II. Program-Specific Recovery Plan for Recovery.gov (Q 2.8 of Guidance)	
DOL Agency MAX ID and name: Employment and Training Administration (ETA)	
Recovery Program: Unemployment Insurance – Modernization ($7 Billion Incentive Fund)	
Does this program align with an existing CFDA program?	17.225
1. Objectives:	
Program Purpose	The Federal-State Unemployment Insurance (UI) Program provides unemployment benefits to eligible workers who are unemployed because of a lack of suitable work, and meet other eligibility requirements. States operate UI programs under their own laws, which must conform to Federal law. The Modernization Program helps States make UI more accessible to workers by temporarily defraying the costs of certain eligibility liberalizations.
Public Benefits	By temporarily replacing part of unemployed workers' lost wages, the Federal-State Unemployment Insurance program minimizes financial hardship resulting from unemployment and helps to stabilize the economy during economic downturns. The expanded access to UI benefits under the UI Modernization provisions will expand the number of individuals receiving benefits. These Modernization provisions will encourage States to change their UI laws to make certain workers eligible for UI benefits who would be otherwise ineligible under current state law.
2. Projects and Activities:	
Kinds and scope of projects and activities to be performed	The Assistance for Unemployed Workers and Struggling Families Act, Title II of Division B of the American Recovery and Reinvestment Act (Public Law No. 111-5), enacted on February 17, 2009, made the following change affecting the UI program: • Provided for special distributions from the Unemployment Trust Fund (UTF) to the States for UI "modernization incentive payments." The total amount available for all states is $7 billion. To obtain its share, the state must apply to the Department of Labor demonstrating that its UI law contains certain benefit eligibility provisions, described in detail in the Benefit Programs section below. Method of distribution: Shares of modernization funds are based on each State's share of total Federal Unemployment Tax Act (FUTA) taxes paid; FUTA taxes are paid by employers based on the number of workers in covered employment at a rate of 0.8% of the first $7,000 in wages ($56 per worker). States receive shares upon the Department's certification that their laws contain or will contain certain permanent UI monetary and nonmonetary eligibility provisions by September 21, 2012. The Department renders a decision on a State application within 30 days of submission. Federal staff

	develops official guidance in the form of program advisories (e.g., Unemployment Insurance Program Letters, and Training and Employment Notices) for issuance to states, and reviews the states' use of the special distributions. Additionally, staff develops technology-based (On-line) training, Webinars, and one-on-one training for state and regional office staff. In FY 2009 and FY 2010, the Department will dedicate $2,400,000 of Recovery Act funds towards Federal administrative activities. To promote state efforts to modernize their UI programs, the Department hosted a webinar on March 10, 2010 in which representatives from three states that successfully amended their laws to qualify for their full share of the incentive payment shared their experiences. The Department also engaged intergovernmental organizations.
Benefit Programs	A state's eligibility for its maximum incentive payment is conditioned on its law containing specific provisions: • To obtain the first one-third of its share, the state law must provide for either 1) a "regular" base period that uses recent wages (the most recently completed calendar quarter before the start of the benefit year); or 2) an alternative base period (ABP) that includes wages from the most recently completed calendar quarter. • If a state qualifies under the base period provision, it may obtain the remaining two-thirds if its state law contains two of four options related to benefit eligibility. They are: ▪ UI is payable to certain individuals seeking only part-time work. ▪ An individual is not disqualified from UI for separations due to certain compelling family reasons (e.g., domestic violence, illness or disability of an immediate family member, need to accompany a spouse: 1) to a place from which it is impractical for such individual to commute; and 2) due to a change in location of the spouse's employment. ▪ An additional 26 weeks of UI is paid to exhaustees who are enrolled in and making satisfactory progress in certain training programs. ▪ Dependents' allowances of at least $15 per dependent per week, subject to a minimum aggregation, are paid to eligible beneficiaries. States must apply to the Department of Labor to receive any incentive payment. A complete application must document which provisions of state law meet the requirements for obtaining an incentive payment. Among other things, the application must also describe how the State intends to use any incentive payment to improve or strengthen the State's UI program. A State may use its incentive payment: (1) to pay UI (including dependents' allowances); or (2) upon appropriation of its state legislature, to pay UI and employment service administrative costs.
3. Characteristics:	
Types of Financial Awards to be used	A Formula Grants
Type of Recipient	State

