

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION
	CORRESPONDENCE SYMBOL OUI/DUIO
	DATE

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO.

TO: STATE WORKFORCE AGENCIES

FROM: JANE OATES
Assistant Secretary

SUBJECT: State Short-Time Compensation (STC) Applications for Grant Funding

1. Purpose. To invite state workforce agencies to submit applications for grant funds to implement enhance and/or promote a STC program in a state, and to provide guidelines for submittal of state STC applications, including criteria governing the use of STC funds.

2. References.

- *Middle Class Tax Relief and Job Creation Act of 2012*, P.L.112-96 (February 22, 2012), Title II, secs. 2160-2164 (Subtitle D, the Layoff Prevention Act of 2012);
- Federal Unemployment Tax Act (FUTA) section 3304 (v);
- Unemployment Insurance Program Letter (UIPL) No. XX-12; *The Layoff Prevention Act of 2012 (P.L. 112-96) – Provisions Relations to Short Time Compensation*;
- Training and Employment Guidance Letter (TEGL) 12-09; *Joint Guidance for States Seeking to Implement Subsidized Work-Based Training Programs for Unemployed Workers*;
- TEGL No. 30-09, *Layoff Aversion Definition and the Appropriate Use of Workforce Investment Act Funds for Incumbent Worker Training for Layoff Aversion Using a Waiver*
- Training and Employment Notice (TEN) No. XX-12

3. Background. Section 2164 of the Layoff Prevention Act of 2012, herein referred to as Subtitle D, provides that states whose STC legislation complies with section 3306(v) FUTA can submit applications for grant funds for activities supporting their STC programs. The funds will support the implementation or improved administration and promotion and enrollment of the states' STC programs.

The Secretary of Labor (Secretary) may approve a STC grant application that is submitted on or before December 31, 2014. States are directed to use the outline (Attachment 1) to develop their STC applications. All proposals should include the STC application checklist (Attachment 2). An application that does not meet the below provisions is considered incomplete which may be a basis for rejection of the application if not supplemented in a timely manner. An application must be consistent with section 2164 of Subtitle D and be submitted by the state's Administrator.

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The Secretary shall, within 30 days after receiving an application, notify the state agency of the Secretary's approval or denial of the application with respect to the requirements of the grant under paragraph (1) or (2) or both of subsection 2164 (a).

If a grant is awarded, it is subject to recoupment and must be returned to the Department of Treasury if the Secretary determines that, during the 5-year period beginning on the first date that any such grant is awarded, that the state (1) terminated the state's STC program, or (2) failed to meet the appropriate requirements with respect to funding the program (as established by the Secretary). The Secretary's determination will be based on audits, Regional Office reviews, and review of legislation.

This UIPL is issued to advise states of the purposes for which a STC grant application may be approved, the requirements for a complete application, activities that may be pursued under a STC program, additional reporting requirements related to STC activities and the Secretary's priorities associated with the STC program.

4. Philosophy of STC Program. STC is a layoff aversion solution that allows employers to enter into a short-time compensation plan which reduces the hours of workers in an affected unit to prevent temporary or permanent layoffs within the unit. Workers in the unit benefit because they do not suffer the loss of employment and are paid an STC benefits while their hours are reduced. Employers benefit because they maintain their skilled workforce as a unit during a period which would ordinarily require the employer to lay off some workers. Additionally, an STC plan can make provision for employees to participate in employer-sponsored or WIA approved training to enhance job skills, which can help upgrade worker skills, improve productivity of the affected unit, and maintain worker morale..

STC programs are most effective when state agencies obtain employer participation. Therefore, it is critical that states develop a layoff aversion strategy that incorporates the use of its STC program as a potential solution to layoffs through outreach with appropriate employers through the existing service structure including Rapid Response teams, business services, and One-Stop Career Centers. This grant funding is an opportunity for states to incorporate the STC program as a key component of its layoff aversion strategy.

State grant application should provide timelines for the establishment and enhancement of its STC program and explain how it will use the grant funds in conjunction with other available funding including funding for Rapid Response activities. Section 665.310 of WIA requires Rapid Response activities include an assessment of the "potential for averting the layoff(s) in consultation with state or local economic development agencies" and allows state agencies to "assist in devising and overseeing strategies for layoff aversion." Rapid Response funding is flexible so Department encourages the state to explore leveraging these funds after consultation with workforce system partners.

