

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION UI/EUC
	CORRESPONDENCE SYMBOL DFAS
	DATE September 11, 2014

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 22-14

TO: STATE WORKFORCE AGENCIES

FROM: PORTIA WU /s/
Assistant Secretary

SUBJECT: Use of Emergency Unemployment Compensation (EUC) Administrative Funds to Pay Unemployment Insurance (UI) Benefits to Staff Separated as a Result of the EUC Program Not Being Extended

1. **Purpose.** To notify State Workforce Agencies of the conditions under which EUC administrative funds may be used to pay UI benefits to staff separated as a result of the EUC program expiring on January 1, 2014.

2. **References.**

- Supplemental Appropriations Act of 2008 (Public Law 110-252);
- American Recovery and Reinvestment Act (Public Law 111-5);
- Middle Class Tax Relief and Job Creation Act of 2012 (Public Law 112-96); and
- American Taxpayer Relief Act of 2012 (Public Law 112-240).

3. **Background.** The EUC program was first implemented on July 1, 2008, by the Supplemental Appropriations Act of 2008, and was extended several times to provide unemployment compensation (UC) to long-term unemployed workers unable to find employment as a result of the Great Recession and its aftermath. The American Taxpayer Relief Act of 2012, enacted on January 2, 2013, contained the most recent extension of EUC, which expired on January 1, 2014. The extension of EUC contained in the Middle Class Tax Relief and Job Creation Act of 2012 contained a provision requiring certain EUC claimants to participate in reemployment services and eligibility assessments (RES/REAs). The EUC RES/REA requirements were in effect through January 1, 2014.

As a result of EUC not being extended, states began laying-off staff working on EUC activities, which abruptly created a financial liability for payment of UC when these former state agency employees filed for UC.

4. **Funding UC Costs.** The Department of Labor (Department) advises states that EUC administrative funds may be used to pay UC costs for individuals who were working full-

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time on EUC activities before the termination of the program and whose layoffs are a direct result of the expiration of the EUC program. States may also use these funds to reimburse accounts to which such UC costs were charged. For individuals who worked on EUC activities and non-EUC activities (e.g., worked on collection of EUC and regular UC overpayments after the termination of EUC) and who were laid off due to the EUC program's expiration, UC may be paid with EUC administrative funds on a pro-rata basis according to the activities on which they worked. Use of the EUC administrative funds for UC applies to individuals laid-off as a result of the termination of the EUC program. It is the state's responsibility to ensure the pro-rata amounts are accurate and in accordance with state law and appropriate cost allocation methods as they are subject to audit.

If sufficient EUC administrative funds are not available in the state, states may request additional EUC administrative funds to pay the UC costs of separated staff described above or to reimburse accounts to which those costs are being charged. To do so, states must submit these supplemental requests on line 26 of form ETA UI-3 with costs noted in the *Comments* section. In addition to UC costs, states are asked to include the number of employees collecting such benefits by entering the number of first payments in the *Comments* section. Information covering the first two calendar quarters of 2014 may be reported on the June 2014 UI-3 report. States that have already submitted the UI-3 report for the quarter ending June 2014 may submit a revised report, or they may submit the costs on the next UI-3 submission. If states incur additional costs in the quarter ending September 2014 and beyond, they may continue to report such costs on future submissions of the UI-3 report.

5. **Action Requested.** The Department requests that state administrators provide the above information and instructions to all appropriate staff.
6. **Inquiries.** Please direct inquiries to the appropriate regional office.