

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION
	CORRESPONDENCE SYMBOL OUI/DL
	DATE

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO.

TO: STATE WORKFORCE AGENCIES

FROM: JANE OATES
Assistant Secretary

SUBJECT: Office of the Inspector General (OIG) Recommendation Concerning the \$500 Million Special Administrative Transfer in Fiscal Year 2009

1. Purpose. To advise states of the OIG’s recommendation that states create spending plans for unexpended special administration funds received as a part of the American Recovery and Reinvestment Act of 2009.

2. References. The Assistance for Unemployed Workers and Struggling Families Act, Section 2003(a) of Public Law No. 111-5; Section 903 of the Social Security Act (SSA); Unemployment Insurance Program Letter (UIPL) No. 14-09; and Office of Inspector General (OIG) Audit Report No. 18-10-012-03-315, “Recovery Act: More Than \$1.3 Billion in Unemployment Insurance Modernization Incentive Payments Are Unlikely to Be Claimed by States”.

3. Background. Public Law 111-5 provided incentive funds for states to modernize their unemployment compensation laws. Additionally, it provided for a special transfer of \$500 million to the states’ accounts in the Unemployment Trust Fund (UTF) to be used for certain administrative purposes (including implementing and administering the modernization provisions). Specifically, the law provides that:

- (3) Any amount transferred to the account of a State as a result of the enactment of this subsection may be used by the State agency of such State only in the payment of expenses incurred by it for—
 - (A) the administration of the provisions of its State law carrying out the purposes of subsection (f)(2) or any subparagraph of subsection (f)(3) [UI modernization provision];
 - (B) improved outreach to individuals who might be eligible for regular unemployment compensation by virtue of any provisions of the State law which are described in subparagraph (A);
 - (C) the improvement of unemployment benefit and unemployment tax operations, including responding to increased demand for unemployment compensation; and

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(D) staff-assisted reemployment services for unemployment compensation claimants.

Based on the permitted uses of these funds, it is clear that Congress, recognizing the increased workload on the unemployment compensation system resulting from the recent economic recession, intended that these funds be used during the recession and recovery to expedite the delivery of services, reduce improper payments, and improve tax operations.

These funds were transferred to states' accounts in the UTF on February 27, 2009. Based on an audit of these funds (Audit Report No. 18-10-012-03-315), the U.S. Department of Labor's Inspector General (OIG) determined:

At least \$399 million of the states' funds remains unexpended, with a significant number of states planning multi-year systems improvements. Some states did not have plans in place for spending these funds.

The OIG's report recommended that the agency obtain more information from states on their plans to expend their share of the administrative grant and provide technical assistance to states in developing spending plans. To ensure compliance with Congressional intent, states are requested to review the amount of unexpended special administrative funds and to develop spending plans outlining their anticipated use of these funds. Additionally, to ensure the Secretary can provide accurate updates to the OIG on the status of the expenditure of these funds, all states are requested to provide an update to the Office of Unemployment Insurance within 30 days of issuance of this guidance.

The following information should be provided:

- Amount expended to date;
- Amount obligated but not expended to date;
- Amount of unexpended funds subject to a spending plan; and
- If there are no plans to spend the unexpended funds please provide an explanation.

This information should be provided to:

Office of Unemployment Insurance
Attn: Suzanne Simonetta
200 Constitution Ave., N.W.
Frances Perkins Building Room C-4518
Washington, D.C. 20210

4. Action Requested.

- a. Administrators should distribute this advisory to appropriate staff.
- b. States that do not have spending plans in place for their remaining unexpended special administrative funds are requested to develop a firm plan for expending the money and obligating the funds as quickly as possible.

- c. States are to provide an update on the status of the expenditure of the special administrative funds, as outlined in section 3, to the Office of Unemployment Insurance within 30 days of issuance of this guidance.

5. Paperwork Reduction Act (PRA) Statement. The public reporting burden for this information collection is estimated to average approximately 1 hour per state including time for gathering and transmitting the data needed to complete the required disclosure. According to the Paperwork Reduction Act of 1995 (Pub. L. 104-13), no persons are required to comply with a request for information unless it displays a valid Office of Management and Budget (OMB) control number. The Department notes that a Federal agency cannot conduct or sponsor an information collection unless it is approved by OMB under the PRA, and displays a currently valid OMB control number, and the public is not required to respond to an information collection unless it displays a currently valid OMB control number. See 44 U.S.C. § 3507. The OMB Control Number for this information collection request is 1205-0154.

6. Inquiries. Questions should be directed to the appropriate Regional Office.