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ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 16-20

TO: STATE WORKFORCE AGENCIES

**FROM: JOHN PALLASCH /s/
Assistant Secretary**

**SUBJECT: Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 –
Pandemic Unemployment Assistance (PUA) Program Operating, Financial,
and Reporting Instructions**

1. **Purpose.** To provide states with operating, financial, and reporting instructions for the PUA program authorized by Section 2102 of the CARES Act of 2020, Public Law (Pub. L.) 116-136.
2. **Action Requested.** The U.S. 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 all attachments to appropriate program and other staff in state workforce systems as they implement the Unemployment Insurance (UI)-related provisions in the CARES Act that respond to the economic effects of the Coronavirus Disease 2019 (COVID-19).
3. **Summary and Background.**
 - a. Summary – On March 27, 2020, 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 2102 of the CARES Act creates a new temporary federal program called Pandemic Unemployment Assistance (PUA) that in general provides up to 39 weeks of unemployment benefits, and provides funding to states for the administration of the program. Individuals receiving PUA benefits may also receive the \$600 weekly benefit amount (WBA) under the Federal Pandemic Unemployment Compensation (FPUC) program if they are eligible for such compensation for the week claimed.
 - 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 a provision of temporary benefits for individuals who have exhausted their entitlement to regular unemployment compensation (UC) as well as coverage for individuals who are not

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eligible for regular UC (such as individuals who are self-employed or who have limited recent work history). These individuals may also include certain gig economy workers, clergy and those working for religious organizations who are not covered by regular unemployment compensation, and other workers who may not be covered by the regular UC program under some state laws.

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 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 UI benefits is fraud under PUA. Specifically related to PUA, 20 C.F.R. 625.14 governs overpayments and disqualifications for fraud. States are expected to enforce this provision.

The Department is actively working with states receiving funding under the CARES Act to provide UI benefits only to individuals 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 CARES 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 CARES Act.

4. Guidance. An overview of key information about the PUA program is provided below.

a. **Program overview.**

PUA provides benefits to covered individuals, who are those individuals not eligible for regular unemployment compensation or extended benefits under state or Federal law or pandemic emergency unemployment compensation (PEUC), including those who have exhausted all rights to such benefits. Covered individuals also include self-employed, those seeking part-time employment, individuals lacking sufficient work history, and those who otherwise do not qualify for regular unemployment compensation or extended benefits under state or Federal law or PEUC.

PUA is also generally not payable to individuals who have the ability to telework with pay or who are receiving paid sick leave or other paid leave benefits. However, individuals receiving paid sick leave or other paid leave benefits for less than their customary work week may still be eligible for PUA. The state must treat any paid sick leave or paid leave received by a claimant in accordance with the income restrictions set out in Disaster Unemployment Assistance (DUA) at 20 C.F.R. 625.13. Similarly, if an individual has been offered the option of teleworking with pay and does, but works less than the individual worked prior to the COVID-19 pandemic, income from such work must be treated in accordance with the income restrictions set out in DUA at 20 C.F.R. 625.13.

In general, PUA provides up to 39 weeks of benefits to qualifying individuals who are otherwise able to work and available for work within the meaning of applicable state UC law, except that they are unemployed, partially unemployed, or unable or unavailable to work due to one of the COVID-19 related reasons identified in Section 2102(a)(3)(A)(ii)(I) of the CARES Act and listed below:

- The individual has been diagnosed with COVID-19 or is experiencing symptoms of COVID-19 and is seeking a medical diagnosis;
- A member of the individual's household has been diagnosed with COVID-19;
- The individual is providing care for a family member or a member of the individual's household who has been diagnosed with COVID-19;
- A child or other person in the household for which the individual has primary caregiving responsibility is unable to attend school or another facility that is closed as a direct result of the COVID-19 public health emergency and such school or facility care is required for the individual to work;
- The individual is unable to reach the place of employment because of a quarantine imposed as a direct result of the COVID-19 public health emergency;
- The individual is unable to reach the place of employment because the individual has been advised by a health care provider to self-quarantine due to concerns related to COVID-19;
- The individual was scheduled to commence employment and does not have a job or is unable to reach the job as a direct result of the COVID-19 public health emergency;
- The individual has become the breadwinner or major support for a household because the head of the household has died as a direct result of COVID-19;
- The individual has to quit his or her job as a direct result of COVID-19; or
- The individual's place of employment is closed as a direct result of the COVID-19 public health emergency.

