



MEMORANDUM

To: Governors’ Offices and State Workforce System Leaders
Re: Unemployment Insurance During COVID-19
Date: August 6, 2020

CURRENT STATUS

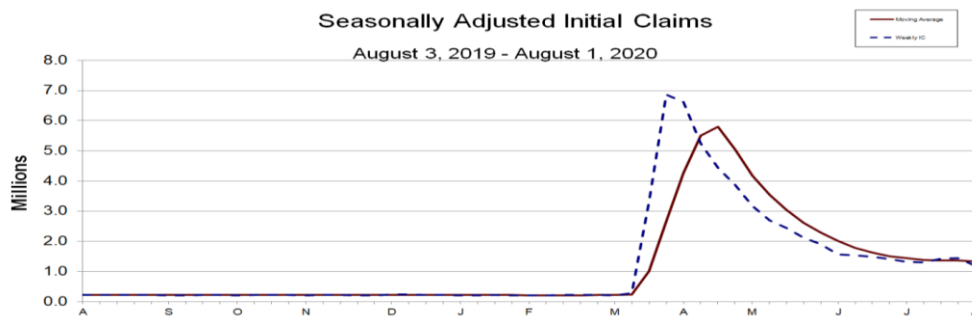
The issuance of additional guidance from the U.S. Department of Labor to implement unemployment insurance provisions of the Coronavirus Aid, Relief, and Economic Security Act (CARES, P.L. 116-136) is imminent. This document will be updated as guidance is issued.

SUMMARY

Businesses across the country are closed in response to the spread of COVID-19. Unemployment assistance has typically been available only to “traditionally-employed” workers, and for state-determined timeframes with stipulations requiring that they actively look for work. Given the circumstances surrounding the COVID-19 pandemic, the U.S. Department of Labor (DOL), the White House, and states are working together to provide flexibility and additional support to workers of all backgrounds who have become unemployed as a result of COVID-19.

DOL initially provided guidance around flexibility for providing unemployment compensation for individuals impacted by COVID-19 through existing programs [Unemployment Insurance Program Letter No. 10-20 – “Unemployment Compensation (UC) for Individuals Affected Coronavirus Disease COVID-19”]. The CARES Act temporarily supplements unemployment insurance (UI) benefit amounts, extends the duration of the benefits, and provides access for workers typically left out of regular UI benefits (further explained below).

As a result of COVID-19, state-ordered business closures, and these increases in access to unemployment assistance, there has been an unprecedented surge in UI claims. Seasonally adjusted initial UI claims reached 6,615,000 in the week ending April 4, reaching a high of 14.7 percent unemployment. The seasonally adjusted initial UI claims went down to 1,186,000 for the week ending August 1 with an unemployment rate of 11 percent for the week ending July 25. Before the impact of COVID-19, the previous high was 695,000 in a week in 1982. The surge is causing challenges with state UI capacity to respond to and process claims and is exacerbating pre-existing challenges many states were facing such as insolvent UI trust funds and technology in need of significant improvement. This memo offers some insights and solutions for governors to consider in addressing these challenges.



Source: https://www.dol.gov/ui/data.pdf

This memo describes:

- What current unemployment assistance flexibilities exist under the CARES Act;
- What states are doing to increase UI staffing and system capacity;
- What governors are doing to further improve access to UI; and
- What governors can do to communicate UI challenges and opportunities to the public, to help reduce public uncertainty that further overwhelms the UI system.

SUMMARY OF UI PROVISIONS IN THE CARES ACT

The CARES Act temporarily supplements UI benefit amounts, extends the duration of the benefits, and provides access to workers typically left out of regular UI benefits. Governors and states can take advantage of the following features of the CARES Act:

