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Missouri State Auditor

**Federal Unemployment Funding
for COVID-19 Response
Through October 2020**

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Honorable Michael L. Parson, Governor
and
Members of the General Assembly
Jefferson City, Missouri

The primary objective of this report is to summarize the unemployment benefits and relief received by Missouri citizens, government entities, and nonprofit organizations related to the Coronavirus Disease 2019 (COVID-19) emergency from declaration of the emergency through October 2020.

In March 2020, Congress passed several legislative measures signed into law to provide assistance to citizens becoming unemployed due to the COVID-19 emergency. In August, following expiration of a significant program in the initial legislation, the President issued an executive memorandum for a new short-term program. The unemployment assistance funding is processed through the state's Unemployment Insurance Trust Fund at the Department of Labor and Industrial Relations.

Through October 31, 2020, more than 500,000 Missouri citizens have received assistance totaling nearly \$3.8 billion from at least one of the unemployment benefit programs. Also, through that date, approximately 1,600 government entities and nonprofit organizations have received \$22.8 million in emergency unemployment relief.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style and is enclosed within a faint, light-colored rectangular border.

Nicole R. Galloway, CPA
State Auditor

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Federal Unemployment Funding for COVID-19 Response

Executive Summary

Executive Summary

Missouri citizens have received unemployment assistance under the following federal laws enacted or executive action taken in March and August 2020:

- Families First Coronavirus Response Act (Public Law 116-127; H.R. 6201)
- Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136; H.R. 748, as amended)
- Memorandum on Authorizing the Other Needs Assistance Program for Major Disaster Declarations Related to Coronavirus Disease 2019

The Families First Coronavirus Response Act includes the Emergency Unemployment Insurance Stabilization and Access Act of 2020 (EUISAA).¹ That act provides, among other things, (1) emergency administrative grants to states; (2) emergency flexibilities to states related to temporarily modifying certain aspects of their unemployment compensation laws; (3) a short-term waiver of interest payments due and interest accrual on Title XII advances to states; and (4) full federal funding, under certain circumstances, of extended benefits (EB) paid through December 31, 2020. The EUISAA also required the U.S. Department of Labor to provide technical assistance and guidance to assist states in establishing, implementing, and improving employer awareness of the Short-Time Compensation (STC) program, also known as Shared Work or Work Share.

The CARES Act authorizes the following provisions:²

Pandemic Unemployment Assistance (PUA)

This program provides up to 39 weeks of benefits and is available starting with weeks of unemployment beginning on or after January 27, 2020, and ending on or before December 31, 2020.

The program covers individuals who are self-employed, seeking part-time employment, or whom otherwise would not qualify for regular unemployment compensation (UC) or EB under state or federal law or Pandemic Emergency Unemployment Compensation (PEUC). Coverage also includes individuals who have exhausted all rights to regular UC or EB under state or federal law, or PEUC.

¹ U. S Department of Labor, *Advisory: Unemployment Insurance Program Letter No. 13-20*, pages 2-8, issued March 22, 2020.

² U. S Department of Labor, *Advisory: Unemployment Insurance Program Letter No. 14-20*, pages 3-6, issued April 2, 2020.

Pandemic Emergency Unemployment Compensation

This program provides up to 13 weeks of benefits and is available for weeks of unemployment beginning after the date on which the state enters into an agreement with the U.S. Department of Labor and ending with weeks of unemployment ending on or before December 31, 2020.

This program covers individuals who: have exhausted all rights to regular UC under state or federal law; have no rights to regular UC under any other state or federal law; are not receiving compensation under the UC laws of Canada; and are able to work, available for work, and actively seeking work. However, states shall offer flexibility in meeting the "actively seeking work" requirement if individuals are unable to search for work because of COVID-19, including because of illness, quarantine, or movement restriction.

Among the requirements of this program is a non-reduction rule, which prohibits states from changing the computation method governing regular UC law in a way that results in the reduction of average weekly benefit amounts or the number of weeks of benefits payable (i.e., maximum benefit entitlement).

Federal Pandemic Unemployment Compensation (FPUC)

This program provided an additional \$600 per week to individuals who were collecting regular UC (including Unemployment Compensation for Federal Employees and Unemployment Compensation for Ex-Servicemembers), PEUC, PUA, EB, STC, Trade Readjustment Allowances, Disaster Unemployment Assistance, and payments under the Self Employment Assistance program. The program was available for weeks of unemployment beginning after the date on which the state enters into an agreement with the U.S. Department of Labor and ending with weeks of unemployment ending on or before July 31, 2020.

