

## Attachment IV to UIPL No. 10-20, Change 2

### Summary of Key Short-Time Compensation (STC) Guidance

Following is a summary of the Department's key guidance related to the economic effects of COVID-19 and STC.

- The Unemployment Insurance (UI) related provisions are summarized in Unemployment Insurance Program Letter (UIPL) No. 14-20, *Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Summary of Key Unemployment Insurance (UI) Provisions and Guidance Regarding Temporary Emergency State Staffing Flexibility*, issued on April 2, 2020. Questions and Answers are provided in UIPL No. 14-20, Change 1, issued on August 12, 2020.
- UIPL No. 22-12, *Short-Time Compensation Provisions in the Middle Class Tax Relief and Job Creation Act of 2012*, issued on June 18, 2012, provides an overview of the provisions in Section 3306(v) of the Federal Unemployment Tax Act (FUTA). UIPL No. 22-12, Change 1, issued on December 21, 2012, provides states with model legislative language to use in implementing an STC program, including pre-approved optional provisions under Section 3306(v)(10) of FUTA. UIPL No. 22-12, Change 2, issued on February 7, 2014, informs states of additional pre-approved optional provisions under Section 3306(v)(10) of FUTA.
- Section 2108 of the CARES Act provides for temporary 100 percent federal financing of STC payments in a state with an STC program, assuming the state law conforms to Section 3306(v) of FUTA and the requirements of Section 2108(a)(3) are met for the STC payments, whether the STC program is new or pre-existing. The state is eligible for reimbursement of STC payments made with respect to weeks of unemployment beginning on or after the date of enactment of the CARES Act and ending on or before September 6, 2021. The Department provided guidance with the publication of the following UIPLs:
  - UIPL No. 21-20, *Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Short-Time Compensation (STC) Program Provisions and Guidance Regarding 100 Percent Federal Reimbursement of Certain State STC Payments*, issued on May 3, 2020. As explained in this UIPL, federal reimbursement of STC payments is also available to states that are using STC as a tool for reopening, provided the conditions of Section 3306(v), FUTA are met.
  - Section 4.b.vi. of UIPL No. 09-21, *Continued Assistance for Unemployed Workers Act of 2020 (Continued Assistance Act) - Summary of Key Unemployment Insurance (UI) Provisions*, issued December 30, 2020.
  - Section 4.c.vi. of UIPL No. 14-21, *American Rescue Plan Act of 2021 (ARPA) – Key Unemployment Insurance (UI) Provisions*, issued March 15, 2021.

When the federal financing provided for in the CARES Act expires, Section 3304(a)(4)(E) of FUTA and Section 503(a)(5) of the Social Security Act (SSA) provide

an exception to the “Withdrawal Standard” allowing a state to use its unemployment trust fund to make STC payments.

- Section 2110 of the CARES Act provides up to \$100 million for grants to states for the implementation or improved administration of an STC program, including promotion of the program and enrollment of employers, assuming the program conforms with federal requirements. The Secretary may use up to \$250,000 of the \$100 million to provide outreach and to share best practices for STC programs. The deadline to apply for these grants is December 31, 2023. The Department provided guidance on how to secure a grant with the publication of UIPL No. 22-20, *Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Short-Time Compensation (STC) Program Grants*, issued on May 10, 2020.