**WorkforceGPS**

**Transcript of Webinar**

**CARES Act and STC (100% Temporary Financing and Grants), UIPL Nos. 21-20 and 22-20**

**Tuesday, May 19, 2020**

*Transcript by*

*Noble Transcription Services*

*Menifee, CA*

LAURA CASERTANO: All right. Welcome everyone to today's webinar. My name is Laura Casertano and I will be here if you need anything technically speaking. Hopefully you won't need to hear too much from me.

I am sorry about the delay, but if you could do me a favor now and introduce yourself in the chat on the bottom left-hand corner of your screen, I do see that many of you have introduced yourself already, but if you haven't, just go ahead, you want to spell your name, the name of your organization, where you're located in the country and how many are joining you if you are joining in a group.

That chat box is also where we'd like you to ask – type in any questions or comments. We'll do as many of those as we can. If you look at the bottom right-hand side of the screen, you'll see a file share window with a copy of today's PowerPoint so you can download that at any point throughout today's session.

Also, just a reminder you can find a copy of the recording of today's session, the transcript and the PowerPoint on WorkforceGPS in about three business days. With that, I'm going to get myself right out of the way. Again, if you haven't done so already, please introduce yourself in the chat on the bottom left-hand corner of your screen.

Welcome everyone to today's webinar and I'm going to turn things over to your moderator today, Gay Gilbert. She's the administrator of the Office of Unemployment Insurance with the Employment and Training Administration. Gay, take it away.

GAY GILBERT: Great. Good afternoon, everybody. Welcome to our webinar on the Cares Act Provisions related to the Short-Time Compensation Program. This is one of my favorite things to talk about. Short-Time Compensation or shared work or work sharing, as we call it in different states, is a really critical tool in our UI toolbox and we're going to talk about that some more today.

It is my personal belief that it is one of the best tools in the context of a recession to help save jobs, to keep people employed and to help employers keep their talented workforce. We have a new scenario we're envisioning now with regard to reopening our economy and we have some thoughts about how Short-Time Compensation can help with that as well.

But let's go to the slide four, please, the summary and background. As you all know, the CARES Act brought us many provisions, new programs and the like and in this case, it brought back some of the provisions that were very similar to those in the Middle Class Tax Relief and Job Creation Act of 2012 which is the 100 percent financing of STC benefits for a period of time as well as grants to states who ramp up programs and to help them ramp up programs and to do your outreach to employers and get your programs moving.

So we're going to be going into detail on all of that throughout this webinar and I want you to particularly be paying attention to the grant options which I think will be very useful to states. Next slide. So I think most of you know that STC, or Short-Time Compensation, is normally thought of as a layoff aversion program.

It allows employers to engage with the state workforce agencies to reduce hours for some number of their employees and to allow those employees to get a reduced unemployment benefit in the process and again, the whole goal here is to keep the jobs intact, keep employees working and from employer's point of view, to keep their investment and their talents and their workforce.

Unlike partial claims under regular UC, the weekly benefit amount for STC is a prorata share of the WBA for a week of total unemployment based on the reduction in the individual's work week and deductible income provisions and state laws generally do not apply.

STC, obviously, cushions the effect of the reduced hours for the worker and again, maintains the connection to the employers and saves jobs. Next slide.

I mentioned that we have been thinking about how Short-Time Compensation can help us in the context of the COVID crisis and particularly, now as our economy begins to reopen and I think we clearly believe that there are – that STC can be a tool in our toolbox now.

Where we think that there are workers who are continuing to be attached to their original job, that they're still sort of job attached and they're with an expectation to return and if a business is in a scenario where they are not able to bring their full workforce back to full – at full, 100 percent hours for all of its workforce, we think STC can play a really good role in that respect.

It does require that there still had to have been some job attachment. So if someone was completely laid off, it's probably not going to work, but I think, again, we think this can be a really important tool for the reopening for many businesses. So we're going to really want to encourage states to consider that option and how you use STC moving forward.

So again, I'm here just to kind of kick things off. I'm – you all, I think, have – many of you probably have heard Jim Garner, who's deputy administrator for the Office of Unemployment Insurance, has been moderating many of our webinars and he's going to do that again today and he's – I'm going to turn it over to him right now to introduce our speakers.

