Employment and Training Administration Advisory System U.S. Department of Labor Washington, D.C. 20210	CLASSIFICATION UI
	CORRESPONDENCE SYMBOL DUIO
	DATE June 14, 2010

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 26-10

TO: STATE WORKFORCE AGENCIES

FROM: JANE OATES
Assistant Secretary

SUBJECT: Unemployment Insurance (UI) Supplemental Funding Opportunity to Improve Performance

1. **Purpose**. To notify State Workforce Agencies (SWAs) of the availability of fiscal year (FY) 2010 UI funds for automation acquisitions that will allow states to implement technological improvements to better serve UI beneficiaries and employers, to accommodate large increases in UI workloads, and to improve program performance.

2. **References**. ET Handbook No. 336, 18th Edition, Change 2, Unemployment Insurance State Quality Service Plan Planning and Reporting Guidelines.

3. **Background**. The Department's priorities include an emphasis on improving service delivery for the UI program and improving the linkages to reemployment services for UI recipients. Funds are available for technology-based investments to improve program performance. This funding opportunity includes projects targeted to improve services to UI beneficiaries and employers and to improve overall system performance.

4. **Use of Funds**. Approximately $9 million is available to fund Supplemental Budget Requests (SBRs) for performance improvement related activities. Use of these one-time funds should be geared toward investments that will provide future returns. States may propose projects that are directly related to the activities listed in Attachment B. Proposals will be funded up to a maximum of $500,000.

5. **SBR Scoring Criteria**. The scoring criteria for these proposals are explained in Attachment A along with the value of each of the scoring elements. States should provide the information identified in the guidelines for each element.

   Due to the limited availability of funds, additional factors will be considered in the evaluation of the projects. States will receive additional points for providing a percentage of matching funds toward the completion of the project. These points will be scaled based upon the percentage of the matching funds.

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The project will be evaluated for the projected cost-benefits and services or performance that will be improved through implementation of the proposed project. Improvements and cost-benefits must be quantified and estimates must be reasonable. Finally, all cost estimates must be fully justified to explain the necessity of each item requested, and costs must be directly related to the project.

6. **Application, Award, and Expenditure of Supplemental Funds**. States may submit individual proposals for one or more projects in one SBR package. Each proposal will be considered a section of the state's SBR, and each proposal will be evaluated individually. If two or more of these projects contain the same item as a common component, but the item needs to be funded only once, the state must alert the Department of the duplication. This will ensure that the common item is not funded twice.

   The Supplemental Budget Request Outline (Attachment A) will be used to evaluate the proposal. Each element should be addressed succinctly providing the specific information requested. Due to the tight timeframe for developing and submitting SBRs, states are asked to provide only the information requested. Additional information such as an introductory narrative is not necessary and does not add to the SBR score. Proposals that do not meet a minimum standard score of 80 points will not be funded.

   After projects have been approved, an award letter will be issued to states listing all projects to be funded, the funding level of each, and the total funding level for the state. States must submit one SF-424 (OMB No. 4040-0004) and one SF-424A (OMB No. 4040-0006) covering all of the approved projects.

   States must obligate the funds for automation acquisition projects by September 30, 2012, and liquidate the obligations within 90 days of that date. Upon written request from the state, no later than August 31, 2012, the Grant Officer may extend the liquidation period, but only if the funds have been obligated to an outside contractor. An extension cannot be granted if the funds are intended for use by SWA staff or by another state agency (see 29 CFR § 97.3). The obligation deadline for projects that are not automation acquisition related expenditures is December 31, 2010 and these obligations must be liquidated within 90 days of that date.

   During the life of the project, expenditures should be reported on the ETA Fiscal Report - ETA 9130 (OMB No. 1205-0461) in the remarks section. By applying for these individual projects, the state is agreeing that the projects will be completed with no additional Federal funding.

7. **Project Management**. If during the performance period states wish to move funds among categories within a project, and the amount to be moved equals or exceeds 20 percent of any category in the initially awarded amount for the project, a new SF-424A must be submitted to the Regional Office. These documents will be forwarded by the Regional Office to the Grants Officer for review and approval. The same requirement for approval by the Grants Officer applies to movement of funds between projects if the amount moved exceeds 20 percent of either the "donating" or "receiving" project as initially funded. States should consult with the Regional Office to determine the appropriate procedures for modifications of 20 percent or less.

In addition, states wishing to transfer funds in excess of $30,000 between projects must request approval by the Regional Office even if this transfer does not affect the reported categories on the SF-424A. States may not elect to abandon a single project that has been funded and move the funds to a different project that has also been funded. If an approved project is not undertaken by the state, the funds for that project must be returned to the Department.