For purposes of determining eligibility for PUA, regular UC includes state UC, Unemployment Compensation for Federal Employees (UCFE), Unemployment Compensation for Ex-servicemembers (UCX), Trade Readjustment Allowances (TRA), DUA, Short-Time Compensation (STC), and payments under the Self-Employment Assistance (SEA) programs. 20 C.F.R. 625.2(d)(1). Extended benefits mean compensation provided under the provisions of the Federal-State Extended

Unemployment Compensation Act of 1970. 20 C.F.R. 625.2(d)(3). *See* UIPL No. 14-20 for additional information regarding coordination across programs. PUA is not payable in conjunction with state additional compensation.

The PUA WBA is equal to the WBA authorized under state UC law where the individual was employed. In no case will the amount be less than the minimum WBA described in 20 C.F.R 625.6. For individuals without reported wages sufficient to establish a WBA, the WBA will be calculated according to processes for DUA benefits set out in 20 C.F.R. 625.6.

For weeks of unemployment beginning on or after March 27, 2020, and ending on or before July 31, 2020, individuals eligible to receive PUA are also eligible to receive FPUC, authorized under section 2104 of the CARES Act. FPUC provides an additional \$600 per week. *See* UIPL No. 15-20 for additional information.

The duration of PUA benefits is generally limited to 39 weeks, minus any weeks of regular UC and Extended Benefits (EB) the individual received. The weeks for which an individual collected PEUC may not be deducted from the individual's PUA entitlement.

- b. **Relationship between PUA and DUA.** Section 2102(h) of the CARES Act provides that regulations at 20 C.F.R. Part 625 shall apply to the PUA program “except as otherwise provided in this section or to the extent there is a conflict” between section 2102 and 20 C.F.R Part 625. These regulations “shall apply to this section as if (1) the term ‘COVID-19 public health emergency’ were substituted for the term ‘major disaster’ each place it appears in such 20 C.F.R Part 625; and (2) the term ‘pandemic’ were substituted for the term ‘disaster’ each place it appears in 20 C.F.R. Part 625.”

Like DUA, the PUA program is an emergency program activated in response to a crisis and designed to provide benefits to certain individuals who are ineligible for or who have exhausted entitlement to regular unemployment compensation or extended benefits. Like DUA, PUA has a defined assistance period, and a set minimum WBA which is determined based on each state's WBA. In addition, PUA benefits and the cost of its administration are federally funded. To the extent possible, the PUA program should be administered using the same initial application, weekly certifications, adjudication, and appeal procedures utilized by the state for the DUA program. If an individual is eligible for DUA with respect to a week of unemployment, he or she is not eligible to receive PUA for that week.

- c. **Important program dates.** PUA is payable for weeks of unemployment, partial unemployment, or inability to work caused by the COVID-19 related reasons listed above beginning on or after January 27, 2020. For states where the week of unemployment ends on a Saturday, the first week for which PUA may be paid is the week ending February 8, 2020. In states where the week of unemployment ends on a Sunday, the first week for which PUA may be paid is the week ending February 9, 2020.

PUA is not payable for any week of unemployment ending after December 31, 2020. Accordingly, in states where the week of unemployment ends on a Saturday, the last

week that PUA may be paid is the week ending December 26, 2020. For states where the week of unemployment ends on a Sunday, the last week that PUA is payable is the week ending December 27, 2020.

- d. **Program administration.** The cost of PUA benefits is 100% federally funded. Implementation costs and ongoing administrative costs are also 100% federally funded.

