



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

BULLETIN NO. 81-18

April 30, 1981

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Unemployment Compensation for Federal Employees

1. Purpose. This Bulletin provides instructions for the treatment of agency costs incurred for unemployment compensation payments to former Federal employees.

2. Authority and background. The Omnibus Reconciliation Act of 1980 (Public Law 96-499) requires that all unemployment benefits paid to former Federal employees, based on Federal service performed after December 31, 1980, be reimbursed to the Federal employees compensation account of the unemployment trust fund by the various Federal agencies. This provision was enacted with the express purpose of reducing outlays. (See Attachment A.)

Executive Branch departments and establishments have been provided guidance by the Department of Labor on the basic procedures that will be followed and on the duties and responsibilities of Federal employers. (See Attachments B and C.)

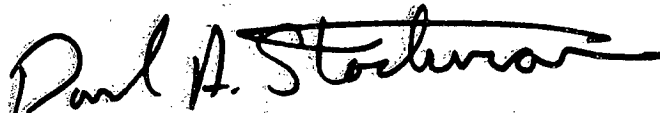
3. Policy.

a. Absorption of costs. Agencies will fully absorb all costs of unemployment compensation for Federal employees resulting from P.L. 96-499, by reducing other operating costs. Requests for supplementals or budget amendments to cover these costs will not be considered. Increases in estimates for the 1983 Budget to cover these costs will not be allowed.

b. Object classification. Obligations incurred by agencies for unemployment compensation payments to the unemployment trust fund (Federal employees compensation account) will be classified under object class 13, Benefits for former personnel. Obligations incurred by the Department of Labor for payments to the States from the Unemployment trust fund (Federal employees compensation account) will be classified under object class 42, Insurance claims and indemnities.

4. Information contact. For further technical assistance on implementation of the provisions of the new law, contact the Department of Labor representative as specified in the attachments.

5. Sunset date. This Bulletin will expire upon the establishment of a system to assure that the required payments are made in a timely manner.



David A. Stockman
Director

Attachments

PUBLIC LAW 96-499 [H.R. 7765]; December 5, 1980

OMNIBUS RECONCILIATION ACT OF 1980

For Legislative History of Act, see p. 9580

An Act to provide for reconciliation pursuant to section 3 of the First Concurrent Resolution on the Budget for the fiscal year 1981.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*Omnibus
Reconciliation
Act of 1980TITLE I—SHORT TITLE AND DECLARATION
OF PURPOSE

SHORT TITLE

SECTION 101. This Act may be cited as the "Omnibus Reconciliation Act of 1980".

PURPOSE

Sec. 102. It is the purpose of this Act to implement the recommendations which were made by specified committees of the House of Representatives and the Senate pursuant to directions contained in section 3 of the First Concurrent Resolution on the Budget for the fiscal year 1981 (H. Con. Res. 307, 96th Congress), and pursuant to the reconciliation requirements which were imposed by such concurrent resolution as provided in section 310 of the Congressional Budget Act of 1974.

31 USC 1331.

"FEDERAL EMPLOYEES COMPENSATION ACCOUNT"

"Sec. 909. There is hereby established in the Unemployment Trust Fund a Federal Employees Compensation Account which shall be used for the purposes specified in section 8509 of title 5, United States Code. For the purposes provided for in section 904(e), such account shall be maintained as a separate book account."

(b) Subchapter I of chapter 85, title 5, United States Code, is amended by adding at the end thereof the following new section:

"§ 8509. Federal Employees Compensation Account

"(a) The Federal Employees Compensation Account (as established by section 909 of the Social Security Act, and hereafter in this section referred to as the 'Account') in the Unemployment Trust Fund (as established by section 904 of such Act) shall consist of—

"(1) funds appropriated to or transferred thereto, and

"(2) amounts deposited therein pursuant to subsection (c).

"(b) Moneys in the Account shall be available only for the purpose of making payments to States pursuant to agreements entered into under this subchapter and making payments of compensation under this subchapter in States which do not have in effect such an agreement.

"(c)(1) Each employing agency shall deposit into the Account amounts equal to the expenditures incurred under this subchapter on account of Federal service performed by employees and former employees of that agency.

"(2) Deposits required by paragraph (1) shall be made during each calendar quarter and the amount of the deposit to be made by any employing agency during any quarter shall be based on a determination by the Secretary of Labor as to the amounts of payments, made prior to such quarter from the Account based on Federal service performed by employees of such agency after December 31, 1980, with respect to which deposit has not previously been made. The amount to be deposited by any employing agency during any calendar quarter shall be adjusted to take account of any overpayment or underpayment of deposit during any previous quarter for which adjustment has not already been made.

"(d) The Secretary of Labor shall certify to the Secretary of the Treasury the amount of the deposit which each employing agency is required to make to the Account during any calendar quarter, and the Secretary of the Treasury shall notify the Secretary of Labor as to

the date and amount of any deposit made to such Account by any such agency.

