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| EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210 | CLASSIFICATION UI |
| | CORRESPONDENCE SYMBOL OWS/DFAS |
| | DATE October 8, 2008 |

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 29-08

TO: STATE WORKFORCE AGENCIES

FROM: BRENT R. ORRELL /s/
Deputy Assistant Secretary

SUBJECT: Exclusion of Emergency Unemployment Compensation (EUC08) Administrative Funds from Resource Justification Model (RJM) Data Submissions

1. Purpose. To provide guidance on the treatment of EUC08 administrative funds in the RJM submission.
2. References. Supplemental Appropriation Act, 2008, Title IV—Emergency Unemployment Compensation, Public Law 110-252; Unemployment Insurance Program Letter (UIPL) No. 23-08; OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments; and ET Handbook 410, 4th Ed.
3. Background. UIPL 23-08 advised state workforce agencies (SWAs) to establish a separate fund ledger and submit a separate financial status report (ETA 9130) for administrative grants and costs associated with the EUC08 program.

In addressing a question that arose during the implementation of the Temporary Emergency Unemployment Compensation program in 2002, the Department determined that a portion of temporary Federal emergency program funds could be charged for use of existing UI program infrastructure/overhead (i.e., non-personal services, Administrative Staff and Technical Services, and Support) following OMB Circular A-87, cost allocation principles. Consequently, administrative costs of the EUC08 program for which funding can be claimed are not limited to variable costs, such as additional staff hired to process EUC08 claims, but may include infrastructure and overhead costs that can be legitimately associated with the EUC08 program. For example, a share of facilities and computer costs that support the EUC08 program, normally part of the regular UI program, can be charged as administrative costs of the EUC08 program. In determining charges, OMB Circular A-87, cost allocation principles must be adhered to, and administrative charges should not exceed obligational authority.

4. Rationale. Although the portion of infrastructure and overhead costs associated with the EUC08 program may continue after the temporary Federal program expires, inclusion of these expenditures in the SWAs annual RJM submissions would distort the Federal

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expenditures associated with the regular UI program. The distortion would occur because the portion of UI program infrastructure and overhead costs funded by the EUC08 grant allows for the regular UI funds that would have been spent on these costs to be spent elsewhere within the regular UI program. Hence, inclusion of the EUC08 funded expenditures would result in inflating regular program administrative costs reported on the RJM.

5. RJM Instructions. SWAs may not include in the expenditure data collected in the RJM any administrative costs funded by the EUC08 grant and accounted for on separate ETA 9130 reports.
6. Action. SWAs are asked to provide this information to appropriate staff.
7. Inquiries. Questions should be addressed to the respective Regional Office.