



2008 Integrity Conference

UI ADMINISTRATIVE FUNDING

Ron Wilus

wilus.ronald@dol.gov

202-693-2931

Salt Lake City, Utah

April 23, 2008



Overview

- Funding Background
- Formulation
- Resource Justification Model
- Allocation
- Focus on Integrity

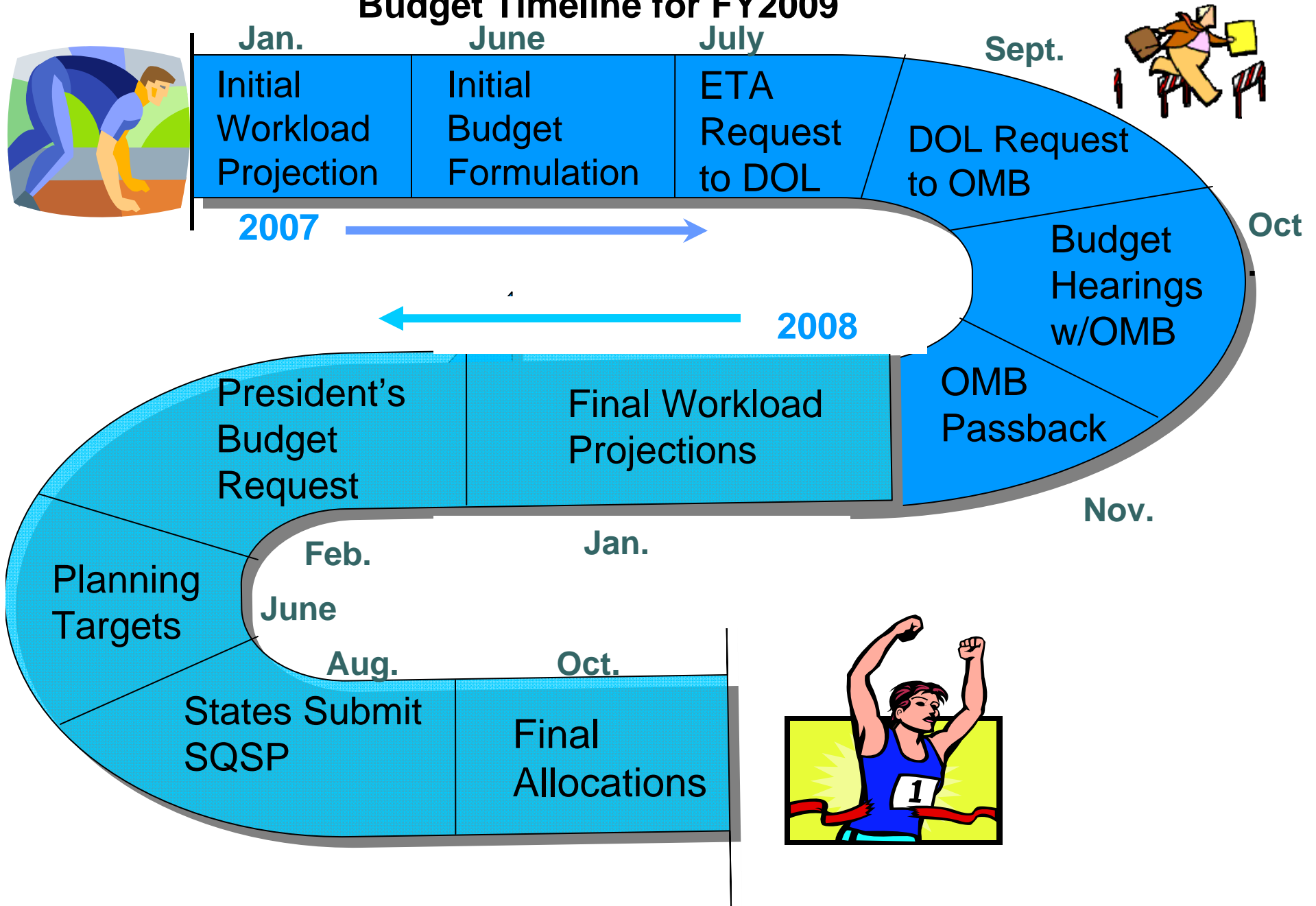


