



COMMONWEALTH OF PENNSYLVANIA  
OFFICE OF THE GOVERNOR

August 13, 2020

Dear Members of the Pennsylvania Congressional Delegation:

I write to you today to ask that you continue to work with House and Senate leadership and extend the Federal Pandemic Unemployment Compensation (FPUC) program to support those who have been impacted by the COVID-19 pandemic. On August 8<sup>th</sup>, President Trump issued a memorandum directing the Secretary of Homeland Security to act through the Federal Emergency Management Agency to provide supplemental unemployment benefits. This is a convoluted and short-lived proposal that will delay payments to unemployed Pennsylvanians and create unnecessary and costly administrative burdens for the states who must administer the funds.

I previously wrote to you urging the extension of FPUC, which has allowed many Pennsylvanians to remain economically stable throughout this crisis. Continuing FPUC would immediately provide both relief to Pennsylvania families, continue to inject critically needed stimulus into the economy, prevent further job losses, and promote a stable and swift recovery.

After the FPUC program expired on July 31, President Trump signed a presidential memorandum invoking his emergency authority under the Stafford Act to provide \$44 billion in FEMA funds for a new “lost wages assistance” program to unemployed individuals. For numerous reasons, this approach is problematic and is much less advantageous than Congressional action to extend the FPUC program:

- **States must cover 25% of benefit costs.** The presidential memorandum states that unemployed individuals are eligible for \$400 weekly payments, of which \$300 comes from FEMA funds and \$100 is provided by the states. The administration has suggested that states can use CARES Act funding for these \$100 supplemental payments. Most states, however, have already depleted CARES Act funding by using it to shore up their unemployment compensation (UC) trust funds, or meet the numerous other costs facing states as they continue to respond to the pandemic amidst sharply declining state tax revenues.

An alternate “solution” offered in the President’s memorandum is that states may use existing UC benefits paid to cover the state portion of the required match. If Pennsylvania uses this option, the perception will be that the state has “shorted” claimants by \$100 by counting money they are already receiving towards the match required to trigger the \$300 FEMA payment. In addition, given that Pandemic Unemployment Assistance (PUA), Pandemic Extended Unemployment Compensation (PEUC), and state extended benefits (EB) are currently fully federally paid, it is unclear if the required state match for individuals receiving those benefits can be met through regular UC expenditures.

I ask that you include additional state and local aid in the next stimulus package. Simply put, states, including Pennsylvania, do not have the funds to meet this mandatory \$100 match. Additional state and local aid, as outlined in the HEROES Act, would be required to implement this program as directed by the President.

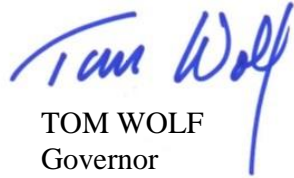
- **There is not enough FEMA funding to sustain the program beyond a few weeks.** Numerous news outlets have cited that, if the 30 million unemployed Americans currently eligible for unemployment benefits collect this lost wage assistance payment, the \$44 billion allocation of FEMA funding from the Disaster Relief Fund will last approximately five to six weeks. Even if unemployment declines at a much faster rate than is currently projected, the program will be out of funding by October. This is not the long-term solution that Pennsylvanians need to remain financially secure while they pursue new employment opportunities.
- **Additional eligibility requirements mean fewer people will receive this funding.** The President's memorandum limits eligibility to individuals receiving \$100 or more in weekly benefits. This means approximately 30,000 Pennsylvanians would receive no supplemental benefit, as they currently receive a weekly benefit of less than \$100 per week. Additionally, unlike FPUC, which provided a flat stipend to every claimant, claimants must certify that they are at least partially unemployed due to COVID-19 in order to receive lost wages assistance funds. Given the reality that COVID-19 has had both direct and indirect effects on job losses, this requirement will create an additional and substantial administrative burden and unnecessary confusion for Pennsylvanians.
- **States must create a new system to make these payments.** Per information provided by U.S. Department of Labor on an August 11 call with FEMA and the states, states are forbidden from using their UC trust fund to quickly pay the \$300 payment and then reimburse the trust fund with FEMA dollars at a later date. States must make the \$300 payment separately from regular UC payments. Many states, including Pennsylvania, are still reeling from rapidly setting up PUA systems and are now struggling under a tidal wave of fraudulent claims. Creating yet another completely new system will be exceedingly labor-intensive, especially for a program that will exist for a maximum of four months, and likely only several weeks. Additionally, this program will take time to create and test, further delaying aid to Pennsylvanians who desperately need it. This will be especially taxing on Pennsylvania's UC system, given that we are in the midst of setting up a new, modern UC platform that has long been scheduled to go live in October.
- **Lost wages assistance provided with FEMA funds under Stafford Act authority is not Unemployment Compensation.** Because FPUC was provided as supplemental UC benefits, it was clear how those payments counted towards eligibility for health insurance, public assistance benefits, child support payments, and several other social service programs. In addition, individuals whose UC, PUA, PEUC, and EB claims are currently being held for additional fact-finding will still receive FPUC for any dates for which they were eligible, even if their eligibility was not determined before the expiration of the program. The funds available through the Stafford Act are capped at \$44 billion and, once exhausted, claimants with backdated claims or whose claims are held for fact-finding will not receive any payments, even if they were eligible.

There is a solution. Language in the President's memorandum states that, should Congress enact legislation that provides supplemental unemployment benefits, the lost wages assistance program will cease operation. FPUC must be re-authorized, so states, including Pennsylvania, can provide funding immediately to all UC, PUA, PEUC, and extended benefits claimants without additional administrative burden to help our citizens during this unprecedented time.

Extending FPUC is vital to supporting the health and welfare of Pennsylvania's people and economy. On behalf of the hard-working families of Pennsylvania, I strongly urge you to work with House and Senate leadership and enact legislation that will provide urgently needed supplemental unemployment benefits that can be simply and quickly administered through the existing unemployment insurance system infrastructure.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink that reads "Tom Wolf". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

TOM WOLF  
Governor