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Layoff Prevention Act of 2012

**100 Percent Reimbursement of Short Time Compensation
Benefit Costs Paid Under State Law**

AGREEMENT BETWEEN

THE STATE OF _____

AND

THE SECRETARY OF LABOR, U.S. DEPARTMENT OF LABOR

The Secretary of Labor, U.S. Department of Labor, and the State of _____, in order to carry out the provisions of the Subtitle D of Title II of the Middle Class Tax Relief and Job Creation Act of 2012 (Pub. L. 112-96), hereinafter referred to as the “Act,” hereby agree as follows:

I. The _____ State Workforce Agency, hereinafter referred to as the “Agency,” will make payments of Short-Time Compensation (STC) benefits in accordance with the Act (which is incorporated herein by reference), and will cooperate with the U.S. Department of Labor (Department), and with other state agencies in making such payments.

II. The Agency and other appropriate state officials will perform all of the functions and duties undertaken under this Agreement in accordance with the terms of this Agreement and the regulations, operating instructions, or guidance issued by the Department of Labor.

III. If the Agency’s State law was being administered on February 22, 2012 and it cannot be administered consistent with the definition of an STC program in Section 3306(v), FUTA, unless the State amends its law in order to conform to those

requirements effective no later than August 23, 2014, the State may not continue to make State STC payments nor receive reimbursement of State STC benefit costs with respect to weeks of unemployment beginning after August 23, 2014.

IV. The Agency will maintain such records pertaining to the administration of the Act as the Department requires, and will make all such records available for inspection, examination, and audit at such time and by such federal officials or employees as the Department may designate or as may be required by law.

V. The Agency will furnish to the Department or its agents such information and reports, and will fully participate in any studies or evaluations the Department determines are necessary or appropriate for carrying out the purposes of the Act.

VI. The Department will make available in the Payment Management System an amount equal to 100 percent of the estimated amount needed by the State for payment of STC eligible for Federal reimbursement during that month, adjusted for any excess or shortfall in amounts provided in any prior month. The first payment to the State will be made available after the State signs this agreement and the addendum to the FY 2012 Annual Funding Agreement for the Unemployment Compensation (UC) Program, in an amount equal to the estimated State STC payments from the date of enactment through the month following the month in which STC guidance is issued, based on State STC payments as reported on the ETA 5159. At the beginning of each month thereafter, the estimated amounts needed for payment of eligible State STC to be made available will generally be equal to eligible State STC amounts paid in the most recent month for which data are reported, adjusted for any excess or shortfall in amounts provided in prior months. The Department intends to use the State STC reported on the ETA 2112 as the basis for estimates and adjustments except that the initial allocation will be based on the ETA 5159 report as described above.

In making STC payments, the Agency agrees that:

- a. No payments shall be made to the Agency for STC paid to any individual in excess of 26 times the amount of regular compensation (including dependents' allowances) under the State law payable to the individual for a week of total unemployment.
- b. No payments shall be made to the Agency for benefits paid to any individual by the Agency under an STC program if such individual is employed by the participating employer on a seasonal, temporary, or intermittent basis.
- c. No payment shall be made to the Agency with respect to more than 156 weeks of STC benefits.

d. No payments shall be made to the Agency under an STC program for weeks of unemployment ending on or after August 23, 2015.

VII. The Agency will use all funds paid to the State for the payment of benefits solely for the purpose of STC. The Agency will return to the United States Treasury, upon request of the Department, any such funds (a) if the Department finds that the funds were not needed for such purpose or that the funds have been used for a purpose other than that for which they were intended, or (b) upon termination of this Agreement. The "Audit Requirements for Grants, Contracts, and other Agreements," 29 CFR 96, will apply to disagreements under this section.

VIII. The Agency will take such action as reasonably may be necessary to recover for the account of the United States all benefit amounts improperly paid and restore any lost or misapplied funds paid to the State for benefits or the administration of this Agreement.

IX. To the extent that agencies of the State obtain bonds to protect funds of the State, the Agency will obtain bonds to protect funds made available to it for the payment of benefits and the costs of administration of this Agreement. The pro rata cost of such bonds shall be considered a necessary cost of administration. If under State law the State acts as a self-insurer of State funds and does not obtain bonds to protect them, the Agency shall so inform the Department in writing, and in such case the State will act as a self-insurer with respect to funds which are paid to the State under this Agreement.

X. The Agency will apply the methods of administration required by Section 303(a)(1) of the Social Security Act (42 U.S.C. 503(a)(1)) to the functions undertaken under this Agreement.

XI. This Agreement may be terminated by either party on thirty days written notice. If this Agreement is terminated, the Agency will process and pay benefits for all weeks of unemployment, which end before the date of termination for which such payments are due.

XII. This Agreement shall be effective beginning when both parties have signed it.

Secretary of Labor
U.S. Department of Labor

Date

