
a. The (Name of State agency) shall disclose, upon request, to officers or employees of any State or local child support enforcement agency, any wage information with respect to an identified individual which is contained in its records.

The term "State or local child support enforcement agency" means any agency of a State or political subdivision thereof operating pursuant to a plan described in Section 454 of the Social Security Act, which has been approved by the Secretary of Health and Human Services under part D, title IV of the Social Security Act.

b. The requesting agency shall agree that such information is to be used only for the purpose of establishing and collecting child support obligation from, and locating, individuals owing such obligations which are being enforced pursuant to a plan described in Section 454 of the Social Security Act which has been approved by the Secretary of Health and Human Services under part D, title IV of the Social Security Act.

c. The information shall not be released unless the requesting agency agrees to reimburse the costs involved for furnishing such information.

d. In addition to the requirements of this (section, subsection, paragraph) all other requirements with respect to confidentiality of information obtained in the administration of this Act and the sanctions imposed on improper disclosure shall apply to the use of such information by officers and employees of child support agencies.

a. The (name of State agency) shall disclose, upon request, to officers and employees of the U.S. Department of Agriculture and any State food stamp agency, with respect to an identified individual, any of the following information which is contained in its records:

(1) wage information,

(2) whether the individual is receiving, has received, or has made application for unemployment compensation and the amount of any compensation being received or to be received by such individual,

(3) the current or most recent home address of the individual, and

(4) whether the individual has refused an offer of employment and if so, a description of the employment offered and the terms, conditions and rate of pay therefor.

b. The term "State food stamp agency" means any agency described in Section 3(n)(1) of the Food Stamp Act of 1977 which administers the food stamp program established under such Act.

c. The requesting agency shall agree that such information shall be used only for purposes of determining the applicant's eligibility for benefits, or the amount of benefits, under the food stamp program established under the Food Stamp Act of 1977.

d. In addition to the requirements of this (section, subsection, paragraph), all other requirements with respect to confidentiality of information obtained in the administration of this Act and the sanctions imposed for improper disclosure of information obtained in the administration of this Act shall apply to the use of such information by the officers and employees of any food stamp agency or the U.S. Department of Agriculture.
for example, the active search for work and suitable work provisions, but the costs will be offset by savings in benefit expenditures by the tightened eligibility requirements. Accordingly, no regulatory impact analysis is required.

Paperwork Reduction Act

Information collection requirements contained in these regulations have been approved by the Office of Management and Budget (OMB) under the provisions of the paperwork Reduction Act of 1980 (Pub. L. 96–511) and have been assigned OMB Control Number 1205–0028 which applies to § 615.15.

Regulatory Flexibility Act

The Department believes that this final rule will have no "significant economic impact on a substantial number of small entities" within the meaning of 5 U.S.C. 605(b). This rule implements amendments to an individual entitlement program and has no economic impact on any small entities. The Secretary has certified to the Chief Counsel for Advocacy of the Small Business Administration to this effect. Accordingly, no regulatory flexibility analysis is required.

List of Subjects in 20 CFR Part 615

Employment and Training Administration, Labor, Unemployment compensation.

Words of Issuance

For the reasons set out in the preamble, Part 615 of Title 20 of the Code of Federal Regulations is revised as set forth below.

Signed at Washington, DC, on July 18, 1988.

Roberts T. Jones,
Acting Assistant Secretary of Labor.

[The amended regulations discussed above appear at §§ 20,505 et seq. in the "Unemployment Insurance: Taxes—Coverage—Federal Benefits" division of 1B CCH Unemployment Insurance Reports.]


1. Purpose. To advise State agencies of recent amendments to Federal law affecting the Federal-State Unemployment Compensation (UC) program.


3. Background. In late 1986, the President signed into law three bills containing provisions affecting the UC program: These are the: (a) Tax Reform Act of 1986 (P. L. 99–514), signed into law on October 22, 1986; (b) Alien Farmworker Act (P. L. 99–595), signed into law on October 31, 1986; and, (c) Immigration Reform and Control Act of 1986 (P. L. 99–603), signed into law on November 6, 1986.

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the exemption from "employment" under Section 3306(c)(1)(E), FUTA, of agricultural labor performed by certain non-immigrant farmworkers admitted to work temporarily under specific provisions of the Immigration and Nationality Act.

c. The Immigration Reform and Control Act of 1986 contains provisions relating to a system to verify alien eligibility for unemployment benefits.

These amendments made several technical and significant changes affecting the Federal-State UC program which may require changes in State law or procedures. However, only the alien verification provisions of the Immigration Reform and Control Act of 1986 may require changes in State laws for compliance with Section 303(f) of the Social Security Act (SSA). The amendments are explained in attachments to this UIPL.

4. Action Required. SESAs are requested to notify appropriate staff of these amendments and take necessary action to implement required changes in State laws or procedures.

5. Inquiries. Inquiries should be directed to your Regional Office.

6. Attachments. Text, explanation and interpretation of UC amendments.

[Attachments]
[Attachment I To UIPL No. 12-87]
Text, Explanation and Interpretation of UC Amendments Made by Public Law 99-514, The Tax Reform Act of 1986

I. Section 121. Taxation of Unemployment Compensation.

A. Text of Amendment.

1. Amendment to Section 85 of the Internal Revenue Code (IRC) of 1986:

SEC. 85. UNEMPLOYMENT COMPENSATION.

