

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION Unemployment Insurance
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ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 15-20

TO: STATE WORKFORCE AGENCIES

FROM: JOHN PALLASCH /s/
Assistant Secretary

SUBJECT: Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Federal Pandemic Unemployment Compensation (FPUC) Program Operating, Financial, and Reporting Instructions

1. **Purpose.** To provide states with operating, financial, and reporting instructions for the FPUC program authorized by Section 2104, Emergency Increase in Unemployment Compensation Benefits, of the CARES Act of 2020, Public Law (Pub. L.) 116-136.
2. **Action Requested.** The Department of Labor’s (Department) Employment and Training Administration (ETA) requests that State Workforce Administrators provide the information in this Unemployment Insurance Program Letter (UIPL) and the Attachments I through V to appropriate program and other staff in state workforce systems as they implement the Unemployment Insurance (UI)-related provisions that respond to the economic effects of the Coronavirus Disease 2019 (COVID-19).
3. **Summary and Background.**
 - a. Summary – On March 27, 2020, the President signed into law the CARES Act, which includes the Relief for Workers Affected by Coronavirus Act set out in Title II, Subtitle A. Section 2104 of the CARES Act provides for a temporary emergency increase in unemployment compensation benefits, referred to as FPUC, and includes funding to states for the administration of the program.
 - b. Background – The CARES Act was designed to mitigate the economic effects of the COVID-19 pandemic in a variety of ways. The CARES Act includes provisions for providing certain benefits to individuals who have exhausted their entitlement to regular unemployment compensation (UC) and who are not eligible for regular UC, such as individuals who are self-employed or have limited recent work history.

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This UIPL focuses on Section 2104 of the CARES Act, which authorizes the temporary FPUC program. This program provides eligible individuals with \$600 per week in addition to the weekly benefit amount they receive from certain other UC programs.

Importance of Program Integrity. The programs and provisions in the CARES Act operate in tandem with the fundamental eligibility requirements of the Federal-State UI program which must be adhered to. In addition, some of the CARES Act programs include new eligibility requirements which states will need to apply. These requirements include that individuals are only entitled to benefits if they are no longer working through no fault of their own and that individuals must be able and available to work.

States play a fundamental role in ensuring the integrity of the UI program. While states have been provided some flexibilities as a result of COVID-19, those flexibilities are generally limited to dealing with the effects of COVID-19, as discussed in UIPL Nos. 10-20 and 13-20. States must ensure that individuals only receive benefits in accordance with these statutory provisions.

Further, quitting work without good cause to obtain additional benefits under the regular UI program or the CARES Act qualifies as fraud. Sections 2104(f) and 2107(e) expressly provide that if an individual has obtained these benefits through fraud, the individual is ineligible for any additional benefit payments, must pay back the benefits, and is subject to criminal prosecution under 18 U.S.C. §1001. States are expected to enforce these provisions.

The Department is actively working with states receiving funding under the Act to provide UI benefits only to those who are entitled to such benefits. The Department will also be actively engaged with its Office of the Inspector General (OIG) to ensure program integrity. The Act includes an appropriation of \$26 million to the Department's OIG (Section 2115) to carry out audits, investigations, and other oversight activities related to states' adherence to existing UI laws and policies, as well as the provisions of the Act.

4. **Guidance.** The following section identifies the types of UC benefits that an individual must be receiving to be entitled to receive FPUC and includes important program dates and details about program administration. Refer to **Attachment I** for implementing and operating instructions and **Attachment II** for general provisions for administering FPUC. Section 2104 of the CARES Act is provided in **Attachment III**. **Attachment IV** and **Attachment V** provide the Supplemental Budget Request (SBR) Application and the Instructions for Completing the SF-424 and SF-424A respectively.
 - a. **Programs which entitle an individual to receive FPUC.** This program provides an additional \$600 per week to individuals who are collecting regular UC (including Unemployment Compensation for Federal Employees (UCFE) and Unemployment Compensation for Ex-Servicemembers (UCX)), as well as the following unemployment compensation programs:

- Pandemic Emergency Unemployment Compensation (PEUC);
- Pandemic Unemployment Assistance (PUA);
- Extended Benefits (EB);
- Short-Time Compensation (STC);
- Trade Readjustment Allowances (TRA);
- Disaster Unemployment Assistance (DUA); and
- Payments under the Self-Employment Assistance (SEA) program.

A number of state laws include provisions for extending the potential duration of benefits during periods of high unemployment for individuals in approved training who exhaust benefits, or for a variety of other reasons.¹ Although some state laws call these programs “extended benefits,” the Department uses the term “additional benefits” (AB) to avoid confusion with the Federal-State EB program. FPUC is not payable to individuals who are receiving AB payments.