Action Requested. SWA Administrators are requested to:

(a) Review the funding opportunities and determine the activities for which the state would like to request funding to improve performance;

(b) Establish any necessary coordination between the UI program staff and Information Technology staff to develop a proposal(s) under this solicitation;

(c) Work with the appropriate Regional Office to develop an SBR that will best serve the needs of the state; and

(d) Submit SBRs to the National Office at OWS.SBR@dol.gov, by July 23, 2010, with a copy to the Regional Office. The title line of the e-mail should include the name of the state and the title "Performance Improvement SBR 2010." An e-mail 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 Regional Office.

9. **Attachments**.

A. Supplemental Budget Request Outline

B. Project Descriptions

1. Enhanced call center and/or interactive voice response system technology.
2. UI appeals - conversion from tape to digital recordings of appeal hearings.
3. Document management/imaging systems/optical character recognition applications or other related automation such as data input forms and notices for adjudication benefit payment control, benefit accuracy measurement, appeals or tax.
4. Smart schedulers.
5. UI data validation for benefits.
6. UI data validation for tax.
7. Programming to include the full name in UI wage records.
8. Automation to improve linkages for UI claimants to access re-employment services and provide feedback to the UI system.
9. Business Process Analysis and/or Re-engineering.

Attachment A

Supplemental Budget Request Outline

1. Name of the Project: The naming convention for each project is State Abbreviation-Project Name-Project Priority-UIPL Number. The state abbreviation is the two character alphabetic code, the name of the project is the name assigned by the state, the priority of the proposal (if more than one is submitted) is the priority order designated by the state and the UIPL number is the number located on page one of this UIPL.

2. Amount of Funding Request for this project: Provide the total amount of funds requested for this individual project. By submitting this proposal, the state agrees to complete this project without additional Federal funds.

3. State Contact: Provide name, telephone number and email address of the individual who can answer questions related to this proposal.

4. Project Description: Explain in one paragraph what the funds will accomplish.

5. Project Timeline: The value of this element is 15 points. Provide a timeline identifying the dates of all significant steps in this project through the projected implementation date. SBR funds are to be awarded to states that plan to implement their proposed project(s) quickly. A portion of the scoring in this element will focus on evaluating how well the state has shown that they are ready to implement the project. As various projects require different amounts of time to implement, the project will evaluated based upon the scope of the work and the state's narrative demonstration that the proposal will be undertaken and completed in an expedient manner.

6. Description of Costs: Provide an explanation of all costs included in the project. The value of this item is 15 points.

a. **Staff Costs for Agency and Contract Staff:** States must use the table format below to request state or contract staff. The project should clearly explain which costs are for state staff and which costs are for contractor staff.

Type of Position	Total Hours	Cost Per Hour	Total

b. **Hardware, Software, and Telecommunications Equipment:** Provide an itemized list of hardware, software and telecommunications equipment <u>including the cost per item</u> and the number of each item requested. A description of each item should provide any information needed to identify the specific item and a description of the size and capacity of each item, if applicable.

Type of Item	Total Number of Items	Cost Per Items	Total

c. **Other:** Identify each item and provide the expected cost per item. The need for each item should be explained in detail.

Summary of All Costs Requested

Staff	
Item	
Other	
Total	

7. Strategic Design: The value of this element is 35 points. Include a brief description of the strategic project design, identifying key reasons for this project. The strategic design should provide a detailed analysis of current operations and show how the design will meet the needs of the state. Describe the current problem(s) and how the project will address it: for example, a state may have a dropped call rate of 30 percent of calls on Monday/Tuesday due to the inability of the system to handle the high call volume. Problems should be those that will be addressed through technology rather than by just adding staff. For example, new/enhanced technology may be needed before staff can be added to handle workload increases.

8. Measurable Improvements Expected in UI Operations: The value of this element is 35 points. Identify which services or performance will be improved or which on-going costs will be reduced through implementation of the proposed project. Improvements and cost reductions must be quantified and estimates must be reasonable (e.g., improvement might be an estimated 20 percent decrease in the call drop rate of a Call Center taking claims).