(a) GENERAL RULE—In the case of an individual, gross income includes unemployment compensation.

(b) UNEMPLOYMENT COMPENSATION DEFINED.—For purposes of this section, the term "unemployment compensation" means any amount received under a law of the United States or of a State which is in the nature of unemployment compensation.

2. Effective Date:

SECTION 151. EFFECTIVE DATES.

(b) UNEMPLOYMENT COMPENSATION.—The amendment made by sec-

Unemployment Insurance Reports

121 shall apply to amounts received after December 31, 1986, in taxable years ending after such date.

B. Discussion. The Revenue Act of 1978 designated specific income levels at which unemployment benefits were taxable ($25,000 for joint returns or $20,000 for single returns). The Equity and Fiscal Responsibility Act of 1982 lowered the applicable income levels to $18,000 for joint returns or $12,000 for single returns. Section 121 of the Tax Reform Act of 1986 amends the law to provide that gross income shall include all unemployment benefits.

C. Implementation. Each claimant should be informed of this change in income tax law. Notices should be furnished to each claimant currently filing, and to new and reopening claimants as claims are filed. Informational pamphlets should be revised when reprinted. A brief supplemental form can be issued in the interim.

II. Section 122. Exclusion From the Definition of "Gross Income" Certain Prizes and Awards

A. General. Section 122 of the Tax Reform Act of 1986 amends Section 74 of the Internal Revenue Code of 1954 concerning exclusions from the definition of "gross income" of certain prizes and awards. The amendment specifies conditions which must be met to allow such exclusions. Determination of FUTA tax liability will be based upon such definition of gross income.

B. Effective Date. The amendments made by Section 122 apply to prizes and awards granted after December 31, 1986 (Section 151(c)).

C. Implementation. Since the Internal Revenue Service has the primary authority for administering the FUTA tax provisions, it will be responsible for interpreting and applying this provision.

III. Section 1182. 2-YEAR EXTENSION OF EXCLUSIONS FOR EDUCATIONAL ASSISTANCE PROGRAMS AND GROUP LEGAL PLANS.

A. Text of Amendments to Sections 120 and 127 of the IRC of 1986.

(a) EDUCATIONAL ASSISTANCE PROGRAMS.—

(1) EXTENSION.—Subsection (d) of section 127 (relating to termination of exclusion for amounts received under educational assistance programs) is amended by striking out "1983" and inserting in lieu thereof "1987".
(2) INCREASE IN AMOUNTS.—Paragraph (2) of section 127(a) is amended by striking out “$5,000” each place it appears in the text and the heading thereof and inserting in lieu thereof “$5,250”.

(b) GROUP LEGAL PLANS.—Subsection (e) of section 120 (relating to termination of exclusion for amounts received under qualified group legal services plans) is amended by striking out “1983” and inserting in lieu thereof “1987”.

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 1985.

(2) SUBSECTION (b).—The amendment made by subsection (b) shall apply to years ending after December 31, 1985.

(3) CAFETERIA PLAN WITH GROUP LEGAL BENEFITS.—If, within 60 days after the enactment of this Act, an employee elects under a cafeteria plan under Section 125 of the Internal Revenue Code of 1986 coverage for group legal benefits to which Section 120 of such Code applies, such election may, at the election of the taxpayer, apply to all legal services provided during 1986. The preceding sentence shall not apply to any plan which on August 16, 1986, offered such group legal benefits under such plan.

B. Discussion. Section 1162 of the Tax Reform Act of 1986 provides a two-year extension of the exclusion from the definition of wages under the FUTA of employer-financed educational assistance and group legal service plans (through December 31, 1987).

C. Implementation. Since the IRS has the primary authority for administering the FUTA tax provisions, it will be responsible for interpreting and applying this provision.

IV. Section 1705. APPLICABILITY OF UNEMPLOYMENT COMPENSATION TAX TO CERTAIN SERVICES PERFORMED FOR CERTAIN INDIAN TRIBAL GOVERNMENTS (This provision does not amend the FUTA).

A. Text of Amendment.

(a) IN GENERAL.—Section 530 of the Revenue Act of 1978 is amended by adding at the end thereof the following new subsection:

“(d) EXCEPTION.—This section shall not apply in the case of an individual who, pursuant to an arrangement between the taxpayer and another person, provides services for such other person as an engineer, designer, drafter, computer programmer, systems analyst, or other similarly skilled worker engaged in a similar line of work.”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to remuneration paid and services rendered after December 31, 1986.

B. Discussion. Section 530 of the Revenue Act of 1978 (P. L. 95-600) provides that taxpayers who in the past had a reasonable basis, under specified criteria, for not treating workers as employees may continue such treatment without incurring employment tax liability. Section 1706 of the Tax
Reform Act of 1986 amends Section 530 to limit its applicability by providing that the section shall not apply to firms engaging the services of such person as an engineer, designer, drafter, computer programmer, systems analyst, or other similarly skilled worker engaged in a similar line of work. This means that the IRS will apply common-law rules to these firms in determining liability for employment taxes, including the FUTA tax.

C. Implementation. Since the IRS has the primary authority for administering the FUTA tax provisions, it will be responsible for interpreting and applying this provision.


