

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	<b>CLASSIFICATION</b> UI
	<b>CORRESPONDENCE SYMBOL</b> OUI/DFAS
	<b>DATE</b> January 22, 2015

**ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 2-15, Change 1**

**TO:** STATE WORKFORCE AGENCIES

**FROM:** PORTIA WU /s/  
Assistant Secretary

**SUBJECT:** Implementation of Sequestration under the Budget Control Act of 2011 for Mandatory Unemployment Insurance Programs for Fiscal Year 2015

1. **Purpose.** To clarify application of sequestration in Fiscal Year (FY) 2015 on delayed benefit payments from prior fiscal years and resulting administrative costs.
2. **References.**
  - Federal-State Extended Unemployment Compensation Act of 1970 (Federal-State EUCA) (Pub. L. 91-373);
  - Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA) (Pub. L. 99-177), as amended by the Budget Control Act;
  - Budget Control Act of 2011(BCA) (Pub. L. 112-25);
  - Consolidated Appropriations Act, 2012 (Pub. L. 112-74);
  - Continuing Appropriations Resolution, 2013 (Pub. L. 112-175);
  - Middle Class Tax Relief and Job Creation Act of 2012 (Pub. L. 112-96);
  - American Taxpayer Relief Act of 2012 (ATRA) (Pub. L. 112-240);
  - Unemployment Insurance Program Letter (UIPL) No. 23-08, dated July 7, 2008, *Supplemental Appropriation Act, 2008, Title IV – Emergency Unemployment Compensation*;
  - UIPL No. 04-10, Change 3, dated July 23, 2010, *Emergency Unemployment Compensation Program Extension and Modification, Extended Benefits Temporary Provisions Extension, and Expiration of Federal Additional Compensation*, and Change 9, dated March 5, 2012, *Extension and Modification of Emergency Unemployment Compensation, 2008 (EUC08) and Extension of Temporary Extended Benefits (EB) Provisions*;
  - UIPL No. 22-12, dated June 18, 2012, *Short-Time Compensation Provisions in the Middle Class Tax Relief and Job Creation Act of 2012*;
  - UIPL No. 13-13, dated March 8, 2013, *Implementation of Sequestration under the Budget Control Act of 2011 for the Unemployment Insurance Programs for Fiscal Year 2013*, and Change 1, dated April 9, 2013, *Implementation of Sequestration under the Budget*

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> Continuing
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*Control Act of 2011 for the Unemployment Insurance Programs for Fiscal Year 2013 – Questions and Answers: Emergency Unemployment Compensation;*

- UIPL No. 15-13, dated March 29, 2013, *Unemployment Insurance (UI) Supplemental Funding Opportunity to Fund Costs Attributable to the Implementation of the Sequestration Impacts on the Emergency Unemployment Compensation (EUC) Program;*
- UIPL No. 27-13, dated September 9, 2013, *Unemployment Insurance (UI) Supplemental Funding Opportunity to Fund Costs Attributable to the Implementation of the Sequestration Impacts on the Emergency Unemployment Compensation (EUC) Program in Fiscal Year (FY) 2014;*
- UIPL No. 30-13, dated September 27, 2013, *Implementation of Sequestration under the Budget Control Act of 2011 for Mandatory Unemployment Insurance Programs for Fiscal Year 2014;*
- UIPL No. 2-15, dated October 15, 2014, *Implementation of Sequestration under the Budget Control Act of 2011 for Mandatory Unemployment Insurance Programs for Fiscal Year 2015;*
- Office of Management and Budget (OMB) Sequestration Preview Report to the President and Congress for Fiscal Year 2014 and OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2014 (April 10, 2013) (Corrected Version—May 20, 2013);
- OMB Sequestration Update Report to the President and Congress for Fiscal Year 2014, dated August 20, 2013; and
- OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2015, dated March 10, 2014.

3. **Background.** The BCA amended the BBEDCA to require reductions in budgetary authority, known as sequestration, beginning on January 2, 2013, unless Congress passed, and the President signed, a bill that reduced the deficit by at least \$1.2 trillion over 10 years. No changes to the requirements of the BBEDCA for FY 2015 have been made and the sequestration order requires a 7.3 percent reduction in non-exempt mandatory programs that went into effect on October 1, 2014, for FY 2015 (as set out in the March 10, 2014, OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2015). As stated in the OMB report, there are no sequestration reductions applicable to discretionary programs, projects, and activities (PPAs) for FY 2015.

4. **Impact of Sequestration in FY 2015 on Benefit Payments Delayed from Prior Fiscal Years and Resulting Administrative Costs.** Below is a list of PPAs related to the mandatory UI programs subject to sequestration:

- 1) Emergency Unemployment Compensation (EUC) benefits and administrative funding;
- 2) The Federal share of Extended Benefits (EB);
- 3) Federal reimbursement of state Short Time Compensation benefit costs authorized in section 2162 of Pub. L. 112-96; and

- 4) Trade Adjustment Assistance funds appropriated under the Federal Unemployment Benefits and Allowances Account. The entirety of the sequestration reduction will be taken from funds for Training and Other Activities and not to Trade Readjustment Assistance or Alternative Trade Readjustment Assistance.

Payments in FY 2015 of such benefits and related administrative costs delayed from prior fiscal years, for example because of appeals, are subject to the FY 2015 7.3 percent sequestration reduction since FY 2015 funds have been apportioned for these purposes.

5. **Action Requested.** State Administrators are advised to provide this guidance to appropriate staff.
6. **Inquiries.** Questions should be directed to the appropriate Regional Office.