1	CHAPTER 815. UNEMPLOYMENT INSURANCE		
2			
3	ADOPTED RULES WITH PREAMBLE TO BE PUBLISHED IN THE TEXAS		
4	REGISTER. THIS DOCUMENT WILL HAVE NO SUBSTANTIVE CHANGES BUT IS		
5	SUBJECT TO FORMATTING CHANGES AS REQUIRED BY THE OFFICE OF THE		
6	SECRETARY OF STATE.		
7			
8	ON JUNE 29, 2021, THE TEXAS WORKFORCE COMMISSION ADOPTED THE RULES		
9	WITH PREAMBLE.		
10			
11	Date of publication in the <i>Texas Register</i> : July 16, 2021		
12	The rules will take effect: July 19, 2021		
13			
14	The Texas Workforce Commission (TWC) adopts the following new sections to Chapter 815,		
15	relating to Unemployment Insurance:		
16	wining to entire justine in the second of th		
17	Subchapter A. General Provisions, §815.4		
18	Subchapter F. Extended Benefits, §815.175		
19	Satisfied 1. Extended Benefits, 3013.173		
20	TWC adopts amendments to the following sections of Chapter 815, relating to Unemployment		
21	Insurance:		
22	instruce.		
23	Subchapter G. CARES Act Provisions, §§815.180 - 815.185		
24	Subenuper G. Crites rect to visions, \$3013.100 013.103		
25	New §815.4 and §815.175 and the amendments to §§815.180 - 815.185 are adopted without		
26	changes to the proposed text, as published in the May 7, 2021, issue of the Texas Register (46		
27	TexReg 3007).		
28	1CARC g 5007).		
29	PART I, PURPOSE, BACKGROUND, AND AUTHORITY		
30	The purpose of the Chapter 815 rule change is in accordance with:		
31	the Families First Coronavirus Response Act (FFCRA), Public Law (P.L.) 116 - 127, which		
32			
	contained Division D, the Emergency Unemployment Insurance Stabilization and Access Act of		
33 34	2020 (EUISSA), enacted March 18, 2020;the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), P.L. 116 - 136, enacted		
35	March 27, 2020;		
36	the Consolidated Appropriations Act, 2021, P.L. 116 - 260, enacted December 27, 2020, which		
37	contained the Continued Assistance for Unemployed Workers Act of 2020 (Continued		
38	Assistance Act or CAA);		
39	the American Rescue Plan Act of 2021 (ARPA), P.L. 117 - 2, enacted March 11, 2021, which		
40	contained Title IX, Subtitle A, Crisis Support for Unemployed Workers Part 1, Extension of		
41	CARES Act Unemployment Provisions and Part 2, Extension of FFCRA Unemployment		
42	Provisions; and		
43	Texas Labor Code, §209.025.		
44			
45	FFCRA provided states with emergency funding grants for the administration of their		
46	unemployment compensation (UC) programs to assist states with the unprecedented claim		

volumes associated with COVID-19. Along with these grants, FFCRA also provided for full federal funding for state Extended Benefits (EB).

- The CARES Act provided for new entitlement programs including Federal Pandemic
 Unemployment Compensation (FPUC), Pandemic Emergency Unemployment Compensation
- 6 (PEUC), Federally Reimbursed Waiting Week (FRWW), and Pandemic Unemployment
- 7 Assistance (PUA).

The CAA amended the CARES Act in multiple ways, including allowing states the option to waive PUA overpayments, providing for the creation of a new Mixed Earner Unemployment Compensation (MEUC) program, and adding new requirements concerning the coordination of programs.

ARPA provided for an extension of CARES Act and CAA programs.

New Options and Authority

In terms of new options and authority included in the CAA, §201(d) of the CAA modified §2102(d) the CARES Act to include an option for states to waive PUA overpayments if certain requirements are met. Previously, each CARES Act program contained a provision for the waiver of overpayments with the exception of PUA. TWC operationalized these requirements through administrative rulemaking in §815.12 and §815.183.

