



**MAY 30 2013**

Mr. Jesse Panuccio  
Executive Director  
Department of Economic Opportunity  
Caldwell Building Suite 112  
107 East Madison Street, MS 100  
Tallahassee, Florida 32399

Dear Director Panuccio:

The purpose of this letter is to provide guidance on Florida's efforts to implement the sequester reduction as required for Emergency Unemployment Compensation (EUC). After extensive discussions between the State of Florida and the U.S. Department of Labor's (Department) National and Atlanta Regional Offices, the Department finds that due to extraordinary programming challenges, Florida is unable to implement the EUC sequestration reductions through the percentage reduction method outlined in Unemployment Insurance Program Letter (UIPL) No. 13-13. Therefore, the Department has approved an alternative method that Florida may use to implement the EUC sequestration reductions. Florida may implement the sequestration reductions by reducing (i.e., "lopping off") the weeks of benefits payable to EUC claimants in the highest numbered EUC Tier<sup>1</sup> available in the state. The sequestered amounts have been estimated using a consistent methodology across all states to achieve the necessary 10.7 percent reduction of EUC outlays for the period April through September, 2013. In order to effectuate the required sequestration reduction and based on an implementation date of June 1, 2013, Florida will be required to reduce the EUC remaining entitlement for all EUC claimants in Tier III by four weeks. Florida has indicated that they will achieve the required sequestration of four weeks by reducing EUC Tier III entitlement to 15.79 percent of the regular UC entitlement for each Tier III claim. Florida has advised the Department that this reduction will ensure a maximum of three weeks of benefits payable in Tier III.

As you know, these benefit reductions are required under Federal law and, as such, the monetary reduction itself (including the method used to achieve the reduction) is not an issue on which a state's UI appellate authority has any discretion. In notifying individuals of their new monetary entitlement, states may cite the guidance in UIPL No. 13-13; UIPL No. 13-13, Change 1; the Balanced Budget and Emergency Control Act of 1985, as amended; and the Budget Control Act of 2011.

Claimants must be provided notification of the sequester reductions and a monetary determination must be issued for the EUC Tier. Included below is sample language the state may use to provide such notification.

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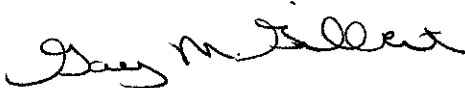
<sup>1</sup> Currently, Florida is eligible for three Tiers of EUC, however if Florida triggers "on" to EUC Tier IV, or triggers "off" Tiers II or III, after the state implements this option, the state would have to recalculate their claims so that the reductions are taken on the highest numbered Tier available in the state.

*The Budget Control Act of 2011 (Public Law 112-25) requires across-the-board budget reductions (also known as "sequestration") to many federal programs, including the Emergency Unemployment Compensation (EUC) program. In order to meet the Federal requirement for sequestration, Florida must reduce the total amount of EUC benefits paid. This mandatory reduction will be accomplished by reducing the EUC benefits available in Tier III EUC claims to 15.79 percent of the regular unemployment compensation claim. These reductions will apply to all Tier III EUC claims beginning on June 1, 2013 and lasting through September 28, 2013.*

*These benefit reductions are required under Federal law by the Balanced Budget and Emergency Control Act of 1985, as amended, and the Budget Control Act of 2011 and are not appealable.*

If you have any questions during the implementation process or for any reason do not think you will be able to implement by June 1, 2013, please contact the Atlanta Regional Office. We applaud you and your staff for the efforts made to implement sequestration, given the significant challenges it presents.

Sincerely,



Gay M. Gilbert  
Administrator  
Office of Unemployment Insurance

cc: Altemese Smith  
Director  
Unemployment Compensation Services  
Florida Department of Economic Opportunity

Eugene Caso  
Acting Regional Administrator  
Atlanta