

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION Unemployment Insurance
	CORRESPONDENCE SYMBOL OUI/DPM
	DATE March 6, 2023

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 3-23

TO: STATE WORKFORCE AGENCIES

FROM: BRENT PARTON /s/
Acting Assistant Secretary

SUBJECT: Availability of U.S. Department of Labor (Department) Funded Resources and Services to State American Rescue Plan Act (ARPA) Grantees.

1. **Purpose.** To announce the availability of Department-funded operational and technical resources and services to state ARPA grantees and to provide guidance for modifying grants that have been previously awarded to grantees that want to avail themselves of these services.
2. **Action Requested.** The Department’s Employment and Training Administration (ETA) requests that State Workforce Agency (state) Administrators provide information contained in this Unemployment Insurance Program Letter (UIPL) to appropriate staff.
3. **Summary and Background.**
 - a. Summary – Since the enactment of ARPA, the Department has made available funding opportunities to states to take significant action within the administration of their unemployment compensation (UC) programs to support the goals of ARPA in: (1) preventing and detecting fraud as well as recovering funds associated with fraud; (2) promoting equitable access; and (3) ensuring the timely payment of benefits as well as activities to reduce workload backlogs, for all UC programs.

The Department recognizes that states may have capacity limitations in executing multiple significant grant projects simultaneously and is committed to assisting with project execution of ARPA-related grant projects. As such, ETA, inclusive of partnerships with the Department’s Office of the Chief Information Officer, the Department’s Office of Unemployment Insurance Modernization, and other providers, is making available to states Department-funded operational and technical resources and services to further support execution of their ARPA-formula funded grant projects, including future ARPA-formula funded projects. Utilization of these Department-funded resources and services may help to expedite grant projects, increase the scope or impact of grant projects, and will not impact the maximum grant awards available to the states (*see* the References section of this UIPL for detail on specific funding amounts).

ETA will work directly with states to identify state-specific needs and determine how

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these resources and services can be best leveraged to support execution on existing and new ARPA grant projects. ETA notes that the Department-funded resources and services are being made available to states that have been, or will be, awarded grants in one of the ARPA-formula funded grant programs. Section 4.c. of this UIPL describes the methodology by which state grantees, in coordination with ETA, can modify existing ARPA-formula funded grant projects in case the state wants to take advantage of the Department-funded resources and services.

This UIPL focuses specifically on enhancing a continued partnership between the Department and states to make investments in all UC programs in furtherance of the goals articulated in ARPA. ETA will continue to provide states with technical assistance and future guidance that promote and demonstrate continuous improvement and enhancement for timeliness, integrity, and equitable access in the Unemployment Insurance (UI) system.

- b. Background – On March 11, 2021, the President signed ARPA into law (Public Law (Pub. L.) 117-2). Section 9032, ARPA, creates a new Section 2118 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Pub. L. 116-136) and provides a \$2,000,000,000 appropriation to the Secretary of Labor to detect and prevent fraud, to promote equitable access, and to ensure timely payment of benefits to eligible workers with respect to UC programs.

In support of ARPA’s goals, the Department issued UIPL No. 22-21, which provided states with \$140 million in ARPA funding for fraud detection and prevention, including ID verification and overpayment recovery activities, in all UC programs, on August 11, 2021.

Additionally, the Department issued UIPL No. 23-21, announcing a grant opportunity for activities that promote equitable access to UC programs, on August 17, 2021. On April 4, 2022, the Department issued UIPL No. 23-21, Change 3. In that UIPL, the Department responded to state requests for additional time and extended the period of performance for awards from September 30, 2023, to March 31, 2024. On December 21, 2022, the Department issued UIPL No. 23-21, Change 4, advising that new grant awards would have a period of performance through the end of the 27-month period that begins on the award date.

Further, on November 2, 2021, the Department issued UIPL No. 02-22, to notify states of the availability of up to \$200 million in funding to support states in improving UC systems and processes following a consultative assessment with a team of experts (*i.e.*, Tiger Teams) provided by the Department. On September 19, 2022, the Department issued UIPL No. 02-22, Change 2, to notify states that the deadline for expressing interest in the grant opportunity was being extended to March 31, 2023.