To take advantage of the optional waiver authority, TWC amends Chapter 815, Subchapter G, to incorporate the authority to waive certain PUA overpayments. As the statutory requirements for PUA waivers in the CAA are the same as those for the CARES Act program waivers, TWC similarly plans to operationalize these waivers through §815.12 and §815.183.

Section 261 of the CAA added the MEUC program to §2104 of the CARES Act. MEUC operates similarly to another CARES Act program, FPUC, in that it is an additional payment to a claimant who is eligible for at least one dollar of underlying benefit.

However, there are differences between MEUC and FPUC. To receive MEUC, a claimant must apply for MEUC and be found eligible before MEUC payments may begin. MEUC provides \$100 each week, in addition to FPUC, to certain claimants who meet monetary eligibility requirements. Additionally, MEUC is not payable to claimants receiving PUA.

TWC has elected to operate the MEUC program and therefore amends Chapter 815, Subchapter G to include MEUC.

Coordination of Programs

Current §815.181 addresses the coordination of CARES Act programs. Section 206 of the CAA modified the program coordination provisions in §2107 of the CARES Act. As a result, TWC amends §815.181 to reflect these new requirements.

First, under certain circumstances, a claimant who is collecting PEUC and becomes eligible for a new benefit year of regular UC may be able to continue collecting PEUC instead of filing the new regular UC claim as is normally required under coordination rules. As authorized by the CAA and extended by ARPA, a claimant may be eligible to receive PEUC instead of regular UC if all of the following four criteria are met:

- --I: The individual has been determined to be entitled to PEUC with respect to a benefit year;
- --II: The benefit year with respect to which the PEUC entitlement had been established (that is,
 the parent claim) has expired after the date of the CAA enactment;
 - --III: The individual has remaining entitlement to PEUC with respect to such benefit year; and
- --IV: The individual would qualify for regular UC in a subsequent (new) benefit year and the
 weekly benefit amount for regular UC in the new benefit year would be at least \$25 less than the
 weekly benefit amount payable on the individual's PEUC claim.

The CAA provided states with four options for choosing how to coordinate PEUC with regular UC under the new provision. TWC has determined that State Option One is best suited for operationalization in Texas. State Option One provides for establishing a new benefit year for the claimant but deferring payment of the new regular UC claim until the PEUC claim has been exhausted. TWC chose this option previously when a similar amendment was made to the Emergency Unemployment Compensation provisions of 2008 during the Great Recession.

Additionally, both the CAA and ARPA provided extensions of the PEUC program. Both extensions contained a requirement that a claimant who was collecting EB at the time the additional PEUC amount became available, stay on EB rather than transition back to PEUC. Instead, the individual must exhaust the existing EB entitlement before reverting to PEUC. This applies to the weeks in which the CAA and ARPA were passed.

Furthermore, both the CAA and ARPA also provided a state option that a claimant's eligibility for EB be considered to include any week that begins after the individual exhausts all rights to PEUC and that falls during an EB period that began after the date the individual exhausted all rights to PEUC. This applies even if the individual's benefit year has expired, provided the state is in an EB period as of the date the individual exhausts PEUC. As noted below, Texas Labor Code, §209.025 provides TWC with the authority to maximize the receipt of any fully funded federal extended unemployment benefits. TWC is exercising this option and including it in §815.181.

Finally, TWC has added that in operationalizing these requirements, TWC may further amend the dates in §815.181 in response to federal statute or regulation. This will allow TWC to quickly respond to any subsequent changes to federal statutes or regulations amending the dates relating to the coordination of these programs.

Additional Provisions

Texas Labor Code, §209.025 provides that "Notwithstanding any other provision of this subchapter, the Commission by rule may adjust the extended benefit eligibility period as

necessary to maximize the receipt of any fully funded federal extended unemployment benefits, if full federal funding for those benefits is available."

Section 266 of the CAA also provided a state option to disregard the requirement of \$203(b)(1)(B) of the Federal-State Extended Unemployment Compensation Act of 1970 (26 USC \$3304 note) that "no extended benefit period may begin before the fourteenth week after the close of a prior extended benefit period with respect to such State." Currently, this flexibility applies between November 1, 2020, and December 31, 2021.

