

**Special Administrative Transfers
Questions and Answers**

IV-1. Question: How was Federal law amended to authorize the special administrative transfer?

Answer: Section 2003(a) of Public Law 111-5 added a new subsection (g) to Section 903, SSA, to make a special administrative transfer to all states totaling \$500,000,000 within 30 days of the date of enactment, which was February 17, 2009. A state need take no action to receive its share of the distribution.

IV-2. Question: How is my state's share of the special administrative transfer determined?

Answer: It is calculated in the same manner as a "Reed Act" distribution. This means each state's share is based on its proportionate share of FUTA taxable wages multiplied by the \$500,000,000 authorized by the amendments. For purposes of computing each state's proportionate share, the Secretary of Labor will use the taxable wages that would have been used for calculating any Reed Act distribution occurring on October 1, 2008. As provided by the SSA, data for tax year 2007 is used for determining each state's share.

IV-3. Question: What are the permissible uses of the administrative transfer?

Answer: The administrative transfer may be used only for—

- Implementing and administering the provisions of state law that qualify the state for the incentive payments;
- Improved outreach to individuals who might be eligible by virtue of these provisions;
- The improvement of UC benefit and tax operations, including responding to increased demand for UC; and
- Staff-assisted reemployment services for UC claimants.

IV-4. Question: Must my state legislature appropriate these special administrative transfers?

Answer: Federal law does not require such an appropriation. (This is unlike the incentive payments discussed in Attachment I, which must be appropriated by the state legislature before they can be used for administrative purposes.) However, nothing prohibits a state legislature from appropriating such money or from attaching more specific or limiting conditions to the use of such money.

IV-5. Question: Do I need to amend my state's UC law?

Answer: Most state UC laws contain permanent provisions regarding the use of moneys transferred under Section 903, SSA. These provisions usually mirror the requirements of Section 903(c)(2), SSA, pertaining to “traditional” Reed Act distributions, including a provision that the moneys be used for the payment of UC unless appropriated by the legislative body of the state for the administration of the state’s UC law or the state’s system of public employment offices.

The special administrative transfer is not, however, available for the payment of UC and its administrative uses are more limited. As a result, if the state’s UC law permits a broader use, the state must either (1) amend its UC law to reflect the more limited use of the special administrative transfer, or (2) interpret its UC law consistent with the limited uses specified in Section 903(g), SSA. States exploring the latter option may be able to base their interpretation on state UC law provisions that require interpretations of state UC law in a manner consistent with Federal law.

Attachment II to UIPL 39-97 contains draft language for state Reed Act provisions, which many states used to create their permanent provisions. For these states, we recommend the following language be added:

(6) Notwithstanding paragraph (1), moneys credited with respect to the special transfer made under section 903(g), SSA, may be used solely for the purposes specified in such section and are not subject to appropriation by the legislature. [Emphasis added.]

States should modify this language to accord with state usage and to assure correct state law citations. The emphasized language is necessary only if the state chooses to avoid the appropriation process for the special administrative transfer. As an alternative to this approach, states may also consider a broader amendment that automatically authorizes the state law to take into account any Federal law limitations on use not contained in state law.

IV-6. Question: My state has an advance under Title XII, SSA, so that it can continue to pay benefits. Does this affect my administrative transfer?

Answer: No. Eligibility for the transfer does not depend upon a state having no outstanding advance. Therefore, the entire amount of the special administrative transfer for a state will be transferred to the state’s account in the UTF, notwithstanding any advance.