The PUA program is administered through a voluntary agreement between states and the Department. The program is available in all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau, provided the state/territory signs an agreement with the Department.

States that have entered into an agreement with the Secretary of Labor (Secretary) to operate a PUA program may enter into agreements to operate the PUA program on behalf of other states that have also entered into agreements with the Secretary.

- e. **PUA Implementation Costs Reimbursement for One Time/Additional Administrative Costs.** Section 2102(f) provides for the payment of all additional administrative expenses, as determined by the Secretary, incurred by the states to implement and operate the PUA program. To aid in the determination of the necessity of additional administrative expenses to implement the program, states requesting payments of such costs are required to submit Supplemental Budget Requests (SBRs) detailing the program startup costs. These SBRs must be limited to one-time costs that are attributable to implementation of the PUA program.

Examples of 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/or
- Overhead related only to the above.

The estimated cost basis for all items must be included in the SBR Application. Calculations for costs of state staff and contractors must be shown in accordance with the SBR instructions in ET Handbook No. 336. For application submission instructions refer to Attachment IV, Supplemental Budget Request Application; and Attachment V, Instructions for Completing the SF424 and SF424A.

ETA requires a state to submit its PUA implementation SBR Application along with required SF424 and SF424A forms. ETA encourages states to submit these forms by April 30, 2020, by electronic submission to the National Office at covid-19@dol.gov with a copy to the appropriate Regional Office.

State agencies will receive reimbursement for on-going workload costs through the new ETA902P report. More specific information is included in Attachment I, Section E, and “Reporting Instructions.”

- f. **Additional Guidance and Instructions.** Additional guidance and instructions on implementing and operating the PUA program are provided in the attachments to this UIPL. Attachment I of this UIPL provides states with the implementation and operating instructions, including definitions, administrative requirements, financial information, and reporting information. Attachment II provides the general provisions concerning conditions and assurances for PUA. Attachment III provides the statutory language in Section 2102 of the CARES Act creating PUA. Attachment IV is the SBR Application template. Attachment V is the Instructions for completing the Standard Form (SF) 424 and SF 424A.
- g. **Inquiries.** We encourage states to contact the Department for technical assistance. Please direct inquiries to covid-19@dol.gov, with a copy to the appropriate Regional Office.
- h. **References.**
- Coronavirus Aid, Relief, and Economic Security (CARES) Act (Pub. L. 116-136), Title II, Subtitle A – Relief for Workers Affected by Coronavirus Act;
 - Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note);
 - 20 C.F.R. Part 625 – Disaster Unemployment Assistance;
 - Unemployment Insurance Program Letter (UIPL) No. 10-20, *Unemployment Compensation (UC) for Individuals Affected by the Coronavirus Disease 2019 (COVID-19)*, issued March 12, 2020, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=8893;
 - UIPL No. 14-20, *Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Summary of Key Unemployment Insurance (UI) Provisions and Guidance Regarding Temporary Emergency State Staffing Flexibility*, issued on April 2, 2020, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=3390;
 - UIPL No. 15-20, *Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020—Federal Pandemic Unemployment Compensation (FPUC) Program Operating, Financial, and Reporting Instructions*, issued on April 4, 2020, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=9297;
 - ETA Handbook No. 356 *Disaster Unemployment Assistance*, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=2124; and
 - ET Handbook No. 401, *UI Report Handbook*, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=7774.
- i. **Attachment(s).**
- Attachment I: Pandemic Unemployment Assistance (PUA) Implementation and Operating Instructions

- Attachment II: General Provisions for Administering the Pandemic Unemployment Assistance (PUA) Program
- Attachment III: Statutory Language of Section 2102 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020
- Attachment IV: Supplemental Budget Request Application
- Attachment V: Instructions for Completing the SF424 and SF424A
- Attachment VI: Handbook No. 401 Reporting Instructions for ETA 902-Pandemic Unemployment Assistance