To ensure that TWC maximizes the federal funding, TWC proposes the flexibility provided by §266 of the CAA with a retroactive provision and generally applicable language should this flexibility be extended into the future. This rule also accounts for possible future situations where the fourteen-week period is reduced, but not eliminated. This provision is applicable to the Insured Unemployment Rate and the Total Unemployment Rate triggers.

Section 815.185(a) is amended to account for situations in which additional changes in law or their interpretations conflict with the rule concerning the 15 percent fraud penalty found in §214.003 of the Texas Unemployment Compensation Act (Act). Initially, the US Department of Labor (DOL) advised that states may not impose additional fraud penalties beyond those provided for in the CARES Act to overpayments for these programs.¹

In Unemployment Insurance Program Letter (UIPL) No. 16-20, Change 4, issued January 8, 2021, DOL determines that a 15 percent fraud penalty does apply to PUA under §251 of the Trade Adjustment Assistance Extension Act of 2011 (TAAEA). As a result, PUA was removed from the 15 percent fraud penalty exception in §815.185(a) of the proposed rules to prevent a conflict with the statute.

 Subsequent to TWC's three-member Commission's approval to publish the Chapter 815 proposed rules in the *Texas Register*, and two days prior to the publication of the *Texas Register*, DOL issued UIPL No. 20-21 on May 5, 2021. UIPL No. 20-21 established that states must apply a minimum 15 percent monetary penalty, such as that found in §214.003 of the Act, to a fraudulent payment under each federal UC program, including those covered by the CARES Act. These federal UC programs include any federal temporary extension of UC and any federal program that increases the weekly amount of UC payable to individuals.

Therefore, so as not to conflict with TAAEA, §251, TWC will operationalize §815.185(a) by assessing the 15 percent penalty that is applicable to a payment of FPUC, FRWW, MEUC, PEUC, and/or PUA. To ensure conformity, TWC will continue to monitor statutes and regulations and their interpretive rules as they pertain to §815.185(a).

- Finally, §815.184 is amended with respect to how CARES Act programs benefits will be offset.

 TWC will deduct 50 percent per each single deduction of the amount of FPUC, FRWW, MEUC,

 PEUC, or PUA otherwise payable to the claimant for a benefit overpayment. Section 303(g) of

 the Social Security Act requires these programs be offset to repay benefit overpayments,
 - ¹ For FPUC, see Attachment I to UIPL No.15-20; for MEUC, see UIPL 15-20, Change 3; for PEUC, see UIPL Attachment I to UIPL No. 17-20, Change 1; and for PUA, see Attachment I to UIPL No. 16-20, Change 2.

- 1 however, the US Department of Labor has limited the amount of FPUC, FRWW, MEUC, PEUC,
- 2 or PUA that can be offset to 50 percent of the benefit payment. Offsetting regarding state
- 3 programs such as regular state benefits is still governed by state law, including §212.006 and
- 4 §214.002 of the Act, but with additional flexibility.

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Conformity with Federal Law

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Lastly, TWC adds a federal conformity provision to Chapter 815, Subchapter A. This provision ensures that if federal statutes or regulations change before TWC has a reasonable opportunity to amend its rules, that TWC will continue to operate in conformity with federal law.

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PART II. EXPLANATION OF INDIVIDUAL PROVISIONS

- 13 (Note: Minor editorial changes are made that do not change the meaning of the rules and,
- therefore, are not discussed in the Explanation of Individual Provisions.)

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SUBCHAPTER A. GENERAL PROVISIONS

TWC adopts the following new section to Subchapter A:

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- §815.4. Conformity with Federal Law
- New §815.4 provides that, notwithstanding any other provision of Chapter 815, if the US
- 21 Secretary of Labor holds that a provision of Chapter 815 does not conform with federal statute or
- regulation, TWC may administer Chapter 815 to conform with the federal statute or regulation
- 23 until it has a reasonable opportunity to amend the nonconforming provision.