5. STC Application Parameters. This section highlights the STC grant application parameters.

- A. STC Applications—Only a state with an STC law that complies with Section 3306(v) FUTA, is eligible to receive a grant.

- B. Amounts Available for Grants—The amount available for grants to states to administer the STC program is \$99,750,000, to be distributed as follows:
 - a. one-third shall be available to states enacting an STC program meeting the requirements of section 3306(v) FUTA for the purpose of implementation or improved administration; and
 - b. two-thirds shall be available to states having an STC program meeting the requirement of section 3306(v) FUTA for the promotion and enrollment of employers in STC programs.

- C. Use of Funds— Funds are available for states to implement STC programs and overall administration of such programs and promotion and enrollment efforts associated with such programs, such as through—
 - a. the development or enhancement of systems to automate—
 - i. the submission and approval of plans; and
 - ii. the filing and approval of new and ongoing STC claims.
 - b. the creation or support of Rapid Response teams to advise employers about STC as an alternative to layoffs; and
 - c. the provision of education or assistance to employers to enable them to assess the feasibility of participating in STC programs.

- D. Limitation of Funds—STC funds are no-year funds; however, the state workforce agency must submit a reasonable timeline to implement the STC program in its STC application.

6. Secretary Priorities. The Secretary is committed to averting layoffs and providing support to employers and workers. The selection criteria below will be considered when reviewing states' grant applications. States are strongly encouraged to include the following in the STC application for funding:

- 1) A project plan that includes a timeline for development of an STC program, the anticipated date that the STC program will begin to enroll participants, develop infrastructure, a break out of costs according to the one-third/two-third split (Section 5B), and major milestones for activities and ongoing monitoring per the project design requirements referenced in Attachment 1 of this UIPL;
- 2) Description of goals and outcomes for the project including but not limited to the number of employer contacts, education and training of staff, and creation and support of Rapid Response teams;
- 3) A description of promotion and engagement activities that includes internal and external partners;
- 4) A description of the infrastructure (staffing, information technology system(s), monitoring, etc.) the state plans to use to implement the STC program;
- 5) An assurance that the state will meet the state and federal law, including provisions of Fair Labor Standards Act (FLSA); and
- 6) A description of how the state will secure a written agreement or MOU with participating

partners (e.g. Rapid Response, business services, and One-Stop Career Centers). A copy of the written agreement/MOU must be submitted with the proposal. In the event that an agreement/MOU is under development and has not yet been finalized, states should provide the anticipated date of completion and must submit a copy of the agreement/MOU soon after that date. The requirements of the agreement/MOU are discussed in more detail in paragraph 7 below.

7. STC Required Reporting. Section 303(a)(6) of the Social Security Act requires states to provide reports the Secretary may require for compliance purposes. Subtitle D will necessitate additional reporting by state agencies on the implementation and provision of STC activities.

The attachments to this UIPL, that states will use as agreements, addendums to existing agreements, program and fiscal reporting and monitoring, and to develop applications and apply for grants are in the process of being submitted as an Information Collection Request (IRC) to the Office of Management and Budget (OMB) requesting changes the establishment of a new collection. The Department notes that a Federal agency cannot conduct or sponsor a collection of information unless it is approved by OMB under the Paperwork Reduction Act of 1995, and displays a currently valid OMB control number, and the public is not required to respond to a collection of information unless it displays a currently valid OMB control number (see 44 U.S.C. 3507). Also, notwithstanding any other provisions of law, no person shall be subject to penalty for failing to comply with a collection of information if the collection of information does not display a currently valid OMB control number (see 44 U.S.C. 3512). The Department will notify states of OMB's decision upon review of the Department's ICR, including any changes that may result from this review process.

For states with approved STC grant applications, subaccounts will be established in state UTF accounts for each type of grant and the Treasury will transfer appropriate amounts to the subaccounts upon certification from the Secretary of Labor to the Secretary of the Treasury. States will be advised of the availability of the funds through an award letter from the Department. Upon award, states should report transactions for STC subaccounts in these reports:

- a. ETA 8403 (Summary of Financial Transaction, Title IX Funds), and
- b. ETA 2112 (UI Financial Transaction Summary) on lines 15 (Title IX Reed Act) and 44 (Title IX (Reed)), and transactions should be identified by amount and program type, as appropriate, in the comments section.