"(e) Prior to the beginning of each fiscal year (commencing with the fiscal year which begins October 1, 1981) the Secretary of Labor shall estimate—

"(1) the amount of expenditures which will be made from the Account during such year, and

"(2) the amount of funds which will be available during such year for the making of such expenditures, and if, on the basis of such estimate, he determines that the amount described in paragraph (2) is in excess of the amount necessary—

"(3) to meet the expenditures described in paragraph (1), and

"(4) to provide a reasonable contingency fund so as to assure that there will, during all times in such year, be sufficient sums available in the Account to meet the expenditures described in paragraph (1).

he shall certify the amount of such excess to the Secretary of the Treasury and the Secretary of the Treasury shall transfer, from the Account to the general fund of the Treasury, an amount equal to such excess.

"(f) The Secretary of Labor is authorized to establish such rules and regulations as may be necessary or appropriate to carry out the provisions of this section.

"(g) Any funds appropriated after the establishment of the Account, for the making of payments for which expenditures are authorized to be made from moneys in the Account, shall be made to the Account; and there are hereby authorized to be appropriated to the Account, from time to time, such sums as may be necessary to assure that there will, at all times, be sufficient sums available in the Account to meet the expenditures authorized to be made from moneys therein."

(c) All funds appropriated which are available for the making of payments to States after December 31, 1980, pursuant to agreements entered into under subchapter I of chapter 85 of title 5, United States Code, or for the making of payments after such date of compensation under such subchapter in States which do not have in effect such an agreement, shall be transferred on January 1, 1981, to the Federal Employees Compensation Account established by section 909 of the Social Security Act. On and after such date, all payments described in the preceding sentence shall be made from such Account as provided by section 8509 of title 5, United States Code.

U.S. Department of Labor

Employment and Training Administration
601 D Street, N.W.
Washington, D.C. 20213



Reply to the Attention of: TUMF

February 19, 1981

MEMORANDUM FOR: ALL FEDERAL AGENCY UCFE LIAISON OFFICERS

FROM: BERT LEWIS
Administrator *Bert Lewis*
Unemployment Insurance Service

SUBJECT: Public Law 96-499-Unemployment Compensation
for Federal Employees (UCFE) Benefit Costs
Payable by Federal Employing Agency

Public Law 96-499, the Omnibus Reconciliation Act enacted December 5, 1980, amended the UCFE law (5 USC 8501, et seq.) and requires each Federal agency to pay the costs of regular and extended UCFE benefits paid to its employees by State employment security agencies (SESAs) for Federal service performed after December 31, 1980. Funds for paying these benefits will be deposited quarterly by Federal agencies into an account in the U.S. Treasury (the Unemployment Trust Fund) entitled the "Federal Employees Compensation Account" (FECA).

The head of each Federal Department, independent agency, commission, etc., has been notified by a separate memorandum, as to his/her responsibilities in implementing P.L. 96-499.

Since each Federal agency will now have to pay the cost of any UCFE benefits paid to its employees, including former employees, it is important that each Federal agency increase its efforts to safeguard the expenditure of Federal funds. Following are several measures that will assist in controlling UCFE benefit costs.

1. Ensure that Standard Form 8, Notice to Federal Employee About Unemployment Insurance, is issued on or before the last day of work, as required by 20 CFR 609.5, to each employee: separated for any reason, transferred to the jurisdiction of a different payroll office; or one who is in non-pay status for 7 days or more. (See Pages 19 through 24, UCFE Instructions for Federal Agencies)

Federal agencies should make certain that the SF-8 reflects the complete parent agency name, component, and current payroll office address where the employee's payroll records are maintained. As a part of the payroll address, enter the Federal agency's identifying code number (see list attached) next to

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the parent agency name. The same code number should be entered also in Section II, Item 4 (name of parent Federal agency), of any ES-931 that the payroll office completes and returns to the requesting State agency. The code number will ensure that the proper Federal employing agency is charged for UCFE benefits paid to its employees.

2. Ensure that all Forms ES-931, UCFE Request For Wage And Separation Information, are completed and returned within 4 work days after receipt from a State agency, as instructed by 20 CFR 609.6. Each Federal agency is required by regulation to maintain a mail control concerning each Form ES-931 with respect to date of receipt and date of completion and return. The importance of the timely completion of Forms ES-931 by payroll offices should be stressed, since a State agency may pay UCFE benefits on the basis of a claimant's statement, if the Form ES-931 is not received within 12 days after such form was sent to the Federal agency's payroll office, as provided by 20 CFR 609.19. The total charge for such UCFE payments based on the claimant's statement will, in such an instance, be charged to the Federal agency that was delinquent in not returning the Form ES-931 within 12 days. Thus, there is a paramount need for the timely completion of Forms ES-931 by a Federal employing agency's payroll office.

3. Ensure that Forms ES-931 being returned to the requesting State agency provide complete, accurate, wage and separation data.