A. Text of Amendment:

The Federal Unemployment Tax Act is amended as follows:

(1) Subparagraph (B) of section 3302(c)(2) (relating to a limit on the credit against the unemployment tax) is amended—

(A) By striking out "determination" the second place it appears in the material preceding clause (i) and inserting in lieu thereof "denominator", and

(B) in clause (i)—

(i) by striking out "percent" immediately preceding the comma at the end thereof; and

(ii) by inserting "percent" after "2.7".

(2) Subparagraph (A) of section 3302(f)(8) (relating to a partial limitation on the reduction of the credit against the unemployment tax) is amended by striking out "1987" and inserting in lieu thereof "1986".

(3) Clause (i) of section 3306(o)(1)(A) (relating to crew leaders who are registered or provide specialized agricultural labor) is amended by striking out "Farm Labor Contractor Registration Act of 1963" and inserting in lieu thereof "Migrant and Seasonal Agricultural Worker Protection Act".

B. Discussion. Section 1884 of the Tax Reform Act of 1986 amends Section 3302(f)(8), FUTA, so that the partial limitation on the reduction of the credit against the unemployment tax does not apply after 1985.

C. Implementation. No changes are required in State law or procedures except that State laws referring to the "Farm Labor Contractor Registration Act," which no longer exists, may want to incorporate reference to the "Migrant and Seasonal Agricultural Worker Protection Act." This change should be considered where State laws make reference to the "Farm Labor Contractor Registration Act" concerning agricultural coverage requirements or in its definition of a crew leader.

[Attachment II TO UIPL NO. 12-87]

Text, Explanation and Interpretation of UC Amendments Made by Public Law 99-595, the Alien Farmworker Act, to Extend the Exclusion From Unemployment Tax of Wages Paid to Certain Alien Farmworkers.

A. Amendment. Section 3306(c)(1)(B), of the FUTA is amended to read as follows:

(B) such labor is not agricultural labor performed before January 1, 1993, by an individual who is an alien admitted to the United States to perform agricultural labor pursuant to sections 214(c) and 101(a)(15)(H) of the Immigration and Nationality Act;

B. Discussion. This provision amends Section 3306(c)(1)(B), FUTA, by extending for five years, until December 31, 1992, the FUTA exemption from coverage of farmworkers who are aliens temporarily admitted to the United States to work in agricultural employment pursuant to Sections 214(c) and 101(a)(15)(H) of the Immigration and Nationality Act.

Prior to the amendments made by Section 4 of P. L. 96-84, effective January 1, 1980, service performed by an alien referred to in Section 3306(c)(1)(B), FUTA, was not required to be covered or taken into account in determining the size of a farm under Section 3306(c)(1)(A)(i) and (ii), FUTA. Subsequent amendments by Congress extended until December 31, 1985, the exemption from coverage of agricultural work under Section 3306(c)(1)(B), FUTA, but required consideration of such service in determining the size of a farm. P. L. 99-595 further extends the exemption from coverage of the same type of agricultural services through December 31, 1992, and continues the required consideration of such service in determining the size of the firm.

C. Implementation. Since the IRS has the primary authority for administering the FUTA tax provisions, it will be responsible for interpreting and applying this provision. While States have the option of providing a similar exclusion in State law, it is not a Federal requirement for conformity.


A. General. Section 121 of the Immigration Reform and Control Act of 1986, P. L. 99-603, contains three provisions affecting the Federal and Federal-State UC programs. Section 121(a)(1) amends Part A of Title XI of the SSA by adding new subsections (d) and (e) to Section 1137—“Income and Eligibility Verification System.” These new subsections establish immigration status verification procedures for UC programs. Section 121(b)(3) of the Act amends Section 302(a) of the SSA to provide for reimbursement to State agencies of 100 percent of the reasonable costs of implementing and operating the immigration status verification system. Section 121(c) of the Act establishes effective dates, and includes provisions for waiver of verification system requirements and certain reports to Congress. Section 121(d) also requires certain General Accounting Office reports, which involve the Department of Labor and the State agencies. Following is an explanation of these new provisions. Detailed instructions for implementing these provisions will be issued at a later date.

The purpose of these provisions is to require States who do not receive a waiver to verify through Immigration and Naturalization Service (INS) records the legal status of all aliens applying for benefits under certain Federally-assisted and Federally-funded programs beginning October 1, 1988. The UC program is included through an amendment to the existing provisions for the income and eligibility verification system in Section 1137 of the SSA. Existing Section 303(f) of the SSA requires State UC agencies to participate in the income and eligibility verification system as described in Section 1137.

Under these new requirements, States who do not qualify for a waiver under conditions spelled out in the law must determine, as a condition of an individual’s eligibility for benefits, that an individual is either a United States citizen or in a “satisfactory immigration status” and verify through INS records the authenticity of any immigration document submitted by the individual. However, prior to denying benefits because of immigration status, the State agency must follow certain minimum procedural safeguards. The requirement for a State agency to participate in the immigration status verification system may be waived by the Secretary of Labor if specified conditions are met. To the extent these new requirements apply to the States for the purposes of the Federal-State UC program, they will also apply to Federal unemployment benefit and allowance programs administered by the States under agreements with the Secretary of Labor.

B. Effective Dates. Section 121(c) of the Immigration Reform and Control Act of 1986 contains several effective dates which impact State employment security agencies.

1. All States must begin complying with the requirements for immigration status determination and verification on October 1, 1988, unless participation is waived by the Secretary of Labor.