Attachment 3 includes the Quarterly Progress Report (QPR). The report is for STC states whose grant applications were approved by the Department. STC grantees should submit the QPR to the appropriate Regional Office on a quarterly basis to monitor grantee progress against the approved statement of work.

Currently, the ETA 2112, lines 15 and 44, and the QPR are in the process of being submitted as an ICR to the OMB requesting changes the establishment of a new collection. The Department will notify states of OMB's decision upon review of the Department's ICR, including any changes that may result from this review process, and provide instructions.

8. Proposal Format and Instructions. The format and instructions for preparing the STC application for funding are provided in the attachments to this UIPL. Attachment 1 provides an

outline for state STC applications. Attachment 2 is the STC application checklist to ensure states provide all the required documentation in the application. Attachment 6 is the total amount of funds available to the states. Each proposal must contain the name, telephone number, and e-mail address of the state Administrator who is to be notified of approval of the application. Proposals should also include the name, telephone number, and e-mail address of the individual who can respond to questions regarding the STC application and management of the program.

9. Timelines.

- A. Interested states should submit grant applications with a copy of their state STC law that conforms to the new requirements in 3306(v) FUTA.
- B. The Secretary will review a state application for a grant and approve or deny the application within thirty days of receipt of the state application. Incomplete applications will be rejected.
- C. Upon approval, the state Administrator must sign an Agreement with the Secretary assuring that it will adhere to all the terms and conditions specified in the grant award.

10. Action Requested. State Administrators are required to:

- A. Provide information contained in this UIPL to appropriate staff.
- B. Provide the appropriate contact information with the STC application including the state Administrator and STC program lead.
- C. Send via email, an electronic copy of the STC application to oui.stc@dol.gov signed by the state Administrator and addressed to Ms. Gay M. Gilbert, Administrator, Office of Unemployment Insurance.

11. Inquiries. Questions should be directed to the appropriate Regional Office.

12. Attachments.

- Attachment 1—STC Proposal Outline for STC Applications
- Attachment 2—STC Application Checklist
- Attachment 3—Quarterly Progress Report
- Attachment 4—Layoff Aversion Prevention Act of 2012, Section 2164
- Attachment 5 – STC Grant Agreement
- Attachment 6 – STC Grant Amounts

SHORT-TIME COMPENSATION (STC) PROPOSAL OUTLINE FOR STC APPLICATIONS

A. STC Application Summary. States should use this outline to develop their proposals to implement the STC program through the STC application. All proposals should include the attached STC application checklist. An application that does not meet the below provisions may be considered incomplete. An application must be consistent with section 2164 of Subtitle D and be submitted by the state's Administrator.

B. Project Costs. Proposals must include a description of all the proposal expenditures and a projected schedule for significant activities. The application must specify whether it is applying for a grant for The implementation or improved administration (the one-third grant) and/or for promotion and enrollment (the two-thirds grant). A detailed description of the activities and an explanation of costs of each such activity must be provided for each grant application.

C. Project Design: The description of the STC program should address in detail the processes that will be put in place to ensure that all the core components described in this guidance are met. Proposals should include a narrative that is responsive to the following project design elements:

- 1) A project plan that includes a timeline for development of the STC program, the anticipated date that the STC program will begin to enroll participants, develop infrastructure, significant milestones for implementing the activities and ongoing quarterly monitoring, and a break out of costs according to the one-third/two-third split (Section 5B);
- 2) Description of goals and outcomes for the project including but not limited to enrollment and outreach goals, the number of employer contacts, education and training of staff, the creation and support of Rapid Response teams, and the estimated number of layoffs;
- 3) A description of promotion and engagement activities that includes internal and external partners;
- 4) A description of the infrastructure (staffing, information technology system(s), monitoring, etc.) the state plans to use to implement the STC program;
- 5) A description of how the state will meet state and federal law, including FLSA; and
- 6) A description of how the state will secure a written agreement or MOU with participating partners (e.g. Rapid Response, business services, and One-Stop Career Centers). A copy of the agreement/MOU should be submitted with the proposal. In the event that a agreement/MOU is under development and has not yet been finalized, states should provide the anticipated date of completion and must submit a copy of the agreement/MOU soon after that date. The requirements of the agreement/MOU are discussed in more detail in paragraph below;

D. Other Assurances and Requirements. The state voluntarily participating must attest that the following assurances and program requirements will be incorporated into the state STC program showing that the state shall—

