

Presidential Memorandum on Lost Wages Assistance

This is to alert you that on August 8, 2020, President Trump signed a Presidential Memorandum making grant funding available to states and territories through the U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. § 5174 (the "Stafford Act"). The Memorandum enables electing states to offer additional "lost wages assistance" benefits of up to \$400 per week to certain unemployed workers receiving unemployment benefits, as described below. Benefits will be available for weeks of unemployment beginning the week ending August 1, 2020, through weeks of unemployment ending no later than December 27, 2020, or when the balance in FEMA's Disaster Relief Funds (DRF) reaches \$25 billion, whichever occurs first. Conversely, funding for these benefits would also terminate upon enactment of legislation providing, due to the COVID-19 outbreak, supplemental Federal unemployment compensation, or similar compensation, for unemployed or underemployed individuals.

Federal funding from the DRF for major disaster declarations related to COVID-19 will be available, via state grant application to FEMA, to cover 75 percent of the benefit costs. States will be required to agree to the cost-sharing requirement pursuant to 42 U.S.C. § 5174(g)(2). In meeting their cost-sharing obligations, states that choose to participate in the lost wage assistance program have two options.

Option 1: States can choose to allocate funds—such as Coronavirus Relief Funds or other available state funding sources separate from unemployment compensation—to satisfy their cost-sharing obligations. Taking this approach means that, in addition to their regular weekly benefit amounts, claimants would receive \$400 per week in new benefits, \$300 of which would be FEMA-funded and \$100 of which would be funded by states from sources other than their UI trust funds, including from Coronavirus Relief Funds.

Option 2: States are also permitted to count their existing unemployment insurance (UI) weekly benefit payments from state funds as their cost share requirement of the lost wage assistance program. In practice, this means that an unemployed claimant will receive \$300 per week in new FEMA-funded benefits, in addition to his or her existing weekly state-funded benefit amounts. This option requires no new expenditures of state funds beyond what the state would already be paying out from state funds in regular unemployment compensation benefits.

States are encouraged to use Coronavirus Relief Funds made available under the Coronavirus Aid, Relief, and Economic Security (CARES) Act for state and local governments to meet the cost-sharing requirement as this will ensure that recipients of the lost wage assistance will receive the full \$400 per week in new benefits permitted under the Presidential Memorandum. States are encouraged to identify other funds to be spent without a Federal match, should the total DRF balance deplete to \$25 billion. These funds are expected to be delivered to eligible claimants in conjunction with the state's unemployment insurance system.

An eligible claimant for these additional benefits include those who provide self-certification that he or she is unemployed or partially unemployed due to a disruption caused by COVID-19 and that receive, for weeks of lost wages assistance sought, at least \$100 per week of benefits in one of the following unemployment programs:

- The regular state UI program;
- Unemployment Compensation for Federal Employees (UCFE);
- Unemployment Compensation for Ex-Service members (UCX);
- Pandemic Emergency Unemployment Compensation (PEUC);
- Pandemic Unemployment Assistance (PUA);
- Extended Benefits (EB);
- Short-Time Compensation (STC);
- Trade Readjustment Allowance (TRA); and
- Payments under the Self-Employment Assistant (SEA) program.

This grant will be administered and overseen by FEMA. The Department plans to hold a later call with state UI Administrators and UI Directors tomorrow afternoon to discuss UI-specific issues. This call will serve as precursor to the Department issuing more formal guidance later this week to assist states in understanding the parameters related to cost allocation, administration of the grant program, and management and accounting of the grant funds for benefit payments. The Department will also offer technical assistance to states seeking to offer the benefits described in the Presidential Memorandum.

The Department will work closely with states and FEMA to facilitate state participation in the lost wage assistance program.

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