

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION UI/EUC
	CORRESPONDENCE SYMBOL DFAS/OUI
	DATE September 9, 2013

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 27-13

TO: STATE WORKFORCE AGENCIES

FROM: GERRI FIALA /s/ for ERIC M. SELEZNOW
Acting Assistant Secretary

SUBJECT: Unemployment Insurance (UI) Supplemental Funding Opportunity to Fund Costs Attributable to the Implementation of the Sequestration Impacts on the Emergency Unemployment Compensation (EUC) Program in Fiscal Year (FY) 2014

1. **Purpose.** To notify State Workforce Agencies (SWAs) of the availability of funds through the Supplemental Budget Request (SBR) process for costs related to the implementation of sequestration requirements impacting the EUC program in FY 2014.

2. **References.**

- Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA) (Pub. L. 99-177);
- Budget Control Act of 2011 (BCA) (Pub. L. 112-25);
- Middle Class Tax Relief and Job Creation Act of 2012 (Pub. L. 112-96);
- American Taxpayer Relief Act of 2012 (ATRA) (Pub. L. 112-240);
- Unemployment Insurance Program Letter (UIPL) No. 13-13, *Implementation of Sequestration under the Budget Control Act of 2011 for the Unemployment Insurance Programs for Fiscal Year 2013*, and UIPL No. 13-13, Change 1;
- UIPL No. 15-13, *Unemployment Insurance (UI) Supplemental Funding Opportunity to Fund Costs Attributable to the Implementation of the Sequestration Impacts on the Emergency Unemployment Compensation (EUC) Program*;
- Sequestration Order for Fiscal Year 2014 (April 10, 2013); and
- Sequestration Preview Report to the President and Congress for Fiscal Year 2014 and OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2014 (April 10, 2013) (Corrected Version—May 20, 2013).

3. **Background.** The BCA amended the BBEDCA to require reductions in budgetary authority, known as sequestration, beginning on January 2, 2013, unless Congress passed, and the President signed, a bill that reduces the deficit by at least \$1.2 trillion over 10 years. Since no such legislation was enacted, the President issued a sequestration order on March 1, 2013. Emergency Unemployment Compensation (EUC) benefits were not exempted from sequestration and states were required to cut EUC benefits to achieve the required 5.1 percent savings for FY 2013.

RESCISSIONS None	EXPIRATION DATE March 31, 2014
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Similarly, if legislation to reduce the deficit by the amount specified under BBEDCA is not enacted prior to October 1, 2013, BBEDCA requires that reductions to mandatory FY 2014 funding (EUC benefits are mandatory spending) be carried out through uniform across-the-board percentage reductions to projected spending for each program, project and activity.

Pursuant to BBEDCA, the President issued a Sequestration Order for Fiscal Year 2014 on April 10, 2013, accompanied by an OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2014 and OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2014. The required percentage reduction for mandatory programs for FY 2014 was determined to be 7.2 percent (*see p. 28 of the report for the effect on funding for EUC*).

The Administration has presented a comprehensive deficit reduction plan that would eliminate sequestration, and hopes that Congress will act on it to avert sequestration for FY 2014 and beyond. However, given that sequestration is current law, the U.S. Department of Labor (Department) recognizes that states need lead time to plan for implementing the new percentage cut for FY 2014 and is taking this step to allow for prudent planning.

4. **Additional Sequestration Implementation Funding.** Similar to the opportunity offered to states to submit SBRs for EUC administrative funding to implement sequestration in FY 2013 pursuant to UIPL No. 15-13, the Department is again inviting states to submit SBRs for the implementation of sequestration in the EUC program for FY 2014.

We have established a timeline for this SBR to apply for and award these EUC administrative funds in FY 2013 to allow states to begin to implement the required 2014 sequestration reductions as close to the beginning of the fiscal year as possible. This SBR funding is available to cover the costs of: programming of reductions to EUC entitlement, benefit redeterminations, Web site and Interactive Voice Response systems updating, and claimant notification of benefit amount changes including postage. Funds are also available for staff training and other activities related to the implementation of the sequestration reduction in FY 2014. States are invited to seek funds for all administrative activities associated with the implementation.

Costs attributable to any non-sequestration implementation activities will not be funded under this solicitation.

5. **Application, Award, and Expenditure of Supplemental Funds.** States should submit proposals, including appropriate cost estimates, to obtain adequate funding for any sequestration-related activities in one SBR package no later than September 18, 2013, and awards will be made by the end of September. These funds are subject to the 5.1 percent sequestration reduction required for FY 2013. The National Office will review each proposal and, if approved, apply a 5.1 percent sequestration reduction to approved costs for the funded activities to arrive at the award to the state. Each activity will be considered a section of the state's SBR, and each activity will be evaluated individually. The SBR Outline (attached) will be used to evaluate the proposals. Each activity should be addressed succinctly and provide the specific information requested. Due to the tight timeframe for developing and

submitting SBRs, states must provide only the information requested. Additional information such as an introductory narrative is not necessary. In addition, submission of the SF-424 (OMB No. 4040-0004) and SF-424A (OMB No. 4040-006) is being delayed for the initial submission.

Upon approval of an SBR proposal, an award letter will be issued to each state listing all activities to be funded and the total funding level for “sequestration implementation.” The award letter will also identify the amount of the 5.1 percent reduction for sequestration. States must then submit an SF-424 and an SF-424A for the amount awarded for sequestration implementation within 15 days.

It is expected that states will obligate and expend the funds quickly, given the immediate need to implement the changes required by sequestration. Any SBR funds not obligated by December 31, 2013, must be returned as they could not be used for their intended purpose; i.e., implementation of sequestration in FY 2014. Expenditures of these SBR funds must be reported on the Department’s Employment and Training Administration Fiscal Report (ETA 9130) in the remarks section. States must establish time-charging codes that will allow for the accounting of appropriate costs.

6. **Project Management.** If, during the performance period, states wish to move funds among categories on the SF-424A and the amount to be moved exceeds 20 percent of either the “donating” or “receiving” category as initially funded, a new SF-424A, with a letter signed by the Agency Administrator and dated requesting the change to the Office of Unemployment Insurance Administrator, Gay M. Gilbert, must be submitted electronically with a copy to the appropriate Regional Office (RO). These documents will be forwarded to the Employment and Training Administration Grants Officer for approval of the modification.

States may not elect to abandon a single activity that has been funded and move the funds to a different activity that has also been funded. If an approved activity is not undertaken by the state, the funds for that activity must be returned to the Department.

7. **Action Requested.** State Administrators are asked to:
 - a) Inform appropriate staff of this funding opportunity;
 - b) Determine activities for which the submission of SBRs would be appropriate;
 - c) Work with the appropriate RO to use their knowledge and technical expertise; and
 - d) Submit an electronic SBR to the National Office at OWS.SBR@dol.gov by September 18, 2013, with a copy to the RO. The title line of the email should include the name of the state and the title, *EUC Sequestration Implementation SBR 2014*. An email response will be sent within 24 hours from the OWS SBR mailbox acknowledging receipt of the electronic document.
8. **Inquiries.** Inquiries should be directed to the appropriate RO.
9. **Attachment.** Supplemental Budget Request Outline