Finally, the Department is making these Department-funded operational and technical resources and services available to states to expedite ARPA grant projects, increase the scope or impact of ARPA grant projects, in part in response to reports from Government Accountability Office (GAO) highlighting the need for additional

action. In June 2021, a U.S. Government Accountability Office (GAO) report suggested potential racial and ethnic disparities in the receipt of UI benefits in some states during the COVID-19 pandemic,¹ and in June 2022 a GAO report highlighted the need for state UI systems to improve customer service and timely payment issuance,² as well as to an additional GAO report that added “the UI system to its list of federal areas at ‘High Risk’ for waste, fraud, abuse, and mismanagement, or in need of broad-based transformation.”³ That report explains that the UI system was added to the list “to bring greater attention to the challenges facing UI and to help spur needed changes.” Making these Department-funded resources and services available to states will help them address these challenges in a more expeditious manner.

4. Guidance.

a. *Available Department-Funded Resources and Services.*

With the goal of increasing state capacity, the Department is making available to states operational and technical resources and services, at no cost to the state, to further support execution of their ARPA-related grant projects, including future ARPA-formula funded projects. These resources and services are available to states that have been, or will be, awarded grants in one of the ARPA-formula funded grant programs. Such grants to date include those identified in UIPL Nos. 22-21, 23-21, and 02-22. The Department has the means to provide states with scalable resources and services to execute their state-specific ARPA grant projects.⁴ These resources provide cross-functional subject matter expertise across all UC programmatic areas, further complementing the technical assistance provided by the ETA Regional Offices.

The Department is offering an array of operational and technical resources and services, including but not limited to:

- Project Management – includes planning, organizing, and managing the completion of projects; assistance with resource management and coordination
- Change Management – includes developing awareness and communication plan for changes, preparing training and support resources to sustain successful changes
- State-specific IT programming/development support to facilitate implementations of applications
- System application enhancements (including for robotic process automation enhancements) – assistance in identifying common use case areas, establishing governance structures and metrics of success, and supporting implementation with vendor solutions

¹ GAO-21-599R, Management Report: Preliminary Information on Potential Racial and Ethnic Disparities in the Receipt of Unemployment Insurance Benefits during the COVID-19 Pandemic, published June 17, 2021, <https://www.gao.gov/products/gao-21-599r>.

² GAO-22-105162, Unemployment Insurance: Transformation Needed to Address Program Design, Infrastructure, and Integrity Risks, published June 07, 2022, <https://www.gao.gov/products/gao-22-105162>.

³ GAO Report issued on June 7, 2022, entitled “Unemployment Insurance: Transformation Needed to Address Program Design, Infrastructure, and Integrity Risks” at <https://www.gao.gov/assets/gao-22-105162.pdf>.

⁴ The state has the responsibility to test and sign off on any operational or technical services provided by the Department funded resources.

- Department-led initiatives to support high priority modernization initiatives and minimize barriers for customers:
 - Plain language conversions – includes providing sample documentation and references for common notices, application questions, etc.; providing hands-on assistance with direct implementation; providing workshops on content principles and plain language foundations, as well as developing, reviewing, and testing plain language content directly.
 - Claimant insights (*i.e.*, evaluation of customer experiences) – providing guidance and analytical support to states collecting claimant data to help states identify and prioritize on the most pressing issues claimants are facing at any given time.
 - Fraud Prevention and Detection (*e.g.*, identity proofing solutions) – the Department is actively working with federal partners to pilot the feasibility and sustainability of Department-backed identity proofing solution(s) to maximize states’ fraud prevention and detection efforts, as well as ensure mechanisms are in place to ensure equitable access to UC services.
- UI operations subject matter expertise across all operational areas

If a state has additional operational and/or technical needs other than those identified above to support its existing or future ARPA-formula funded grant projects or has questions navigating available options, the Department requests states coordinate with their respective Regional Office to facilitate a discussion on what resources or services can be leveraged.

b. *Coordination with the Department.*

The Department encourages states to leverage Department-funded resources and services to complement the work being done with their ARPA-formula funded projects. Taking advantage of these resources and services may accelerate project execution, reduce the state’s project execution costs, and increase the scope or impact of these projects. The availability of resources and services will depend on the number of requests received, state needs, and project timelines. The Department cannot guarantee the availability of resources and services to accommodate state requests.

