

Employment and Training Administration Advisory System U.S. Department of Labor Washington, D.C. 20210	CLASSIFICATION Federal Additional Compensation (FAC)
	CORRESPONDENCE SYMBOL DL
	DATE May 26, 2010

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 24-10

TO: STATE WORKFORCE AGENCIES

FROM: JANE OATES /s/
Assistant Secretary

SUBJECT: Federal Additional Compensation – Application of the Nonreduction Rule

1. Purpose. To provide additional guidance on the “Nonreduction Rule” under the Federal Additional Compensation (FAC) program.
2. References. Section 2002 (the FAC law) of Division B, Title II (Assistance for Unemployed Workers and Struggling Families Act), of the American Recovery and Reinvestment Act of 2009, Public Law No. 111-5 (hereafter the FAC law); and Unemployment Insurance Program Letter (UIPL) Nos. 11-09 and 14-09.
3. Background. The FAC program provides a \$25 supplement to the weekly payment of all forms of unemployment compensation (UC), except state additional compensation. FAC is paid from Federal general revenues and is administered by the states under agreement between the states and the U.S. Department of Labor.

The FAC law contains a “Nonreduction Rule” under which a state’s agreement will be terminated if the Department determines that the “method governing the computation of regular compensation” under the state’s UC law has been modified so that—

- (1) the average weekly benefit amount of regular compensation which will be payable during the period of the agreement (determined disregarding any additional amounts attributable to the modification described in subsection (b)(1) [that is, the \$25 FAC supplement]) will be less than

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- (2) the average weekly benefit amount of regular compensation which would otherwise have been payable during such period under the State law, as in effect on December 31, 2008.

See Section 2002(c) of the FAC law for the full text of the Nonreduction Rule. Although UIPL No. 11-09 provided a general statement regarding this Nonreduction Rule, it did not provide any guidance regarding its specific applications. Since that UIPL was issued, the Department has received inquiries regarding specific applications. This UIPL, using a Question and Answer (Q&A) format, responds to these inquiries.

4. Action. State administrators should distribute this advisory to appropriate staff.
5. Inquiries. Questions should be addressed to your Regional Office.
6. Attachment. FAC Nonreduction Rule – Questions and Answers