

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION UI
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ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 17-20

TO: STATE WORKFORCE AGENCIES

**FROM: JOHN PALLASCH /s/
Assistant Secretary**

**SUBJECT: Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020—
Pandemic Emergency Unemployment Compensation (PEUC) Program
Operating, Financial, and Reporting Instructions**

1. **Purpose.** To provide states with operating, financial, and reporting instructions for the PEUC program authorized by Section 2107 of the CARES Act of 2020, Public Law (Pub. L.) 116-136.
2. **Action Requested.** The U.S. Department of Labor’s (Department) Employment and Training Administration (ETA) requests that State Workforce Administrators provide the information in this Unemployment Insurance Program Letter (UIPL) and all attachments to appropriate program and other staff in state workforce systems as they implement the Unemployment Insurance (UI)-related provisions in the CARES Act that respond to the economic effects of the Coronavirus Disease 2019 (COVID-19).
3. **Summary and Background.**
 - a. **Summary.** On March 27, 2020, the President signed into law the CARES Act, which includes the Relief for Workers Affected by Coronavirus Act set out in Title II, Subtitle A. Section 2107 of the CARES Act creates a new temporary federal program called Pandemic Emergency Unemployment Compensation (PEUC) that provides up to 13 additional weeks of benefits to individuals who have exhausted their regular unemployment compensation (UC) entitlement and also provides funding to states to administer the program.
 - b. **Background.** The CARES Act was designed to mitigate the economic effects of the COVID-19 pandemic in a variety of ways. The CARES Act includes a provision that provides temporary benefits for individuals who have exhausted their entitlement to regular UC and coverage for individuals who are not eligible for regular UC, such as individuals who are self-employed or have limited recent work history. These

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individuals may include certain gig economy workers, clergy and those working for religious organizations not covered by regular UC, and other workers who may not be covered by the regular UC program under their respective state laws.

This UIPL focuses on Section 2107 of the CARES Act, which authorizes the temporary PEUC program. In short, this program provides eligible individuals with up to 13 additional weeks of benefits to individuals who have exhausted their regular unemployment compensation (UC) entitlement.

Importance of Program Integrity. The programs and provisions within the CARES Act operate in tandem with the fundamental eligibility requirements of the Federal-State UI program, which remain in place and must be adhered to. In addition, some of the CARES Act programs include new eligibility requirements which states will need to apply. These requirements include that individuals are only entitled to benefits if they are no longer working through no fault of their own and that individuals must be able and available to work.

States play a fundamental role in ensuring the integrity of the UI program. While states have been provided some flexibilities as a result of COVID-19, those flexibilities are generally limited to dealing with the effects of COVID-19, as discussed in UIPL Nos. 10-20, 13-20, 14-20, 15-20, and 16-20. States must ensure that individuals only receive benefits in accordance with these statutory provisions.

Further, quitting work without good cause to obtain UI benefits is fraud. Section 2107(e) expressly provides that if an individual has obtained these benefits through fraud, the individual is ineligible for any additional benefit payments, must pay back the benefits, and is subject to criminal prosecution under 18 U.S.C. §1001 and other Federal laws. States are expected to enforce these statutory provisions.

The Department is actively working with states receiving funding under the CARES Act to provide UI benefits only to individuals who are entitled to such benefits. The Department will also be actively engaged with its Office of the Inspector General (OIG) to ensure program integrity. The CARES Act includes an appropriation of \$26 million to the Department's OIG to carry out audits, investigations, and other oversight activities related to states' adherence to existing UI laws and policies, as well as the provisions of the CARES Act.

4. **Guidance.** Key information about the PEUC program is provided below, including an overview of the PEUC program, important program dates, funding of PEUC benefits and administration, and reporting and other instructions.

- a. **Program overview.**

PEUC is a temporary program that provides up to 13 weeks of 100% Federally-funded benefits to individuals who:

- have exhausted all rights to regular compensation under state law or Federal law with respect to a benefit year that ended on or after July 1, 2019;
- have no rights to regular compensation with respect to a week under any other state UC law or Federal UC law, or to compensation under any other Federal law;
- are not receiving compensation with respect to a week under the UC law of Canada; and
- are able to work, available to work, and actively seeking work, while recognizing that states must provide flexibility in meeting the “actively seeking work” requirement if individuals are unable to search for work because of COVID-19, including because of illness, quarantine, or movement restriction.

For purposes of PEUC eligibility, an individual is deemed to have exhausted benefits when:

- no payments of regular UC may be made under state law because such individual has received all available regular UC based on employment or wages during such individual’s base period; or
- the individual’s right to such regular UC has been terminated by reason of the expiration of the benefit year with respect to which such rights existed (excluding any benefit year that ended before July 1, 2019).

The payment of Extended Benefits (EB) for which an individual is otherwise eligible must be deferred until after the payment of any PEUC for which the individual is concurrently eligible. Refer to UIPL No. 14-20 for additional information on the coordination of programs.

- b. **Important program dates.** PEUC is payable in a state beginning the week following the week in which an agreement is signed with the Secretary (see definition of “Agreement” in Attachment I, section B). In states where the week of unemployment ends on Saturday, the first possible week for which PEUC may be paid is the week ending April 4, 2020. In states where the week of unemployment ends on Sunday, the first possible week for which PEUC may be paid is the week ending April 5, 2020.