States that are interested in leveraging the Department-funded resources and services should coordinate with the appropriate ETA Regional Office Federal Project Officer (FPO) to initiate communications with the National Office. This process may require states to modify existing grant awards and, for future grant applications, to factor in the availability of these no-cost resources (see Section 4.c. of this UIPL). The Department, in coordination with the state, will work to identify the state’s operational and technical needs, establish the Department’s and state’s roles and responsibilities, and coordinate the appropriate agreements.

This continued partnership between the Department and states will further investments in all state UC programs with the funding provided under ARPA. Further, ETA will continue to provide states with technical assistance and guidance that promotes and demonstrates continuous improvement and enhancement for timeliness, integrity, and equitable access in

the UI system.

c. ***Modifications to Existing Grants.***

A modification to an existing award is required where ARPA grant funding was previously provided for these tasks but, because of the use of Department-funded resources and services, ARPA grant funding is no longer needed for these tasks. As a result, the funding must be re-purposed or removed. As described above, whether provided directly by Department staff or by other partners that have received funding for this purpose, a wide variety of operational and technical resources are available to states to support their efforts to improve the administration of their UC programs in furtherance of the goals articulated in ARPA. Since there are several ARPA grants available to states that are intended to accomplish similar objectives, this guidance is being provided to explain how these resources can be leveraged to ensure states have sufficient resources for the critical program improvement projects they are undertaking.

Coordination with the appropriate ETA Regional Office will be essential because there are important factors to consider whether the state is contemplating modifying a previously awarded grant or submitting an application for a new grant. The Regional Office will facilitate state engagement with the National Office to verify that requested services can be provided to the state in a timely manner and to meet the project completion requirements in its grant agreement. The Regional Office will also facilitate engagement with the National Office to develop and execute any needed agreement concerning the services to be provided.

The ETA Regional Office's FPO will review the state's request and coordinate meetings among the National Office, Regional Office, and the state to discuss the desired modifications.

Once a favorable determination is made on the modification request, the state must follow the process below, as well as their own state procurement guidelines, to utilize Department-funded services or resources. States that submit a modification request for Department-funded operational and technical resources and services must provide the following:

- i. Grantees Requesting to Modify Existing Awards and Reallocate Funds to Other Allowable Activity (*i.e.*, reallocate to another activity already in the grant or change the scope of work in the grant to include a new allowable activity).
 - The state must submit a modification request letter, on official agency letterhead and signed by its Authorized Representative, along with an updated budget narrative, through the FPO to the Grant Officer. The letter must specify that the state is requesting a statement of work modification (amending the project outline, timelines, and metrics as appropriate) and budget realignment to remove the previously funded activity and shift grant resources to another allowable activity covered under the appropriate UIPL grant award.
 - In addition to the modification letter, the request must include an updated grant statement of work, for each affected project, that removes the previously

funded activity and includes the additional allowable activity or activities under the appropriate grant funding opportunity.

- States are required to submit a revised SF-424A (OMB No. 4040-0006) reflecting the updated budget information:
<https://apply07.grants.gov/apply/forms/instructions/SF424A-V1.0-Instructions.pdf>.

The state will receive a notice of award once the grant modification is complete.

ii. Grantees Requesting to Modify Existing Awards to Deobligate Funds.

- The state must submit a modification request letter, on official agency letterhead and signed by its Authorized Representative, along with an updated budget narrative, through the FPO to the Grant Officer. The letter must specify that the state is requesting a statement of work modification (amending the project outline, timelines, and metrics as appropriate) and budget realignment to remove the previously funded activity and deobligate resources that will no longer be used by the state.
- In addition to the modification request letter, the request must include an updated grant statement of work that removes the previously funded activity.
- States are required to submit a revised SF-424 (OMB No. 4040-0004) reflecting the reduced total award amount for the grant:
https://apply07.grants.gov/apply/forms/sample/SF424_4_0-V4.0.pdf.
- States are required to submit a revised SF-424A (OMB No. 4040-0006) reflecting the updated budget information:
<https://apply07.grants.gov/apply/forms/instructions/SF424A-V1.0-Instructions.pdf>.

The state will receive a notice of award once the grant modification is complete.