UI Administrative Funding

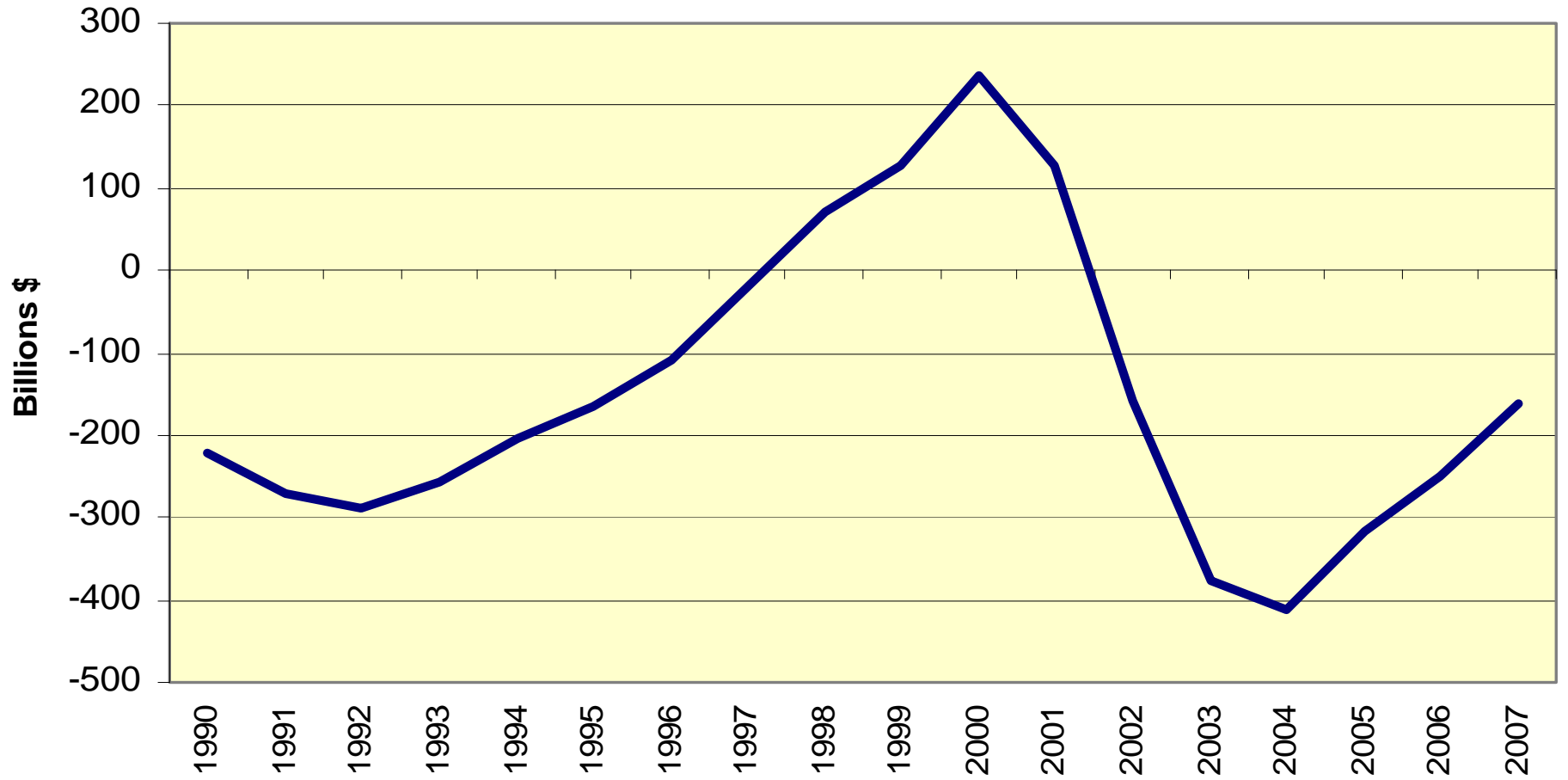
- Title III Section 302(a) Social Security Act: Secretary of Labor shall certify to the Secretary of Treasury such amounts as necessary for “proper and efficient administration” of each State’s law.

