

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

**ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO.**

**TO:** STATE WORKFORCE AGENCIES

**FROM:** PORTIA WU  
Assistant Secretary

**SUBJECT:** Office of Management and Budget (OMB) Approval of the Extension with Revision of Currently Approved Collection, OMB 1205-0499, for the Short-Time Compensation (STC) Grant(s).

1. **Purpose.** To announce OMB approval of the extension with revision of currently approved collection, OMB 1205-0499, for the collection of quarterly progress reports (QRP) for the STC Grant(s). The current OMB 1205-0499 expires January 31, 2016 and the extension is through **XX-XX-XXXX**.
2. **References.**
  - Paperwork Reduction Act of 1995 [44 U.S.C. 3506(c)(2)(A)].
  - Title II of the Middle Class Tax Relief and Job Creation Act of 2012 (Act), (Public Law (Pub. L.) 112-96), the Layoff Prevention Act of 2012 (Subtitle D of Title II of the Act, section 2164).
  - Unemployment Insurance Program Letter (UIPL) No. 27-12, Short-Time Compensation Grant Funding.
3. **Background.** STC programs help employers avert layoffs through the reduction of work hours for an entire group of employees rather than layoff some while others continue working full time. STC provides a portion of a weekly unemployment insurance payment to those eligible individuals whose workweeks have been reduced.

STC allows employers with a state-approved STC plan to reduce the hours of their employees in lieu of layoffs, while permitting these employees to receive compensation for partial unemployment. These employees benefit from the program because they do not suffer a complete loss of employment and they are paid STC when their hours are reduced. Employers benefit from the program because they are able to reduce labor costs temporarily while still maintaining their skilled workforce. In this way, STC protects employer

<b>RESCINSSIONS</b>	<b>EXPIRATION DATE</b>

investments in recruiting and training.

4. **STC Grant(s)**. Section 2164 of the Act provided for grants to states for STC program activities. States had the opportunity to apply for one or both of the following two types of funding:
  - (1) A grant to implement or improve a state STC program; and
  - (2) A grant to promote and enroll employers in the STC program.

The U.S. Department of Labor (Department) strongly encouraged eligible states to submit STC grant applications. The Department issued guidance in UIPL No. 27-12 on the process for applying for these grants and grant requirements. The deadline to apply for a STC grant(s) expired on December 31, 2014.

5. **STC Quarterly Progress Report (QPR)**. The Department's Employment and Training Administration (ETA) has principal oversight responsibility for monitoring the STC grants awarded to state workforce agencies (SWA). As part of the monitoring process, SWAs that received a STC grant(s) must submit a QPR. The QPR serves as a monitoring instrument to track the SWA's progress toward completing STC grant activities.

The QPR provides narrative updates on STC grant activities and ensures that the state achieves the goals set forth in the STC grant application. The QPR has five sections for states to document quarterly STC grant activities: implementation and/or improved administration, promotion and enrollment, outcomes (i.e., the number of averted layoffs, number of reduced hours, UI payments by sector/firm/size, etc.), success stories, and technical assistance needs. Regional Offices will monitor the state's quarterly progress using the STC Grant QPR and match it against the timeline submitted in the STC grant application. The report is due 45 days after the quarter ends. The table below shows the due dates for each reporting quarter.

<b>Reporting Quarters</b>	<b>Due Dates</b>
October 1st – December 31st	February 14th
January 1st – March 31st	May 15th
April 1st – June 30th	August 14th
July 1st – September 30th	November 14th

Should the due date of the report fall on a Saturday, Sunday, or holiday, the report is due the previous business day.

If a state fails to submit the STC Grant QPR and/or is not adequately meeting the timeline established for STC grant implementation as approved in the application, the STC grant may be subject to recoupment as described in UIPL No. 27-12, Section 10.

The QPR was approved as an Information Collection Request (ICR) by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (OMB No.

1205-0499, which expires January 31, 2016). Approval was extended through **XX-XX-XXXX**. A copy of the QPR was originally provided in UIPL No. 27-12, Attachment III.

