

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION Unemployment Insurance
	CORRESPONDENCE SYMBOL OUI/DFAS
	DATE August 12, 2020

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 27-20

TO: STATE WORKFORCE AGENCIES

FROM: JOHN PALLASCH 
Assistant Secretary

SUBJECT: Presidential Memorandum on Authorizing the Other Needs Assistance Program for Major Disaster Declarations Related to Coronavirus Disease 2019 (COVID-19)—Unemployment Insurance (UI)-Related Technical Assistance for States Administering Lost Wages Assistance (LWA)

1. **Purpose.** To provide states with Unemployment Insurance (UI)-related technical assistance for administering LWA provided under Section 408(e)(2) in the Robert T. Stafford Disaster Relief and Emergency Assistance (Stafford) Act (42 U.S.C. 5174(e)(2)), as authorized by the Presidential Memorandum, *Authorizing the Other Needs Assistance Program for Major Disaster Declarations Related to Coronavirus Disease 2019*, issued on August 8, 2020.
2. **Action Requested.** The U.S. Department of Labor’s (Department) Employment and Training Administration (ETA) requests State Workforce Administrators to provide the information contained in this Unemployment Insurance Program Letter (UIPL) to appropriate program and other staff in state workforce systems.
3. **Summary and Background.**
 - a. Summary – On August 8, 2020, the President issued a memorandum, *Authorizing the Other Needs Assistance Program for Major Disaster Declarations Related to Coronavirus Disease 2019* (Presidential Memo), instructing the Secretary of Homeland Security, acting through the Federal Emergency Management Agency (FEMA), to make available other needs assistance (ONA) for lost wages in accordance with Section 408(e)(2) of the Stafford Act (42 U.S.C. 5174(e)(2)). LWA will be administered by states and territories through a grant agreement with FEMA. FEMA will not administer benefits directly to individuals. The states and territories will distribute the funds through their UI system, as a supplemental payment. The Presidential Memo also directed the Department to provide FEMA and the states with technical assistance in the implementation of the program through their existing UI systems.

To apply for a grant from FEMA to implement the LWA program, states may find information on the application process at the FEMA website at <https://www.fema.gov/disasters/coronavirus/supplemental-payments-lost-wages> and at

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Grants.gov application at <https://www.grants.gov/web/grants/view-opportunity.html?oppId=328611>.

Upon a grant award by FEMA, states and territories may provide eligible claimants \$400 per week, with a \$300 federal contribution, in addition to the individual's underlying unemployment benefit. LWA is funded using a 75 percent federal cost share and a 25 percent state match. If states wish to provide this maximum \$400 benefit to their claimants, they may fund \$100 out of amounts allocated to them out of the Coronavirus Relief Fund (CRF), provided under Title V of the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136), or other state funding to cover the 25 percent state match.

Alternatively, states may count funds that are already used to provide regular state UI payments toward the state match, if they choose to do so, eligible claimants will receive a LWA payment of \$300 from the Federal Government in addition to their weekly benefit amount. This is discussed further below.

We acknowledge that American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands are eligible to participate in the LWA program, though they do not have an underlying UI program. Technical assistance will be provided separately to these territories regarding the state match.

LWA is payable to eligible claimants beginning with weeks of unemployment ending on or after August 1, 2020, through weeks of unemployment ending no later than December 27, 2020.

The LWA program may terminate earlier than December 27, 2020, if:

- FEMA expends the \$44 billion from the Disaster Relief Fund (DRF) account designated by the President for the LWA program; or
- The total balance of the DRF account decreases to \$25 billion; or
- Legislation is enacted that provides, due to the COVID-19 outbreak, supplemental federal unemployment compensation or similar compensation for unemployed or underemployed individuals.

The Presidential Memo requires the Secretary of Labor to provide, as appropriate, and consistent with applicable law, technical assistance to FEMA and state governors in the implementation of LWA programs. This UIPL provides technical assistance to states and includes: (i) a summary of the requirements for "eligible claimants," as further described on the FEMA website; (ii) important program dates; and (iii) financial instructions related to benefit costs and administrative costs.

- b. Background—The CARES Act was signed into law by the President on March 27, 2020, and includes the Relief for Workers Affected by Coronavirus Act set out in Division A, Title II, Subtitle A, as well as the CRF set out in Title V. The CARES Act provides

emergency assistance for certain individuals, families, and businesses affected by the COVID-19 pandemic.

Section 2104 of the CARES Act provided for a temporary emergency increase in unemployment compensation benefits, referred to as Federal Pandemic Unemployment Compensation (FPUC), and included funding to states for the administration of such program. This program previously provided eligible individuals with \$600 per week in addition to the weekly benefit amount they received from certain other unemployment compensation (UC) programs. The Department issued UIPL Nos. 15-20 and 15-20, Change 1, setting forth operating and financial instructions for the FPUC program.

If a state chooses to implement LWA, an otherwise eligible individual could receive his or her last payment of FPUC for the week-ending July 25, 2020 and then his or her first week of LWA for the week-ending August 1, 2020 or later.

4. Guidance.

- a. **Eligible Claimants.** As provided in the Presidential Memo, an “eligible claimant” is an individual who: (1) provides self-certification that he or she is unemployed or partially unemployed due to disruptions caused by COVID-19 and (2) receives, for the week of unemployment with respect to which LWA is sought, at least \$100 of regular UC or any of the following UC programs:

- Unemployment Compensation for Federal Employees (UCFE);
- Unemployment Compensation for Ex-Servicemembers (UCX);
- Pandemic Emergency Unemployment Compensation (PEUC);
- Pandemic Unemployment Assistance (PUA);
- Extended Benefits (EB);
- Short-Time Compensation (STC);
- Trade Readjustment Allowances (TRA); and
- Payments under the Self-Employment Assistance (SEA) program.