Overview

Budget Timeline for FY2009

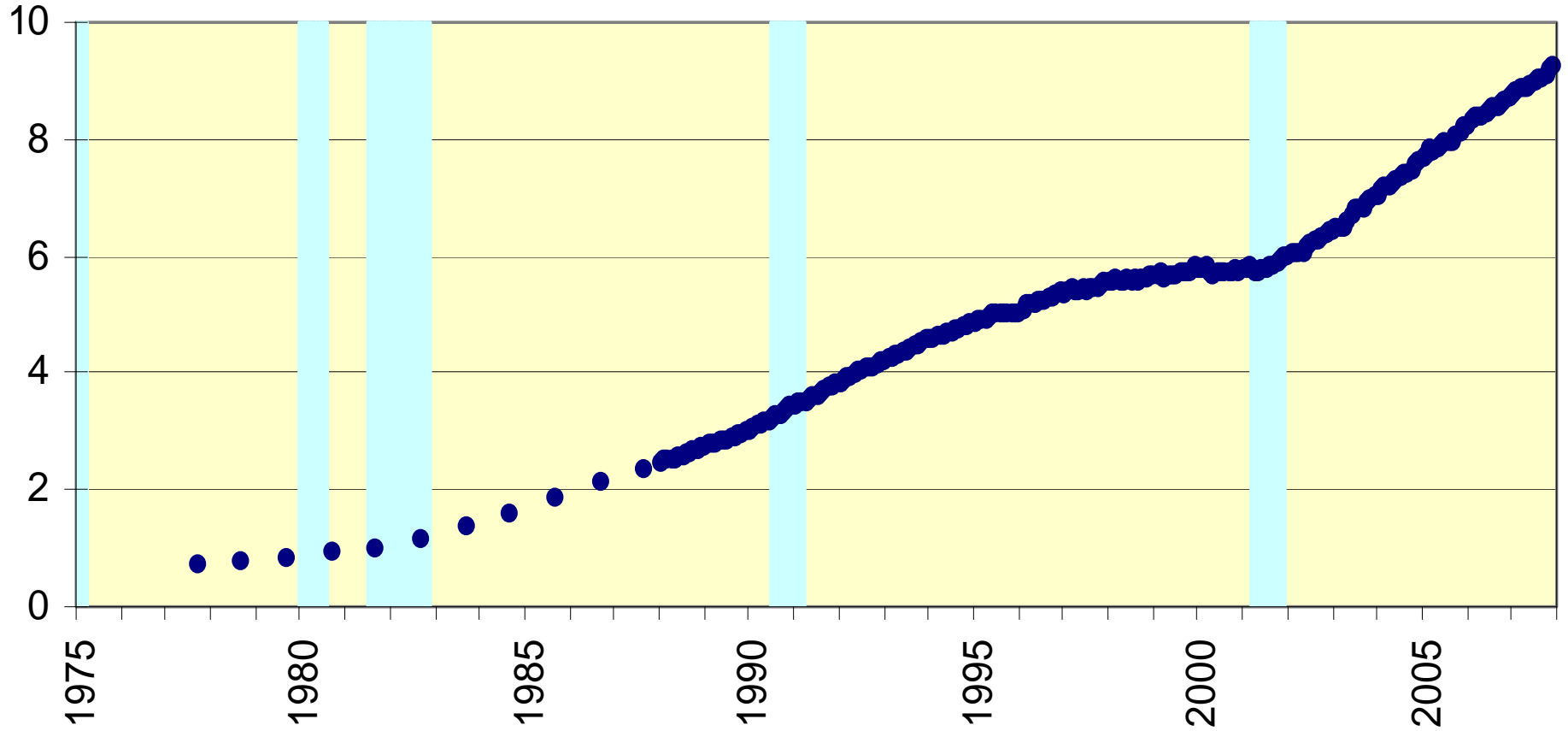


Federal Deficit



Federal Debt: Total Outstanding

Trillions \$





BUDGET FORMULATION



Budget Formulation

- Process determines what is in the President's request.
- Claims and subject employer activity workloads are derived from the Administration's December economic assumptions.



Budget Formulation

- UI budget formulation is generally workload-driven.
 - **Claims & Tax activities (roughly three-fourths)**
 - **Integrity (IS, BAM, TX Audit, NM, BPC)**
22% - 27% of budget
 - **Non-personal services (roughly one-fourth)**



Budget Formulation

- UI budget is divided into two parts:
 - **1. Base – about 80 – 90 % of claims activity and all subject employer activities**

IC 16.750 m WC 119.6 m NM 7.000 m AP 1.128 m
 - **2. Above-base – claims activity above 2.3M average weekly insured unemployment (AWIU)**



Budget Formulation

- o Formulation process provides total & base workloads & staff years for workload activities:
 - WL/SY
- o Support & AS&T are percentages.
- o Cost/SY applied.



Budget Formulation

- o NPS and postage dollars are calculated from staff years by using historical rates per position.
- o UI Performs (BAM, Data Validation, Benefit Payment Timeliness), Internal Security, BPC, ICON are fixed.