9. Additional Points for Cost Matching: Additional points will be awarded based on any matching funds provided by the state for the project. The proposal must describe the matching funds using the cost breakout in the section 6 - Description of Costs, above. The points will be scaled based on the percentage of matching costs that the state proposes to contribute as follows:

- 80% or greater — 5 points
- 60% to 79% — 4 points
- 40% to 59% — 3 points
- 20% to 39% — 2 points
- 05% to 19% — 1 point

1. Enhanced Call Center and/or Interactive Voice Response System Technology.

Purpose: To meet the current needs of UI telephone systems. During periods of extraordinarily high unemployment many call centers have been unable to accommodate the increased workload volume. Some states have call center technology that is out-dated and in need of enhancements to provide quality service.

Examples of the use of funds may include:

1. Modifying call center systems to reroute calls in a virtual call center system,
2. Revising automated messages for claimants on the interactive voice response system,
3. Implementing enhanced security systems,
4. Linking call center systems to automated job listings,
5. Implementing enhanced technology that will handle increased workload volume,
6. Replacing out-of-date equipment for telephone claims taking, and
7. Implementing automated out-bound calling during off peak times for other UI activities like BPC overpayment recovery calls or job openings information for claimants.

2. UI Appeals - Conversion from Tape to Digital Recordings of Appeal Hearings.

Purpose: Clear and reliable audio recordings of hearings are crucial to the UI Appeals process. Recordings made from magnetic tape are not only cumbersome to store, but, more importantly, their quality deteriorates over time. The digital audio recording should be able to capture, maintain, index, share, and archive a clear and accurate recording of the Lower Authority Appeals (LAA) hearing. The system could also be used for Higher Authority Appeals proceedings including hearings, reviews, additional testimony, etc.

The transformation from tape to digital recordings may include hardware, software, sound integration and support. Proposed solutions need to integrate with the state's LAA processes, procedures, and policies.

Examples of the use of funds may include:

1. Developing and issuing a Request for Proposal (RFP) to procure a vendor to purchase hearing audio recording equipment necessary to implement the new system.
2. Purchasing and implementing a digital audio system for the state's appeals hearing proceedings including both the purchase of necessary equipment and the development of the automated system to meet the state's specific needs.
3. Training staff in the use of the automated equipment and writing procedures, as necessary, to use the equipment efficiently.

3. <u>Document Management/Imaging/Optical Character Recognition (OCR)Systems</u>.

Purpose: Dealing with a large volume of documents that must be instantly retrievable by a large number of users is one of the most challenging aspects of any organization. Document Management/Imaging/OCR systems facilitate the capture, storage, organization and retrieval of data and/or image file formats. These systems capture data from faxes and forms, save copies of the documents as images, and store data and image files in the repository for security and quick retrieval. Additionally, they enhance the work flow by improving timeliness and accuracy of information.

Examples of the use of funds may include:

1. Developing an RFP for purchase of hardware/software for the development/upgrade of these systems,
2. Purchasing and implementing the system, and
3. Staff training in the use of these systems.

4. <u>Smart Schedulers for Adjudication or Appeals</u>.

Purpose: UI Adjudication systems require access to information from employers and from claimants. Automated scheduling systems can provide a means of ensuring that the schedule of the interested parties is documented and that appointments have been scheduled with the full knowledge of the necessary parties. They provide a cost effective method of automating routine tasks and eliminate delays that occur due to mailing appointment notices.

UI Appeals hearings preparation activities in a state's LAA process are an important variable in achieving timeliness and meeting appeals performance standards. Assessments of the LAA preparation activities should include a review of the intake process; reviewing how a case file is created, what it contains, and how it is scheduled; as well as the mailing procedures and processes, and case management processes. Many of these functions can be automated. Posting appeals electronically, supporting documentations, and assigning docketing information should assist states in decreasing the time from when an appeal is first received to when the hearing is actually held. An automated docketing and scheduling system can allow states to better fill gaps in scheduling so hearing officers minimize lost time/downtime. States can also consider automating the issuance of hearing notices and LAA decisions.

Examples of the use of funds may include:

1. Issuing an RFP for an automated system of recordkeeping, filing procedures, case-flow processing, and scheduling orders.
2. Managing the contract with the vendor ensuring that all system needs are clearly identified and incorporated into the proposed system.
3. Implementing the case management software, hardware and peripherals, network and communications for in-house customization.

4. Training staff and writing operational procedures addressing the use of the new automated system.

5. <u>Unemployment Insurance (UI) Data Validation for Benefits</u>.

Purpose: To obtain an independent (third party) verification that the state's data validation extract files meet Federal UI data validation requirements for benefits-related reports. The basic UI data validation design is for states to reconstruct the numbers/counts reported to USDOL's Employment and Training Administration on UI required reports. To do this, states write computer programs that search their electronic databases and extract all transactions that should have been reported.

