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| TRAINING AND EMPLOYMENT NOTICE | NO. 16-13 |
| | DATE December 13, 2013 |

TO: STATE WORKFORCE AGENCIES

FROM: ERIC M. SELEZNOW
Acting Assistant Secretary

SUBJECT: New Unemployment Insurance Interstate Connection (UI-ICON) Web Applications Related to UI Integrity

1. **Purpose.** To announce two new UI-ICON applications developed in response to:
1) provisions of the Middle Class Tax Relief and Job Creation Act of 2012 for overpayment recoveries; and 2) provisions of the Trade Adjustment Assistance Extension Act of 2011 related to employer charges when employers fail to respond timely or adequately to requests for information.

2. **References.**

- Title II, Subtitle A of Pub. L. 112-96, the Middle Class Tax Relief and Job Creation Act of 2012 (Pub. L. 112-96), Title II, Subtitle A (Extended Benefits, Reemployment, and Program Integrity Improvement Act);
- Trade Adjustment Assistance Extension Act of 2011 (TAAEA) (Pub. L. 112-40);
- Sections 3303, 3304, 3306 and 3309 of the Federal Unemployment Tax Act (FUTA) (26 U.S.C. 3303, 3304, 3306 and 3309);
- Sections 303 and 453A of the Social Security Act (SSA) (42 U.S.C. 503 and 653A);
- Federal-State Extended Unemployment Compensation Act of 1970 (EUCA);
- 20 CFR Part 603, *Federal-State Unemployment Compensation (UC) Program; Confidentiality and Disclosure of State UC Information*;
- 20 CFR Part 604, *Regulations For Eligibility for Unemployment Compensation*;
- 20 CFR Part 640, *Standards for Benefit Payment Promptness – Unemployment Compensation*;
- Unemployment Insurance Program Letter (UIPL) No. 05-13, *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*;
- UIPL No. 02-12, *Unemployment Compensation Program Integrity, Amendments made by the Trade Adjustment Assistance Extension Act of 2011 (TAAEA) (Pub. L. 112-40)*;
- UIPL No. 02-12, Change 1, *Unemployment Compensation Program Integrity, Amendments made by the Trade Adjustment Assistance Extension Act of 2011 – Questions and Answers*; and
- UIPL No. 26-85, *Interest on Overpayment of Federal Claims*.

3. **Background.** The UI-ICON is a secure, national telecommunications network through which states exchange UI claims related data. It has been in use by state UI agencies since the early 1980s. The network consists of a series of applications that allow states to share UI data seamlessly and securely.

UI-ICON supports an environment comprised of several mainframes, personal computers, workstations, operating systems, and telecommunication methods. Each of the 53 states accesses UI-ICON via one of the network portals. The states exchange data through agreements with each other through the various applications available on UI-ICON.

Two new applications have been developed for the states to increase the integrity of the UI program system-wide:

1. Interstate Benefits (IB) 8606 application for UI overpayment recoveries for IB claims, which are claims filed from a state other than the paying/liable state.
2. Combined Wage Claim (CWC) 02-12 application related to employer charges (when employers fail to respond timely or adequately to states' requests for information) for claims involving out-of-state wages for individuals who have combined wages to establish a CWC under the law of a single state.

These two applications have been tested and piloted by volunteer states and are now available for system-wide usage. These two applications are described below.

UI Overpayments: IB-8606 Application

Section 2103 of Pub. L. 112-96 amended section 3304(a)(4)(D), FUTA, (the "withdrawal standard") and section 303(g)(1), SSA. As amended, these statutes now require states to reduce unemployment benefits paid to an individual by the amount of any unrecovered UI overpayments made to that individual under a Federal or state unemployment program. Section 2103 also added Federal Additional Compensation to the UI programs for which overpayments must be recovered through offset.

The US Department of Labor (Department) approved a proposal from the National Association of State Workforce Agencies (NASWA) Interstate Benefits Subcommittee that states implement Section 2103 using UI-ICON. Currently, states on a regular basis identify active claims and overpayments to the UI-ICON Hub. To implement the Section 2103 offset, states will receive a report via a new web-based application (called IB-8606) which will identify potential offsets nationwide.

The completed IB-8606 application was piloted by several states between August 26, 2013 and September 9, 2013. A webinar was held to demonstrate the application to the states and the application went into production on September 24, 2013.

Employer Charges for CWC: CWC 02-12 Application

The TAAEA and guidance contained in UIPL Nos. 02-12 and its Change 1 established an integrity requirement that prohibits a state from relieving an employer of benefit charges when an improper benefit payment is made as a result of the following two conditions:

1. The employer or agent for the employer was at fault for failing to respond timely or adequately to the request from the state agency for information relating to a claim for UI benefits that were subsequently overpaid; and
2. The employer or agent for the employer has failed to respond timely or adequately to requests from the state agency for information relating to claims for UI benefits.

This integrity requirement applies to all UI claims, including both intrastate and CWC, and states were required to implement this provision effective October 21, 2013. In order to implement the integrity requirements listed above, the Department created a workgroup comprised of National and Regional Federal staff, state subject matter experts, and contractors to develop a new application on the UI-ICON for combined wage claims affected by the TAAEA provision. The new application, named CWC 02-12, ensures that the paying state's determination of noncharging is promptly communicated to the transferring state and the employer's account is handled appropriately in accordance with the determination. The CWC 02-12 application helps facilitate this communication in an efficient, secure, and expedient manner.

Every state will obtain a login ID and complete a "State Options" page to indicate whether its state statutes require an employer account chargeback for CWC claims, including both reimbursing and tax-paying employer categories. When a paying state, applying its law, determines that an out-of-state employer has caused an improper payment by failing to respond timely or adequately, and the transferring state charges back that employer's account, the paying state will send notification to the transferring state for appropriate action. This notification will be initiated by accessing the new CWC 02-12 application. States piloted the new application on September 30, 2013. A webinar was held to demonstrate the application to the states and the application went into production on UI-ICON on October 21, 2013.

4. **Action Requested.** State Administrators are requested to provide this information to appropriate staff.
5. **Inquiries.** States seeking additional information, including webinar materials or technical assistance to support implementation of both applications are encouraged to contact their ETA Regional Office.