

<b>Employment and Training Administration</b> <b>Advisory System</b> <b>U.S. Department of Labor</b> <b>Washington, D.C. 20210</b>	<b>CLASSIFICATION</b> UI
	<b>CORRESPONDENCE SYMBOL</b>
	<b>DATE</b> July 15, 2009

**ADVISORY:** UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 31-09

**TO:** STATE WORKFORCE AGENCIES

**FROM:** JANE OATES /s/  
Assistant Secretary

**SUBJECT:** Unemployment Insurance (UI) Supplemental Funding  
Opportunity for Automated Integrity Related Systems

- Purpose.** To notify State Workforce Agencies (SWAs) of the availability of Fiscal Year (FY) 2009 funds for technology-based overpayment prevention, detection, and collection infrastructure investments to support integrity-related activities.
- References.** ETA Handbook No. 336, 18<sup>th</sup> Edition, Change 1, Unemployment Insurance State Quality Service Plan Planning and Reporting Guidelines; and the Improper Payments Act of 2002.
- Background.** The FY 2009 appropriation provided funds for states to conduct in-person Reemployment and Eligibility Assessments for UI beneficiaries and directed that a portion of these funds be used for technology-based overpayment prevention, detection, and collection infrastructure investments in support of these activities. The Employment and Training Administration remains committed to the development of integrity-related systems focused on the proper payment of UI benefits, and states have expressed a need for additional funding to enhance the automation of their Benefit Payment Control (BPC) activities. The prevention, detection and collection of UI overpayments is an area in which the implementation of automated systems can result in significant savings of staff costs, increases in the dollar amount of overpayments recovered, reduction of the time from establishment to recovery of the overpayment, and prevention of future overpayments.

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> July 15, 2010
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4. **Use of FY 2009 Integrity-Related Funds.** Approximately \$9-10 million is available. The amounts awarded will be based on the number and types of requests submitted. These funds can be used for technology-based overpayment prevention, detection, and collection infrastructure investments in support of integrity-related activities. All funds are to be used for technology investments, and all expenditures must be related to automation.

Use of these one-time funds should be geared toward investments that will provide future returns. The use of these funds to add staff needed to process workloads will not be funded as a part of this Supplemental Budget Request (SBR) opportunity.

Examples of acceptable projects are located in Attachment A. The examples include the Separation Information Data Exchange System (SIDES), data matching with other Federal and state agencies, and internal data matching. In addition, states may propose other technology-based overpayment prevention, detection and collection activities. States may also request funds to improve existing integrity systems.

5. **Consortia Proposals.** States may form a consortium to implement a technology-based project designed to prevent, detect or recover improper UI payments. The proposal must identify the responsible state agency and its partners and explain the projected allocation of and fiscal responsibility for expenditures. The proposal must include a signed agreement to participate in the project from each participating state. The letter should be signed by the SWA Administrator and should explain the role of the participating state(s) in the project.
6. **SBR Scoring Criteria.** The scoring criteria for these proposals are explained in Attachment B. The value of each of the scoring elements is also provided. States should address each element providing the information as it is defined in the guidelines.

States fully utilizing the National Directory of New Hires in both BPC and Benefit Accuracy Measurement operations will be awarded 10 points of the possible 100 points. Proposals must meet a minimum score of 80 points to be funded.

7. **Application and Award of Supplemental Funds.** States may submit individual proposals for any or all of the purposes described above in one SBR package. However, states are requested to prioritize if submitting multiple requests. Each proposal will be considered a separate section of

the state's SBR, and each proposal will be evaluated individually. When the same expenditures are proposed in two different proposals and would be duplicated if both were funded, the state must provide a brief description in both proposals explaining this duplication to ensure that the same costs are not funded twice.

These one-time funds will be made available through the SBR process and must be obligated by states by September 30, 2011, and liquidated within 90 days of that date. Upon written request, the grant officer may extend the liquidation period. An obligation of the funds by September 30, 2011, to an outside contractor (not to another state agency) allows for work supported by these funds to continue beyond the cited dates, but only if an extension of the liquidation period is approved by the Grant Officer. By applying for these funds, states are assuring that these projects will be completed with no additional Federal funding.