But before I do, I just want to say we're really looking forward to states that have STC programs who help you expand those and use those effectively in this current environment. We're anxious to bring on states who are new to STC and to help them provide technical assistance, as appropriate, to get your laws in place but also to help you actually ramp up the program.

We do have a number of tools and resources that we are dusting off and making better again to help states. So we just really look forward to working with you moving forward to really beef up our STC offerings in the UI system. So thanks very much and I'll turn this over to Jim.

JIM GARNER: OK. Thank you so much, Gay. And I can testify to her strong support for the STC Program and we look forward to seeing how we can make the most of this program in the current environment. Today we have three presenters. The first presenter is going to be Suzanne Simonetta.

Suzanne is the director of the Division of Policy, Legislation and Regulations for the Office of Policy and Development in ETA. Also, we'll be hearing from Tom Stengle.

Tom is division chief for Fiscal and Actuarial Services for the Office of Unemployment Insurance. And Candace Edens is the chief of Federal and State Programs, Division of Operations in OUI.

So without any further delay, I'm going to just turn it right on over to Suzanne.

SUZANNE SIMONETTA: Thank you, Jim. It's really a pleasure to speak to you all today. Some of you may remember me from my prior stent in the Office of Unemployment Insurance and I must say that after working in UI during the Great Recession, I couldn't imagine our programs being front and center during an economic crisis that bad ever again, yet here we are.

I guess it goes to show you can never predict what the future may hold. Anyhow, as Gay pointed out, the CARES Act includes several STC-related provisions that are very similar to what we had in the Middle Class Tax Relief and Job Creation Act of 2012.

It does provide for temporary 100 percent federal reimbursement of state STC payments in a program that conforms to the requirements in federal law and that will be a big chunk of what we're focusing on today.

There's also a technical correction to the definition of STC in Section 3306(v)(6), FUTA, basically updating a reference to WIOA to reflect that the Workforce Innovation and Opportunity Act is our controlling legislation now for job training and reemployment and whatnot, everything for the public workforce system.

Next, we also have, just like we did in 2012, a federal STC Program. I know the law calls it operating in a program under an agreement, but actually it is a federal STC Program. And we also have the grants, $100 million for grants and Candace is going to spend quite a bit of time going through our guidance outlining the grant application process and all the requirements that are involved with that.

And lastly, there were some requirements on us to provide assistance and guidance to states about the STC Program. So I'm going to start with some of the things that we're just going to knock out very quickly, the federal STC program. This is only for states that do not have their own STC Programs under state law.

It is temporary. It's only authorized through the end of calendar year 2020 and just like in 2012 the federal government would take 50 percent of the benefit cost and the participating employers would pay the remaining 50 percent of the benefit cost.

Now, this program would align with the requirement of Section 3306 (v), FUTA, which include the voluntary participation of employers, the employer would have to submit a plan for the provision of STC for its workers, a reduction in hours of 10 to 60 percent and maintenance of health and retirement benefits among the rest of the requirements in that provision.

And it does include an exception that individuals who were employed on a seasonal, temporary or intermittent basis would not be able to participate in the program and total STC payments may not exceed 26 times the individual's weekly benefit amount.

Now, we do note that so far we haven't seen much state interest in this federal program, but of course, we would gladly provide technical assistance to any state that would like to consider operating this federal STC Program.

Moving onto the assistance and guidance to states, one of the requirements that we had is to disseminate model legislative language that was developed through our consultative process, language, of course, that conforms to federal requirements that allows flexibility and ensures accountability and program integrity.

Well, thankfully the statute acknowledges the fact that we may have already disseminated model legislative language that was developed through such a consultative process and that that language could be sufficient for this purpose.

And so it's for this reason we highlighted in our UIPL that the language that we put out in 2012 after having had listening sessions with all of the important stakeholders for our system and we also provided guidance about some of the option permissible provisions that states may include in their STC Program.

So we just wanted to make sure you all were aware that these resources are already out there for your use for the states that are considering establishing new STC Programs under their own laws. We're also required, under the CARES Act, to provide technical assistance and guidance in developing and acting and implementing STC Programs, but we didn't need a federal law to require us to do that.

