

Attachment II to UIPL No. 18-20, Change 1

**Examples of the Impact of Section 903(i) of the Social Security Act (SSA),  
as amended by the Protecting Nonprofits from Catastrophic Cash Flow Strain Act of 2020 (Pub. L. 116-151)**

The following examples show how an employer that makes payments in lieu of contributions is impacted by the amendments to Section 903(i), SSA, specifically in relation to how the state administers liability relief under state law.

	Example 1: State provides 50% liability relief	Example 2: State provides 100% liability relief	Example 3: State provides no liability relief	Example 4: State provides 70% liability relief
<b>Part (1) Amount due from the employer</b>				
(a) Compensation paid from state unemployment fund and attributable to service with the entity	\$1,000	\$1,000	\$1,000	\$1,000
(b) State liability relief	-\$500	-\$1,000	-\$0	-\$700
<b>(c) Subtotal – Amount due in lieu of contributions</b>	<b>\$500</b>	<b>\$0</b>	<b>\$1,000</b>	<b>\$300</b>
(d) Federal emergency relief to reduce the amount due in lieu of contributions (available up to one-half of Part (1)(a))	-\$500	\$0	-\$500	-\$300
<b>(e) Amount due from employer</b>	<b>\$0</b>	<b>\$0</b>	<b>\$500</b>	<b>\$0</b>
<b>Part (2) Amount of federal funds available to the state</b>				
(a) Funds transferred from Federal Unemployment Account (FUA) into the state unemployment fund under Section 903(i)(1)(B), SSA (equal to one-half of Part (1)(a))	\$500	\$500	\$500	\$500
(b) Federal emergency relief to reduce the amount due in lieu of contributions (equal to Part (1)(d))	-\$500	-\$0	-\$500	-\$300
<b>(c) Amount that state must return to FUA<sup>2</sup></b>	<b>\$0</b>	<b>\$500</b>	<b>\$0</b>	<b>\$200</b>
<b>Summary</b>				
<b>Amount of benefits paid from state unemployment fund (equal to Part (1)(a))</b>	<b>\$1,000</b>	<b>\$1,000</b>	<b>\$1,000</b>	<b>\$1,000</b>
<b>Amount owed by employer after state liability relief and federal emergency relief (equal to Part (1)(e))</b>	<b>\$0</b>	<b>\$0</b>	<b>\$500</b>	<b>\$0</b>
<b>Net impact on state unemployment fund (equal to Part (1)(b))</b>	<b>-\$500</b>	<b>-\$1,000</b>	<b>\$0</b>	<b>-\$700</b>

<sup>2</sup> Section 903(i)(1)(C), SSA, provides that these funds are to be used exclusively to reduce the amounts required to be paid in lieu of contributions.