States will need to develop a self-certification process in accordance with FEMA instructions for claimants to certify weekly that they are unemployed or partially unemployed due to disruptions caused by COVID-19.

LWA is not payable to individuals collecting Disaster Unemployment Assistance (DUA). Additionally, a number of state laws include provisions for extending the potential duration of benefits during periods of high unemployment for individuals in approved training who exhaust benefits, or for a variety of other reasons. Although some state laws call these programs “extended benefits,” the Department uses the term “additional benefits” (AB) for these state programs to avoid confusion with the Federal-State EB program. LWA is not payable to individuals who are receiving AB payments.

For additional information for identifying eligible claimants, refer to the FEMA website.

- b. **Important Program Dates.** LWA is payable for weeks of unemployment ending on or after August 1, 2020, through weeks of unemployment ending before December 27, 2020 contingent upon sufficient balances remaining in the DRF.

Accordingly, in states where the week of unemployment ends on a Saturday, the first week that LWA may be paid is the week ending August 1, 2020. For states where the week of unemployment ends on a Sunday, the first week that LWA is payable is the week ending August 2, 2020.

LWA is not payable for any week of unemployment ending after December 27, 2020. Accordingly, for states where the week of unemployment ends on a Saturday, the last week that LWA may be paid is the week ending December 26, 2020. For states where the week of unemployment ends on a Sunday, the last week that LWA is payable is the week ending December 27, 2020.

However, the LWA program may terminate earlier if:

- FEMA expends the \$44 billion from the DRF account designated by the President for the LWA program; or
- The balance of the DRF decreases to \$25 billion; or
- Legislation is enacted that provides, due to the COVID-19 outbreak, supplemental federal unemployment compensation or similar compensation for unemployed or underemployed individuals.

For additional information regarding termination of the program, refer to the FEMA website.

- c. **Financial Instructions.**

Benefit Costs. Upon a grant award by FEMA, states and territories may provide eligible claimants \$400 per week, with a \$300 federal contribution. LWA is funded using a 75 percent federal cost share and 25 percent state match. For information regarding the federal cost share, refer to the FEMA website.

If states wish to provide this maximum benefit to their claimants, they may pay an additional \$100 per claimant per week using amounts allocated to them out of the CRF, provided under Title V of the CARES Act (Public Law 116-136), or other state funding to cover the 25 percent state match.

States may meet the \$100 per claimant per week state match with the payments they make for regular state UI benefits to claimants that also meet the requirement to be unemployed or partially unemployed as a result of COVID-19 if they choose to do so. This includes states in borrowing status pursuant to Title XII of the Social Security Act. In this case eligible claimants will only receive a LWA payment of \$300 in addition to their weekly benefit amount.

If a state chooses to use another state funding source (e.g., CRF or general revenue) besides those currently supporting the state UI program to cover the 25 percent state match, eligible claimants will receive a total LWA payment of \$400 in addition to their weekly benefit amount. The \$400 consists of \$300 from the federal cost share and \$100 from the state match. The Presidential Memo does not change any requirements for using a state's unemployment account within the Unemployment Trust Fund.

Administrative Costs. Administrative funding for the LWA program, including changes to existing UI systems to accommodate the program, is provided by FEMA. For information regarding the available federal administrative funds, refer to the FEMA website.

Federal grants for administration of state UC law may not be used to pay for any part of the costs of administration of LWA. In addition, if any state staff or other assets (e.g., information technology, office space, utilities) are normally paid for with UC administrative funding, including from the state's UC state administrative grant or other sources of funding for UC administration (e.g., Reed Act funding) and are used to support the LWA program, then cost sharing agreements must be in place. LWA administrative funding must pay for the proportionate share of these resources used to support administration of LWA. Training and Employment Guidance Letter (TEGL) No. 06-02 provides additional information regarding indirect cost rates and cost allocation plans.

5. **Inquiries.** States should direct inquiries regarding LWA to FEMA-IHPHelpdesk@fema.dhs.gov. States may direct inquiries regarding the intersection of LWA with unemployment benefit programs to covid-19@dol.gov.

6. **References.**

- Coronavirus Aid, Relief, and Economic Security (CARES) Act (Pub. L. 116-136), including Division A, Title II, Subtitle A—Relief for Workers Affected by Coronavirus Act and Title V—Coronavirus Relief Funds (CRF);
- Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.);
- Presidential Memorandum, *Authorizing the Other Needs Assistance Program for Major Disaster Declarations Related to Coronavirus Disease 2019*, issued August 8, 2020;
- UIPL No. 15-20, Change 1, *Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Federal Pandemic Unemployment Compensation (FPUC) Program Reporting Instructions and Questions and Answers*, issued May 9, 2020, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=3946;
- UIPL No. 15-20, *Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Federal Pandemic Unemployment Compensation (FPUC) Program Operating, Financial, and Reporting Instructions*, issued April 4, 2020, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=9297;
- TEGL No. 06-02, *Guidance on the Recovery of Indirect Costs*, issued August 21, 2002, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=1416;

- Grants.gov Application at <https://www.grants.gov/web/grants/view-opportunity.html?oppId=328611>; and
- FEMA Website at <https://www.fema.gov/disasters/coronavirus/supplemental-payments-lost-wages>.