We, of course, would do that, as we always do, for states in trying to help not just with STC but any of the other changes you might be making to your program. And lastly, we're required to establish reporting requirements that include a number of averted layoffs and participating employers and workers.

Now I'm going to go into a little bit more depth about the 100 percent reimbursement provisions in Section 2108 in the CARES Act. Now, this is only available to states that are operating a state STC Program under their own law and the one thing that I want to make abundantly clear from the get-go is that law does not just mean in statute.

So obviously, that is the most common definition of law and most states do operate their STC programs under a statutory provision, but some states have authority to issue regulations to create an STC program and that would be sufficient for this purpose, because regulations do have, of course, an effective law.

So I did want to make it very clear that while we're talking about state STC Programs under state law we're basically talking about statute regulations basically, because either of them – both of them have the force and effect of law in states. So anyhow, back to this reimbursement.

In order for a state to qualify for it, their program must conform to all of the requirements in Section 3306(v), FUTA, not just the states that are currently operating an STC Program but also any new STC states that establish new STC Programs. And an important thing to highlight is that the reimbursement is available whether your STC Program is permanent or temporary.

And I want to highlight that, because when Candace goes through the grant requirements, a grant is only available to states that have the permanent STC Programs.

So that distinction is something important that we just wanted to let you know about, but the good news is the grant funds are available for several years – for about three and a half years and while we certainly would encourage states to take advantage of this grant opportunity as soon as possible so that they can either ramp up their new programs or expand their existing programs we recognize that for some states, especially if they do need to enact statutes, statutory changes, it might take a little while and the grant funds will be available to you when you're ready once you have a permanent STC law that conforms to the federal requirement.

The reimbursements are available basically through the end of this calendar year starting with the weeks of unemployment that began on or after the date of enactment of the CARES Act, which we all know was March 27th. And so the good news is that it's not contingent on when a state signs the agreement.

I know for some of the other CARES Act provisions when a state signed it was important and of course, the president had to sign the CARES Act on a Friday. So we all had to rush to get some of those agreements executed by Saturday so that no state would lose out on a week of being able to offer some of those other programs, but that's not the case with STC.

Now, I know most STC states have already entered into this agreement. Those that haven't I encourage you to do so as soon as possible, but once again, the reimbursements would go back to that first week of unemployment beginning after the date of enactment of the Act.

Now, obviously, if a state is creating a new STC Program, the reimbursement would only be available beginning with the week of unemployment that begins on or after the effective date of the new STC Program. And so I just wanted to kind of point out the obvious, but just make sure it is clear to everybody.

And the other important thing for new STC states to keep in mind is that I know with some of the other provisions there's an ability to backdate claims or whatnot, but STC is kind of different, because remember, it's voluntary on the part of an employer.

So really, STC reimbursements only become available once the employer essentially submits a plan to the state and there's kind of like an agreement essentially with the state that you can provide STC, it meets the requirements under state law. So it's just something to keep in mind because it's a little different than I know how some of our other reimbursements are working.

I think I actually kind of covered some of this – (inaudible) – slide already, but the one I think – point I want to highlight from that first dot – point is that obviously, federal funds will not be available for drawdown until the agreement with the Secretary of Labor is entered into, but of course, the reimbursements would be with respect to all of the weeks of unemployment.

Like once again, starting after the date of enactment of the Act and states will get a notice of award from our grant officer and will get access to those funds, once again, after the agreements are entered into. We don't expect this would happen, but either party may terminate the agreement upon 30 days' written notice.

Obviously, U.S. DOL would potentially be terminating if a state did not perform all of its required duties or functions and reimbursements would not be available for any week of unemployment that begins after the agreement is terminated. Moving on, I want to explain a little bit more about this limitation.

It's very similar to what we have for the federal STC Program, that no reimbursements are available for STC payments during a benefit year that exceeds 26 times the weekly benefit amount.

This does not mean that STC payments are only limited to 26 weeks for an individual or that only 26 STC payments are subject to 100 percent federal reimbursement, because remember, 26 times the WBA in some states would be, say, the maximum entitlement as someone who is totally unemployed might have in a benefit year.

And because STC is a prorated share of the weekly benefit amount, if the individual were totally unemployed, generally speaking, it would be kind of almost mathematically impossible to exceed 26 times the WBA in a year. So really, this limitation probably will not have a practical impact in any state, but I did just want to make it clear that this limitation does not mean only 26 weeks of STC are subject to 100 percent federal reimbursement.

