

Employment and Training Administration Advisory System U.S. Department of Labor Washington, D.C. 20210	CLASSIFICATION Administrative Funding
	CORRESPONDENCE SYMBOL DUIO
	DATE December 2, 2005

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 7-06

TO: STATE WORKFORCE AGENCIES

FROM: CHERYL ATKINSON s/s
Administrator
Office of Workforce Security

SUBJECT: Use of Grants for the Administration of State Unemployment Compensation Laws

1. **Purpose.** To provide guidance on the use of funds granted under Section 302(a) of the Social Security Act (SSA) for the administration of state unemployment compensation (UC) laws and to rescind guidance which permitted the de-obligation from a state, and reobligation to Maryland, of a portion of such funds for state-specific services benefiting only the first state.
2. **References.** Section 302(a), of the Social Security Act (SSA); Section 303(a)(8), SSA; Unemployment Insurance Program Letter (UIPL) No. 21-97; UIPL No. 21-97, Change 1.
3. **Background.** Section 302(a), SSA, provides that the Secretary of Labor shall certify to the Secretary of the Treasury for payment to each state which has a UC law certified under the Federal Unemployment Tax Act “such amounts as the Secretary of Labor determines to be necessary for the proper and efficient administration of such law during the fiscal year for which such payment is to be made. . . .” Section 303(a) (8), SSA, provides, as a requirement for the Secretary to make such certification with respect to a state, that the expenditure of all moneys received for the administration of that state’s UC law, shall be used “solely for the purposes and in the amounts found necessary by the Secretary of Labor for the proper and efficient administration of such State law.”

In September of 1994, the Information Technology Support Center (ITSC) was established as a consortium including the State of Maryland, the University of Maryland, Mitretek Corporation, and Lockheed Martin Corporation (now Affiliated Computer Services), to provide information technology related assistance to state UC programs. ITSC core projects are funded through a cooperative agreement between the Department of Labor and the State

RESCISSIONS UIPL 21-97; UIPL 21-97, Change 1	EXPIRATION DATE Continuing
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of Maryland. UIPL No. 21-97 and Change 1 established procedures under which state agencies could deobligate their UC administrative grant funds for reobligation to the Maryland UC agency for use by the ITSC to provide services to the transferring state agency.

4. **Interpretation.** The Department interprets Section 303(a)(8), and Section 302(a), SSA, to mean that grant funds are limited to use for the proper and efficient administration of the UC law of the state to which the funds were granted. Therefore, funds granted to state A for the administration of its UC law may not be deobligated for purposes of reobligation to state B for the administration of state A's UC law.
5. **Rescission of Previous Guidance.** The obligation of grant funds to Maryland for purposes related to administration of another state's UC law, i.e., ITSC services, conflicts with the requirements of Sections 302(a) and 303(a) (8), SSA, and the Department will no longer facilitate this practice.

States are still free, as outlined in UIPL No. 21-97, to contract individually or through a state consortium directly with the Mitretek Corporation for ITSC services or to develop other arrangements with the Maryland Agency to obtain ITSC products and services.

6. **Action Required.** State Administrators should provide this information to the appropriate staff.
7. **Inquiries.** Inquiries should be directed to the appropriate Regional Office.