2. The INS is required to implement a system for verifying immigration status and make the system available to all States not later than October 1, 1987.

3. An amendment to Section 302(a) of the SSA providing for funding the costs of implementing and operating the immigration status verification system is effective October 1, 1987.

4. The Secretary of Labor is required to submit a report by April 1, 1988 to House Ways and Means Committee and to the Senate Finance Committee on implementation of the new requirements for the UC programs. The Comptroller General is required to submit a report to Congress and to the Commissioner of INS by October 1, 1987, on the effectiveness of current pilot projects relating to the INS System for Alien Verification of Eligibility (SAVE). In addition, the Comptroller General must submit a report to the Congress and to the Secretary of Labor by April 1, 1989, on implementation of the new immigration status verification system requirements.

C. Declaration of Citizenship or Satisfactory Immigration Status. Section 1137(d)(1) specifies that the State shall require, as a condition of eligibility, that each individual sign a declaration under penalty of perjury stating:

1. whether the individual is a citizen or national of the United States, and
2. if not, whether the individual is in a “satisfactory immigration status.”

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D. Satisfactory Immigration Status. Section 1137(d)(1)(B)(ii)(III) defines “satisfactory immigration status” as an immigration status that does not make the individual ineligible for unemployment benefits.

1. Section 3304(a)(14)(A), FUTA, prescribes the conditions under which benefits may be paid based on services performed by an alien. Specifically, the FUTA requires that compensation shall not be payable on the basis of services performed by an alien unless:
   a. the alien was lawfully admitted for permanent residence at the time the services were performed,
   b. the alien was lawfully present for the purposes of performing the services, or
   c. the alien was permanently residing in the United States under color of law at the time the services were performed.

2. In addition, an alien must be legally authorized to work at the time benefits are claimed to be considered “available for work.”

A complete explanation of the Federal requirements relating to alien eligibility for unemployment benefits is found in UIPL 1-86, issued October 29, 1985.

E. Provisions Relating to Determining Alien Status. The Act contains provisions requiring State action to verify that an alien is in “satisfactory immigration status.” However, in making any determination of eligibility based on immigration status, the State agency must provide an individual with certain procedural safeguards.

1. Verification of Status. If on the declaration of citizenship statement an individual indicates that he or she is in a satisfactory immigration status, the individual must present documentary evidence. Section 1137(d)(2), SSA, specifies that the individual must present either:
   a. an alien registration document or other proof of immigration registration from INS that contains the individual’s alien admission number or alien file number (or numbers if the individual has more than one number), or
   b. such other documents as the State determines constitute reasonable evidence indicating a satisfactory immigration status.

In addition, Section 3304(a)(14)(B), FUTA, requires that the same information be uniformly required of all claimants. Section 1137(d)(3), SSA, further requires the State agency to verify documentation referred to in (a) above with the INS through an automated system or other system designated by the INS. Under subsection (3)(B), this system must protect the individual’s privacy to the maximum degree possible. The State agency must use the individual’s alien file number or alien admission number as the basis for verifying alien status. If instead of an alien number the State agency has other documents which the State determines constitute reasonable evidence of satisfactory immigration status, Section 1137(d)(4)(B), SSA, requires the State agency to submit a photocopy of the documents to INS for verification.

2. Procedural Safeguards. The Act contains specific requirements relating to procedures for fact-finding, promptness of payment, and a right to a hearing. A summary and explanation of these requirements follow.

a. The State agency must provide the individual with a reasonable opportunity to submit documentation indicating satisfactory immigration status if such documentation is not presented at the time of filing for UC. The State must also provide the individual reasonable opportunity to submit evidence of satisfactory immigration status if the documentation presented is not verified by the INS. Time periods under State law for providing information needed to determine eligibility for benefits will meet the requirement for “reasonable opportunity.” Attachment 1 to UIPL 15-78, issued January 24, 1978, contains guidance in handling cases where the claimant declines to provide information with respect to immigration status. This guidance is still applicable.

b. Under Section 1137(d)(A)(ii), SSA, a State agency may not delay, deny, reduce or terminate an individual’s eligibility for benefits on the basis of immigration status until a reasonable opportunity has been provided for the individual to present required documentation. If the alien does present such documentation, pending its verification, a State may not delay, deny, reduce, or terminate the individual’s eligibility for benefits on the basis of the individual’s status. Section 1137(d)(4)(B)(ii), SSA. However, under Section 1137(d)(4)(B)(iii), SSA, the State shall not be liable for the consequences of INS action, delay or failure to conduct such verification.

c. Section 1137(d)(5) provides if a State determines that an individual is not in a satisfactory immigration status the individual must be given the opportunity for a fair hearing. This is already a requirement of Section 303(a)(3), SSA, and thus adds nothing to existing Federal requirements.
In addition, Section 3304(a)(14)(C), FUTA, requires an evidentiary burden to be met that is not present in Section 1137(d), SSA. Thus, Section 3304(a)(14)(C) requires that no determination denying benefits based on alien status shall be made except on the preponderance of the evidence. Attachment 1 to UIPL 15-78 contains guidance on what constitutes preponderance of evidence.

