ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 13-20, Change 3

TO: STATE WORKFORCE AGENCIES

FROM: SUZAN G. LEVINE
Principal Assistance Deputy Secretary

SUBJECT: Families First Coronavirus Response Act, Division D Emergency Unemployment Insurance Stabilization and Access Act of 2020 (EUISAA) – Ending the Emergency Flexibilities Authorized under Section 4102(b)

1. **Purpose.** The purpose of this Unemployment Insurance Program Letter (UIPL) is to advise states of the appropriate allowable period for states to exercise the emergency flexibilities authorized under Section 4102(b), EUISAA, to modify or suspend work search, waiting week, good cause, or employer experience rating.

2. **Action Requested.** The Department of Labor’s (Department) Employment and Training Administration (ETA) requests that State Workforce Administrators provide the information contained in this UIPL to appropriate program and other staff in the state’s workforce system.

3. **Summary and Background.**

   a. **Summary** – On March 10, 2020, a nationwide public health emergency was declared due to the COVID-19 pandemic. Over the last 15 months, the Unemployment Insurance (UI) program has been a critical lifeline to millions of workers and to the economy during this pandemic. It has allowed 50 million unemployed workers to afford to buy food and pay utilities and rent, and has injected more than $700 billion into the economy, preventing an even greater economic crisis.

   EUISAA, as part of the Families First Coronavirus Response Act (Public Law (Pub. L.) 116-127), was enacted on March 18, 2020. Section 4102(b) of EUISAA provided, among other things, authority for states to temporarily modify or suspend the following provisions “on an emergency temporary basis as needed to respond to the spread of COVID-19”: (1) work search, (2) waiting week, (3) good cause, and (4) employer experience rating. As discussed in this UIPL, the statute only makes these flexibilities available for the period in which they are needed to respond to the spread of COVID-19. States are not permitted to use these flexibilities indefinitely or for purposes other than to respond to the spread of COVID-19.
The labor market is beginning to recover from the economic effects of COVID-19. In addition to providing unemployment benefits during spells of unemployment, a core purpose of the UI program is getting workers back into suitable work. As we change the course of the pandemic and the country reopens, the UI program, and all who administer it, have a critical role to play in shepherding that transition and helping workers find safe, good-paying work.

This UIPL discusses how states must consider the extent to which the emergency flexibilities authorized by Section 4102(b), EUISAA, with respect to work search, waiting week, good cause, and employer experience rating remain necessary to respond to the spread of COVID-19. Because conditions related to COVID-19 vary widely from state to state, and even within states, this determination must be done by each state, rather than as a nationwide determination. Additionally, this UIPL discusses the current emergency state staffing flexibility and the requirement that an individual be able to work and available for work under permanent federal unemployment compensation (UC) law.

b. Background – Enactment of the Families First Coronavirus Response Act made emergency supplemental appropriations in response to the spread of COVID-19 and included EUISAA, set out at Division D of the law. In addition to the emergency flexibilities authorized under Section 4102(b), EUISAA provided: (1) emergency administrative grants to states for administration of the UI program; (2) a short-term waiver of Title XII (42 U.S.C. § 1321 et al.) interest payments due and interest accrual on Title XII advances to states through December 31, 2020; and (3) full federal funding, under certain circumstances, of Extended Benefits (EB). See UIPL No. 13-20 published on March 22, 2020, and 13-20, Change 1, published on May 4, 2020. The Department published UIPL No. 13-20, Change 2, on June 3, 2021 requesting that states provide information using the Form MA 8-7 by August 2, 2021, pertaining to their compliance with the conditions of receiving the emergency administrative grants under EUISAA.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Pub. L. 116-136) was enacted, which included, among other things, the creation of three new temporary federal unemployment programs that states may administer through agreements with the Secretary of Labor (Secretary): Pandemic Unemployment Assistance (PUA), Federal Pandemic Unemployment Compensation (FPUC), and Pandemic Emergency Unemployment Compensation (PEUC). The CARES Act also amended Section 4102(b), EUISAA, by providing states with emergency flexibility for the merit staffing requirement as needed in response to the spread of COVID-19 through December 31, 2020. See UIPL No. 14-20, published on April 2, 2020, and UIPL No. 14-20, Change 1, published on August 12, 2020.