In this regard, ensure that the "Reason for Separation" and "Remarks" sections on Standard Forms 50, Notification of Personnel Action, (or equivalent document) provide all specific facts related to the separation action required by Federal Personnel Manual Supplement 296-31.

A properly prepared SF-50 will ensure that all relevant separation facts will be posted to Forms ES-931 by the Federal agency's payroll office which in turn will ensure that the State agency's eligibility decision to pay UCFE benefits will be a proper one since it will have been based on relevant wage and separation facts.

4. Ensure that all notices received by a Federal agency payroll office from State agencies, i.e., notices of determination and appeal, are referred promptly to appropriate staff within the Federal agency, and that an appeal action is initiated to prevent the payment of benefits to a claimant where the facts available to the Federal agency are believed to warrant such

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action. This is in accordance with 20 CFR 609.11 which provides that if a Federal agency believes that a State agency's determination to award or deny unemployment compensation is incorrect, it should appeal such determination. Federal employing agency representatives should attend appeals hearings and provide testimony, as needed to safeguard Federal funds. (See Page 63, UCFE Instructions for Federal Agencies)

Currently, the handbook, UCFE Instructions For Federal Agencies, is in the process of being revised and, when completed, will be made available to Federal agencies. Technical assistance and questions with regard to these instructions may be directed to Charles W. Reynolds or Millie Rosen Enten on 8-376-6222.

U.S. DEPARTMENT OF LABOR

SECRETARY OF LABOR

WASHINGTON, D.C.

MAR 16 1981

MEMORANDUM FOR: HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

FROM: Secretary of Labor

SUBJECT: Public Law 96-499 Omnibus Reconciliation Act of 1980

1. Purpose. To inform Heads of departments and agencies of the provisions of new legislation enacted by the 96th Congress and of the duties and responsibilities of the Secretary of Labor and the Heads of departments and agencies.

2. Background. Public Law 96-499, Section 1023 (Attachment A) establishes a Federal Employees Compensation Account (FEC Account) in the Unemployment Trust Fund (UTF) which shall be used for the purpose of providing unemployment benefits based on Federal service performed by civilian employees and former civilian employees of Federal agencies. Currently, the budget of the Department of Labor (DOL) contains the Federal Unemployment Benefits and Allowances (FUBA) appropriation which funds State employment security agencies (SESA's) for the payment of unemployment benefits on the basis of Federal civilian service and Federal wages. Under current law, Federal employees may receive unemployment compensation if they meet the qualifying requirements of the paying State law. The new law requires each Federal agency to reimburse the new FEC Account from its appropriations for the benefit costs attributable to its employees for services performed after December 31, 1980.

3. Procedures. In order to implement the requirements of the law, there must be certain preliminary actions taken to insure an orderly and efficient transition to the new procedures. Concurrently, the Secretary of Labor will establish such rules and regulations as may be necessary or appropriate to carry out the provisions of 5 USC 8509. The following information is being provided to Federal departments and agencies regarding the implementation of P.L. 96-499.

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a. On January 1, 1981, DOL transferred funds from the FUBA appropriation to the FEC Account in the UTF. States will be able to withdraw funds from the FEC Account in amounts necessary to pay unemployment compensation for Federal employees (UCFE) after December 31, 1980. However, Federal departments and agencies will be required to reimburse the FEC Account only for unemployment benefits based on Federal civilian service performed by employees of such departments or agencies after December 31, 1980.

b. A three-digit numerical code has been assigned which identifies each Federal agency. (See Attachment B).

c. States will identify all benefit payments, by Federal agency, that are based on Federal civilian service performed after December 31, 1980. States will submit certified reports to DOL each quarter showing the amount of payments chargeable to each Federal department or agency.

d. The Secretary of Labor will certify to the Secretary of the Treasury and the Federal departments and agencies the amount of the deposit which each Federal department or agency is required to make to the FEC Account for any calendar quarter; and the Secretary of the Treasury will notify the Secretary of Labor as to the date and amount of any deposits made to the FEC Account by each department or agency.

e. The first certified billing document to a Federal department or agency will be made by DOL during the quarter beginning April 1, 1981.

f. The Federal department or agency is required to reimburse the FEC Account in the U.S. Treasury in the total amounts reflected on the certified billing documents. Adjustments to a quarterly billing will be reflected on subsequent billings.

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4. Summary. The basic procedures described above are provided as information to department and agency Heads. The procedures will enable each department and agency Head to plan for the reimbursement to the FEC Account for unemployment benefit payments made to former and/or present Federal civilian employees. More detailed instructions pertaining to reimbursing the FEC Account will be provided to you at a later date.

In order to safeguard Federal funds and insure that only eligible claimants are being paid, instructions concerning the need for Federal departments and agencies to monitor UCFE determinations and benefit payments are being sent directly to each UCFE liaison officer designated in accordance with 20 CFR 609.12. Technical assistance and guidance will be available to assist your staff in this effort.

5. Inquiries. For information pertaining to this memorandum, contact the Employment and Training Administration, Unemployment Insurance Service, telephone 202-376-7060.