Budget Formulation

- National Activities

- **Funds activities that support the system as a whole.**
- **FY 2008: \$9.727 M**



FY 2008 State UI Administration Appropriation

	FY 2008 President's Budget (2.629 M AWIU)	FY 2008 Appropriation (2.786M AWIU)	Change: FY08 Appropriation - FY08 Request
Base	2,289,545,396	2,289,545,396	0
Postage	108,097,000	108,097,000	0
Base Reserves	32,598,000	19,355,000	-13,243,000
Above-Base	80,482,604	37,136,604	-43,346,000
REAs	40,000,000	0	-40,000,000
TOTAL	2,550,723,000	2,454,134,000	-96,589,000



Resource Justification Model



Resource Justification Model

○ Background

- **RJM is a data collection instrument.**
 - **States submit cost data from accounting records in a structured format.**
 - **Expenditures, Hours by functional activity**
 - **Data is subject to review + verification**



RJM - Objectives

- Demonstrate true funding need.
- Obtain data to allow for fair and equitable allocation of available funds.



RJM – Use of Data

- **Actual cost data for most recent year available are the starting point for determining base allocations.**
- **In response to NASWA RJM workgroup recommendation, all state funds are extracted from inputs to the base allocation.**



Allocating Base Funds



Allocating Base Funds

- **Two key features of allocation:**

- **Based on cost of doing business.**

- **Goal: provide funding that allows roughly equal level of service across all states and recognize need for productivity incentives.**



Allocating Base Funds

- Overview

- **Primary drivers of base allocation levels:**
 - **Each state's share of national UI workloads (claims, appeals, wage records, tax accounts)**
 - **Each state's PS/PB rates**
 - **Time allowed for processing each budgeted workload item (MPUs, which are calculated from RJM data)**
 - **Non-personal services spending**



Allocating Base Funds

○ Availability by activity

- Formulated base funds assigned to functional activities according to proportions reflected in RJM data.

- Workload

- Support

- BPC/UIP

- AS & T

- NPS



Allocations

- Staff years =
$$\frac{\text{Workload} \times \text{MPU}}{\text{Minutes Worked Per Year Per Staff}}$$
- Cost =
$$\text{Staff Years} \times \text{PS/PB rates}$$
- MPU reduction algorithm



Allocations

- **MPU values are an average of the most recent three years of actual data.**
- **PS/PB rates and NPS \$ are increased by 3% annually from the most recent actual data, after subtracting state \$.**
- **NPS is decreased across-the-board to availability.**



Allocations

- **Support and AS&T percentages are reduced by the same algorithm used for MPU values.**
- **BAM, BPC staff years taken after adjustment for state dollars.**



Allocations

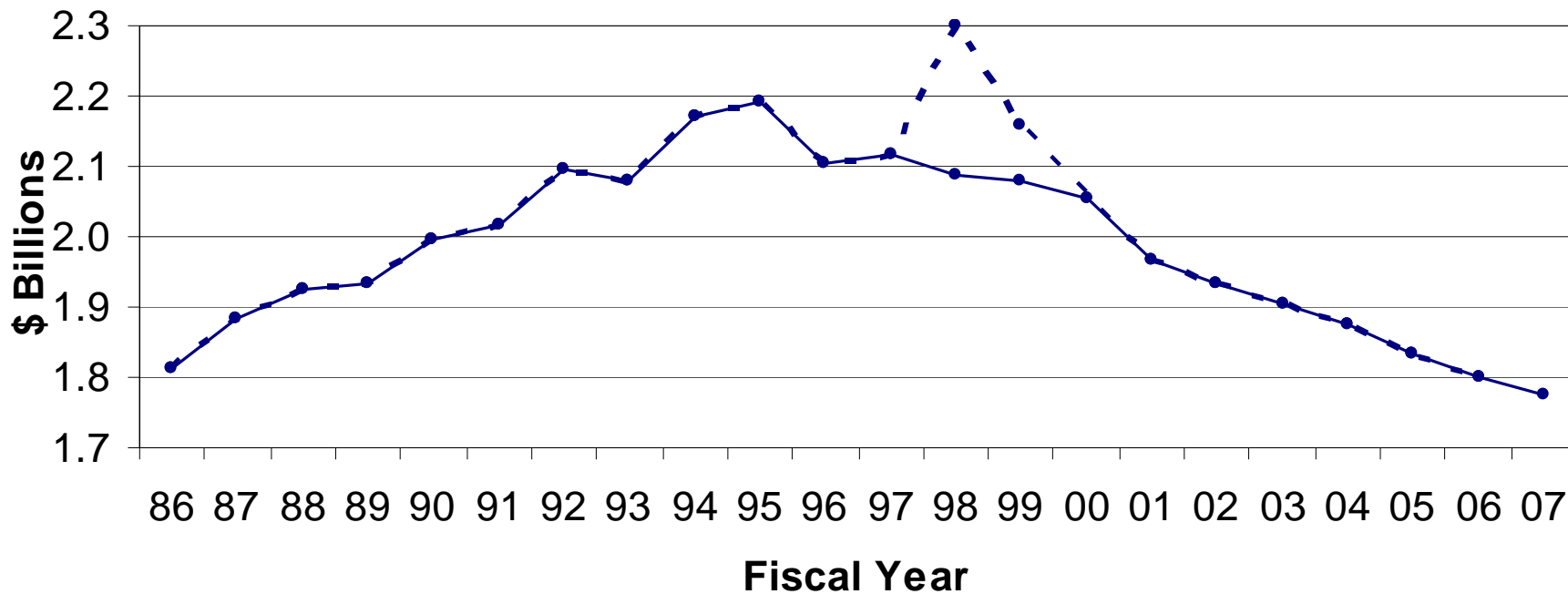
- Stop-loss is -5% of total dollars from previous year's base allocation.
- Stop-gain is not pre-determined.
- For FY 2008: 5.09%