- 1) comply with section 3306(v) FUTA
- 2) a confirmation that the state will implement reporting of STC activity in accordance with the instructions in this UIPL;
- 3) ensure a good faith effort to sustain the coordination and outreach activities for the State STC program;

- 4) provide a written agreement/MOU that contains:
 - a) Names of all the parties to the agreement,
 - b) A brief description of the collaboration process jointly developed,
 - c) Identification of those who will provide the specific services, such as Rapid Response services,
 - d) Description(s) of how feedback will be provided, and
 - e) Description(s) of the duties and responsibilities of the services providers;
- 5) Use grant funds as described in the application. If grant funds are not used in accordance with the application or applicable guidance, then funds may be subject to recoupment; and
- 6) Provide the name, telephone number, and e-mail address of the state Administrator and STC program lead.

E. Supporting Materials. State may attach additional materials that will support the STC application. Additionally, the Department reserves the right to require a state to submit additional material needed to evaluate a grant application, and the failure of the state to provide the requested information may result in the application being deemed incomplete and denied.

Checklist Item	Y	N	Remarks
Statutory Application Requirements <i>UIPL XX-XX, Section 7</i>			
1. Narrative description and break out of costs of STC grant funds for-- <ul style="list-style-type: none"> • Implementation and Administration (one-third): the development or enhancement of systems to automate— <ol style="list-style-type: none"> (1) the submission and approval of STC plans; and (2) the filing and approval of new and ongoing STC claims • Promotion and Enrollment (two-thirds) — <ol style="list-style-type: none"> (1) creation and support of Rapid Response teams to advise employers about alternatives to layoffs; and (2) the provision of education or assistance to employers to enable them to assess the feasibility of participating in STC programs 			
2. A copy of the state STC law and an explanation as to why it believes it conforms to section 3306 (v) FUTA.			
3. Description of goals and outcomes of the project, including: <ul style="list-style-type: none"> • employer contacts; • education and training of staff; • creation and support of rapid response team; and • number of anticipated layoffs averted. 			
4. Assurance that the state will expend funds according to the requirements of the STC grant: <ul style="list-style-type: none"> • one-third will support implementation or improved administration; and • two-thirds will support promotion and enrollment 			
5. Assurance that the state will provide any reports required by the Secretary after approval of the STC grant application.			
6. Assurance that employment in the STC program meets the state’s suitable work requirement and the labor standards requirement set out in section 3304(a)(5), FUTA.			
7. Application signed and dated by the state Administrator.			
Supporting Information for the Secretary’s Priorities <i>UIPL XX-12,</i>			
8. A detailed project plan with timelines including: <ul style="list-style-type: none"> • a development and implementation plan with schedule, including anticipated date of first enrollments and employer outreach; • a description of milestones and deliverables; • a plan for ongoing monitoring; and • a detained employer and stakeholder outreach and engagement strategy. 			
9. Written agreement/MOU between appropriate workforce system partners and the state agency.			

10. A description of the infrastructure (staffing, information technology system(s), monitoring, etc.) the state plans to implement the STC project.			
12. Assurance that state will recover any overpayments, per the state agency's policies and procedures.			
13. A description of how the proposed STC project meets state and federal requirements including, FLSA.			
15. Assurance that the state will develop processes for auditing and monitoring STC employers and STC payments.			

Quarterly Progress Report (QPR)

State: _____

Project Name: _____

Project Director: _____

Grant No: _____

Quarter Ending: _____

Section I. Summary of Grant Activities, Problems Identified and Solutions.

- Progress towards quarterly goals
- Progress towards enrollment/job placements/post program outcomes
- Implementation/ Administration
- Other key activities and constraints
 - Key indicators:
 - ✓ Infrastructure implementation and development
 - ✓ Staffing
 - ✓ Education and training
 - ✓ Monitoring

Section II. Outreach to Employers and Partners.

- Progress towards quarterly goals
- Communication
 - Key Indicators:
 - ✓ MOU or written agreements
 - ✓ Development of outreach materials
 - ✓ Partnerships established
 - ✓ Promotional activities (e.g. meetings attended, media, mailings)

Section III. Timeline for Program Completion.