This SBR funding is for states to obtain an independent verification that their computer programs are extracting the correct transactions for each data validation "population." States must submit a copy of the independent verification certification to their respective Regional Office upon completion. States that choose to obtain an independent verification may use any funds not needed for the verification to correct errors in data validation extract files, complete data validation implementation, train staff, and correct reporting errors discovered through data validation.

This funding is available for states that have not yet received full funding of $100,000 (the amount that was made available in a previous year's SBR opportunity) for this purpose.

Examples of the use of funds may include:

1. Developing an RFP for data validation services from an outside vendor.
2. Working with the selected vendor to provide information needed and to secure necessary data files including:
   - Writing programs to create the population 1-14 datasets,
   - Modifying existing computer systems to add new fields needed for data validation,
   - Updating the data validation Module 3 document – the state-specific set of instructions for the data validator, and
   - Correcting reporting errors and ensuring that the corrections pass data validation guidelines.

6. <u>Unemployment Insurance (UI) Data Validation for Tax</u>.

Purpose: To obtain independent (third party) verification that state's data validation extract files meet Federal UI data validation requirements. The basic UI data validation design is for states to reconstruct the numbers/counts reported to the Employment and Training Administration on UI required reports. To do this, states write computer programs that search their electronic databases and extract all transactions that should have been reported.

The data on the ETA 581, Contributions Operations Report, is used for a variety of national and programmatic purposes, including: Tax Computed Measures for UI Performs, BLS statistical information, and workload measures for UI budget allocation. It is important for all states to report the ETA 581 data on a consistent and comparative basis. Data validation ensures that states report the same data elements by validating the logic used to identify the data elements. For this reason, states have been required to validate certain data on the ETA 581 for 5 tax data validation populations since 2006.

This funding is available for states that have not yet received full funding of $100,000 (the amount that was made available in a previous year's SBR opportunity) for this purpose.

Examples of the use of funds might include:

1. Developing an RFP for data validation services from an outside vendor,
2. Working with the selected vendor to provide information needed and to secure necessary data files including:
   - Writing programs to create the population 1-5 datasets,
   - Modifying existing computer systems to add new fields needed for data validation,
   - Updating the data validation Module 3 document - the state specific set of instructions for the data validator, and
   - Correcting reporting errors and ensuring that the corrections pass data validation guidelines.

7. **Programming to Include Full Name in UI Wage Records.**

Purpose: To provide states with funds to upgrade their wage record systems to capture the employee's full name associated with UI quarterly wage records, and to transmit the full name to the National Directory of New Hires (NDNH). States may revise their wage record systems for capture, storage and transmission of wage record data. A wage record file that contains the full name for each wage record will allow the Social Security Administration to perform integrity related activities including a name match on the social security number, thereby improving the integrity of the wage record files.

Examples of permissible uses for these funds include:

1. Revising wage record data gathering systems, such as paper/Optical Character Recognition forms, internet reporting systems, and electronic wage formats.
2. Revising database structure to accommodate the full name.
3. Revising computer wage record system to process and display the full name.
4. Revising outbound wage record transmission to NDNH to include the full name.

8. <u>Automation to improve linkages for UI claimants to access re-employment services and provide feedback to the UI system</u>.

Purpose: To provide states with funds to link UI claimants to access re-employment services that meet their needs and an automated means of notifying the UI system of the results of the referral. States have implemented linkages for claimants to the automated job bank that provides timely information about available jobs. Linkages are also needed to notify UI staff of job referrals. These systems must also notify UI staff of subsequent refusals of jobs or refusals of referrals to jobs by UI claimants.

Examples of the use of funds might include:

1. Developing an RFP for systems revisions.
2. Developing, implementing and testing the new system.
3. Training staff to use the new system.

9. <u>Business Process Analysis and/or Re-engineering</u>.

Purpose: To provide states with funds to conduct an administrative and/or business process review to identify bottlenecks and the causes of poor performance in first payment timeliness and/or appeals timeliness. The review should be rigorous and thorough and should extend to those parts of UI program operations that ultimately affect first payment or appeals timeliness, such as how you manage nonmonetary adjudications. The outcome of this review should be clear recommendations that may inform additional corrective action steps.

Examples of the use of funds might include:

1. Purchase, installation, or training on a software package to conduct the administrative and/or business process review.
2. Engage a contractor for expert assistance or subject matter expert to support business process analysis and re-engineering, and develop recommendations for use in an action plan.