When projects have been approved, a Letter of Award will be issued to the state(s) listing the proposals that are being funded in the SBR. It will include both the funding level for each proposal and the total funding level for the state's entire SBR. States must submit forms SF 424 (OMB No. 4040-0004) and SF 424A (OMB No. 4040-0006) covering all approved projects in the SBR upon receipt of this Letter of Award.

8. **Project Management.** If, during the performance period, a state wishes to move funds among categories within its SBR, a new SF 424A (OMB No. 4040-0006) must be submitted to the Regional Office for approval, with a copy to the National Office if the amount to be moved exceeds 20 percent of any category in the initially awarded amount for the project. The state must also submit a request for modification of the grant signed by the state's signatory authority. This information will be submitted to the Grant Officer with a request for modification of the SBR to reflect the requested changes. States may not elect to abandon an approved (single) project and move funds to a different project. If a project is not undertaken by the state, funds for that project must be returned to the Department.

9. **Action Requested.** SWA Administrators are requested to:

- (a) Review the funding opportunities and determine which activities might be appropriate for the state's current operations,
- (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 including Attachment C by email to the [OWS.SBR@dol.gov](mailto:OWS.SBR@dol.gov) by close of business on August 10, 2009, with an electronic copy to the appropriate Regional Office.

**10. Inquiries.** Inquiries should be directed to the appropriate Regional Office.

**11. OMB Approval.** These instructions will be submitted to the Office of Management and Budget (OMB). Therefore, they should be considered draft instructions for a proposed data collection. ETA will notify states upon OMB approval and communicate any changes deemed necessary during the OMB approval process.

**12. Attachments.**

Attachment A      Examples of Technology Based Projects to Prevent, Detect, or Collect Overpayments

Attachment B      2009 Supplemental Budget Request Format for Activities in Support of Technology Based Overpayment Prevention, Detection, and Collection Infrastructure Investments

Attachment C      Unemployment Insurance Supplemental Budget Request Summary Benefit Payment Control

## Examples of Technology Based Projects to Prevent, Detect, or Collect Overpayments

### **Separation Information Data Exchange System (SIDES):**

- The Unemployment Insurance Separation Information Data Exchange System (SIDES) is a secure electronic-based system for communication of job separation information between the UI agencies and employers. SIDES is expected to improve the quality and timeliness of initial eligibility determinations which are the second largest cause of improper payments.

### **Data matching with other federal and state agencies:**

- Social Security Administration data matching
  - Verifies the Social Security Number (SSN)
  - Verifies Social Security benefit information
  - Confirms name, date of birth and gender
- State Department of Motor Vehicle data matching
  - Provides proof of identity and residence
- Data Matching with state prisons, Vital Statistics, state payrolls, Workers' Compensation
  - Provides information on the legitimacy of the claims, earnings, compensation, other issues which affect eligibility

### **Internal Data Matching Software:**

The acquisition/development/implementation of software for purposes such as:

- Identification of multiple calls coming to a state's Interactive Voice Response System (IVRS) from the same phone number to file claims.
- Identification/detection of multiple checks going to the same address and detection of claimants and employers having the same address.
- Utilization of a "security profile" to question callers filing UI claims when using IVRS.
- Utilization of stored information such as telephone numbers and addresses by state workforce agency staff to question callers filing UI claims.
- Utilization of Internet Protocol (IP) address tracking - (every computer on the Internet has a unique identifying number, like 191.1.24.2). This procedure searches for Internet unemployment claims being accessed at the same address.
- Creation of alerts to management on transaction patterns of employees.

- Utilization of software (e.g., High Risk Activity Detection (HRAD)), which identifies internal high risk factors such as an agency staff member making 3 or more changes to a UI claim record in a 4-day period (Personal Identification Numbers, SSN, address change).
- Implementation of data mining software which has the capability to analyze large volumes of data, combine information on past circumstances, present events and project future actions which are key components to effectively combat identity theft.
- Development of technology based collection activities such as a predictive dialer.