On December 27, 2020, the Continued Assistance for Unemployed Workers Act of 2020 (Continued Assistance Act) set forth in Division N, Title II, Subtitle A of the Consolidated Appropriations Act, 2021 (Pub. L. 116-260), was enacted. The Continued Assistance Act extended, through March 14, 2021, the short-term waiver of interest payments due and interest accrual on Title XII advances to states; full federal funding,
under certain circumstances, of EB; and the emergency flexibility for the merit staffing requirement. The Continued Assistance Act also created a new Mixed Earners Unemployment Compensation (MEUC) program that states may administer through agreements with the Secretary and extended authority for the PUA, FPUC, and PEUC programs through March 14, 2021. See UIPL No. 09-21 published on December 30, 2020.

On March 11, 2021, the American Rescue Plan Act of 2021 (ARPA) (Pub. L. 117-2) was enacted. ARPA, among other things, further extended, through September 6, 2021, the short-term waiver of interest payments due and interest accrual on Title XII advances to states and full federal funding, under certain circumstances, of EB, as well as the authority for states to administer the MEUC, PUA, FPUC, and PEUC programs through agreements with the Secretary. Section 9015, ARPA, provided authority for states to exercise emergency flexibility for the merit staffing requirement through September 6, 2021. See UIPL No. 14-21 published on March 15, 2021.

4. Guidance Regarding Emergency Flexibilities. Section 4102(b), EUISAA, provided authority for states to temporarily modify or suspend the following provisions “on an emergency temporary basis as needed to respond to the spread of COVID-19”: (1) work search, (2) waiting week, (3) good cause, and (4) employer experience rating. With respect to these four emergency flexibilities, states may temporarily disregard the application of Section 303 of the Social Security Act (SSA) (42 U.S.C. § 503) and Section 3304 of the Federal Unemployment Tax Act (FUTA) (26 U.S.C. § 3304).

As state and local economies reopen, states must consider the extent to which the emergency flexibilities authorized by Section 4102(b), EUISAA, remain necessary to respond to the spread of COVID-19. Because conditions related to COVID-19 vary widely from state to state, and even within states, such consideration must be done by each state, rather than as a nationwide determination.

With that in mind, the Department provides the following guidelines for states to use in assessing when to eliminate the flexibilities authorized by EUISAA. States may have a different rationale for modifying or suspending each of the four emergency flexibilities, and the Department does not expect that all four emergency flexibilities will have the same end date. For example, some flexibilities are for benefit eligibility and others are for employer contributions, which may have a lagging timeline dependent on state law. However, states must consider the extent to which the flexibilities in their entirety are necessary in response to the spread of COVID-19. Additionally, in assessing the extent to which the flexibilities are needed to respond to the spread of COVID-19, it is possible states may eliminate one or more of the flexibilities but later find the need to reinstate them if a new wave of infections occurs.

a. Work Search. The re-employment of claimants into suitable work is a central goal of the UI program, and work search is a critical component in meeting that goal. Section 303(a)(12), SSA, requires that an individual be actively seeking work as a condition of eligibility for any week. Section 4102(b), EUISAA, provided states with the ability to
temporarily modify or suspend the work search requirements “on an emergency temporary basis as needed to respond to the spread of COVID-19.” See Section 5.A. of UIPL No. 13-20.

i. Evaluating a state’s need for the ongoing modification or suspension of work search requirements. While EUISAA does not provide a specific date when such flexibilities must end, it does limit the availability of such flexibilities, they are available only for so long as they are needed to respond to the spread of COVID-19. It does not permit the use of these flexibilities indefinitely or for purposes other than in response to the spread of COVID-19.

To comply with EUISAA’s plain language, state laws must: (1) include, or be tied to, a declaration that the law being passed (inclusive of Executive Orders issued and regulations promulgated) is to address the COVID-19 pandemic; and (2) be time-limited and operable only for the time needed to address the pandemic.

In deciding to re-impose the work search requirement, a state may consider health and safety conditions in the local area; the unemployment rate at the state level; the number of job openings in the state compared to the number of unemployed individuals; the state’s stage of reopening; and the Governor’s declaration of an emergency. These criteria may well overlap, and none is dispositive on its own.

