

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION Unemployment Insurance
	CORRESPONDENCE SYMBOL OUI/DFAS
	DATE June 1, 2012

ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 32-11

TO: STATE WORKFORCE ADMINISTRATORS
UNEMPLOYMENT INSURANCE DIRECTORS

FROM: JANE OATES /s/
Assistant Secretary

SUBJECT: \$500 Million Special Distribution Provided Under the American Recovery and Reinvestment Act of 2009 (Recovery Act)

1. **Purpose.** To request states to submit spending plans for their shares of the \$500 million Special Distribution provided under the Recovery Act.
2. **References.**
 - Assistance for Unemployed Workers and Struggling Families Act, Title II of Division B of Public Law (P.L.) No. 111-5, enacted February 17, 2009;
 - Unemployment Insurance Program Letter No. 14-09, *Special Transfers for Unemployment Compensation Modernization and Administration and Relief from Interest on Advances*;
 - Office of Inspector General (OIG) Report 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*, issued September 30, 2010;
 - Training and Employment Guidance Letter No. 12-11, *\$500 Million Special Distribution under the American Recovery and Reinvestment Act (Recovery Act)*; and
 - Employment and Training Administration (ETA) Form 8403, Summary of Financial Transactions for Title IX Funds, OMB Control No. 1205-0154.
3. **Background.** Section 2003(g) under Subtitle A of the Assistance for Unemployed Workers and Struggling Families Act provided each state a share of \$500 million based on a state's proportionate share of Federal Unemployment Tax Act taxable wages paid in 2007. States were to use the funds for the following purposes:
 - Implementing and administering the provisions of state law that qualify the state for Unemployment Compensation (UC) Modernization incentive payments;
 - Improving outreach to individuals who might be eligible by virtue of these provisions;
 - Improving UC benefit and tax operations, including responding to increased demand for UC; and
 - Staff-assisted reemployment services for UC claimants.

RESCISSIONS None	EXPIRATION DATE June 1, 2013
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4. **Discussion.** Critical objectives of the Recovery Act were to preserve and create jobs, promote economic recovery, and assist those most impacted by the recession. To achieve these objectives, expenditure of the funds made available under the Recovery Act is necessary, and, as a result, expenditures have been closely tracked and reported to the Office of the Vice President for assessment of their economic impact. States received their shares of the \$500 million distribution approximately three years ago; as of May 5, 2012, approximately \$232.9 million (about 47 percent) had been expended. Nine states, however, have not expended any of the funds. The slow rate of expenditure concerns the Office of Management and Budget (OMB), the Office of the Vice President, and the Department of Labor (Department) since it signals the funds are not being actively used to promote economic growth. Hence there is great interest in states' plans for expenditure of the funds.

In its report dated September 30, 2010, the OIG raised concerns about expenditure of these funds as it found that 22 states had no specific time frame for using the funds or the time frame was not determinable. One of the recommendations of the report was for the Department to:

Request detailed spending plans from the states for the \$500 million of administrative funds, and for those states without adequate plans, provide assistance, as appropriate, to help ensure these funds are spent as intended.

In order to understand when the remaining funds from the \$500 million distribution will be expended thereby promoting economic recovery and job creation, and to comply with the OIG recommendation, states must submit plans for expenditure using the attached OMB approved (Approval No.: 1205-0154) ETA 8403A form as the collection instrument for the plans. We have established a target date of September 30, 2013 for expending the funds remaining from the \$500 million distribution. Plans not meeting the target date should include reasons for passing that date; such plans will be evaluated for acceptability on a case-by-case basis. States not adhering to expenditure plans based on Treasury data related to withdrawals from state accounts established for the \$500 million distribution may be requested to submit revised plans. Department staff are available to provide assistance to states needing help to ensure the funds are expended as intended.

Section 2142(a) of P.L. No. 112-96 requires that states provide reemployment services and reemployment and eligibility assessments (RES/REA) to certain individuals receiving emergency UC. Section 2142(c)(2)(C) authorizes funding in the amount of \$85 for activities listed under Section 2142(a)(2) and included in the list of activities are staff-assisted reemployment services. Hence states with funds remaining from the \$500 million distribution may use those funds to supplement the \$85 per individual being provided for RES/REA activities.

5. **Action Required.** State administrators should distribute this advisory, and the attached form, to appropriate staff and submit the ETA 8403A through the appropriate Regional Office to the National Office by June 30, 2012. Plans must reflect the status of the \$500 million as of May 31, 2012, and should include: 1) a description of the goods and services acquired for amounts already expended and the amount expended; 2) the amount obligated

but not expended, a description of the goods and services for which the funds have been obligated, a time line for expenditure; and, 3) the amount of funds unobligated and unexpended, a description of the goods and services to be acquired with these funds, and a timeline showing the plan for obligation and expenditure. For those states that have expended all of the funds, a description of the goods and services purchased is all that is required and that information should be entered in the “Funds Expended to Date” section of the ETA 8403A form. Administrators should ensure plans reflect proper and expeditious use of the funds and clearly address any current or prospective issues that might affect the timeline for expenditure of these funds.

6. **Inquiries.** Questions should be addressed to your Regional Office.

7. **Attachment.** Form ETA 8403A