**Other technology based overpayment prevention, detection, and collection activities:**

- States should provide a complete description of the proposed project.

**Activities to improve systems that are currently operational to make them more effective:**

- States should provide a complete description of the current system identifying how it is used to prevent, detect or collect overpayments, what changes are needed and how they will improve the system making it more accurate, more cost effective, more expedient, more user friendly, or explain other improvements that are expected to occur.

**2009 Supplemental Budget Request (SBR) Format for  
Activities in Support of Technology Based Overpayment Prevention,  
Detection, and Collection Infrastructure Investments**

**Name of Project:**

**Amount of Funding Request for this Project:** Provide the total amount of funds requested in this individual project.

**State Contact:** Provide name, telephone number and e-mail address of the individual who can answer any questions relating to this proposal.

**Project Description:** Provide a complete description of the project explaining what the funds will be used to accomplish.

**Project Timeline:** Provide a timeline identifying the dates of the milestones in this project through the expected implementation date. The timeline should include the development of the scope of work, the designation of specific tasks to appropriate parties, the issuance of a request for proposal if appropriate, the projected start date for programming the new system, the proposed dates to begin and to complete testing and the proposed date for full implementation of the system.

The weight of this element is 20 percent of the total score.

**Description of Costs:** Provide an explanation of all costs included in the project.

**Staff Costs for Agency and Contract Staff:** States should 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

**Hardware, Software, and Telecommunications Equipment:** Provide an itemized list of hardware, software and telecommunications equipment including the cost per item 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.

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

The weight of this element is 10 percent of the total score.

**Strategic Design:** Include a description of the strategic design of the project identifying key features. The strategic design should provide evidence of a thorough analysis of current operations and should show that the design will meet the needs of the state. For example, the description could include an explanation of the overpayments that are currently not being addressed or the collections that are not accomplished because the automated system is not operational. The state should explain how they have determined that this system would be the most beneficial to their operation. This explanation might include a list of other overpayment systems that are operational such as the National Directory of New Hires.

For example:

- Identify the data that will be received from the data matching, e.g., name, date of birth, address etc.
- Estimate the amount of overpayments the system will prevent or detect in a year.
- Estimate the percentage of claimants that will part of the data matching system.
- Describe the data system(s) that the state will use to match claimant records
- Indicate how often the data match will be conducted.
- Describe the assurance(s) that the state has received from the owner(s) of the data which will demonstrate a willingness to participate in the proposed data exchange.

The weight of this element is 30 percent of the total score.

**Measurable Improvements Expected in UI Operations:** Identify the areas in which overpayment prevention, detection or collection will be improved or on-going costs reduced through implementation of the proposed project. All improvements and cost reductions must be quantified rather than generalized. For example, if it is anticipated that overpayments will be collected more quickly with the new system the measurable improvements should identify the anticipated time savings per claimant and the percentage of overpayments that will be affected by the new system. The narrative should explain what

measurable improvements are expected to occur and provide a narrative to quantify the expected improvements.

The weight of this element is 30 percent of the total score.

**Current Status of Implementation of the National Directory of New Hires (NDNH) in Benefit Payment Control (BPC) Operations:** Describe the status of the NDNH in BPC operations. How often does BPC run this matching tool? What parameters are set for BPC matching?

The weight of this element is 10 percent of the total score.

**Attachment C:** Attachment C should be completed for the total SBR package.

**Supporting Materials:** States may attach any additional relevant materials that support funding for this project.

**Unemployment Insurance  
Supplemental Budget Request Summary  
Benefit Payment Control**

State Name:
Name, Title, and Address of Grant Notification Contact (Usually the State Workforce Agency Administrator): Name: Title: Address:
Name & Email Address of Benefit Payment Control Supervisor: Name: E mail address: Telephone number:
Total SBR Cost:
Total Staff Costs:
Total Contract Costs:
Staff Training Costs:
Projected Implementation Date for Each Project: