

**Middle Class Tax Relief and Job Creation Act of 2012
State Reemployment Demonstration Projects
Fact Sheet**

- The Middle Class Tax Relief and Job Creation Act of 2012 includes a provision permitting the Secretary of Labor to enter into agreements with up to 10 states through December 2015 to conduct innovative reemployment demonstration projects designed to:
 - Expedite the reemployment of individuals receiving state unemployment compensation; or
 - Improve the effectiveness of a state carrying out its state law with respect to reemployment.
- Demonstration projects must operate for a period of at least one calendar year but no more than three years.
- Demonstration projects may be for two specific types of activities:
 - Subsidies for employer-provided training, such as wage subsidies; or
 - Direct disbursements to certain employers who hire individuals receiving unemployment compensation.
- A demonstration project may not result in “any increased net costs” to the state’s account in the Unemployment Trust Fund (UTF).
- To provide states flexibility in carrying out the demonstration projects, states may request waivers of the following provisions in Federal unemployment insurance (UI) law:
 - Section 3304(a)(4) of the Internal Revenue Code of 1986 and section 303(a)(5) of the Social Security Act (SSA), which provide that states may only withdraw funds from their state’s account in the UTF to pay unemployment compensation (UC); and
 - Section 303(a)(1) of the SSA, which requires state law to provide for such “methods of administration” reasonably calculated to ensure full payment of UC “when due” and requires merit staffing.
- States must have the authority under their state UI laws to conduct the demonstration and will be required to demonstrate their authority as part of the application process.
- States must assure that demonstration project participants’ employment meets the state’s suitable work requirements and meets Federal labor standards in 3304(a)(5), FUTA.
- States are permitted to use UI administrative grant funds to implement a demonstration project.
- States are required to conduct an impact evaluation of the demonstration project using an appropriate methodology to determine the effects of the project, including on individual skill levels, earnings, and employment retention.
- States are also required to meet reporting requirements prescribed by the Secretary of Labor.
- States will be required to submit applications to the Secretary of Labor in accordance with guidance published on April 19, 2012.

Additional guidance and information is available on the Office of Unemployment Insurance website at <http://www.oui.doleta.gov/unemploy/jobcreact.asp>

- The Secretary must approve or deny applications within 30 days of submission or the application is deemed to be approved.