PEUC is not payable for any week of unemployment ending after December 31, 2020. Accordingly, in states where the week of unemployment ends on a Saturday, the last week that PEUC benefits may be paid is the week ending December 26, 2020. For states where the week of unemployment ends on a Sunday, the last week that PEUC is payable is the week ending December 27, 2020.

- c. **Program administration funding for PEUC program.** The PEUC program is available in the 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, provided the state/territory signs an agreement with the Department (See definition of “Agreement” in Attachment I, section B).

The cost of PEUC benefits is 100% federally funded. States may not charge employers for any PEUC benefits paid. Implementation costs and ongoing administrative costs are also 100% federally funded.

If a state wishes to have the administrative costs for implementation of this program federally funded, the state must submit a Supplemental Budget Request (SBR) detailing such costs. SBRs are limited to one-time costs that are attributable to implementation of PEUC.

Permissible implementation costs include:

- Computer programming and other technology costs;
- Implementation of necessary business processes required to create the program implementation;
- Training and travel;
- Notices to beneficiaries; and
- Overhead related only to the above.

The basis for these estimated costs must be included in the SBR application. Calculations for costs for state staff and contractors should be shown in accordance with the SBR instructions in ET Handbook No. 336, *Unemployment Insurance State Quality Service Plan Planning and Reporting Guidelines, 18th Edition*. ETA encourages states to submit these forms by **April 30, 2020**, by electronic submission to the National Office at covid-19@dol.gov, with a copy to the appropriate Regional Office. For application submission instructions, refer to SBR application template in **Attachment IV**, SBR Application Template, and **Attachment V**, Instructions for Completing the SF-424 and SF-424A.

State agencies will be able to request on-going administrative costs for PEUC via the quarterly UI-3 report. More specific information is included in **Attachment I**, Section G “Reporting Instructions.”

- d. **Additional Guidance and Instructions.** Additional guidance and instructions on implementing and operating the PEUC program are provided in the attachments to this UIPL. **Attachment I** of this UIPL provides states with the implementation and operating instructions, including definitions, administrative requirements, financial information, and reporting information. **Attachment II** provides the general provisions concerning certifications and assurances for PEUC. **Attachment III** provides the statutory language in Section 2107 of the CARES Act creating PEUC. **Attachment IV** provides a template for the SBR Application template. **Attachment V** provides Instructions for completing the Standard Form (SF) 424 and SF 424A.

5. **Inquiries.** States should direct inquiries to the covid-19@dol.gov and copy the appropriate Regional Office.

6. References.

- Coronavirus Aid, Relief, and Economic Security (CARES) Act, 2020, Pub. L. 116-136, including Title II Subtitle A Relief for Workers Affected by Coronavirus Act;
- Section 303 of the Social Security Act, codified at 42 U.S.C. §503;
- Federal-State Extended Unemployment Compensation Act of 1970, 26 U.S.C. §3304 note;
- Sections 231 and 233 of the Trade Act of 1974, as amended, 19 U.S.C. §§2291 and 2293;
- Section 410 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 USC 5177;
- 20 C.F.R. Parts 603, 604, 615, 616, 617, and 650;
- ET Handbook No. 384, *Unemployment Compensation for Ex-Servicemembers, 2nd Edition*;
- ET Handbook No. 391, *UCFE Handbook for State Agencies*;
- ET Handbook No. 401, *UI Report Handbook, 5th Edition*;
- ET Handbook No. 336, *Unemployment Insurance State Quality Service Plan Planning and Reporting Guidelines, 18th Edition*;
- UIPL No. 15-20, *Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 Federal Pandemic Unemployment Compensation (FPUC) Program Operating, Financial, and Reporting Instructions*, issued April 4, 2020, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=9297;
- UIPL No. 14-20, *Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Summary of Key Unemployment Insurance (UI) Provisions Regarding Temporary Emergency State Staffing Flexibility*, issued April 2, 2020, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=3390;
- UIPL No. 13-20, *Families First Coronavirus Response Act, Division D Emergency Unemployment Insurance Stabilization and Access Act of 2020*, issued March 22, 2020, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=8634;
- UIPL No. 10-20, *Unemployment Compensation (UC) for Individuals Affected by the Coronavirus Disease 2019 (COVID-19)*, issued March 12, 2020, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=8893; and
- UIP No. 5-13, *Work Search and Overpayment Offset Provisions Added to Permanent Federal Unemployment Compensation Law by Title II, Subtitle A of the Middle Class Tax Relief and Job Creation Act of 2012*, issued January 10, 2013, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=3698.

7. Attachment(s).

- Attachment I: Implementing and Operating Instructions for the Pandemic Emergency Unemployment Compensation (PEUC) Program;
- Attachment II: General Provisions for Administering the Pandemic Emergency Unemployment Compensation (PEUC) Program;
- Attachment III: Statutory Language of Title II, Subtitle A, Section 2107 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020;

- Attachment IV: Supplemental Budget Request (SBR) Application; and
- Attachment V: Instructions for Completing the SF-424 and SF-424A.