F. Limitations on Federal Agency Action. Under Section 1137(c), the Department of Labor may not take any compliance, disallowance, penalty or other regulatory action against the State agency because of an error in a determination holding an individual eligible for benefits based on citizenship or immigration status:

1. if the determination was based on verification provided by the INS;
2. because the State was required under Section 1137(d)(4)(A) or (B), to pay benefits to the individual during the period required to provide the individual with reasonable opportunity to submit documentation or pending official verification of immigration status by the INS;
3. as a result of the outcome of the determination and hearing process afforded the individual under State law.

G. Title III Funding. Section 121(b)(3) amends Section 302(a) of the SSA to permit the use of Title III funds for “100 percent of so much of the reasonable expenditures of the State as are attributable to the costs of the implementation and operation of the immigration status verification system described in section 1137(d).” Section 302(a) of the SSA authorizes the Secretary of Labor to provide payment to the States for the costs of administering the employment security program.

H. Waiver of Requirements. Under Section 121(c)(4)(B), the Secretary of Labor may waive the requirements of the Act on its own initiative or upon an application by a State and based on information the Secretary deems persuasive, provided certain conditions are met.

1. In order to waive the requirements with respect to a State, the Secretary must determine that:
   a. The State agency is using an alternative system which is as effective and timely as the INS immigration status verification system and which provides for hearing and appeal rights at least to the extent required under Section 1137(d)(5), or
   b. The costs of administering the immigration status verification system exceed the estimated savings.

2. Section 121(c)(4)(C) contains the following criteria by the Secretary of Labor to be used in determining cost effectiveness:
   a. the proportion of aliens claiming unemployment benefits to the total number of individuals claiming unemployment benefits,
   b. any savings in benefit outlays resulting from implementation of the verification system,
   c. the labor and nonlabor costs of administering the verification system,
   d. the degree to which the INS is capable of providing timely and reliable information to the State agency, and
   e. such other factors as the Secretary of Labor deems relevant.

A letter will be sent to each State early in 1987 requesting the information the Secretary needs to determine whether a waiver will apply.

I. Reports to Congress. The Act requires reports by the applicable Secretary and Comptroller General on the immigration status verification system.

1. Report by the Secretary. Under Section 121(c)(4)(A), the Secretary of Labor must report to the House Ways and Means Committee and the Senate Finance Committee by April 1, 1988, whether (and the extent to which) application of the SAVE program in the UC program is cost-effective and appropriate to the program and whether there should be a waiver of the application of the SAVE program under Section 121(c)(4)(B).

2. Reports by the Comptroller General. By October 1, 1987, the Comptroller General is required by Section 121(d) to report to Congress and to the Commissioner of INS on current pilot projects using the INS System for Alien Verification of Eligibility (SAVE). The report must examine the effectiveness of the projects and any problems with implementation. In addition, the Comptroller General is directed to monitor and analyze implementation of the new system. By April 1, 1989, the Comptroller General must report to Congress and the appropriate Secretaries on implementation of the immigration status verification system, including recommendations for change, as appropriate.

II. Provisions for Legalization of Status Relating to Entitlement to Unemployment Compensation.

A. General. Section 201(a) of the Immigration Reform and Control Act of 1986, P. L. 99-603, amends the Immigration and
Nationality Act to add a new Section 245A to authorize the adjustment of status of certain aliens who entered the United States before January 1, 1982, to that of "lawfully admitted for temporary residence." Section 245A(a) establishes a new category of "lawfully admitted for temporary residence" and specifies the requirements that must be met to obtain an adjustment of status. Section 245A(b) provides for termination of temporary resident status and otherwise specifies the terms and conditions of temporary resident status. This section also prescribes the conditions for subsequent adjustment of status from "lawfully admitted for temporary residence" to that of "lawfully admitted for permanent residence." Section 245A(e) provides for the temporary stay of deportation and work authorization for certain applicants.

Following is an explanation of these new provisions as they affect the UC program.

B. Temporary Resident Status. Section 245A(a) establishes a new category of "lawfully admitted for temporary residence."

1. This new category allows for the adjustment of status of an alien with no documentation of legal entry to that of an alien lawfully admitted for temporary residence if the alien:
   a. Makes a timely application as specified in Section 245A(a)(1); that is, files a proper application within a 12-month period beginning on a date (not later than 180 days after the date of enactment) designated by the Attorney General;
   b. Had continuous unlawful residence beginning with entry into the United States before January 1, 1982;
   c. Has been continuously present in the United States, with the exception of brief, casual, and innocent absences, since November 5, 1986;
   d. Is admissible as an immigrant under Section 245A(a)(4).

2. After 18 months of temporary residence status, an alien has one year to apply for an adjustment of status to that of lawfully admitted for permanent resident. To be eligible for adjustment of status, the alien must meet the four conditions specified in Section 245A(b)(1).

3. Section 245A(b)(2) specifies the conditions under which the Attorney General shall provide for termination of temporary resident status; and

4. Section 245A(b)(3) provides that an alien with temporary residence status shall be granted "authorization to engage in employment in the United States and be provided with an "employment authorized" endorsement or other appropriate work permit." Paragraph (3) also spells out the conditions on authorization to travel abroad.

C. Temporary Stay of Deportation and Work Authorization for Certain Applicants. Section 245A(e) provides for a hold on deportation and the furnishing of work authorization to an alien who presents a prima facie case or application for change of status before or during the application period.

