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DIRECTIVE : REPORTS AND ANALYSIS LETTER NO. 1-93
TO : ALL STATE EMPLOYMENT SECURITY AGENCIES
FROM : *Barbara Ann Farmer*
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 Administrator
 for Regional Management
SUBJECT : Emergency Unemployment Compensation (EUC) Optional Initial Claims

1. Purpose. To emphasize to States the importance of the need for collecting counts of optional EUC initial claims and to provide guidance in what to count and when.
2. References. GAL 12-92 and Attachments; UIPL 9-92, Change 4.
3. Background. The EUC amendments effective July 3, 1992, contained provisions which affected the count of regular State Unemployment Insurance (UI) program initial claims. Because the amendments provide some claimants the option of choosing between the regular State UI program and the EUC program, many claims which, in the absence of the EUC law, would have been filed under and therefore counted under the regular State UI program, will now be counted under the EUC program. This affects the ability of the regular State UI initial claims to act as a barometer of the National and State economic situation. These data are particularly important at this time as economists and other analysts are using the information as a signal of strength in the economy.

 In order to provide a truer picture of what is happening to the economy and to be historically consistent, States have been required to separately report on the weekly ETA 539 "optional EUC initial claims". These claims are defined as the number of weekly EUC initial claims which were a result of claimants being given the option to choose between a new or additional State UI program claim and EUC. This figure will be a subset of all EUC initial claims.
4. Counts of Optional EUC Initial Claims. Not all States were able to implement the EUC amendments immediately, so questions have come up as to what should be counted and when.

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Any EUC initial claim which resulted from a choice between EUC and a regular State new or additional initial claim is to be counted as an optional EUC initial claim for purposes of reporting on the ETA 539 report. The examples below should be used as guidance:

a) Situation: A claimant applying for benefits after July 3, 1992, for a new spell of unemployment is eligible to establish a new or additional claim under the regular State UI program, but is in the category of claimant who is offered the EUC option. The claimant chooses EUC at the time of the initial claim.

Count: This claim is counted as an EUC initial claim and is also reported as an optional EUC initial claim.

b) Situation: A claimant is in continued claims status under the regular State UI program based on a benefit year established prior to July 3, 1992. After July 3, 1992, the claimant is offered the option of claiming EUC instead of regular State UI benefits and he/she chooses the EUC option.

Count: This claim has already been counted and reported under the regular State UI program on the weekly ETA 539. To now report it as an optional EUC initial claim would be to count it twice.

c) Situation: A claimant established a regular UI State new or additional initial claim in a week after the July 3, 1992, amendments became effective. Such claim was counted in the regular State program as reported on the ETA 539. A few weeks later, the claimant is retroactively offered the EUC option and chooses EUC.

Count: This is the type of claim that would ordinarily be counted as an optional EUC initial claim, however, this claim has already been counted on the weekly ETA 539 report. To now report it as an optional EUC initial claim would result in counting it twice. The only time this claim should be counted as an optional EUC initial claim on the weekly ETA 539 report is if the State can then back it out of the count for the regular State UI program and submit corrected figures for the appropriate week. To the extent possible, the monthly ETA 5159 report should reflect the actual program to which these claims belong.

d) Situation: The claimant in situation a) was an interstate agent claimant.

Count: Counts reported on the ETA 539 should include both intrastate and interstate agent claims so this claimant will be counted as an EUC optional initial claim.

e) Situation: The procedures of the State require that a regular program initial claim be filed to determine the weekly benefit amount under that program. Only then will the claimant have the necessary information to decide between the regular and the EUC program. The claimant from situation a) files in such a State and a regular initial claim is established. The claimant is offered the option and chooses EUC.

Count: This regular initial claim should be set up as provisional only and, when a claimant chooses EUC, it should be backed out of the regular count of regular claims and counted in EUC.

4. Action Required. State agency administrators should ensure that the above information is provided to appropriate staff so that correct counts are captured and reported.

5. Inquiries. Questions should be directed to the appropriate Regional Office.