The other important point I did want to make is that the SPUB payments, the $600 a week add-on that's being tacked onto just about every UI weekly benefit amount, that does not count for purposes of this limitation.

Lastly, also just like what we have in the federal STC Program, no reimbursements would be made for STC payments that go to seasonal, temporary or intermittent workers, but this is an important exception, this does not include individuals who normally were employed on a part-time basis whose hours were reduced.

So part-time workers, not only can they participate in STC just like full-time workers in a state, but their STC benefit costs would be subject to federal reimbursement too, it's just workers who were seasonal, temporary or intermittent. Charging, everybody's favorite topic.

As you all know, in general, as a condition for FUTA tax credit receipt, federal law provides that employer state unemployment taxes may only be reduced based on their experience with unemployment. You know, we call that experience rating.

Likewise, federal law does provide that state or local governmental entities, certain nonprofit organizations and federally-recognized Indian tribes have the option to make payments in lieu of contributions for benefits attributable to service with the employer and that's, of course, our very fancy way of saying that they can reimburse benefit cost rather than pay state unemployment taxes.

Now, typically, an employer would be charged or be required to make payments in lieu of contributions for the STC benefit cost, because clearly, if the employer is agreeing to reduce hours, that is related to their experience with respect to unemployment if they're a contributing employer and if they're, as we sometimes shorthand call them reimbursers, that those benefit payments would certainly be attributable to service with that employer.

So that's the normal scenario. However, just as we provided in 2012 when we had 100 percent federal reimbursement of state STC benefit costs that states may choose not to charge or require payments in lieu of contributions for STC benefit costs that are subject to 100 percent federal reimbursement.

States must, consistent with their laws, charge or require payment or on the flipside, not charge or not require payment for any STC benefit costs that are not subject to 100 percent federal reimbursement and for all STC benefit costs once 100 percent federal reimbursement ends.

And just as a reminder, obviously, there are many factors states need to keep in mind when they're making decisions about charging, relief from charging and relief from their reimbursement is the effect on solvency of their accounts in the unemployment trust fund, any additional advances or loans that may result, the impact on the schedule of state unemployment tax rates in subsequent years, how socialized costs will play a role on employers.

There are obviously many factors to take in mind when you're making decisions about how to handle charges and reimbursements in this scenario. And with that, I will turn this over to Tom.

TOM STENGLE: Thank you.

CANDACE EDENS: I think you mean to me; right? I think the –

MS. SIMONETTA: No. We're on, I think, processing financial transactions, Candace. We have some of the reporting and financials. So for the reimbursements.

MS. EDENS: Oh, I'm sorry.

MS. SIMONETTA: No problem.

MR. STENGLE: Good afternoon, everyone. Yeah. I just have a couple slides here and then we'll get over to Candace. But this has to do with how the funding will get out to states. So as Suzanne mentioned, these provisions mirror some of the provisions that were included in the 2012 Middle Class Tax Relief Act and the structure of them for this year really was modeled after that.

So the money for the 100 percent reimbursement of the STC benefits will be provided through the Payment Management System and at the beginning of every month, we will estimate a dollar amount for the upcoming month and have those posted to the grant.

So we'll take into account any surpluses or shortfalls from a prior month and make an adjustment for the upcoming month and try to stay one month ahead of the game so that you'll have sufficient resources to reimburse your accounts. The ETA grant officer will assign a specific line item on the COVID-19 STC Grant that will be for Short-Time Compensation benefit payments.

And the funds should be withdrawn, as needed, in compliance with the CMIA regulations that pertain to all federal funds. In terms of reporting, there is a Workshare or a Short-Time Compensation-specific ETA 5159 report that will continue to have to be filled out. It essentially requires the reporting of initial claims and continued claims and weeks paid.

There is also a section unique to the Workshare, ETA 5159, that asks for states to report the number of participating employers – number of employers participating in STC agreements with the state. So that's unique to this report, but it is important for us as we need to report on that as well.

On the line – on the ETA 5159 report line 302, which is the dollar amounts compensated, we want the federal amount included in that line. So it – they'll be the number of weeks compensated and since these are 100 percent federally funded, we – if you weren't including the federal funds, the dollar amount there would be 0.

