information.

Item	Number	Cost Per Item	Total Cost
PCs	40	\$2,500	\$100,000

The technical specifications of the hardware must also be provided. Specification should include any of the following that are applicable:

- Processors (number, type, size, etc.);
- Memory (type, size, etc.);
- Storage (hard drive, controllers, back-up devices, etc.);
- Hardware peripherals (monitors, network connectivity, tape drives, external modem, etc);
- Operating system; and
- Warranty, field service, and/or system support specifications.

A detailed narrative description of the software should include the technical specifications of the version to be purchased. These technical specifications should include the version type and the license type.

All available information should be included, and if any of the above narrative information cannot be provided, the narrative should explain why it is not included. All estimated cost information is required. Ongoing maintenance and telecommunications costs cannot be funded through these SBRs.

c. Staff Needs. The proposal should identify one-time SWA staff needs and/or contract staff needs. Staff needs should include the type of position (e.g., program analyst), the expected number of staff hours, and the projected hourly costs. All staff funded under this grant must be in excess of base staff and proposals must state this in writing. SWAs should include information in a format similar to the following table.

Position Title	# of Hours	Cost Per Hour	Total Cost
System Analyst	120	\$100	\$12,000

If contract staff is requested, documentation must include the type of position, estimated contract staff hours, and the projected hourly costs for contract staff.

d. Other. The proposal should include and explain any one-time costs for other activities, not identified above, that will be obtained from vendors – such as telephone companies, Internet service providers, and telecommunications providers.

Forms SF-424 and SF-424A serve as the basis for the grant agreement between the U.S. Department of Labor and the SWA. They must reflect the SWA's best estimate of costs in each individual category. Subsequent changes in actual expenditures will require a modification of the grant if the changes are in excess of 20% for any individual category. For example, if a SWA proposes to spend \$50,000 for hardware and later determines that only \$30,000 will be needed for hardware, the grant agreement must be formally modified. SWAs must ensure that each categorical expenditure on Form 424A reflects the best available estimate of costs, that these costs are documented in the narrative of the proposals, and that no Form 424 or Form 424A exceeds the maximum grant amount: \$100,000 for DMV and other crossmatches, \$50,000 for SSA, and \$150,000 for SDNH.

6. Action Required. Each SWA is encouraged to prepare and submit an original and three copies of the SBR to the regional office by July 31, 2003.

7. Inquiries. Questions may be directed to Stephen Dean or Randy Fadler at 404-562-2122, e-mail dean.stephen@dol.gov or fadler.randolph@dol.gov.

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