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SUBCHAPTER F. EXTENDED BENEFITS

TWC adopts the following new section to Subchapter F:

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§815.175. Federal Waiver to Preserve Access to Extended Benefits

- New §815.175 states that pursuant to Texas Unemployment Compensation Act, §209.025, if full
- federal funding for EB is available and TWC is permitted to reduce or eliminate the number of
- 31 weeks between the end of an extended benefit period and the beginning of a new extended
- 32 benefit period required by the Extended Unemployment Compensation Act of 1970,
- 33 §203(b)(1)(B), TWC shall reduce or eliminate the number of weeks accordingly to maximize the
- receipt of any fully funded federal EB. Section 815.175 operates retroactively, if applicable.

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SUBCHAPTER G. CARES ACT PROVISIONS

TWC adopts the following amendments to Subchapter G:

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- 39 **§815.180. Definitions**
- Section 815.180 is amended to add new paragraph (4), which defines MEUC as the Mixed
- 41 Earner Unemployment Compensation provisions of §2104 of the CARES Act. Current
- 42 paragraphs (4) and (5) are renumbered as paragraphs (5) and (6).

- §815.181. Coordination of CARES Act
- Section 815.181 is amended to add new subsections (c) (h), which further dictate the
- coordination of programs, especially how they relate to PEUC, EB, and MEUC.

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New §815.181(c) provides that if a claimant is receiving PEUC, EB, or PUA, and becomes

3 eligible for regular compensation, the claimant must stop collecting PEUC, EB, or PUA and file

- 4 a new claim for regular compensation, with the following exception: For a claimant whose
- 5 regular compensation benefit year expires after December 27, 2020, if the claimant is entitled to,
- and has a remaining entitlement to, PEUC with respect to that benefit year, TWC shall establish
- a new benefit year, but defer the payment of regular compensation with respect to that new
- 8 benefit year until exhaustion of all PEUC payable with respect to the prior benefit year if the
- 9 individual's weekly benefit amount of regular compensation in the new benefit year is at least
- 10 \$25 less than the individual's weekly benefit amount on the PEUC claim.

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New §815.181(d) provides that a claimant who is receiving EB for the week of unemployment that includes December 27, 2020, or the week ending March 13, 2021, shall not be eligible for

14 PEUC until the individual has exhausted all rights to EB.

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New §815.181(e) states that for weeks of unemployment beginning January 3, 2021, a claimant's

- eligibility for EB shall be considered to include any week that begins after the individual
- exhausts all rights to PEUC and that falls during an EB period that began after the date the
- individual exhausted all rights to PEUC. This applies even if the claimant's benefit year has
- 20 expired, provided the state is in an EB period as of the date the individual exhausts PEUC.

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- New §815.181(f) replaces current §815.181(c). It still provides that FPUC provides for
- 23 additional compensation to a claimant collecting regular compensation, PEUC, PUA, EB, a
- 24 Shared Work program under Chapter 215 of the Texas Unemployment Compensation Act, Trade
- 25 Readjustment Allowances (TRA), and Disaster Unemployment Assistance (DUA), and that
- 26 claimants will receive FPUC payments concurrently with payments under these programs. The
- 27 last sentence referencing dates for FPUC has been removed.

28

- New 815.181(g) provides that MEUC provides for additional compensation to a claimant
- 30 collecting regular compensation, PEUC, EB, a Shared Work program under Chapter 215 of the
- 31 Texas Unemployment Compensation Act, TRA, and DUA. It does not provide additional
- 32 compensation to a claimant collecting PUA. Claimants will receive MEUC payments
- 33 concurrently with payments under these programs.

34

- New §815.181(h) provides that in operationalizing these requirements, TWC may further amend
- the dates in §815.181 in response to federal statute or regulation.

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§815.182. Appeals

39 Section 815.182 is amended to add MEUC to §815.182(a) - (c).

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§815.183. Waiver

- 42 Section 815.183 is amended to remove subsection (b). References to PUA and MEUC as being
- federal extended unemployment compensation programs and therefore subject to §815.12 have
- 44 been added.

