



*COMMONWEALTH of VIRGINIA*  
*Office of the Governor*

Ralph S. Northam  
Governor

January 22, 2019

Secretary Alexander Acosta  
U.S. Department of Labor  
200 Constitution Ave NW  
Washington, DC 20210

Dear Secretary Acosta:

I am writing to you on behalf of Virginia's federal workforce, seeking clarity on United States Department of Labor guidance regarding the issuance of unemployment benefits to furloughed workers. As you are aware, the Department's guidance states that federal workers who are furloughed but performing essential services are not "unemployed" within the meaning of the states' unemployment compensation acts, leaving them ineligible for unemployment insurance benefits.

The Commonwealth is home to close to 177,000 federal workers, about 64,000 of whom are impacted by the partial government shutdown. This Friday, furloughed personnel face the unprecedented prospect of missing a second paycheck as the longest shutdown in our nation's history drags on. The tremendous hardship for these workers cannot be overstated, and presents profound implications for Virginia's economy.

As Virginia's governor, I must consider all available options for alleviating the impacts of the shutdown on our residents. One such option would be to join other states in directing that an appropriate and reasonable interpretation of the Virginia Unemployment Compensation Act provides for the payment of unemployment insurance benefits to furloughed essential personnel. Today, I ask you to clearly specify what course of action, if any, the U.S. Department of Labor will take against states seeking to issue unemployment benefits to essential federal personnel against your Department's stated guidance. I request your Department's assurance this interpretation will not result in loss of the credit currently provided to Virginia employers under the Federal Unemployment Tax Act, the loss of which could result in significant hardship to Virginia's employers. As you are aware, this credit reduces the tax liability of Virginia

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employers by approximately 90 percent. Elimination of the credit would result in an additional cost of about \$2.5 billion to our employers.

Additionally, I ask for your Department's assurance that federal funds will be available for reimbursement of unemployment benefits paid to essential federal personnel who are working without pay and for any administrative costs associated with paying those benefits. Unemployment insurance plays a pivotal role in the lives of Americans who become separated from their employment through no fault of their own. I am deeply concerned for federal workers like our TSA screeners, FAA personnel, and Coast Guard members, who have dedicated their careers to federal service, and are more constrained in their ability to meet their needs and the needs of their families each day this shutdown continues. Unemployment benefits to essential personnel would, in part, mitigate the costs associated with reporting to work, such as childcare and transportation, and basic necessities like food and housing.

I am sure that you are also aware that unemployment insurance has a significant macroeconomic stabilizing purpose as well. Unemployment insurance benefits paid to individuals are immediately pumped back into the economy. Therefore, the unavailability of these benefits has the twofold impact of hurting Virginia workers, and negatively impacting our economy.

I look forward to your swift response, as you have the ability to help with measures states can take to provide relief to essential personnel bearing the brunt of the impact of the federal government shutdown.

Sincerely,

A handwritten signature in black ink, appearing to read "Ralph S. Northam". The signature is fluid and cursive, with a long horizontal stroke at the end.

Ralph. S. Northam