A state may also limit its temporary modification of the work search requirement to specific circumstances, as appropriate to address the spread of COVID-19, while re-imposing the state’s permanent work search requirements for all other individuals. For example, a state may determine that individuals who are providing care for a family member who has been diagnosed with COVID-19 do not need to seek work.

As the economy has begun to reopen, at least 40 states that temporarily modified or suspended work search requirements in response to the spread of COVID-19 have since re-imposed these requirements, indicating their assessment that such flexibility is no longer needed in response to the spread of COVID-19 for their states.

Several states that have not rescinded their modification or suspension of the work search requirement have indefinite or undefined dates on when such a modification or suspension will be rescinded. An indefinite pause on work search requirements that is not connected to responding to the spread of COVID-19 is inconsistent with EUISAA. States are reminded that waivers must be rescinded once they are no longer needed to respond to the spread of COVID-19.
Individuals Collecting PEUC. For individuals collecting PEUC, a state must, at a minimum, provide flexibility in meeting work search requirements “in cases of individuals unable to search for work because of COVID-19, including because of illness, quarantine, or movement restrictions.” See Section 2107(a)(7)(B) of the CARES Act. This is only statutorily required for recipients of PEUC, states need not apply such flexibility for recipients of other unemployment programs.

ii. Providing for meaningful work search activities. Because Section 303(a)(12) of the SSA does not specifically define “actively seeking work,” states have some discretion to establish a reasonable definition. As stated in Section 4.a. of UIPL No. 05-13, “States will exercise their discretion consistent with the strong expectation that [unemployment compensation] beneficiaries will be engaged in concerted and effective efforts calculated to find a suitable job in the shortest period of time that is practicable.”

Many states’ work search requirements rely solely on employer contacts or applications which, while important, do not fully reflect how hiring occurs in the modern labor market, particularly as we continue to recover from the pandemic. The range of work search activities available to individuals should, as a best practice, include activities that support finding suitable employment. States may continue to allow an individual who is job-attached (e.g., with a definite recall date to his or her employer) to satisfy the requirement to seek work by taking reasonable steps to preserve their ability to return to that job.

States are encouraged to have a fully integrated workforce system that focuses its collective efforts on assisting claimants getting back to work as quickly as possible in suitable jobs. One tool in achieving this aim is requiring work search activities that embrace a wide array of activities that support reemployment in today’s labor market and include receiving services, both remotely and in-person, through the vast network of American Job Centers. The following tools are available for states in establishing meaningful work search requirements:

- Training and Employment Notice (TEN) 17-19, published on February 10, 2020, for model legislative language and a framework for updated work search requirements;
- TEN 18-16, published on November 21, 2016 for information about the “My Reemployment Plan” tool that can aid individuals who need more support in planning their work search and reemployment strategies. The electronic “My Reemployment Plan” is available for states to download and customize through the National Association of State Workforce Agencies’ (NASWA) Information Technology Support Center (ITSC) at http://www.itsc.org;
- Materials on the Reemployment Connections landing page on WorkforceGPS at https://rc.workforcegps.org/; and
b. **Waiting Week.** As described in Section 4.e. of UIPL No. 10-20, in most states, an individual who is otherwise eligible for benefits must first serve a waiting period. This is not federally required, although it is a longstanding practice in the UI program that may give states time to assess eligibility and deter fraud. Further, existing federal EB law requires states to have a non-compensable waiting week in order for the state to receive federal cost sharing of the first week of EB.

Section 4102(b), EUISAA, permits states that have a waiting week in their laws to waive the waiting week as necessary to respond to the spread of COVID-19. See Section 5.B. of UIPL No. 13-20. Section 2105 of the CARES Act, as amended, provides 100 percent federal funding under the agreement to states that waive the waiting week in state law. The last week of unemployment for which federal reimbursement of the first compensable week is available for states without a waiting week is week ending September 4, 2021 (September 5, 2021 in states where the week of unemployment ends on a Sunday). See Section 4.c.iv. of UIPL No. 14-21.

Additionally, Section 9014, ARPA, provides full federal reimbursement for the first week of EB in states without a waiting week through September 6, 2021. The last week of unemployment for which federal reimbursement is available for the first week of EB is week ending September 11, 2021 (September 5, 2021 in states where the week of unemployment ends on a Sunday). See Section 4.a.ii. of UIPL No. 14-21.