6. **Extension with Revisions.** The current OMB No. 1205-0499 (which expires January 31, 2016) also includes approval for the completion of an STC grant application checklist and applying for the grant(s) (see UIPL No. 27-12, Attachment II), entering into an agreement with the Secretary of Labor (Secretary) for the temporary financing of STC payments by the Federal Government, and entering into an agreement with the Secretary to operate a temporary Federal STC program (for states without STC programs in state law). The availability of these activities has expired and, as such, the approval for such activities are no longer applicable beyond the current expiration date. Therefore, OMB No. 1205-0499 was revised accordingly and extended to provide for the submission of STC Grant(s) QPRs.
7. **OMB Approval.** OMB has approved the extension with revisions according to the Paperwork Reduction Act of 1995 under OMB approval No. 1205-0499 (scheduled to expire January 31, 2016) through **XX-XX-XXXX**.
8. **Action Requested.** State administrators are requested to provide the above information to appropriate staff.
9. **Inquiries.** Direct all inquiries to the appropriate ETA Regional Office.
10. **Paperwork Reduction Act.** *The Paperwork Reduction Act of 1995 (PRA), 44 U.S.C. 3501 et seq., provides that no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. The information collection mentioned in this UIPL has been approved under control number 1205-0499. Individual forms contain additional important PRA information.*
11. **Attachments.**  
Attachment I—Section 2164 of the Act  
Attachment II- Short-Time Compensation (STC) Grant Quarterly Progress Report (QPR).

## **Attachment I**

### **Section 2164 of the Act**

#### **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).

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## **Attachment I**

(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.

## **Attachment I**

(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).

## Attachment II

### **Short-Time Compensation (STC) Grant Quarterly Progress Report (QPR)**

**State:** \_\_\_\_\_

**STC Grant Type:** \_\_\_\_\_

**Project Director:** \_\_\_\_\_

**Quarter Ending:** \_\_\_\_\_

**Purpose:** To track STC grant activities and ensure that the state achieves the desired goals set forth in the STC grant application.

**Report Due Dates:** The report is due 45 days after the quarter ends (i.e., on November 14, February 14, May 15, and August 14).

**Section I. Implementation and/or Improved Administration Activities.** *Include a narrative description of the implementation and/or administrative activities that occurred this quarter. If the state's quarterly goal is not achieved, please explain. Please consider the following in the narrative, as applicable:*

- Progress toward implementing/improving procedures/systems for the STC program.
- Progress in developing and/or enhancing systems to automate the STC program.
- STC program administrative activities (i.e., staff hired and/or staff training).

**Section II. Promotion and Enrollment Activities.** *Include a narrative description of the promotion and enrollment activities that occurred this quarter. If the state's quarterly goal is not achieved, then explain. Please consider the following in the narrative, as applicable:*

- Progress in the state's promotion and enrollment activities.
- Creation and support of Rapid Response teams or other partnerships established to advise employers about the STC program.
- Education and assistance to employers about the STC program.
- Development of outreach materials and messaging tools.
- Promotional activities (i.e., meetings attended, media, mailings).

**Section III. Outcomes.** *Include a narrative description of the outcomes that occurred this quarter. If the states' quarterly goal is not achieved, then explain. Please consider the following in the narrative:*

- If the state included outcome goals in its application, describe the progress made toward these outcome goal(s).

**Section IV. Success Stories.** *Include any STC program or grant success stories or achievements for the quarter. Please consider providing:*

- Include any employer or claimant success stories.

**Section V. Technical Assistance Needs.** *Describe any STC program or grant-related technical assistance needs.*

**OMB No.:** 1205-0499    **OMB Expiration Date:** 01/31/2016    **Estimated Average Response Time:** 1 Hours

**OMB Burden Statement:** These reporting instructions have been approved under the Paperwork reduction Act of 1995. Persons are not required to respond to this collection of information unless it displays a valid OMB control number. Public reporting burden for this collection of information includes the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Submission is required to retain STC grant funds. Oversight of the use of grant funds and DOL's authority to establish reporting requirements is authorized under SSA 303(a)(6) (42 U.S.C. 503(a)) and Pub. L. 112-96 section 2183(b)(1). Respondents have no expectation of confidentiality. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Labor, Office of Unemployment Insurance, Room S-4524, 200 Constitution Ave., NW, Washington, DC, 20210.