TRAINING AND EMPLOYMENT NOTICE	NO. 22-08
	DATE December 10, 2008

TO: STATE WORKFORCE AGENCIES

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

SUBJECT: Unemployment Compensation – Options Available to States

1. **Purpose.** To remind states of options that are available under Federal unemployment compensation (UC) law to mitigate layoffs, permit payments for certain self-employment activities, and extend benefits to individuals who have exhausted their regular UC.

2. **References.** The Federal Unemployment Tax Act (FUTA); the Federal-State Extended Unemployment Compensation Act of 1970; Unemployment Insurance Program Letters (UIPLs) 45-92, 14-94, and 11-99.

3. **Background.** As a result of rising unemployment in the country, the Department is reminding states of certain options that are available under Federal UC law. These options allow the UC program to be used to (1) mitigate layoffs, (2) permit certain individuals to participate in self-employment activities, and (3) pay extended benefits in high unemployment states. All three options require state legislation.

4. **Short-time Compensation (STC, also known as worksharing).** Under STC, employers and workers agree to shorten the work week in lieu of laying-off some workers. UC benefits are paid for the days not worked. For example, instead of working a five-day workweek, workers can work a four-day workweek and receive one-fifth of their weekly UC amount for the unemployment occurring on the fifth day. While all workers see a decrease in weekly earnings, it avoids layoffs.

   State experience with the STC program is described in Unemployment Insurance Occasional Paper 97-3. As the Department has no current draft language for the STC program, it recommends states model their amendments on provisions in existing state laws. States currently operating STC programs are listed in Table 4-4 of the *Comparison of State Unemployment Insurance Laws*. (The documents mentioned in this advisory are available on our website at www.ows.doleta.gov.)

5. **Self-Employment Assistance (SEA).** Under the SEA program, a qualifying individual may receive payments from the state's unemployment fund for the purpose of assisting

the individual in establishing a business and becoming self-employed. These SEA allowances are paid “in lieu of” regular UC benefits.

A detailed description of the SEA program, as well as draft legislative language, can be found in UIPL 14-94, which was updated by UIPL 11-99. ETA Occasional Paper 2002-01 provides a comprehensive assessment of SEA programs.

6. **Optional Extended Benefits (EB) Trigger.** The Federal-State EB program is a permanent program that extends the duration of UI benefits by up to 13 weeks and, in certain cases, up to 20 weeks. The benefit costs for the EB program are shared; 50 percent is paid by the Federal government and 50 percent by the state.

   Some states with high unemployment could trigger “on” to EB if they used an optional trigger based on the state’s total unemployment rate (TUR). Under this optional trigger, a state will trigger “on” to EB if its TUR for the most recent three months (1) equals or exceeds 6.5 percent and (2) is 110 percent of the TURs for the same three-month period in either (or both) of the two preceding years.

   A detailed description of the optional TUR trigger, as well as draft legislative language, can be found in UIPL 45-92.

7. **Inquiries.** Please direct any questions to your Regional Office.