§815.184. Overpayments

- 2 Section 815.184 is amended to add MEUC to subsection (a) and former subsection (c) as well as
- 3 to remove the PUA waiver prohibition from subsection (b). Former subsection (c) is re-lettered
- 4 to subsection (d). Subsections (a) and (b) are amended to remove the last sentence. Subsection
- 5 (c) clarifies that TWC shall deduct 50 percent per each single deduction of the amount of FPUC,
- 6 FRWW, MEUC, PEUC, or PUA otherwise payable to the claimant to recover an overpayment.

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§815.185. Fraud

- 9 Section 815.185 is amended to add MEUC to subsections (a) and (b) and remove PUA from
- subsection (a). Subsection (a) is also amended to note that its provisions stand unless otherwise
- 11 conflicting with federal statute or regulation.

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- 13 TWC hereby certifies that the rules have been reviewed by legal counsel and found to be within
- 14 TWC's legal authority to adopt.

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PART III. PUBLIC COMMENT

The public comment period closed on June 7, 2021. No comments were received.

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PART IV. STATUTORY AUTHORITY

The rules are adopted under:

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- 22 -- Texas Labor Code, §209.025, which provides TWC with authority to adopt rules necessary to
- 23 maximize the receipt of any fully federally funded extended unemployment benefits, if full
- 24 federal funding of those benefits is available; and
- 25 -- Texas Labor Code, §301.0015(a)(6), which provides TWC with the authority to adopt, amend,
- or repeal such rules as it deems necessary for the effective administration of TWC services and
- activities.

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29 The rules affect Texas Labor Code, Title 4.

1			
1 2	CHAPTER 815. UNEMPLOYMENT INSURANCE		
3			
4 5	SUBCHAPTER A. GENERAL PROVISIONS		
6 7	§815.4. Con	formity with Federal Law.	
8	Notwiths	tanding any other provision of this chapter, if the US Secretary of Labor holds	
9	that a provision of this chapter does not conform with federal statute or regulation, the		
10	Agency may administer this chapter to conform with the federal statute or regulation unt		
11		mission has a reasonable opportunity to amend the nonconforming provision.	
12		,	
13	SUBCHAPTER F. EXTENDED BENEFITS		
14			
15	§815.175. Federal Waiver to Preserve Access to Extended Benefits.		
16			
17	Pursuant to §209.025 of the Act, if full federal funding for Extended Benefits is available		
18	and the Agency is permitted to reduce or eliminate the number of weeks between the end		
19	of an extended benefit period and the beginning of a new extended benefit period		
20	required by §203(b)(1)(B) of the Extended Unemployment Compensation Act of 1970,		
21 22	the Agency shall reduce or eliminate the number of weeks accordingly to maximize the		
23	receipt of any fully funded federal Extended Benefits. This section operates retroactively, if applicable.		
24	п аррпса	tote.	
25	SURCHAPTER G	CARES ACT PROVISIONS	
26	Sebellii iek G	CHALLS HETT ROVISIONS	
27	§815.180. Definitions.		
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29	The following definitions shall apply to this subchapter:		
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31	(1)	CARES Actrefers to the Coronavirus Aid, Relief, and Economic Security	
32		Act, Public Law 116 - 136; TITLE IIAssistance for American Workers,	
33		Families, and Businesses; Subtitle AUnemployment Insurance Provisions.	
34	/^ \		
35	(2)	FPUCrefers to the Federal Pandemic Unemployment Compensation	
36		provisions of §2104 of the CARES Act.	
37	(2)		
38	(3)	FRWWrefers to the Federally Reimbursed Waiting Week provisions of	
39		§2105 of the CARES Act.	
40 41	(4)	MEUCrefers to the Mixed Earner Unemployment Compensation provisions	
42	(4)	of §2104 of the CARES Act.	
43		of §2104 of the CARES Act.	
44	(5)	PEUCrefers to the Pandemic Emergency Unemployment Compensation	
45	(3)	provisions of §2107 of the CARES Act.	
46		T	

(d) A claimant who is receiving EB for the week of unemployment that includes December 27, 2020, or the week ending March 13, 2021, shall not be eligible for PEUC until the individual has exhausted all rights to EB.