The non-reduction rule applicable to PEUC also applied to this program.

Emergency unemployment relief for governmental entities and non-profit organizations

This section of the CARES Act provides for transfers to a state's account in the unemployment trust fund from the Federal Unemployment Account to provide partial reimbursements (generally 50 percent of the amount of payments in lieu of contributions) to state and local governmental entities, certain nonprofit organizations, and federally recognized Indian tribes for weeks of unemployment between March 13, 2020, and December 31, 2020. These partial reimbursements apply to all payments made during this time period, even if the unemployed individual is not unemployed as a result of COVID-19.

Temporary full federal funding of the first week of compensable regular unemployment for states with no waiting week

States that provide compensation to individuals for their first week of unemployment (i.e., states which do not require a waiting week) and that enter into an agreement with the U.S. Department of Labor will receive 100 percent federal funding for the total amount of regular UC paid to individuals for their first week of regular UC. This funding is available for weeks of unemployment beginning after the date on which the state enters into the agreement and ends with weeks of unemployment ending on or before December 31, 2020.

Memorandum on Authorizing the Other Needs Assistance Program for Major Disaster Declarations Related to Coronavirus Disease 2019³

Through a Federal Emergency Management Agency (FEMA) administered grant for lost wages assistance from the Disaster Relief Fund, a state can provide eligible recipients a \$400 payment per week, which shall reflect a \$300 federal contribution, to eligible claimants from the week of unemployment ending August 1, 2020. The state is responsible for \$100 of the weekly benefit. The President issued the memorandum on August 8, 2020.

This program was available until the Disaster Relief Fund balance reached \$25 billion or for weeks of unemployment ending not later than December 6, 2020, whichever occurred first, at which time the lost wages assistance program would terminate. In Missouri, the program ended in early September 2020.

Through October 31, 2020, more than 500,000 Missouri citizens have received assistance totaling nearly \$3.8 billion from at least one of these programs. Also, through that date approximately 1,600 government entities and nonprofit organizations have received \$22.8 million in emergency unemployment relief.

³ Memorandum on Authorizing the Other Needs Assistance Program for Major Disaster Declarations Related to Coronavirus Disease 2019, <<https://www.whitehouse.gov/presidential-actions/memorandum-authorizing-needs-assistance-program-major-disaster-declarations-related-coronavirus-disease-2019/>>, accessed October 7, 2020

Appendix

Federal Unemployment Funding for COVID-19 Response
Benefits and Employer Refunds or Credits
Through October 31, 2020

Program Name	Benefits/Employer		Number of Citizens Impacted	Start Date ²	End Date ²
	Refunds or Credits Through October 31, 2020 ¹				
Benefits:					
Federal Pandemic Unemployment Compensation	\$ 2,949,509,846		541,400	3/28/2020	7/31/2020
Pandemic Unemployment Assistance	293,399,151		121,527	1/27/2020	12/31/2020
Pandemic Emergency Unemployment Compensation	145,742,891		81,316	3/28/2020	12/31/2020
Temporary Federal Funding of the Waiting Week	45,413,982		565,783	3/28/2020	12/31/2020
Short-Time Compensation	23,079,913		48,142	3/27/2020	12/31/2020
Federal Funding of Extended Benefits	12,826,735		8,315	5/31/2020	10/10/2020
Lost Wage Assistance ³	293,548,139		209,889	7/26/2020	9/05/2020
Total Benefits Programs	<u>3,763,520,657</u>				
Refunds or Credits:					
Emergency Relief for Government Entities and Nonprofit Organizations	22,818,137		1,631	3/13/2020	12/31/2020
Total all Programs	<u>\$ 3,786,338,794</u>				

¹ Benefits paid are reported on a cash basis, net of cancellations and recoupment of any overpayments.

² The start and end dates for benefit programs refer to the week of unemployment that is reported by the claimant after the week is over. If a claim is under review because of an issue, the payment for the week will be delayed until the issue is resolved. Issues may include reason for termination, other wages received, availability for work, etc.

³ The state's portion of this program is not included in the total.

Source: Missouri Department of Labor and Industrial Relations