Type of Beneficiary	State, Individual
4. Major Planned Program Milestones:	
Submission for OMB Approval	Submit the Modernization Application package to be used by states for OMB review and approval
	Completed: March 20, 2009
Issue Guidance	Unemployment Insurance Program Letter (UIPL) No. 14-09 and UIPL No. 14-09 Changes 1, 2, and 3 advised States of amendments to Federal law providing for UI modernization incentive payments to states. These advisories are available at http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=2715. UIPL 14-09 issued on February 26, 2009. Changes 1 - 3 issued on March 19, 2009, October 22, 2009 and November 30, 2009 respectively. To promote state efforts to modernize their UI programs, the Department issued Training and Employment Notice (TEN) No. 27-09 Continued Availability of UC Modernization Incentive Payments, on January 29, 2010. This advisory is available at http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=2851.
	Completed: January 29, 2010
Review/Approval of Modernization Applications	States must apply to the Department of Labor to receive any incentive payment. A complete application must document which provisions of state law meet the requirements for obtaining an incentive payment. Among other things, the application must also describe how the State intends to use any incentive payment to improve or strengthen the State's UI program. The Department will continue to review and approve the applications within 30 days of submission.
	Expected Completion Date: September 22, 2011
Availability of Funds	The Department requests the Treasury to transfer of Modernization Funds State Unemployment Trust Fund accounts. Treasury is expected to make funds available to the States within 7 days of receipt of the Department's approval.
	Expected Completion date: September 30, 2011

5. Monitoring and Evaluation:

The funding allocated for these programs is currently available to those states with approved applications. Information on the states' approved applications is available at http://www.doleta.gov/Recovery/.

The Department ensures that states implement the various activities included in the Recovery Act, including the use of the funding for these programs according to various operating instructions/guidance provided to the states.

- The State must apply to the Department to receive any incentive payment. A complete application must, among other things, document which provisions of state law meet the requirements as interpreted by UIPL No. 14-09 and describe how the State intends to use any incentive payment to improve or strengthen the State's UI program. The Department conducts a comprehensive review of the State's application and notifies the State within 30 days whether it qualifies for an incentive payment.
- The Department provides other technical assistance on UI program policy and operations upon the request of the State agency. Outreach is provided through the routine monitoring activities conducted by the Regional and National Offices.

ETA conducts program reviews in each State. These comprehensive State reviews include:

- Adherence to federal reporting guidelines, as well as ensure accuracy in the reporting process as required by the Recovery Act;
- Overpayment detection and prevention activities, including the state's implementation of the National Directory of New Hires in Benefit Accuracy Measurement (BAM) program and their Benefit Payment Control operations the new Federally-funded programs created by the Recovery Act;
- Follow-up on corrective action plans (if applicable) in their FY 2009 State Quality Service Plan that affect the new Federally-funded program created by the Recovery Act.

Currently underway is a review of state workforce development and unemployment insurance policy responses to the current economic recession and the Recovery Act. Specifically, the review is examining the types of policy actions states take in their workforce development and unemployment insurance systems to meet the challenges of the recession and implementation of the economic stimulus legislation.

6. Measures:

Measure Text	One-Third Share Funds Distributed
Measure Type	Output
Measure Frequency	Quarterly
Direction of Measure	Increasing
Unit of Measure	Dollars
Explanation of Measure	Cumulative funds distributed. The primary deterrent to state legislatures enacting provisions that would qualify the States for UI Modernization incentive payments is concern about the benefit costs of these benefit expansions. While States are free to modify or repeal these provisions in the future, many States are reluctant to enact permanent changes to their UI laws because of the cost. Additionally, some States that are considering enacting qualifying provisions have to wait until next year because they have not been able to get an enactment before the end of their legislative sessions. The Department continues its outreach efforts to encourage States to expand eligibility to additional beneficiaries by adopting these provisions. The actual reported below is cumulative through May 19, 2010 and measured in billions of dollars.
Year	2009 - 2012
Original Program Target	N/A
Revised Full Program Target	N/A
Targeted ARRA Increment	N/A
Actual (in billions)	$1.22
Goal Lead	Gay Gilbert, Administrator, Office of Unemployment Insurance

