

Attachment II to UIPL No. 18-20, Change 2

Examples of the Impact of Section 903(i) of the Social Security Act (SSA), as amended

The following examples show how an employer that makes payments in lieu of contributions is impacted by the amendments to Section 903(i), SSA, specifically in relation to how the state administers liability relief under state law.

Table 1 applies to weeks of unemployment beginning on or after March 13, 2020 and ending on the last week of unemployment beginning before March 31, 2021. For states with a Saturday week-ending date, this applies to compensation paid for weeks ending March 21, 2020 to April 3, 2021. For states with a Sunday week-ending date, this applies to compensation paid for weeks ending March 22, 2020 to April 4, 2021.

| Table 1: Weeks of unemployment beginning on or after March 13, 2020 and ending on or before March 31, 2021 | | | | | |
|---|--|---|---|--|--|
| | Example 1: State provides 50% liability relief | Example 2: State provides 100% liability relief | Example 3: State provides no liability relief | Example 4: State provides 70% liability relief | Example 5: State provides 25% liability relief |
| Part (1) Amount due from the employer | | | | | |
| (a) Compensation paid from state unemployment fund and attributable to service with the entity | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 |
| (b) State liability relief | -\$500 | -\$1,000 | -\$0 | -\$700 | -\$250 |
| (c) Subtotal – Amount due in lieu of contributions | \$500 | \$0 | \$1,000 | \$300 | \$750 |
| (d) Federal emergency relief to reduce the amount due in lieu of contributions (available up to one-half of Part (1)(a) but no more than Part (1)(c)) | -\$500 | \$0 | -\$500 | -\$300 | -\$500 |
| (e) Amount due from employer (Part (1)(c) minus Part (1)(d)) | \$0 | \$0 | \$500 | \$0 | \$250 |
| Part (2) Amount of federal funds available to the state | | | | | |
| (a) Funds transferred from Federal Unemployment Account (FUA) into the state unemployment fund under Section 903(i)(1)(B), SSA (equal to one-half of Part (1)(a)) | \$500 | \$500 | \$500 | \$500 | \$500 |
| (b) Federal emergency relief to reduce the amount due in lieu of contributions (equal to Part (1)(d)) | -\$500 | -\$0 | -\$500 | -\$300 | -\$500 |
| (c) Amount that state must return to FUA² | \$0 | \$500 | \$0 | \$200 | \$0 |

² Section 903(i)(1)(C), SSA, provides that these funds are to be used exclusively to reduce the amounts required to be paid in lieu of contributions. If they are not used for such purpose, then they must be returned to the Federal Unemployment Account (FUA).

Table 2 applies to weeks of unemployment beginning on after March 31, 2021 and ending on or before September 6, 2021. For states with a Saturday week-ending date, this applies to compensation paid for weeks ending April 10, 2021 to September 4, 2021. For states with a Sunday week-ending date, this applies to compensation paid for weeks ending April 11, 2021 to September 5, 2021.

| Table 2: Weeks of unemployment beginning on after March 31, 2021 and ending on or before September 6, 2021 | | | | | |
|--|--|---|---|--|--|
| | Example 1: State provides 50% liability relief | Example 2: State provides 100% liability relief | Example 3: State provides no liability relief | Example 4: State provides 70% liability relief | Example 5: State provides 25% liability relief |
| Part (1) Amount due from the employer | | | | | |
| (a) Compensation paid from state unemployment fund and attributable to service with the entity | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 |
| (b) State liability relief | -\$500 | -\$1,000 | -\$0 | -\$700 | -\$250 |
| (c) Subtotal – Amount due in lieu of contributions | \$500 | \$0 | \$1,000 | \$300 | \$750 |
| (d) Federal emergency relief to reduce the amount due in lieu of contributions (available up to 75% of Part (1)(a) but no more than Part (1)(c)) | -\$500 | \$0 | -\$750 | -\$300 | -\$750 |
| (e) Amount due from employer (Part (1)(c) minus Part (1)(d)) | \$0 | \$0 | \$250 | \$0 | \$0 |
| Part (2) Amount of federal funds available to the state | | | | | |
| (a) Funds transferred from Federal Unemployment Account (FUA) into the state unemployment fund under Section 903(i)(1)(B), SSA (equal to 75% of Part (1)(a)) | \$750 | \$750 | \$750 | \$750 | \$750 |
| (b) Federal emergency relief to reduce the amount due in lieu of contributions (equal to Part (1)(d)) | -\$500 | -\$0 | -\$750 | -\$300 | -\$750 |
| (c) Amount that state must return to FUA³ | \$250 | \$750 | \$0 | \$450 | \$0 |

