

COVID-19

TRUMP'S "LOST WAGES ASSISTANCE" AND OHIO

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The \$600 in weekly unemployment compensation Ohioans received from the federal government was a lifeline. For many people it meant the difference between eating and going hungry; having a roof over their head or being out on the street. President Trump will take disaster relief money to pay for "Lost Wages Assistance" replacing the \$600 a week that ended July 25, but at half the level—and for a very limited time. This is a new program to run "in conjunction with the state's unemployment insurance system,"¹ but because it is separate from that system, that creates implementation issues. As a result, one expert on Ohio's system calls it "a square peg in a round hole." Here's what we know about what the Trump plan will mean for Ohio:

Some say it may be illegal: There remain serious legal questions² about Trump's Aug. 8 memorandum that laid out his plan. This includes whether the required state matching effort complies with the disaster relief law. Ohio plans to use existing payments under its unemployment compensation (UC) system to provide the 25% match required under that law.

It will replace only half of the \$600 a week previously available: Gov. DeWine said Ohio will implement a \$300/week supplement. Initially, the Trump administration said that states would have to pay \$100 out of the \$400 total a week the president announced for each claimant, using CARES Act or other funds. After that created serious blowback from states, the U.S. Department of Labor (DOL) said that alternatively, they could count as their contribution the state-funded benefits they already are paying in regular UC benefits (meaning claimants would get an extra \$300 a week, not \$400). DeWine opted for the latter, saying the state doesn't have the money to pay the extra \$100.

The program may not last long: The Federal Emergency Management Agency (FEMA) is approving states for only three weeks of benefits to start with, with additional funding to be approved weekly after that. The program lasts only as long as the disaster relief money does—and based on today's unemployment levels, it will run out long before its final possible end date of December 27. The funds also could be cut off if they are needed for disaster relief.

¹ President Donald J. Trump, "Memorandum on Authorizing the Other Needs Assistance Program for Major Disaster Declarations Related to Coronavirus Disease 2019," Aug. 8, 2020, at <https://www.whitehouse.gov/presidential-actions/memorandum-authorizing-needs-assistance-program-major-disaster-declarations-related-coronavirus-disease-2019/>
² Super, David, "The Continuing Travails of the President's Attempt to Legislate a New Unemployment Assistance Program by Executive Fiat," Balkanization, Aug. 10, 2020, at <https://balkin.blogspot.com/2020/08/the-continuing-travails-of-presidents.html>

It will take Ohio a while to get it up and running: Before claimants can receive the \$300 weekly benefit, state officials have to finish reviewing guidance from FEMA³ and DOL,⁴ set up new arrangements to manage the program and reprogram agency computers to make the payments. Ohio is expected to apply for the program any day now. But based on experience earlier this year and that this is a new program, it could take weeks to implement. DOL estimated that it would take states an average of three weeks after the Aug. 8 announcement. As DOL said, “The supplemental payment is not unemployment insurance; it is a supplemental payment on top of the applicable unemployment insurance benefit paid by the state/territory.” This means that Ohio can’t use its regular UC workforce, its computer systems or its buildings for Lost Wages Assistance until it writes cost-sharing agreements under the disaster relief program. For instance, the Ohio Department of Job & Family Services (ODJFS) will have to figure the time spent by employees who work on this and charge it to a separate account. FEMA will pay administrative costs of up to 5%--but the state must pay a quarter of that itself. All this for a program that may not last longer than a few weeks.

Many claimants will need to certify they lost their job because of COVID-19: According to federal guidance, ODJFS will have to ask each existing regular UC claimant to certify that they lost their job because of COVID-19 if they haven’t already done so. Claimants receiving Pandemic Unemployment Assistance, the new federal program for those who don’t ordinarily payment for UC, don’t need to certify. But the state also is required to reach out to those who were unemployed because of COVID-19 and receiving UC benefits during or the since the week ended Aug. 1, but who are no longer receiving benefits. The program provides benefits retroactive to that week.

Only those getting \$100 a week or more in UC benefits will qualify for the additional \$300: Ohio’s stringent earnings standard means that the minimum regular benefit is \$134 a week. So while there could be some people receiving partial UC benefits who are getting less than \$100 a week in unemployment benefits, this is not as big issue an Ohio as it is in some other states, where the poorest workers won’t get the \$300.

The federal government should do its job: As much as the hundreds of thousands of Ohioans on unemployment need the additional benefits, they’re not likely to get them quickly or for long under the Trump program.⁵ And the lower level of benefits will hurt not only the families who depend on this supplement, but will reduce spending that has helped keep the economy from going into a deeper dive. Congress should reinstate the \$600 weekly benefit as soon as possible.

³ FEMA Lost Wages Supplemental Payment Assistance at <https://www.fema.gov/fact-sheet/fema-lost-wages-supplemental-payment-assistance>

⁴ U.S. Department of Labor, Employment and Training Administration Advisory System, “Unemployment Insurance Program Letter No. 27-20” and “Unemployment Insurance Program Letter No. 27-20 Change 1,” at https://wdr.doleta.gov/directives/attach/UIPL/UIPL_27-20_Change-1.pdf

⁵ A more detailed examination of the program by Michele Evermore of the National Employment Law Project and Andrew Stettner of the Century Foundation can be found at <https://tcf.org/content/commentary/trumps-lost-wage-assistance-program-no-substitute-federal-unemployment-benefits/>