Measure Text	Two-Third Share Funds Distributed
Measure Type	Output
Measure Frequency	Quarterly
Direction of Measure	Increasing
Unit of Measure	Dollars
Explanation of Measure	Cumulative funds distributed. The primary deterrent to state legislatures enacting provisions that would qualify the States for UI Modernization incentive payments is concern about the benefit costs of these benefit expansions. While States are free to modify or repeal these provisions in the future if they determine that their costs exceed the benefits to workers, many States are reluctant to enact permanent changes to their UI laws because of the cost. Additionally, some States that are considering enacting qualifying provisions have to wait until next year because they have not been able to get an enactment before the end of their legislative sessions. The Department continues its outreach efforts to encourage States to expand eligibility to additional beneficiaries by adopting these provisions. The actual reported below is cumulative through May 19, 2010 and measured in billions of dollars.
Year	2009 – 2012
Original Program Target	N/A
Revised Full Program Target	N/A
Targeted ARRA Increment	N/A
Actual (in billions)	$1.80
Goal Lead	Gay Gilbert, Administrator, Office of Unemployment Insurance
Measure Text	Base Period Provisions Enacted (One-Third share applications)
Measure Type	Outcome
Measure Frequency	Quarterly
Direction of Measure	Increasing
Unit of Measure	Provisions
Explanation of Measure	This is a cumulative count of the state law provisions enacted pursuant to UI Modernization by either of the two types: (1) either a base period that uses recent wages; or (2) an alternative base period (ABP) using recent wages. The primary deterrent to state legislatures enacting provisions that would qualify the States for UI Modernization incentive payments is concern about the benefit costs of these benefit expansions. While States are free to modify or repeal these provisions in the future if they determine that their costs exceed the

	benefits to workers, many States are reluctant to enact permanent changes to their UI laws because of the cost. Additionally, some States that are considering enacting qualifying provisions have to wait until next year because they have not been able to get an enactment before the end of their legislative sessions. The Department continues its outreach efforts to encourage States to expand eligibility to additional beneficiaries by adopting these provisions. The actual reported below is cumulative through May 19, 2010. Not all states must enact new provisions to be eligible for part or all of their shares of funds. Existing law may meet requirements.
Year	2009 - 2012
Original Program Target	N/A
Revised Full Program Target	N/A
Targeted ARRA Increment	N/A
Actual	34
Goal Lead	Gay Gilbert, Administrator, Office of Unemployment Insurance
Measure Text	Eligibility Provisions Enacted (Two-Third share applications)
Measure Type	Outcome
Measure Frequency	Quarterly
Direction of Measure	Increasing
Unit of Measure	Provisions
Explanation of Measure	This is a cumulative count of the provisions enacted pursuant to UI Modernization by any of the four types: (1) Part-Time work, (2) Compelling Family Reasons, (3) Enrollment/progress in approved training, and (4) Dependants' Allowances. The primary deterrent to state legislatures enacting provisions that would qualify the States for UI Modernization incentive payments is concern about the benefit costs of these benefit expansions. While States are free to modify or repeal these provisions in the future if they determine that their costs exceed the benefits to workers, many States are reluctant to enact permanent changes to their UI laws because of the cost. Additionally, some States that are considering enacting qualifying provisions have to wait until next year because they have not been able to get an enactment before the end of their legislative sessions. The Department continues its outreach efforts to encourage States to expand eligibility to additional beneficiaries by adopting these provisions. The actual reported below is cumulative through May 19, 2010. Not all states must enact new provisions to be eligible for part or all of their shares of funds. Existing law may meet requirements.
Year	2009 - 2012
Original Program Target	N/A

Revised Full Program Target	N/A
Targeted ARRA Increment	N/A
Actual	25
Goal Lead	Gay Gilbert, Administrator, Office of Unemployment Insurance
7. Transparency and Accountability:	
The funding provided for these programs is currently available to states whose applications have been approved. Information on the States' approved applications is available at http://www.doleta.gov/Recovery/ States are expected to submit applications to the Department to receive any incentive payment. A complete application must document which provisions of State law meet the requirements for obtaining an incentive payment. The application must also, among other things, describe how the State intends to use any incentive payment to improve or strengthen the State's UI program. The Department reviews and approves State applications within 30 days of submission. On approval of a States' application, the Department submits a formal request to the U. S. Treasury for the transfer of Modernization Funds to States' Unemployment Trust Fund Account. Treasury is expected to make funds available to the States within 7 days of receipt of the Department's approval.	
8. Federal Infrastructure Investments:	
N/A	
9. Barriers to Effective Implementation:	
N/A	
10. Environmental Review Compliance:	
N/A	