

IDES Applying for Federal Lost Wage Assistance Funds, Despite Grave Concerns About Serious Problems with Federal Program

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SPRINGFIELD – Despite serious concerns about the unfairness of this new federal unemployment program, especially for the lowest-income workers, the Illinois Department of Employment Security (IDES) today announced it has submitted its application to the Federal Emergency Management Agency (FEMA) for the new federal Lost Wage Assistance (LWA) funds. Eligible Illinoisans will be able to access these funds, even though the federal government has created enormous uncertainty around how many weeks workers might receive payments.

“President Trump’s program will likely cut off the most vulnerable workers, create needless competition among the states for these limited FEMA dollars, and sow more confusion among the unemployed, so I want to caution that those eligible for these dollars will likely encounter frustration and unfairness brought on by the President’s short-sighted and short lived program,” said Gov. JB Pritzker. “However, the \$300 benefit will provide much needed assistance for those who can get it, too many of whom are facing terrible choices about whether to pay their rent, buy groceries or get medicine. We will do everything in our power to make sure every eligible recipient can participate in this program.”

From the outset, when President Trump initiated this program through executive order, states around the nation have raised numerous questions about the administrative barriers, along with issues about unfair eligibility requirements that will make access to the funds extremely haphazard.

Under the new federal program, certain individuals unemployed as a result of the COVID-19 pandemic may be eligible to receive an additional \$300 per week to their weekly benefit amount (WBA).

Funds for this new program are only made available through a diversion of FEMA disaster relief funding, a highly unusual and concerning method of supplementing state unemployment systems. States are now forced to compete for FEMA dollars with other states that are in need of disaster assistance during major natural disasters. While LWA has been promoted by the federal government as being available until December 27, 2020, the anticipated shelf-life of the program under the current FEMA funding mechanism is expected to last approximately three weeks, based upon economic projections for the demand of these funds.

LWA is a completely separate federal program from that of the previous unemployment supplemental Federal Pandemic Unemployment Compensation (FPUC) program, which provided an additional \$600 each week in 100 percent federally funded benefits to any claimant receiving unemployment benefits. Rather than extending the already created and functional FPUC program, which would have given each state the ability to quickly administer these funds, the new presidential directive requires each state to create yet another brand-new program, determine how to administer the funds, and leaves the unemployed with fewer resources to deal with this pandemic.

Most concerning, eligibility requirements for LWA leave behind the most vulnerable of Illinoisans. Unlike the FPUC program, in which claimants earning a minimum of a \$1 WBA were entitled to the additional \$600, LWA only allows claimants earning a minimum \$100 WBA to receive the additional \$300 to their benefit payments. This is projected to exclude approximately 55,000 low-income claimants from receiving this supplemental \$300 unemployment benefit.

Additionally, the federal government's goal of bolstering economic activity will fall off a cliff because the LWA is replacing FPUC. While FPUC funds provided individuals the ability to meet and pay for basic necessities, which meant continued economic activity, LWA cuts those funds in half, providing only \$300 per week to far fewer people. The decrease in eligibility and benefits is expected to decrease economic activity by 20 percent.