There is not a federal requirement for states to have a waiting week and states may choose to suspend the waiting week provision under state law indefinitely, beyond that which is needed to respond to the spread of COVID-19. In doing so, states should be aware of the implications on federal cost sharing under the EB program.

c. **Good Cause.** As described in Section 4.C. of UIPL No. 13-20, state laws provide for instances where “good cause” is considered in making a determination of eligibility. This often applies in job separations where the individual voluntarily quits, as well as where individuals refuse suitable work or do not meet reporting requirements. Section 4102(b), EUISAA, permits states to modify their good cause provisions as necessary to respond to the spread of COVID-19. However, states have discretion in how they define good cause under existing federal law. States may choose to continue with an expanded definition of good cause beyond that which is needed to respond to the spread of COVID-19.

*Good cause to refuse an offer of work under PUA.* The Department approved additional COVID-19 related reasons for an individual to self-certify for PUA eligibility in UIPL No. 16-20, Change 5, published on February 25, 2021. Among them is a provision on good cause to refuse an offer of work, as follows:
The individual has been denied continued unemployment benefits because the individual refused to return to work or accept an offer of work at a worksite that, in either instance, is not in compliance with local, state, or national health and safety standards directly related to COVID-19. This includes, but is not limited to, those related to facial mask wearing, physical distancing measures, or the provision of personal protective equipment consistent with public health guidelines.

Any amendment to a state’s definition of “good cause” to refuse an offer of work may impact an individual’s ability to self-certify to this COVID-19 related reason for purposes of PUA eligibility. For example, if a state determines that an expanded definition of good cause is no longer necessary in response to the spread of COVID-19 and chooses to restrict the definition, this may result in more individuals being disqualified for regular UI benefits and, thus, eligible for PUA if such work was refused for the specified COVID-19 related reason.

d. **Employer Experience Rating.** Experience rating is the system states use to determine the state unemployment tax rate that each employer must pay. Under these experience rating laws, states determine individual employer tax rates based upon the employer’s history of employee unemployment as measured by payroll or other measurement of exposure to the insured risk, charging benefits paid out to employees to the employer’s “account”. See UIPL No. 29-83. The state system must meet the federal requirements for employer experience rating laid out in Section 3303, FUTA, to receive the additional credit under that section of FUTA.

On its face, Section 4102(b), EUISAA, permits states to modify their laws governing employer experience rating. Although Section 3303, FUTA, is not enumerated in the emergency flexibility provision of Section 4102(b), EUISAA, the Department interprets the provisions of Section 3303, FUTA, that provides the requirements for employer experience rating laws to be included as part of the emergency flexibility provided under EUISAA.

As discussed above, to comply with EUISAA’s plain language, state laws must: (1) include, or be tied to, a declaration that the law being passed (inclusive of Executive Orders issued and regulations promulgated) is to address the COVID-19 pandemic; and (2) be time-limited and operable only for the time needed to address the pandemic. Many states have exercised these emergency flexibilities by non-charging some or all benefit charges to an employer’s experience rating account during certain time periods of the pandemic or for claims which are directly related to the economic effects of COVID-19. States have also exercised these emergency flexibilities by altering the experience rating formula to disregard the most recent year(s) when computing employer rates.

Similar to the modification or suspension of the work search requirement discussed in Section 4.a.i. of this UIPL, while EUISAA does not provide a specific date when such emergency flexibilities must end, it does require the modifications or suspensions to be temporary in nature and limits the availability of such flexibilities only for so long as they
are needed to respond to the spread of COVID-19. It does not permit the use of these flexibilities indefinitely or for purposes other than in response to the spread of COVID-19. In determining when to end the employer experience rating emergency flexibilities, a state may consider health and safety conditions in the local area; the unemployment rate at the state level; the number of job openings in the state compared to the number of unemployed individuals; the state’s stage of reopening; and the Governor’s declaration of an emergency. These criteria may well overlap, and none is dispositive.