1. Before Application Period. An alien may not be deported and must be granted employment authorization if the alien is apprehended before the beginning of the application period and can establish a prima facie case of eligibility for an adjustment of status to temporary residence. The alien must then apply for adjustment within the first 30 days of the application period as provided in Section 245A(e)(1).

2. During Application Period. An alien may not be deported and must be granted employment authorization, pending a final determination of alien status, if the alien can establish prima facie application for adjustment of status to temporary resident.

D. Impact on Federal Requirements. For the UC program there are two separate aspects to alien eligibility: non-monetary eligibility during the benefit year, and monetary eligibility during the base period.

1. Availability for Work. When an individual is granted work authorization under these new provisions, the individual becomes legally available for work. The individual must have some dated documentation from INS substantiating the work authorization issued under Section 245A. An alien with INS issued work authorization is eligible, if also able to work, unemployed, and otherwise entitled to benefits under the State law.

2. Section 3304(a)(14), FUTA. Even though an individual has work authorization, the requirements of Section 3304(a)(14), FUTA, still apply. The State must determine monetary eligibility during the base period. The FUTA prescribes the conditions under which benefits may be paid based on services performed by an alien who was in a proper status "at the time services were performed." Benefits based on services performed while an alien is lawfully admitted for temporary residence, or is granted work authorization pending a ruling on his/her application, is payable because the work authorization grants an alien the status of being lawfully present for purposes of performing services. [Caution: see item 7 on page 3966.] The status of temporary residence or granting of work authorization does not, however, confer retroactive lawful presence for purposes of monetary eligibility.
Further, an alien whose status is adjusted to "lawfully admitted for permanent residence" is, from the date such status is granted, "permanently residing in the United States under color of law" within the meaning of that phrase as used in Section 3304(a)(14)(A), FUTA, and further consideration is being given to whether an alien in such status falls under the first category of Section 3304(a)(14)(A), FUTA, as "lawfully admitted for permanent residence."

III. Admission of Temporary Agricultural (H-2A) Workers and Their Entitlement To Unemployment Compensation.

A. General. Title III of the Immigration Reform and Control Act of 1986, P. L. 99-603, provides for the reform of legal immigration. Section 301 of the Act establishes a new "H-2A" nonimmigrant classification for temporary agricultural worker. Section 301(a) and (b) amends Sections 101(a)(15)(H) and 214(c) of the Immigration and Nationality Act to provide for this new classification. Following is an explanation of these new provisions as they affect the UC programs.

B. New "H-2A" Workers. Section 301(a) provides a new "H-2A" nonimmigrant classification for temporary agricultural labor by amending Section 101(a)(15)(H) of the Immigration and Nationality Act. Section 301(c) added a new Section 216 to the Immigration and Nationality Act which allows for the admission of "H-2A" workers to perform agricultural labor or services "of a temporary or seasonal nature" as defined by the Secretary of Labor.

C. Impact on States. The services performed by the new "H-2A" workers are excludable from coverage on the same basis as those performed by "H-2" workers. Section 3306(c)(1)(B), FUTA, exempts from coverage services performed by aliens in agricultural labor, including the new "H-2A" workers through calendar year 1992. However, it requires consideration of such service in determining the size of a firm under Section 3306(c)(1)(A), FUTA.

IV. Provisions for Lawful Residence of Certain Special Agricultural Workers and Their Entitlement to Unemployment Compensation.

A. General. Title III of the Immigration Reform and Control Act of 1986, P. L. 99-603, provides for the lawful residence of certain agricultural workers. Section 302(a)(1) of Title III adds a new Section 210 to the Immigration and Nationality Act that allows for the adjustment of status of special agricultural workers to that of an alien lawfully admitted for temporary residence, and further adjustment of such lawful temporary residents' status to permanent resident.

B. Lawful Residence. The new Section 210 creates a new category of special agricultural worker.

1. This new category allows for the adjustment of status to an alien lawfully admitted for temporary residence if the following requirements are met:

   a. The alien must apply for the adjustment during the period specified in Section 210(a)(1)(A), and

   b. The alien must establish residence in the United States, and have performed seasonal agricultural services in the United States for at least "90 man-days" during the period specified in Section 210(a)(1)(B).

   c. Except as provided in subsection (c)(2) of Section 210, the alien must establish that he/she is admissible to the United States as an immigrant.

   2. Once granted the status of lawful temporary resident under Section 210(a)(1), an alien "shall be granted authorization to engage in employment in the United States and shall be provided an 'employment authorized' endorsement or other appropriate work permit in the same manner as for aliens lawfully admitted for permanent residence." (Section 210(a)(4)).

   3. In accordance with the specific dates listed in Section 210(a)(2), the Attorney General shall adjust the status of any alien with temporary resident status under Section 210(a)(1) to that of an alien lawfully admitted for permanent residence.

   4. Section 210(a)(3) provides for the termination of "temporary resident status" by the Attorney General only upon a determination that the alien is deportable.

C. Temporary Stay of Exclusion or Deportation and Work Authorization for Certain Applicants. New Section 210(d) allows for a stay of exclusion or deportation and work authorization for certain aliens.

1. Before Application Period. An alien may not be excluded or deported and must be granted employment authorization if apprehended before the beginning of the application period and can establish a nonfrivolous case of eligibility to have an adjustment of status. The alien must then apply for adjustment within the first 30 days of the application period as provided in Section 245A(e)(1).