- Grant progress against timeline
- Outcomes and data collection
 - Key Indicators:
 - ✓ Program enrollments
 - ✓ Employer Contacts
 - ✓ Plans established

Section IV. Success Stories.**Section V. Technical Assistance Needs.**

Layoff Aversion Prevention Act of 2012, Section 2164

SEC. 2164. GRANTS FOR SHORT-TIME COMPENSATION PROGRAMS.

(a) Grants-

(1) FOR IMPLEMENTATION OR IMPROVED ADMINISTRATION- The Secretary shall award grants to States that enact short-time compensation programs (as defined in subsection (i)(2)) for the purpose of implementation or improved administration of such programs.

(2) FOR PROMOTION AND ENROLLMENT- The Secretary shall award grants to States that are eligible and submit plans for a grant under paragraph (1) for such States to promote and enroll employers in short-time compensation programs (as so defined).

(3) ELIGIBILITY-

(A) IN GENERAL- The Secretary shall determine eligibility criteria for the grants under paragraphs (1) and (2).

(B) CLARIFICATION- A State administering a short-time compensation program, including a program being administered by a State that is participating in the transition under the provisions of sections 301(a)(3) and 302(c), that does not meet the definition of a short-time compensation program under section 3306(v) of the Internal Revenue Code of 1986 (as added by 211(a)), and a State with an agreement under section 2163, shall not be eligible to receive a grant under this section until such time as the State law of the State provides for payments under a short-time compensation program that meets such definition and such law.

(b) Amount of Grants-

(1) IN GENERAL- The maximum amount available for making grants to a State under paragraphs (1) and (2) shall be equal to the amount obtained by multiplying \$100,000,000 (less the amount used by the Secretary under subsection (e)) by the same ratio as would apply under subsection (a)(2)(B) of section 903 of the Social Security Act (42 U.S.C. 1103) for purposes of determining such State's share of any excess amount (as described in subsection (a)(1) of such section) that would have been subject to transfer to State accounts, as of October 1, 2010, under the provisions of subsection (a) of such section.

(2) AMOUNT AVAILABLE FOR DIFFERENT GRANTS- Of the maximum incentive payment determined under paragraph (1) with respect to a State--

(A) one-third shall be available for a grant under subsection (a)(1); and

(B) two-thirds shall be available for a grant under subsection (a)(2).

(c) Grant Application and Disbursal-

(1) APPLICATION- Any State seeking a grant under paragraph (1) or (2) of subsection (a) shall submit an application to the Secretary at such time, in such manner, and complete with such information as the Secretary may require. In no case may the Secretary award a grant under this section with respect to an application that is submitted after December 31, 2014.

(2) NOTICE- The Secretary shall, within 30 days after receiving a complete application, notify the State agency of the State of the Secretary's findings with respect to the requirements for a grant under paragraph (1) or (2) (or both) of subsection (a).

(3) CERTIFICATION- If the Secretary finds that the State law provisions meet the requirements for a grant under subsection (a), the Secretary shall thereupon make a certification to that effect to the Secretary of the Treasury, together with a certification as to the amount of the grant payment to be transferred to the State account in the Unemployment Trust Fund (as established in section 904(a) of the Social Security Act (42 U.S.C. 1104(a))) pursuant to that finding. The Secretary of the Treasury shall make the appropriate transfer to the State account within 7 days after receiving such certification.

