

Request for Emergency ICR Approval: Collecting Information for State Spending Plans for the Special \$500M Administrative Distribution to States.

The Department of Labor's Employment and Training Administration (ETA) requests emergency clearance from the Office of Management and Budget (OMB) for approval of changes to the ETA 8403 Report (OMB control number 1205-0154). This request is driven by a recommendation from an audit finding by the U.S. Department of Labor's Office of the Inspector General (OIG) and recent guidance from Jacob Lew, Director, Office of Management and Budget.

Public Law 111-5 (the Recovery Act, or ARRA) 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).

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 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 a subsequent 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 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.

OMB echoed this sentiment in Memorandum M-11-34: Accelerating Spending of Remaining Funds from the American Recovery and Reinvestment Act for Discretionary Grant Programs. That memo instructed all beneficiaries of ARRA funding to liquidate those funds to accomplish the economic goal that was envisioned for those funds.

To ensure compliance with Congressional intent, and OMB guidance, the Employment and Training Administration (ETA) is requesting emergency clearance to ask states to review the amount of unexpended special administrative funds, develop spending plans outlining their anticipated use of these funds, and provide the spending plans to ETA.

Emergency clearance is necessary as OIG and OMB are urging DOL to quickly communicate to grantees the importance of liquidating these funds. Further, DOL is currently unaware of the spending plans for grantees, so any delay in determining current state plans for these funds will impede our efforts to hasten the liquidation of these funds, in accordance with OIG and OMB guidance.