³ Section 903(i)(1)(C), SSA, provides that these funds are to be used exclusively to reduce the amounts required to be paid in lieu of contributions. If they are not used for such purpose, then they must be returned to the Federal Unemployment Account (FUA).

Table 3 displays how the calculations shown in Tables 1 & 2 come together for a single state billing. This includes weeks of unemployment beginning on after March 31, 2021 and ending on or before March 31, 2021 at the 50 percent relief amount, and weeks of unemployment beginning after March 31, 2021 and ending on or before September 6, 2021 at the 75 percent relief amount.

| | | Example 1: State provides 50% liability relief | Example 2: State provides 100% liability relief | Example 3: State provides no liability relief | Example 4: State provides 70% liability relief | Example 5: State provides 25% liability relief |
|--|---|--|---|---|--|--|
| Part (1) Amount due from the employer | | | | | | |
| (a) Compensation paid from state unemployment fund and attributable to service with the entity | (i) for weeks of unemployment beginning on or after March 13, 2020 and ending on the last week of unemployment beginning before March 31, 2021 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 |
| | (ii) for weeks of unemployment beginning after March 31, 2021 and ending on or before September 6, 2021 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 |
| (b) State liability relief | | -\$1,000 | -\$2,000 | -\$0 | -\$1,400 | -\$500 |
| (c) Subtotal – Amount due in lieu of contributions | | \$1,000 | \$0 | \$2,000 | \$600 | \$1,500 |
| (d) Federal emergency relief to reduce the amount due in lieu of contributions (the sum of d(i) and d(ii) cannot exceed the amount in (c)) | (i) for weeks of unemployment beginning on or after March 13, 2020 and ending on the last week of unemployment beginning before March 31, 2021 (available up to 50 percent of Part (1)(a)(i)) | -\$500 | -\$0 | \$500 | -\$300 | -\$500 |
| | (ii) for weeks of unemployment beginning after March 31, 2021 and ending on or before September 6, 2021 (available up to 75 percent of Part (1)(a)(ii)) | -\$500 | -\$0 | \$750 | -\$300 | -\$750 |
| (e) Amount due from employer | | \$0 | \$0 | \$750 | \$0 | \$250 |
| Part (2) Amount of federal funds available to the state | | | | | | |
| (a) Funds transferred from Federal Unemployment Account (FUA) into the state unemployment fund under Section 903(i)(1)(B), SSA (equal to 50 percent of Part (1)(a)(i) & 75 percent of Part (1)(a)(ii)) | | \$1,250 | \$1,250 | \$1,250 | \$1,250 | \$1,250 |
| (b) Federal emergency relief to reduce the amount due in lieu of contributions (equal to Part (1)(d)(i)&(ii)) | | -\$1,000 | -\$0 | -\$1,250 | -\$600 | -\$1,250 |
| (c) Amount that state must return to FUA⁴ | | \$250 | \$1,250 | \$0 | \$650 | \$0 |

⁴ Section 903(i)(1)(C) provides that these funds are to be used exclusively to reduce the amounts required to be paid in lieu of contributions. If they are not used for such purpose, then they must be returned to the Federal Unemployment Account (FUA).