- (4) REQUIREMENT- No certification of compliance with the requirements for a grant under paragraph (1) or (2) of subsection (a) may be made with respect to any State whose--
- (A) State law is not otherwise eligible for certification under section 303 of the Social Security Act (42 U.S.C. 503) or approvable under section 3304 of the Internal Revenue Code of 1986; or
 - (B) short-time compensation program is subject to discontinuation or is not scheduled to take effect within 12 months of the certification.
- (d) Use of Funds- The amount of any grant awarded under this section shall be used for the implementation of short-time compensation programs and the overall administration of such programs and the promotion and enrollment efforts associated with such programs, such as through--
- (1) the creation or support of rapid response teams to advise employers about alternatives to layoffs;
 - (2) the provision of education or assistance to employers to enable them to assess the feasibility of participating in short-time compensation programs; and
 - (3) the development or enhancement of systems to automate--
 - (A) the submission and approval of plans; and
 - (B) the filing and approval of new and ongoing short-time compensation claims.
- (e) Administration- The Secretary is authorized to use 0.25 percent of the funds available under subsection (g) to provide for outreach and to share best practices with respect to this section and short-time compensation programs.
- (f) Recoupment- The Secretary shall establish a process under which the Secretary shall recoup the amount of any grant awarded under paragraph (1) or (2) of subsection (a) if the Secretary determines that, during the 5-year period beginning on the first date that any such grant is awarded to the State, the State--
- (1) terminated the State's short-time compensation program; or
 - (2) failed to meet appropriate requirements with respect to such program (as established by the Secretary).
- (g) Funding- There are appropriated, out of moneys in the Treasury not otherwise appropriated, to the Secretary, \$100,000,000 to carry out this section, to remain available without fiscal year limitation.
- (h) Reporting- The Secretary may establish reporting requirements for States receiving a grant under this section in order to provide oversight of grant funds.
- (i) Definitions- In this section:
- (1) SECRETARY- The term `Secretary' means the Secretary of Labor.
 - (2) SHORT-TIME COMPENSATION PROGRAM- The term `short-time compensation program' has the meaning given such term in section 3306(v) of the Internal Revenue Code of 1986, as added by section 2161(a).
 - (3) STATE; STATE AGENCY; STATE LAW- The terms `State', `State agency', and `State law' have the meanings given those terms in section 205 of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note).

Short-Time Compensation (STC) Grant Agreement

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Layoff Prevention Act of 2012

Grant for Short-Time Compensation Program

AGREEMENT BETWEEN

THE STATE OF _____

AND

THE SECRETARY OF LABOR, U.S. DEPARTMENT OF LABOR

The Secretary of Labor, U.S. Department of Labor, and the State of _____, in order to carry out the provisions of the Subtitle D of Title II of the Middle Class Tax Relief and Job Creation Act of 2012 (Pub. L. 112-96), hereinafter referred to as the "Act," hereby agree as follows:

I. The _____ State Workforce Agency, hereinafter referred to as the "Agency," will make payments of Short-Time Compensation (STC) benefits in accordance with the Act (which is incorporated herein by reference), and will cooperate with the U.S. Department of Labor (Department), and with other state agencies in making such payments.

II. The Agency and other appropriate state officials will perform all of the functions and duties undertaken under this Agreement in accordance with the terms of this Agreement and the regulations, operating instructions, or guidance issued by the Department of Labor.

III. If the Agency's State law was being administered on February 22, 2012 and it cannot be administered consistent with the definition of an STC program in Section 3306(v), FUTA, unless the State amends its law in order to conform to those requirements effective no later than August 23, 2014, the State may not continue to make State STC payments nor receive reimbursement of State STC benefit costs with respect to weeks of unemployment beginning after August 23, 2014.

IV. The Agency will maintain such records pertaining to the administration of the Act as the Department requires, and will make all such records available for inspection, examination, and audit at such time and by such federal officials or employees as the Department may designate or as may be required by law.

V. The Agency will furnish to the Department or its agents such information and reports, and will fully participate in any studies or evaluations, the Department determines are necessary or appropriate for carrying out the purposes of the Act.

VI. The Department will make STC grant funds available by authorizing a transfer of funds from the Department of Treasury to the state Unemployment Trust Fund account after approving a state's application.

In accepting grant funds to support implementation or improved administration and promotion and enrollment of STC programs, the Agency agrees that:

- a. One-third of STC grant funds shall be used for implementation or improved administration and two-thirds of those funds shall be used for promotion and enrollment of STC programs.
- b. It shall adhere to the STC program and grant application requirements.
- c. It shall not terminate the STC program within a five-year period beginning on the first date that the state receives an STC grant.

VII. The Department will recoup the amount of the grant awarded if the Secretary determines that, during the five-year period beginning on the first date that the grant is awarded to the Agency, if the state terminates the state's STC program or fails to meet the appropriate requirements with respect to the STC program. The Secretary's determination will be based on audits, Regional Office reviews, and review of legislation.

VIII. The Agency will return to the United States Treasury, upon request of the Department, if (a) the Department finds that the funds were not needed for such purpose stated in the award or that the funds have been used for a purpose other than that for which they were intended, or (b) upon termination of this Agreement. The "Audit Requirements for Grants, Contracts, and other Agreements," 29 CFR 96, will apply to disagreements under this section.

IX. The Agency will take such action as reasonably may be necessary to recover for the account of the United States all benefit amounts improperly paid and restore any lost or misapplied funds paid to the state for benefits or the administration of this Agreement.

