

(5) That in the administration of the State unemployment compensation law there has been a denial, in a substantial number of cases, of benefits due under such law, except that there may be no such finding until the question of entitlement has been decided by the highest judicial authority given jurisdiction under such State law (section 303(b)(1) of the Social Security Act); or

(6) That a State fails to make its unemployment compensation records available to the Railroad Retirement Board or fails to cooperate with Federal agencies charged with the administration of unemployment compensation laws (section 303(c) of the Social Security Act); or

(7) That a State no longer has a plan of operation for public employment offices complying with the provisions of the Wagner-Peyser Act; or

(8) That a State agency has not properly expended, in accordance with an approved plan of operation, the Federal monies paid it for administration of its public employment service.

(b) *Informal discussion.* Such hearings are generally not called, however, until after every reasonable effort has been made by ETA representatives to resolve the question involved by conference and discussion with State officials. Formal notification of the date and place of a hearing does not foreclose further negotiations with State officials.

(c) *Notice of noncertification.* If, at any time during the taxable year, the Secretary of Labor has reason to believe that a State whose unemployment compensation law he/she has previously approved may not be certified, the Secretary promptly notifies the Governor of the State to that effect (section 3304(d) of the Internal Revenue Code of 1986).

(d) *Notice of hearing.* Notice of hearing is sent by the Secretary of Labor to the State unemployment compensation agency. The notice sets forth the purpose of the hearing, the time, date, and place at which the hearing will be held, and the rules of procedure which will be followed. At a hearing the State is given an opportunity to present arguments and all relevant evidence, written or oral. The Secretary makes the

necessary determination or findings, on the basis of the record of such hearings. A notice of the Secretary's determination or finding is sent to the State unemployment compensation agency.

(e) *Civil Rights Act issues.* To the extent that any proposed withholding of funds involves circumstances within the scope of title VI of the Civil Rights Act of 1964 and the regulations promulgated thereunder, the procedure set forth in 29 CFR part 31 shall be applicable.

[30 FR 6942, May 22, 1965, as amended at 43 FR 13828, Mar. 31, 1978; 71 FR 35513, June 21, 2006]

### Subpart B—Grants, Advances and Audits

#### § 601.6 Grants for administration of unemployment compensation laws and employment service.

Grants of funds for administration of State unemployment compensation laws and public employment service programs are made to States under section 302(a) of the Social Security Act, the Wagner-Peyser Act, and the Appropriation Acts.

(a) *Requests for funds.* The forms and instructions used by State agencies in requesting funds are available on the ETA Web site (<http://www.ows.doleta.gov/rjm>). The forms and instructions call for detailed information for each budgetary period concerning the specific amounts requested for personal services and other current expenses of State agencies, supported by workload and unit-cost estimates. Supplementary budget requests are processed in the same manner as regular requests. The Administration's representatives in the regional offices furnish assistance to the State agencies in preparing requests for funds.

(b) *Processing of requests.* (1) State agencies send their requests for funds to the Regional Administrator who reviews the requests and forwards them to the ETA National Office with his/her recommendation as to the amounts necessary for proper and efficient administration of the State unemployment compensation law and employment service program.

(2) The ETA National Office appraises the requests and the recommendations

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of the regional representatives from a nationwide point of view, examining each State's request in the light of the experience of other States to insure equitable treatment among the States in the allocation of funds made available by Congress for the administration of State unemployment compensation laws and public employment service programs.

(c) *Action by ETA National Office.* If the ETA National Office approves the State's budget request, the State agency is notified; and, provided the conditions precedent to grants continue during the budgetary period, certifications for payment, under the approved budget, stating the amounts, are made by the ETA National Office to the Secretary of the Treasury quarterly. Upon denial of a request, in whole or in part, the State agency is notified and the Regional Administrator is instructed to negotiate with the State with a view to removing the basis for denial.

(Approved by the Office of Management and Budget under control number 1205-0132)

[15 FR 5886, Aug. 31, 1950, as amended at 42 FR 4724, Jan. 25, 1977; 49 FR 18295, Apr. 30, 1984; 71 FR 35513, June 21, 2006]

## § 601.7 [Reserved]

## § 601.8 Agreement with Postmaster General.

The Secretary of Labor and the Postmaster General have been directed by the Congress (title II of the Labor-Federal Security Agency Appropriation Act, 1950) to prescribe a mutually satisfactory procedure whereby official State employment security postal matter will be handled without the prepayment of postage. In lieu of such prepayments, the Secretary periodically certifies to the Secretary of the Treasury for payment to the U.S. Postal Service the amount necessary to cover the cost of State agency mailings. The amount of payment is based on a formula agreed upon by the Secretary of Labor and the U.S. Postal Service.

[15 FR 5886, Aug. 31, 1950, as amended at 42 FR 4724, Jan. 25, 1977]

## § 601.9 Audits.

The Department of Labor's audit regulations at 29 CFR Part 96 and 29 CFR Part 99 shall apply with respect to em-

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ployment service and unemployment compensation programs.

[46 FR 7766, Jan. 23, 1981, as amended at 71 FR 35513, June 21, 2006]

## PART 602—QUALITY CONTROL IN THE FEDERAL-STATE UNEMPLOYMENT INSURANCE SYSTEM

### Subpart A—General Provisions

- Sec.
- 602.1 Purpose.
- 602.2 Scope.

### Subpart B—Federal Requirements

- 602.10 Federal law requirements.
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### Subpart C—State Responsibilities

- 602.20 Organization.
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- 602.22 Exceptions.

### Subpart D—Federal Responsibilities

- 602.30 Management.
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### Subpart E—Quality Control Grants to States

- 602.40 Funding.
- 602.41 Proper expenditure of Quality Control granted funds.
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- 602.43 No incentives or sanctions based on specific error rates.

### APPENDIX A TO PART 602—STANDARD FOR CLAIM DETERMINATIONS—SEPARATION INFORMATION

AUTHORITY: 42 U.S.C. 1302.

SOURCE: 52 FR 33528, Sept. 3, 1987, unless otherwise noted.

EDITORIAL NOTE: Nomenclature changes to Part 602 appear at 71 FR 35513, June 21, 2006.

### Subpart A—General Provisions

#### § 602.1 Purpose.

The purpose of this part is to prescribe a Quality Control (QC) program for the Federal-State unemployment compensation (UC) system, which is applicable to the State UC programs and the Federal unemployment benefit and allowance programs administered by the State unemployment compensation agencies under agreements between the States and the Secretary of