- b. **Important program dates.** FPUC is payable for weeks of unemployment beginning on or after the date on which the state enters into an agreement with the Department. In states where the week of unemployment ends on a Saturday, the first week for which FPUC may be paid is the week ending April 4, 2020, provided an agreement was in place no later than March 28, 2020. In states where the week of unemployment ends on a Sunday, the first week for which FPUC may be paid is the week ending April 5, 2020, provided an agreement was in place no later than March 29, 2020.

FPUC is not payable for any week of unemployment ending after July 31, 2020. Accordingly, in states where the week of unemployment ends on a Saturday, the last week that FPUC may be paid is the week ending July 25, 2020. For states where the week of unemployment ends on a Sunday, the last week that FPUC is payable is the week ending July 26, 2020.

- c. **Program administration funding for FPUC program.** The cost of these additional \$600 payments to eligible individuals each week is 100% federally funded. States may not charge employers for any FPUC benefits paid.

The FPUC program is administered through a voluntary agreement between a state and the Department. This program is available in the United States, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, provided the state/territory signs an agreement with the Department. Implementation costs and ongoing administrative costs for this program are also 100% federally funded.

¹ Reference Table 4-4 of the *Comparison of State Unemployment Insurance Laws* found at <https://oui.doleta.gov/unemploy/statelaws.asp>.

If a state wishes to have the administrative costs for implementation of this program federally funded, the state must submit a SBR detailing such costs. SBRs are limited to one-time costs that are attributable to implementation of FPUC.

Permissible implementation costs include:

- Computer programming and other technology costs;
- Implementation of necessary business processes required for program implementation;
- Training and travel;
- Notices to beneficiaries; and
- Overhead related only to the above.

The basis for these estimated costs must be included in the SBR application. Calculations for costs for state staff and contractors should be shown in accordance with the SBR instructions in ET Handbook No. 336, *Unemployment Insurance State Quality Service Plan Planning and Reporting Guidelines*. States must submit the SBR application for implementation of FPUC, along with required SF-424 and SF-424A forms, by **April 21, 2020**. This may be electronically submitted to the National Office at covid-19@dol.gov, with a copy to the appropriate Regional Office. For application submission instructions refer to **Attachment IV**, SBR Application Template, and **Attachment V**, Instructions for Completing the SF-424 and SF-424A.

State agencies will be able to request on-going administrative costs for FPUC via the quarterly UI-3 report. More specific information is included in **Attachment I**, Section G, “Reporting Instructions.”

5. **Inquiries.** States should direct inquiries to the covid-19@dol.gov and copy the appropriate Regional Office.

6. **References.**

- *Coronavirus Aid, Relief, and Economic Security (CARES) Act* (Pub. L. 116-136), including Title II Subtitle A Relief for Workers Affected by Coronavirus Act;
- 5 U.S.C. Chapter 85;
- Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. §3304 note);
- Trade Act of 1974 (19 U.S.C. §2291 et seq.);
- Robert T. Stafford Disaster Relief and Emergency Act (42 U.S.C. §5121 et seq.);
- Section 3304 of the Federal Unemployment Tax Act (FUTA) (26 U.S.C. §3304);
- Section 3306(v), FUTA (26 U.S.C. §3306(v));
- Section 303 of the Social Security Act (42 U.S.C. §503);
- 20 C.F.R. Part 603;
- ET Handbook No. 336 (18th Edition), *Unemployment Insurance State Quality Service Plan Planning and Reporting Guidelines*,

[https://wdr.doleta.gov/directives/attach/ETAHandbook/ET Handbook No.336 18th Edition Change 4 acc.pdf](https://wdr.doleta.gov/directives/attach/ETAHandbook/ET_Handbook_No.336_18th_Edition_Change_4_acc.pdf);

- ET Handbook No. 384, *Unemployment Compensation for Ex-servicemembers*, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=465;
- ET Handbook No. 391, *UCFE Handbook for State Agencies*, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=2233;
- ET Handbook No. 401, *UI Report Handbook*, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=7774;
- UIPL No. 14-20, *Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Summary of Key Unemployment Insurance (UI) Provisions and Temporary Emergency State Staffing Flexibility*, issued on April 2, 2020, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=3390;
- 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*, issued January 10, 2013, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=3698; and
- *Comparison of State Unemployment Insurance Laws* found at <https://oui.doleta.gov/unemploy/statelaws.asp>.

7. **Attachments.**

- Attachment I: Implementing and Operating Instructions for the FPUC Program;
- Attachment II: General Provisions for Administering the FPUC Program;
- Attachment III: Statutory Language of Section 2104 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020;
- Attachment IV: Supplemental Budget Request (SBR) Application; and
- Attachment V: Instructions for Completing the SF-424 and SF-424A.