
FISCAL UPDATE Article

Fiscal Services Division

October 15, 2020



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COVID-19 — LOST WAGES ASSISTANCE — OCTOBER 13, 2020

Memorandum. On August 8, 2020, President Donald Trump issued a [memorandum](#) authorizing Other Needs Assistance under the federal [Stafford Act](#), which governs major disaster and emergency declarations and assistance. The authorization came in response to the July expiration (in Iowa, the week ending July 25, 2020) of the \$600 per week in Federal Pandemic Unemployment Compensation (FPUC). Under the Other Needs Assistance initiative, states may access disaster relief funds administered by the Federal Emergency Management Agency ([FEMA](#)) in the amount of \$300 in weekly benefits.

FEMA was authorized to use the Stafford Act Disaster Relief Fund (DRF) to provide grants to state and territory governments for supplemental payments for wages lost due to the COVID-19 pandemic. These grants, categorized as Other Needs Assistance, were used to provide Lost Wages Assistance (LWA).

On August 14, 2020, FEMA approved Iowa's application to participate in the LWA Program. The Iowa Department of Workforce Development (IWD) submitted its application to FEMA on August 13, 2020. Iowans whose unemployment is the result of the pandemic and who are eligible for at least \$100 in unemployment insurance (UI) benefits per week qualified for an additional \$300 in weekly benefits retroactive to the week ending August 1, 2020.

October 2020 Update. FEMA and the U.S. Department of Labor (DOL) have notified informed Iowa that the [LWA Program](#) has ended. Iowans whose unemployment is the result of the pandemic and who are eligible for at least \$100 in UI benefits each week will qualify for up to \$300 in additional weekly benefits for a maximum of six weeks. The last week of eligibility for the Program is the week ending September 5, 2020. Individuals eligible for LWA for any of the six weeks of the Program can still receive those payments as IWD works through issuing retroactive weeks.

Since the Program has been administered, Iowa has paid a total of \$151.0 million in LWA benefits. A total of \$44.000 billion was originally allocated to LWA nationwide but was scheduled to be expended with the week ending September 5, 2020.

Eligibility. Individuals must self-certify that they are unemployed, partially unemployed, or unable or unavailable to work due to disruptions caused by COVID-19. Eligible individuals must have received at least \$100 per week from any of the benefits listed below for the week they are seeking benefits, beginning the week ending August 1, 2020. The \$100 eligibility level is determined at an individual's weekly benefit amount. States may not use the Coronavirus Relief Fund or other funds to boost the weekly benefit amount to establish eligibility for individuals who fall below the \$100 threshold.

- Unemployment compensation, including Unemployment Compensation for Federal Employees (UCFE) and Unemployment Compensation for Ex-Servicemembers (UCX).
- Pandemic Emergency Unemployment Compensation (PEUC).
- Pandemic Unemployment Assistance (PUA).
- Extended Benefits.
- Short-Time Compensation.
- Trade Readjustment Allowance.
- Payments under the Self-Employment Assistance Program.

LWA is not payable to individuals collecting Disaster Unemployment Assistance (DUA) and is also not payable to individuals receiving “additional benefits” (AB), which the DOL defines as flowing from state laws that “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.”

Administration. A state’s estimated costs for administering LWA are included in the grant award letter. The FEMA grant allows administrative costs to equal up to 5.0% of the total grant amount, with a 25.0% state match requirement.

Only the portion of time spent administering LWA can be charged to the FEMA grant, and none of the time spent administering LWA may be charged to federal UI funding. Cost sharing must be used for any personnel or other costs that are split between administering regular UI programs and LWA. The DOL refers states to [Training and Employment Guidance Letter \(TEGL\) No. 06-02](#) for additional information on indirect cost rates and cost allocation plans.

State reporting requirements are governed by [2 C.F.R. Part 200](#) (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards) and [44 C.F.R. 206.120\(f\)\(2\)](#) (State Administration of Other Needs Assistance). Reports must include:

- The number and dollar amount of applications approved weekly.
- The number of individuals eligible to receive assistance in each of the categories of eligible claimants specified.
- The amount of assistance disbursed weekly.
- The number of appeals received.

States also must comply with federal financial reporting requirements and closeout reporting requirements within 90 days after the end of the period of performance.

Funding. Up to \$44.000 billion was originally designated for the Program. The Program was scheduled to continue until any of the following occurs:

- The \$44.000 billion is expended.
- The DRF balance falls to \$25.000 billion.
- Legislation is enacted by Congress providing supplemental federal unemployment compensation or similar compensation.
- December 27, 2020.

A total of \$44.000 billion was scheduled to be expended by the week ending September 5, 2020, ending the Program.

Appeals. If a claimant is denied supplemental benefits, states must use their existing policies and procedures for adjudicating appeals for those denied regular unemployment insurance benefits. States are also responsible for recovering improperly distributed LWA benefits.

Payments. After receiving a federal grant award, a state will provide eligible claimants a benefit. The federal payment cannot be adjusted from \$300, and states must choose either the \$300 or \$400 option when they apply for funds. States may provide a combined payment or separate payments, but a state must be able to account for LWA separately and must pay the LWA benefit at the same time as the underlying UI benefit. LWA payments are subject to the federal income tax, and states will decide whether to allow such taxes to be withheld. States may not offset payments for child support debts.

Certification. States are required to develop a self-certification process that is in accordance with FEMA instructions to certify a claimant’s weekly benefits are accurate and assess whether the claimant’s unemployment status is a result or partially a result of COVID-19. The process must determine whether

applicants are fully unemployed or partially unemployed due to disruptions caused by COVID-19. The certification process may be required on a weekly basis.

States must notify all potentially eligible claimants, including those who are currently employed but were not employed for some period after August 1, 2020. Potential claimants must be given the opportunity to self-certify their eligibility. There is no required mechanism for this outreach; however, the DOL directs states to specify the steps an individual must take for self-certification and to urge potential claimants to respond immediately. Individuals who are denied LWA as a result of a state's self-certification process do not have appeal rights outside of the state's appeals process. For those receiving Short-Time Assistance, employers may certify eligibility for LWA. However, if the employer is unable to provide such certification, then the employee must be contacted directly to self-certify.

Individuals must certify once per claim, not weekly. Those who have qualified for PUA are presumed to have met the self-certification requirement. For those receiving other unemployment benefits, the state will need to provide a one-time certification as of the LWA start date.

The most recent job separation does not need to be directly related to COVID-19. At the time of self-certification for LWA, the individual must be unemployed or partially unemployed due to disruptions caused by COVID-19.

Additional Resources. The following resources have been released by the FEMA and the DOL:

- The FEMA LWA [fact sheet](#) and [Frequently Asked Questions document](#).
- The DOL [Unemployment Insurance Program Letter \(UIPL\) No. 27-20](#) and [UIPL No. 27-20, Change 1](#).

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