2. During Application Period. An alien may not be excluded or deported and must be granted employment authoriza-
tion if the alien can present a nonfrivolous application for adjustment of status, and until a final determination of the application has been made.

3. In both cases the alien must be granted work authorization and provided documentation of work authorization.

D. Impact on States. For the UC program, there are two separate aspects to alien eligibility: non-monetary eligibility during the benefit year, and monetary eligibility during the base period.

1. Availability for Work. When an individual is granted work authorization under these new provisions, the individual becomes legally available for work. The individual must have some dated documentation from INS substantiating the work authorization.

2. Section 3304(a)(14)(A), FUTA. Even though an individual has work authorization, the requirements of Section 3304(a)(14), FUTA, still apply. The State must determine monetary eligibility during the base period. The FUTA prescribes the conditions under which benefits may be paid based on the status of the alien "at the time services were performed." It is possible that an agricultural worker's base period wage credits may meet the criteria under 3304(a)(14), FUTA. For example, if all the wage credits were performed as an H-2 worker, then the worker "was lawfully present for purposes of performing such services..." Benefits based on services performed while an alien is lawfully admitted for temporary residence are payable under the FUTA because the work authorization grants the alien the status "lawfully present for purposes of performing services." [Caution: see item 7 on page 3966.] The status of "temporary resident" does not, however, confer retroactive lawful presence for purposes of monetary eligibility under the FUTA. An alien granted the status of "lawfully admitted for permanent residence" is at least a third category of "permanently residing in the United States under color of law" under Section 3304(a)(14)(A), and consideration is being given to whether such alien also falls into the first category of "lawfully admitted for permanent residence."


SUBJECT: Revised Interpretation of Section 3304(a)(14) of the Federal Unemployment Tax Act Relating to the Adjustment of Status of Certain Aliens to Lawfully Admitted for Temporary Residence

I. Purpose. To advise State agencies of a revised interpretation of Section 3304(a)(14) of the Federal Unemployment Tax Act (FUTA) relating to the wages for services of aliens which may be used for computing monetary entitlement to unemployment benefits. This revised interpretation permits States to pay benefits based on wages from otherwise covered services performed on or after November 6, 1986, by aliens granted lawful temporary resident status under Section 210(a)(1) or Section 245A(a) of the Immigration and Nationality Act (INA).

2. References. UIPL 1-86; UIPL 12-87; Section 3304(a)(14), FUTA; Section 210 and Section 245A, INA.

3. Background. Section II of Attachment III to UIPL 12-87 transmitted information to the States concerning implementation of Section 245A of the INA. Section 245A(a), INA, authorizes the adjustment of status of certain aliens who entered the United States before January 1, 1982, to that of lawfully admitted for temporary residence. Section 245A(e) provides for the temporary stay of deportation and the granting of work authorization for certain aliens before and during the application period for adjustment of status. Section 245A(b)(3) provides for work authorization while the alien is in lawful temporary resident status.

Section IV of Attachment III to UIPL 12-87 transmitted information concerning implementation of Section 210 of the INA. Section 210(a)(1) sets forth the conditions for the adjustment of status of special agricultural workers to that of lawfully admitted for temporary residence. Section 210(d) provides for temporary stay of deportation and the granting of work authorization for certain aliens before and during the application period for adjustment of status. Section 210(a)(4), INA, provides, among other things, that during the period an alien is in lawful temporary resident status under Section 210(a), the alien "shall be granted authorization to engage in employment in the United States and shall be provided an 'employment authorized' endorsement or other appropriate work permit, in the same manner as for aliens lawfully admitted for permanent residence."

For aliens to receive unemployment benefits, they must satisfy two eligibility requirements: non-monetary eligibility during the benefit year, and monetary eligibility during the base period. With respect to the first requirement, when an alien's status is adjusted to lawfully admitted for temporary residence or when the alien is granted work authorization under Section 245A or Section 210 of the INA, the alien becomes
legally available for work. Such an alien is eligible for unemployment benefits if the alien is also unemployed, able and available for work, and otherwise satisfies the State's eligibility requirements for receiving benefits.

With respect to the second requirement, monetary eligibility during the base period, the requirements of Section 3304(a)(14), FUTA, apply. The second category under Section 3304(a)(14) specifies that services performed while an alien was "lawfully present for purposes of performing such services" may be used for computing monetary eligibility if the State law includes the second category and the State construes the State law provision as including such aliens. Therefore, benefits based on wages for otherwise covered services performed while an alien is lawfully admitted for temporary residence under section 245A(a) or Section 210(a)(1), or after the alien is granted work authorization under Section 245A or Section 210, may be paid (if the State law so provides and the alien is otherwise eligible) because the services were performed while the alien was lawfully present for purposes of performing services.

However, Section II.D.2 and Section IV.D.2 of Attachment III to UIPL 12-87 state that the status of lawful temporary resident or the granting of work authorization does not confer retroactive lawful presence for purposes of monetary entitlement. This means that an alien's services may only be used for establishing monetary entitlement from the date INS grants lawful temporary resident status or work authorization. This interpretation is now partially revised as set forth below.