So we do want the dollar amount included reflecting the number of weeks paid for the program. There will also be an ETA 9130 report that will be required.

That's a standard report for all grant funds that go out and on the ETA 2112 we do not want the federal funds for this STC Program being reported and the reason is the 2112 is really designed to track funding that flows through the unemployment trust fund and since these funds are being made available through the grant they are not flowing through the trust fund.

So we're asking that they not be reported on the 2112. I think I can hand it off to you now, Candace.

MS. EDENS: Thank you. Sorry about that, I got confused with your next set of slides after my slides. So this – please advance to the next slide. So this slide – I'll be talking about the grants, as Suzanne mentioned before. This slide covers the purpose of the STC Grant and the eligibility requirements for the STC Grant.

There are two available grants. The first STC Grant is available for the implementation or improved administration of an STC Program and the second STC Grant is available for the promotion and enrollment of employers in an STC Program.

To qualify for an STC Grant, the state's UC law must be certified under Section 3304 of the Federal Unemployment Tax Act, or FUTA, and Section 303 of the Social Security Act, or SSA. In addition, the state must have an STC law that conforms to Section 3306(v) of FUTA and the state's STC Program must not be subject to discontinuation.

The state must have submitted a plan for an implementation and administration grant to be eligible for the promotion and enrollment grant. Programs and states with new STC laws must have their laws become effective within 12 months of certification and for grant receipt. Next slide. Next slide, please. Thank you.

This slide covers the STC grant amount and some of the permissible uses for the grant. The Secretary of Labor is authorized to use .25 percent of the $100 million authorized in the CARES Act to provide outreach and to share best practices for STC. Each state's share of the remaining $99.75 million is based on the proration – I'm sorry, the proportionate share of FUTA taxable wages on 10/1/2019.

Attachment 4 of UIPL 22-20 has a breakdown of the amounts available under each grant for each state. One-third of the funds are allocated for implementation or improved administration grants and two-thirds of the funds are allocated for the promotion of the STC Program and enrollment of employers in the STC Program.

Permissible uses of the grant include, but are not limited to, the creation and support of Rapid Response Teams to advise employers, educating or assisting employers about participating in the STC Program and developing or enhancing systems to automate plan submission and approval or STC claim filing or approval. Next slide.

States must – this slide covers the STC Grant application process. States must submit completed applications by December 31, 2023. Attachment 2 of UIPL 22-2 is a grant application checklist which details information that must be submitted with the grant application, including a copy of the state's STC law and explanation of its conformity to Section 3306(v) of FUTA.

A narrative description of the funding requested and a detailed project plan, including a quarterly timeline for all activities under the grant. For implementation and administration grant applications, states must include any plan infrastructure improvements and plans to hire.

For the promotion and enrollment grant applications, states must include plans to create and/or support Rapid Response Teams, education or assistance to employers and outreach tools. A description of quarterly or cumulative goals and outcomes, including for outreach, number of STC employer plans established and number of established and layoffs averted must also be included. Next slide, please.

This slide continues the coverage for the STC Grant application process. The grant application checklist also asks the states to submit a description or a copy of the MOU between the UI agency and the appropriate workforce system partners, such as WIOA Rapid Response, a description of how the state will sustain activities that were funded by STC Grant, assurances that the state will follow all requirements, including the Uniform Guidance for federal awards and DOL's administrative requirements for grants and cooperative agreements, submit required reports on STC activities, recover any STC overpayments in accordance with the state's UC law and develop processes for auditing and monitoring STC employers' adherence to the state-approved STC employer plan and STC payments.

The secretary will notify each state within 30 days of the receipt of complete application and if it met the requirements for the grant receipt. Next slide, please. This slide covers the STC Grant recoupment and technical assistance available through the STC website.

If during the five-year period with the date of the first grant award the state either terminates its STC Program or fails to meet STC Program requirements, the secretary will recoup the STC Grant funds provided.

The STC website, https://stc.workforcegps.org/, provides resources and tools, including STC guidance and model legislation, resources for developing a state program, business outreach templates and materials, STC Summit presentations and information provided at the Summit and resource library containing sample STC documents and links to other resources.

