

## **Request For Emergency ICR Approval: Collecting Applications For Unemployment Insurance (UI) Modernization Incentive Payments**

On February 17, 2009, the President signed into law the Assistance for Unemployed Workers and Struggling Families Act. Section 2003 of this Act provides for unemployment insurance (UI) “modernization incentive payments” to be made from the Unemployment Trust Fund (UTF) to the states. The total amount available for all states is \$7 billion dollars.

To obtain its share, the state must make an application to the Department of Labor demonstrating that its UI law contains certain benefit eligibility provisions. When applying for a share of the UI modernization incentive payments, a state must document that the provisions of its law meet the requirements for obtaining an incentive payment. The state is also required to describe how it intends to use any incentive payment to improve or strengthen its UI program.

There are two principal factors that provide a rationale for this emergency request. The first factor is that these funds will flow into state trust funds which are badly depleted by high levels of unemployment compensation. Some states are approaching important tax trigger dates, some as early as March 31, 2009, where unemployment taxes will be based on trust fund levels. Expediting the transfer of funds to states will help to mitigate what is a very difficult situation given the economic conditions we face. The second factor is that the law stipulates that the Department of Labor has a short period from the date of enactment to issue guidance to the states on how to apply for an incentive payment. Having an emergency clearance would allow us to provide a definitive set of instructions to states as opposed to a draft version pending final OMB approval.

States have informed us how urgent it is for these funds to get out quickly. To prevent a delay in distributing UI modernization incentive payments to the states, in accordance with Congressional intent, ETA is requesting an emergency ICR approval of the collection of applications for UI modernization incentive payments.