4. Revised Interpretation. Although Section 210 and Section 245A were effective November 6, 1986, INS did not start accepting applications for lawful temporary resident status until May 5, 1987. INS could have accepted applications for, and granted lawful temporary resident status, as early as November 6, 1986, if it had been able to set up its application process by that date. ETA, therefore, has modified its interpretation of Section 3304(a)(14) to permit States, if State law so allows, to pay benefits based on wages from otherwise covered services performed on or after November 6, 1986, by aliens granted lawful temporary resident status under Section 245A(a) or Section 210(a)(1), INA. This is optional for each State and not a requirement for conformity. The retroactive use of an alien's wages to November 6, 1986, is permitted only if the alien is granted lawful temporary resident status. However, to use such retroactive wages in computing monetary entitlement, the alien must present the agency with documentation of the lawful temporary resident status, i.e., temporary resident card (INS Form I-688).

A distinction exists between INS Form I-688, which is issued to an alien granted lawful temporary resident status and includes work authorization, and INS Form I-688A which is the work authorization issued to an applicant for legalization along with the application fee receipt. The work authorization on INS Form I-688A is effective on the date stated on the form itself, and may never be given retroactive effect for any purpose. The retroactive use of an alien's wages for computing monetary entitlement, as discussed above, only occurs in connection with the granting of lawful temporary resident status and the issuance of INS Form I-688.

When an alien is granted lawful temporary resident status under Section 245A(a) or Section 210(a), INA, the alien falls within the second category of Section 3304(a)(14), FUTA—lawfully present for purposes of performing such services—and each State, at its option, may treat such status as retroactive as far back as November 6, 1986, for the purpose of computing monetary eligibility. Therefore, if the State law includes the second category, and the State construes the State law provision as including such an alien, then wages paid to the alien for otherwise covered services performed on or after November 6, 1986, or such later date as the State construes its law, may be used to compute monetary eligibility. If a States decides to use such wages in computing monetary eligibility, it must first examine its State law to determine if such retroactive use of an alien's wages is permissible.

5. Action Required. State Administrators are requested to provide this information to appropriate staff.

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

[Attachments]

7. Attachments. Attachment 9 of this UIPL should be substituted for the last sentence of the first paragraph of Section II.D.2, page 9, Attachment III to UIPL 12-87, which reads as follows:

The status of temporary residence or granting of work authorization does not,
however, confer retroactive lawful presence for purposes of monetary eligibility.

Attachment II of this UIPL should be substituted for the following sentence contained in Section IV.D.2, page 12, Attachment III to UIPL 12-87:

The status of temporary residence or granting of work authorization does not, however, confer retroactive lawful presence for purposes of monetary eligibility under the FUTA.

[ATTACHMENT I to UIPL NO. 12-87]
[CHANGE I]

Although Section 245A of the INA was effective November 6, 1986, INS will not start accepting applications for lawful temporary resident status until May 5, 1987. INS could have accepted applications for and granted lawful temporary resident status as early as November 6, 1986, if it had been able to set up its application process by that date. ETA, therefore, has modified its interpretation of Section 3304(a)(14) to permit States, at each State’s option, and if State law so allows, to pay benefits based on wages from otherwise covered services performed on or after November 6, 1986 (i.e., as far back as that date) by aliens granted lawful temporary resident status under Section 245A(a), INA. This is optional for each State and not a requirement for conformity. For the purpose of conformity, however, the use of an alien’s wages for services retroactive to November 6, 1986, is permitted only after the alien is granted lawful temporary resident status. To justify the use of such wages in computing monetary entitlement, the alien must present the agency with documentation of the lawful temporary resident status, i.e., temporary resident card (INS Form I-688).

A distinction exists between INS Form I-688, which is issued to an alien granted lawful temporary resident status and includes work authorization, and INS Form I-688A which is the work authorization issued to an applicant for legalization along with the application fee receipt. The work authorization on INS Form I-688A is effective on the date stated on the form itself, and may never be given retroactive effect for any purpose. The retroactive use of an alien’s wages for computing monetary entitlement, as discussed above, occurs only in connection with the granting of lawful temporary resident status and the issuance of INS Form I-688.

[ATTACHMENT II to UIPL NO. 12-87]
[CHANGE I]

For the same reason given on page 9, item II.D.2 of this Attachment, a State may, if State law so allows, pay benefits based on wages from otherwise covered services performed on or after November 6, 1986, by aliens granted lawful temporary resident status under Section 210(a)(1), INA. This is optional for each State and not a requirement for conformity. For the purpose of conformity, however, the use of an alien’s wages for services retroactive as far back as November 6, 1986, is permitted only if the alien is granted lawful temporary resident status. To justify the use of such services in computing monetary entitlement, the alien must present the agency with documentation of the lawful temporary resident status, i.e., temporary resident card (INS Form I-688).

A distinction exists between INS Form I-688, which is issued to an alien granted lawful temporary resident status and includes work authorization, and INS Form I-688A which is the work authorization issued to an applicant for legalization along with the application fee receipt. The work authorization on INS Form I-688A is effective on the date stated on the form itself, and may never be given retroactive effect for any purpose. The retroactive use of an alien’s wages for computing monetary entitlement, as discussed above, occurs only in connection with the granting of lawful temporary resident status and the issuance of INS Form I-688.

Expiration Date: October 31, 1989.


SUBJECT: Child Care Needs of Claimants

1. Purpose. To provide information and to encourage action to assure that child care needs are considered when providing information and assistance to parents filing

Unemployment Insurance Reports

claims for unemployment insurance (UI) benefits.

2. Background. The Secretary of Labor has stated that child care is a National concern and a workforce issue that affects