This website is actually a really fantastic tool for states. It shows lots of information from other states that we gathered during the Middle Class Tax Act Grant process. So states can really, if they go to this website, get some really great ideas about how to model their program or improve their program. That's it for me and I think I'm turning it back to Tom.

MR. STENGLE: Yeah. Thank you, Candace. So the vehicle to get these funds out to states is a little different than the STC benefits. For these funds, the Secretary of Treasury will transfer the grant funds into the state's unemployment trust fund within seven days of receipt of the Department's certification of the state's application and that's actually mandated in legislation that the Secretary of Treasury make this transfer.

So the state's trust fund will have unique subaccounts established. They will have some STC promotion or enrollment acronym or something, but there'll be some acronym that will identify these funds uniquely from other funds and they will be set up in the Automated Standard Application Payment System, in ASAP, so that those funds are available for states for drawdown.

In terms of reporting, the states, upon receipt of the funds, should report an ETA 8403, which is a summary of financial transactions for Title 9 funds and in addition to that, the ETA 2112, the deposit of these funds should be reported on Line 15, which is Title 9 or special legislation and the disbursement of these funds should be reported in – on Line 44, which is also entitled Title 9 or special legislation and that's in Column E, which is the unemployment trust fund column.

There's also a quarterly progress report that will be required for these funds and this is described in some detail on Attachment 3 of UIPL 22-20. We'll be asking for a description of activities, including or having to do with the implementation of the program, the promotion and enrollment outcomes, success stories and other technical assistance that may be needed.

So it'll just be a vehicle for states to communicate with the federal agency or how the progress is going on the grants. That report would be due 45 days after the end of each quarter and ETA will be monitoring those and matching it up with the timelines that are described in the initial application and I'm hoping just to keep the progress of these grants on track.

I believe that wraps up the reporting requirements and now I think I'm handing it over to Jim.

MR. GARNER: OK. Thank you, Tom. Thanks, Candace and Suzanne for sharing the information about the CARES Act and impact on the Short-Time Compensation Program and the two UIPLs that we have out there. Just a reminder that we do have some resources available in addition to the usual resources I talk about, which include the UI Community of Practice and the UI Website dedicated to UI and coronavirus.

We also have a longstanding resource known as the Short-Time Compensation website, which is located on – as a landing page on WorkforceGPS and the link to that website is available on this slide.

That has a lot of resource material about the STC Program and some best practices and other material that we would just encourage you to take a look at if you have an STC Program or if you're thinking about creating an STC Program, because there is a lot of technical assistance resources there available.

And as always, if you have questions, please use the covid-19@dol.gov email box to submit your questions. Also, please copy your appropriate regional office when submitting questions. That way we just make sure that everyone is aware of the questions that you have both at the national level and the regional offices.

With that, I think we will get started with questions that we have and starting to get in and again, Laura, if they want to submit questions, they just need to – you want to go over that again for folks?

MS. CASERTANO: Sure. So you can ask your question and use the chat, type your question in, then we'll get to as many of those as we can and then we'll be moving the questions that are being addressed into this question via chat box.

MR. GARNER: All right. Thank you, Laura. Let's dive into some questions here. The first one, and Tom, I think this one is – goes along with what you were talking about, "Will the STC funds, when they appear in the ASAP System, be entitled with some reference to COVID?"

MR. STENGLE: Yeah. Thanks, Jim. I'm not exactly sure how treasury will identify or – these categories. I suspect it will have – you know, the previous accounts are still in state unemployment trust funds and they were previously called STC improve and STC promo.

They may use something similar and put the year 2020 to identify that they're a different year or they may use the COVID naming convention as well. So I'm not exactly sure, but there will be a way to specifically identify these funds separate from other funds. I don't have the exact name yet.

MR. GARNER: OK. Thank you. We also had a question that came in. The question – I'll just read it, a question regarding a conformity issue. "We borrowed the definition from the model language for unemployment compensations that includes, "any amounts payable pursuant to an agreement under any federal law providing for compensation assistance or allowances with respect to unemployment."

Is it a conformity issue if we say that definition includes PUA and/or PEUC? I believe that is an issue that we have been researching and looking into. I'm not sure we have a final answer, but Suzanne, do you want to provide any – shine some light on that?