X. To the extent that agencies of the state obtain bonds to protect funds of the state, the Agency will obtain bonds to protect funds made available to it for the payment of benefits and the costs of administration of this Agreement. The pro rata cost of such bonds shall be considered a necessary cost of administration. If under state law the state acts as a self-insurer of state funds and does not obtain bonds to protect them, the Agency shall so inform the Department in writing, and in such case the state will act as a self-insurer with respect to funds which are paid to the state under this Agreement.

XI. The Agency will apply the methods of administration required by Section 303(a)(1) of the Social Security Act (42 U.S.C. 503(a)(1)) to the functions undertaken under this Agreement.

XII. This Agreement may be terminated by either party on thirty days written notice. If this Agreement is terminated, the Agency will process and pay benefits for all weeks of unemployment, which end before the date of termination for which such payments are due.

XIII. This Agreement shall be effective beginning when both parties have signed it.

STC Grants – Amounts								
State	Total Share	1/3 Share	2/3 Share	State	Total Share	1/3 Share	2/3 Share	
AK	\$240,772	\$80,257	\$160,515	NC	\$2,899,754	\$966,585	\$1,933,169	
AL	\$1,414,715	\$471,572	\$943,143	ND	\$237,096	\$79,032	\$158,064	
AR	\$879,937	\$293,312	\$586,625	NE	\$649,799	\$216,600	\$433,199	
AZ	\$1,955,074	\$651,691	\$1,303,383	NH	\$451,654	\$150,551	\$301,103	
CA	\$11,593,587	\$3,864,529	\$7,729,058	NJ	\$2,937,860	\$979,287	\$1,958,573	
CO	\$1,819,895	\$606,632	\$1,213,263	NM	\$572,119	\$190,706	\$381,413	
CT	\$1,260,659	\$420,220	\$840,439	NV	\$1,027,665	\$342,555	\$685,110	
DC	\$416,291	\$138,764	\$277,527	NY	\$6,078,428	\$2,026,143	\$4,052,285	
DE	\$312,075	\$104,025	\$208,050	OH	\$3,714,908	\$1,238,303	\$2,476,605	
FL	\$5,913,909	\$1,971,303	\$3,942,606	OK	\$1,129,637	\$376,546	\$753,091	
GA	\$3,072,385	\$1,024,128	\$2,048,257	OR	\$1,189,281	\$396,427	\$792,854	
HI	\$440,074	\$146,691	\$293,383	PA	\$4,010,338	\$1,336,779	\$2,673,559	
IA	\$1,061,207	\$353,736	\$707,471	PR	\$601,269	\$200,423	\$400,846	
ID	\$456,199	\$152,066	\$304,133	RI	\$329,158	\$109,719	\$219,439	
IL	\$4,307,659	\$1,435,886	\$2,871,773	SC	\$1,352,143	\$450,714	\$901,429	
IN	\$2,074,861	\$691,620	\$1,383,241	SD	\$268,073	\$89,358	\$178,715	
KS	\$1,031,988	\$343,996	\$687,992	TN	\$1,967,539	\$655,846	\$1,311,693	
KY	\$1,330,647	\$443,549	\$887,098	TX	\$8,297,415	\$2,765,805	\$5,531,610	
LA	\$1,501,852	\$500,617	\$1,001,235	UT	\$870,818	\$290,273	\$580,545	
MA	\$2,366,515	\$788,838	\$1,577,677	VA	\$2,739,420	\$913,140	\$1,826,280	
MD	\$1,832,552	\$610,851	\$1,221,701	VI	\$28,519	\$9,506	\$19,013	
ME	\$413,881	\$137,960	\$275,921	VT	\$202,352	\$67,451	\$134,901	
MI	\$2,840,535	\$946,845	\$1,893,690	WA	\$2,143,527	\$714,509	\$1,429,018	
MN	\$1,879,950	\$626,650	\$1,253,300	WI	\$1,923,648	\$641,216	\$1,282,432	
MO	\$1,930,233	\$643,411	\$1,286,822	WV	\$488,063	\$162,688	\$325,375	
MS	\$802,670	\$267,557	\$535,113	WY	\$205,845	\$68,615	\$137,230	
MT	\$283,550	\$94,517	\$189,033					
				US	\$99,750,000	\$33,250,000	\$66,500,000	