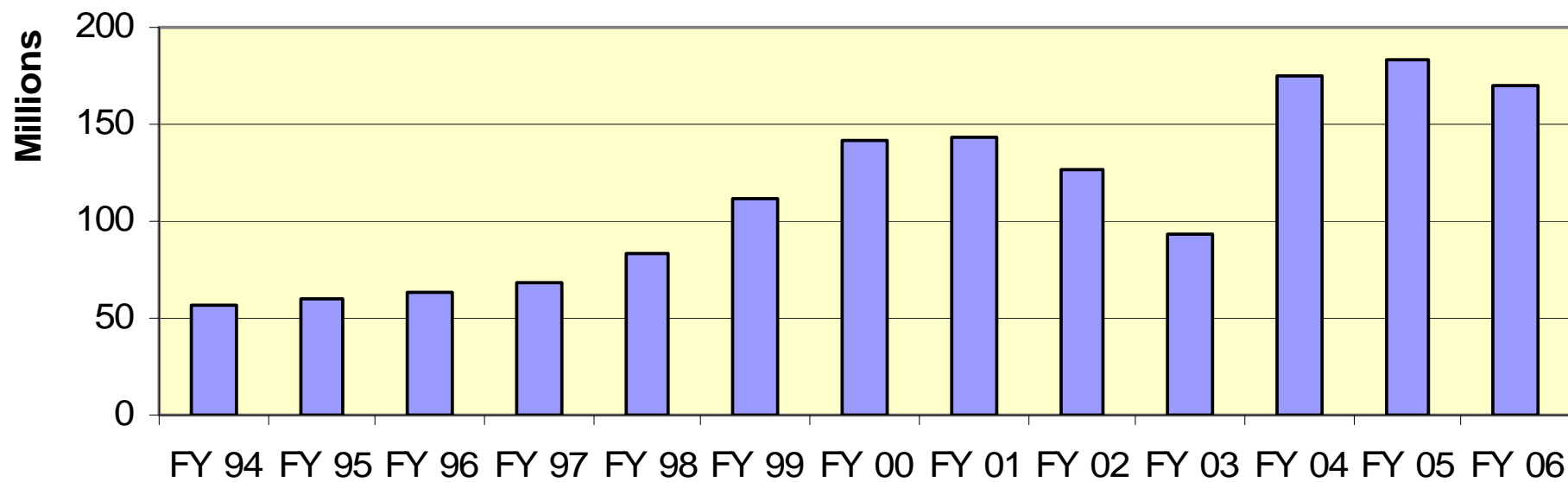
Bottom Line Authority

- States have authority to move allocated resources among activities.
- Cannot move resources in such a way as to increase above base payment.

**Dollars per 2 million Average Weekly Insured
Unemployment (AWIU) Adjusted for Inflation**
Dashed line displays inclusion of Y2K funds in FY98 and
FY99



State Supplemental Funding for UI



*FY 2003 Reed Act: \$287,398,937