The type of experience rating system in a state’s UC law must also be taken into consideration when determining the appropriate period of time for the employer experience rating emergency flexibilities to be in place. During the COVID-19 pandemic, employers experienced payroll reductions due to circumstance beyond their control. All state experience rating formulas take into consideration an employer’s payroll when calculating employer contribution rates as a means of measuring the employer’s exposure to insured risk. If a year is determined to be impacted by the spread of COVID-19 based on the factors in the above paragraph, it is permissible with respect to the temporary flexibilities for that year’s payroll to not be used when calculating an employer’s contribution rate. For example, if when determining employer contribution rates for calendar year 2022, a state’s experience rating formula uses the last three years of payroll and the state finds that calendar years 2020 and 2021 were COVID-19 impacted, it would be permissible for the state to instead use calendar years 2017, 2018, and 2019 (disregarding calendar years 2020 and 2021).

5. **Emergency State Staffing Flexibility.** Section 303(a)(1), SSA, requires that states have “[s]uch methods of administration (including . . . methods relating to the establishment and maintenance of personnel standards on a merit basis . . .) as are found by the [Secretary] to be reasonably calculated to insure full payment of unemployment compensation when due.” As set forth in Section 9015, ARPA, the emergency flexibility with respect to the merit staffing requirement expires on September 6, 2021. See Section 4.b. of UIPL No. 14-21.

For direction on the application of merit staffing principles after September 6, 2021, refer to UIPL No. 12-01, Change 2, published on January 8, 2021, regarding a state’s ability to exercise flexibility in its staffing models under permanent federal law.

6. **Requirement that an individual be able to work and available for work.** Section 303(a)(12), SSA, requires that an individual be able to work and available for work. This requirement cannot be categorically waived or exempted. The same requirement applies to all unemployment benefit programs, including the temporary federal programs provided under the CARES Act, except as described for PUA below.

States able and available requirements must meet the standards established in 20 C.F.R. part 604. However, states have some discretion under permanent federal law in establishing how an individual demonstrates that they meet the able and available requirements and in determining the types of work that are suitable for an individual. See Section 4.b. and 4.c. of UIPL No. 10-20, published on March 12, 2020. To be eligible for continued benefits, an
individual must not limit their ability or availability in such a way that the individual has withdrawn from the labor market. See 20 C.F.R. 604.4(a) and 604.5(a)(1).

Federal law provides for some authorized exceptions or substitutions to these requirements, such as individuals in state-approved training (Section 3304(a)(8), FUTA) or participation in the Short-Time Compensation program (Section 3306(v)(5), FUTA). Exceptions to the able and available requirement are limited to those included in statute and regulations, and there is no express statutory exception for individuals whose ability to work or availability for work is affected by the COVID-19 pandemic.

*Individuals Collecting PUA.* The PUA program provides benefits to certain individuals who do not qualify for regular UI benefits, such as individuals who are self-employed. An individual collecting PUA must be able to work and available for work within the meaning of state law, except if they are unable to work or unavailable for work pursuant to specific COVID-19 related reasons identified in the CARES Act and through Departmental guidance. See Section 2102 of the CARES Act and UIPL No. 16-20 and its changes. For this reason, an individual must certify every week, under penalty of perjury, that a qualifying COVID-19 related reason (or reasons) remains present. See Sections C.1. and C.7. of Attachment I to UIPL No. 16-20, Change 4.

7. **Inquiries.** Please direct inquiries to covid-19@dol.gov with a copy to the appropriate Regional Office.

8. **References.**

- American Rescue Plan Act of 2021 (ARPA), including Title IX, Subtitle A, Crisis Support for Unemployed Workers (Pub. L. 117-2);
- Consolidated Appropriations Act, 2021, including Division N, Title II, Subtitle A, the Continued Assistance for Unemployed Workers Act of 2020 (Continued Assistance Act) (Pub. L. 116-260);
- Coronavirus Aid, Relief, and Economic Security (CARES) Act, including Title II, Subtitle A, Relief for Workers Affected by Coronavirus Act (Pub. L. 116-136);
- Families First Coronavirus Response Act, including Division D Emergency Unemployment Insurance Stabilization and Access Act of 2020 (EUISAA) (Pub. L. 116-127);
- Sections 3303 and 3304, Federal Unemployment Tax Act (FUTA), 26 U.S.C. §§ 3303, 3304;
- Sections 303 and 1201, Social Security Act (SSA), 42 U.S.C. §§ 503, 1321;
- 20 C.F.R. Part 604;


9. **Attachment(s)**. None.

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¹ We note that the link to this document shows an expiration date of July 30, 1985. However, per TEN No. 15-20, issued January 14, 2021, this remains an active UIPL.