5. **Inquiries.** Please direct inquiries to the appropriate ETA Regional Office.

6. **References.**

- American Rescue Plan Act, Pub L. 117-2, enacted March 11, 2021;
- Consolidated Appropriations Act, 2021, including Division N, Title II, Subtitle A, the Continued Assistance for Unemployed Workers Act of 2020 (Pub. L. 116-260);
- Coronavirus Aid, Relief, and Economic Security (CARES) Act, Pub. L. 116-136, enacted March 23, 2020;
- Section 303 of the Social Security Act (42 U.S.C. 503);
- 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards;
- 2 CFR Part 2900, Department of Labor Uniform Administrative Requirements, Cost

- Principles, and Audit Requirements for Federal Awards;
- Executive Order 13985 of January 20, 2021; 86 FR 7009, page 7009-7013, <https://www.federalregister.gov/documents/2021/01/25/2021-01753/advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government>;
 - UIPL No. 22-21, *Grant Opportunity to Support States with Fraud Detection and Prevention, Including Identity Verification and Overpayment Recovery Activities, in All Unemployment Compensation (UC) Programs*, issued August 11, 2021, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-22-21>;
 - UIPL No. 23-21, *Grant Opportunity for Promoting Equitable Access to Unemployment Compensation (UC) Programs*, issued August 17, 2021, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-23-21>;
 - UIPL No. 23-21, Change 1, *Extension of Time to Submit Request for Funding under Grant Opportunity Announced in Unemployment Insurance Program Letter (UIPL) No. 23-21*, issued November 1, 2021, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-23-21-change-1>;
 - UIPL No. 23-21, Change 2, *Further Extension of Time to Submit Request for Funding under Grant Opportunity Announced in Unemployment Insurance Program Letter (UIPL) No. 23-21*, issued December 20, 2021, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-23-21-change-2>;
 - UIPL No. 23-21, Change 3, *Extension of Period of Performance for Awards related to Grant Opportunity Announced in Unemployment Insurance Program Letter (UIPL) No. 23-21*, issued April 4, 2022, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-23-21-change-3>;
 - UIPL No. 23-21, Change 4, *Updated Guidance for Awards related to Grant Opportunity Announced in Unemployment Insurance Program Letter (UIPL) No. 23-21*, issued December 21, 2022, <https://www.dol.gov/agencies/eta/advisories/uipl-23-21-change-4>;
 - UIPL No. 02-22, *Grant Opportunity to Support States Following a Consultative Assessment for Fraud Detection and Prevention, Promoting Equitable Access, and Ensuring the Timely Payment of Benefits, including Backlog Reduction, for all Unemployment Compensation (UC) Programs*, issued November 2, 2021, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-02-22>;
 - UIPL No. 02-22, Change 1, *Extension of Time for States to Express Interest in the Grant Opportunity Announced in Unemployment Insurance Program Letter (UIPL) No. 2-22 to Support States Following a Consultative Assessment for Fraud Detection and Prevention, Promoting Equitable Access, and Ensuring the Timely Payment of Benefits, including Backlog Reduction, for all Unemployment Compensation (UC) Programs*, issued February 16, 2022, <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-02-22-change-1>;

- UIPL No. 02-22, Change 2, *Extension of Time for States to Express Interest in the Grant Opportunity Announced in Unemployment Insurance Program Letter (UIPL) No. 02-22, to Support States Following a Consultative Assessment for Fraud Detection and Prevention, Promoting Equitable Access, and Ensuring the Timely Payment of Benefits, including Backlog Reduction, for all Unemployment Compensation (UC) Programs*, issued September 19, 2022, <https://www.dol.gov/agencies/eta/advisories/uipl-02-22-change-2>;
- GAO-21-599R, *Management Report: Preliminary Information on Potential Racial and Ethnic Disparities in the Receipt of Unemployment Insurance Benefits during the COVID-19 Pandemic*, published June 17, 2021, <https://www.gao.gov/assets/gao-21-599r.pdf>; and
- GAO-22-105162, *Unemployment Insurance: Transformation Needed to Address Program Design, Infrastructure, and Integrity Risks*, published June 07, 2022, <https://www.gao.gov/assets/730/720919.pdf>.

7. **Attachment(s)**. N/A