MS. SIMONETTA: Sure. Well, the first thing I want to say is thank you for following our model legislative language. That's always appreciated and as Jim indicated, the team is still doing a little bit of research on the specifics of that issue. And so we can definitely get back to you.

But the one thing I do want to point out generally about this scenario is that obviously, there are always unique circumstances in UI with different individuals. That's the beauty and sometimes a challenge of UI, but in general, it's not very likely that we'll have that many STC participants exhausting their entitlement to UI in a benefit year so that they could actually potentially transition into these other federal programs.

Yes, there are probably some limited number of individuals who can, but I just wanted to point that out. And then the other thing, of course, is that once their benefit year ends these individuals likely would be able to establish another benefit year of regular UI entitlement because they keep working and they have a sufficient base period wages most likely to establish a new benefit year.

So even if these individuals were to transition to another program once their benefit year is up and they could establish a new benefit year's entitlement they would be transitioning to that regular UI program, but for the very specifics of your question, we will get back to you on that but wanted to share this other wrinkle about STC participants and the possibility of them really exhausting their UI entitlement. That's it for me.

MR. GARNER: All right. Thank you, Suzanne. And I didn't mention when I introduced you that you've kind of been on loan to us during this pandemic event and we really appreciate having Suzanne help us bring her knowledge and experience in the UI program to help during this crisis.

And I also just – it has been a full team approach throughout the Office of Unemployment Insurance with everyone pitching in across all of our divisions and in fact, today on some of the questions, we're going to have a tag team approach with people pitching in to help as well.

And the next question is actually going to be I want to let Michelle Beebe who's the director of our Division of Legislation handle that as we do the team approach to all things UI and CARES Act right now.

The question is, "I understand that states can choose not to charge employers for the STC benefits. If non-charging is granted for both contributory and reimbursable employers, does it need to be at the same percentage, for example, 100 percent?" So Michelle.

Michelle Beebe: Good afternoon, everyone. So I would say that the charging percentages for reimbursable and contributory employers does not need to be the same, however, the relief that's provided to the contributory employers must be at least the amount of relief that's provided to reimbursables.

So if you're doing 50 percent relief to reimbursables, then you need to do at least 50 percent relief to contributory as well.

MR. GARNER: All right. Thank you. Waiting to see if other questions are coming in. Here we go, here's one. "UIPL 21-20 has a" – this is a long one, so bear with me.

"UIPL 21-20 has a specific section for relieving employers from charging the STC benefits saying the state may, if permissible under state law, choose not to charge or not to require a payment in lieu of contributions for STC payments that are subject to 100 percent reimbursement from the federal government, however, there is no similar section in UIPL 20-20 for the waiting week.

"Currently, our state has no statute with regard to charging the waiting week as we previously had one before, it was waived by the governor under emergency proclamation.

"Can a state choose to non-charge or not require payment in lieu of contributions for the waiting week without a state statute or absent a state statute, does the state need to charge employers for the benefits paid during the first week of benefits while the waiting week is waived?"

And another tag-team member, we're going to ask Daniel Hayes who's also a supervisor in our Division of Legislation. So Daniel, do you want to try to take that one?

Daniel Hayes: Sure. And that – the answer to that question is going to largely depend upon how a state's charging decisions have been made, that essentially, the bottom line as it relates to STC benefits if the week in question results in there being a charge under state law, then there would usually, absent COVID-19 circumstances, be a requirement that that week be charged to the employer's experience rate and/or a payment to in lieu of contributions.

Now, with the reimbursement in 100 percent, then whatever the state has decided to do in lieu of the federal reimbursement, then those provisions would apply.

I know that doesn't give you a black and white answer to your full question, but it's the – really going to be state charging provisions apply, because a state can decide to take the reimbursements for the amounts of STC paid and put those into their trust fund without providing a non-charge to the employers. So it's dependent upon the state's charging decisions in play.