(e) For weeks of unemployment beginning January 3, 2021, a claimant's eligibility for EB shall be considered to include any week that begins after the individual exhausts all rights to PEUC and that falls during an EB period that began after the date the individual exhausted all rights to PEUC. This applies even if the claimant's benefit year has expired, provided the state is in an EB period as of the date the individual exhausts PEUC.

(f) FPUC provides for additional compensation to a claimant collecting regular compensation, PEUC, PUA, EB, a Shared Work program under Chapter 215 of the Act, TRA, and Disaster Unemployment Assistance (DUA). Claimants will receive FPUC payments concurrently with payments under these programs.

- (g) MEUC provides for additional compensation to a claimant collecting regular compensation, PEUC, EB, a Shared Work program under Chapter 215 of the Act, TRA, and DUA. It does not provide additional compensation to a claimant collecting PUA. Claimants will receive MEUC payments concurrently with payments under these programs.
- (h) In operationalizing these requirements, the Agency may further amend the dates in this section in response to federal statute or regulation.

§815.182. Appeals.

- (a) A claimant may appeal an adverse FPUC, FRWW, MEUC, PEUC, or PUA determination pursuant to the provisions and timeframes of Chapter 212 of the Act and the provisions set out in §815.16 of this chapter (relating to Appeals to Appeal Tribunals from Determinations), §815.17 of this chapter (relating to Appeals to the Commission from Decisions), and §815.18 of this chapter (relating to General Rules for Both Appeal Stages).
- (b) An employer is not a "party of interest," pursuant to §815.15(c) of this chapter (relating to Parties with Appeal Rights), to an FPUC, FRWW, MEUC, PEUC, or PUA determination and therefore does not have appeal rights. An employer may appear at an FPUC, FRWW, MEUC, PEUC, or PUA hearing to offer evidence when appropriate.
- (c) When considering an appeal involving FPUC and/or MEUC, the Appeal Tribunal and the Commission shall look to the merits of the denial of the underlying benefit when determining eligibility for FPUC and/or MEUC payments.

§815.183. Waiver.

FPUC, FRWW, MEUC, PEUC, and PUA are federal extended unemployment compensation programs and therefore subject to §815.12 of this chapter (relating to Waiver of Repayment and Recovery of Federal Extended Unemployment Compensation Overpayments).

§815.184. Overpayments.

(a) Unless an FPUC, FRWW, MEUC, or PEUC overpayment is otherwise recovered or waived, the Agency shall, during the three-year period after the date the claimant received the payment of FPUC, FRWW, MEUC, or PEUC to which the claimant was not entitled, recover the overpayment by deductions from any sums payable to the claimant.

(b) Unless a PUA overpayment is otherwise recovered or waived, the Agency shall recover the overpayment by deductions from any sums payable to the claimant. A PUA overpayment is not subject to the three-year period limitation stated in subsection (a) of this section.

(c) The Agency shall deduct 50 percent per each single deduction of the amount of FPUC, FRWW, MEUC, PEUC, or PUA otherwise payable to the claimant to recover an overpayment.

(d) If a claimant has an unemployment benefits overpayment with an appropriate agency in another state, and the Agency has a reciprocal arrangement with that other state agency under §211.004 of the Act, the Agency shall deduct 50 percent per each single deduction of the amount of FPUC, FRWW, MEUC, PEUC, or PUA otherwise payable to the claimant.

§815.185. Fraud.

(a) Unless otherwise conflicting with federal statute or regulation, a penalty for fraudulently obtaining benefits under §214.003 of the Act shall not apply to fraudulently obtained FPUC, FRWW, MEUC, and PEUC benefits forfeited.

(b) The Agency and the Commission shall examine the underlying payment or statement which precipitated the fraud determination when examining FPUC and/or MEUC fraud.

(c) In determining disqualification for fraud under PUA, the provisions of 20 CFR §625.14(i) shall apply.