MR. GARNER: All right. Thank you, Daniel. The next question, "Can you just go over slide 12 one more time to clarify when, for a new state STC Program, the date the payments can go back to? Is it the date of the agreement between the state and DOL?" And I think we're going to try to go back to slide 12, please, Laura. And Suzanne, do you want to –

MS. SIMONETTA: Sure. I'll be happy to do that. OK. This – so really, we're just going to be focusing on the second main dot point here primarily and this is like basically when the reimbursements can start and I think some of the potential confusion might be because STC is fundamentally different from all of the other UI-related programs where an individual just comes in, submits an initial claim for benefits and if they meet the requirements, they can get benefits and if there's backdating permissible under state or federal law, (inaudible) – automatically can backdate it as far as you possibly can.

STC is fundamentally different, because it's not available to any worker whose hours – whose workweek is reduced.

It's only available if an employer submits a plan to the state to provide for STC to their workers and I think that key point is why there might be some – maybe a little bit of confusion about when the reimbursements are available, because yes, in theory, once a state has a law that – (inaudible) – regs say in effect to provide for STC payments, in theory, any week of unemployment that begins on or after that date that it becomes effective would be subject to 100 percent federal reimbursement, but in practice, that's not going to happen until the employer says I want you to provide STC to my workers or a class of my effected workers.

Now, if there is sufficient lead-up time before your new STC Program goes into effect so that you can market it to employers and get some employers interested in submitting a plan or whatnot, you could conceivably have some STC payments that very first week after your law – your program goes into effect that would be subject to reimbursement, but I just wanted to make that underlying point very clear that – about just the fundamental difference between STC.

You have to have employer involvement in this. This isn't something where just it's an entitlement to any individual whose hours are reduced. So I hope that answers your question sufficiently. If not, please let us know and I will give you some more information.

MR. GARNER: Thank you, Suzanne. And I would also just reiterate if your state is interested in doing the temporary – well, this was the temporary state program; right? This was –

MS. SIMONETTA: No. I think we were still talking about the 100 percent federal reimbursement for a new state STC Program.

MR. GARNER: Got it. All right. Any other questions out there? Allowing some time for people to type in a question if they have one for us. We have – I'm not seeing any more questions. A couple things I did want to share with you – well, let's see if anybody else has a question while we wait.

Just a reminder that we do have another webinar next week on Wednesday, May 27th. That one will be on the topic of the impact of COVID-19 pandemic on the between and within terms provision concerning academic institutions, that – we issued guidance on that in UIPL 10-20, Change 1 and we'll be walking through the contents of that and providing some more information about the between and within academic terms at that webinar.

Also, if you are a state that may be thinking about the temporary federal STC Program, I would encourage you to use the COVID-19 mailbox and copy your regional office and raise that up with us so that we can provide direct technical assistance if that is something you think you may be interested in.

So we have another question. "What is the employer" – oh, "What if the employer is a governmental entity? What is the allowable percentage of reimbursement?" And Suzanne, you want to take that one?

MS. SIMONETTA: OK. This one is, I think, pretty straightforward. Section 2108 of the CARES Act which provides for the 100 percent federal reimbursement of state STC benefit cost does not differentiate between benefits paid to individuals who worked for contributory employers or benefits paid to individuals who had previously worked for reimbursing employers.

So these 100 percent federal reimbursement of state STC benefit costs are available for all STC benefit costs, once again, other than the limitations we already talked about as long as the work was not seasonal, temporary or intermittent or nothing that exceeds 26 times the individual's weekly benefit amount.

MR. GARNER: All right. And I'm going to, again, be the auctioneer here and see if – I'm about to bring the hammer down, just see if there's any other questions out there, see if – and going once, going twice, I see no one typing. So I think we're going to call this the end of the webinar session. I'm going to turn it back over to Laura for her to do the wrap-up information.

So thank you, everyone. We really appreciate your interest. Again, we think there's a great opportunity for STC to be assistance to employers and workers in your communities during this unpredictable time and also it can be a tool to help ease into the reopening of the economy that employers may want to explore too.

So we just urge you to take – to look into that, take advantage of these opportunities and again, thank you for your time today.

MS. CASERTANO: All right. Great. I just want to thank the participants. I want to ask everyone to hang on the – in the room to provide us with some feedback. So at the top of your window you'll see a feedback window where you can let us know what you thought of today's presentation.

Please let us know what you thought we did right or how we can improve. Just a reminder you can find a copy of the PowerPoint as well as the transcript and the recording of today's session on WorkforceGPS in about three business days. With that, have a great rest of your day, everyone.

(END)