1. Pandemic Unemployment Assistance (PUA): 39 weeks of federally-funded benefits that cover individuals not eligible for regular UI or PEUC (see below), including the self-employed, but whose jobs are affected by COVID-19. Individuals must first be found ineligible for regular UI before applying for PUA. PUA is payable in a state beginning on or after January 27 through December 31, 2020. States may also apply for one-time assistance to administer the program. For U.S. DOL operating, financial, and reporting instructions, please see [Unemployment Insurance Program Letter No. 16-20](#) and [additional guidance](#) to address common state questions on implementation.
2. Federal Pandemic Unemployment Compensation (FPUC): States may opt into federally-funded FPUC to provide UI, PUA and PEUC beneficiaries with an additional \$600 per week. FPUC is payable in a state beginning the week following the week in which an agreement is signed between the state and the U.S. DOL Secretary through July 31, 2020. States may also apply for one-time assistance to administer the program. For U.S. DOL operating, financial, and reporting instructions, please see [Unemployment Insurance Program Letter No. 15-20](#).
3. Federally-funded first week of benefits for regular UI (state examples of use below): States with no waiting week may opt into a temporary federally-funded first week of compensable regular unemployment.
4. Emergency state staffing flexibility (state examples of use below): States may temporarily use non-merit staffing through December 31, 2020 for hiring temporary staff or rehiring retirees or former employees on a non-competitive basis.
5. Pandemic Emergency Unemployment Compensation (PEUC): States may enter into an agreement with DOL to provide 13 weeks of federally funded benefits added to the end of the state's regular UI payment period. PEUC is payable in a state beginning the week following the week in which an agreement is signed between the state and the U.S. DOL Secretary, through December 31, 2020. States may also apply for one-time assistance to administer the program. For U.S. DOL operating, financial, and reporting instructions, please see [Unemployment Insurance Program Letter No. 17-20](#). UIPL 17-20 [supplemental guidance](#) answers common questions for state implementation such as notification requirements, claim processing guidelines, monetary eligibility and work search requirements.
6. Short-Time Compensation (STC) Programs (also known as Work Share): States that have short-time compensation programs can have these programs' benefits to workers 100% federally financed. For states without existing programs, the federal government will temporarily finance 50% of the program. The federal government will also provide up to \$100 million in grants to states to implement, improve, and promote STC programs.

Additional federal guidance on unemployment assistance provided through the CARES Act:

- Clarification on Reimbursement to Nonprofits: The U.S. DOL provided additional guidance through the U.S. DOL UI Program Letter (UIPL) [No. 18-20](#) on how states should utilize grants issued from the Federal Unemployment Account (FUA) to a state's account in the unemployment trust fund. FUA can cover one-half of the amount of compensation paid by the state to employees of nonprofit employers such as state and local governmental entities and federally-recognized Indian tribes that typically do not pay into state UI trust funds but who opt to make payments in lieu of these contributions during the crisis. UIPL No. 18-20 clarifies that these nonprofits must pay 100% of unemployment compensation up front and then are eligible for reimbursement according to law. The FUA grants were created by the CARES Act to alleviate the burden on employers that have not been paying into state UI trust funds.
- Clarification of UI/UC Provisions in CARES Act: For additional detail on the UI/UC provisions in the CARES Act, please refer to the U.S. House of Representatives [summary](#) and the UIPL [No. 14-20](#).

NOTABLE STATE EFFORTS TO INCREASE UI STAFF AND INFRASTRUCTURE CAPACITY

1. Direct clients to file and update claims virtually rather than at a physical location. Many states are directing individuals who want to file unemployment insurance claims to their respective websites or phone lines, where everything can be done electronically. This helps alleviate challenges with UI office closures and encourages individuals to stay at home to avoid spreading the virus. This also allows more UI workers to continue to operate, remotely. Several examples, not exhaustive, include:
 - **Alabama** Career Centers, where individuals could file UI claims, all closed during the height of COVID-19. The Alabama Department of Labor Career Center System [directs](#) users to the online filing system for UI claims.
 - **Alaska's** Department of Labor and Workforce Development [encouraged](#) individuals to first file online and call the office only if necessary. In addition, callers are automatically [routed](#) to their nearest job center based upon their calling prefix and assisted by a local employment services technician.
 - **Colorado, Connecticut, Illinois, Texas** and other states offer a Live Chat option to answer questions on the UI process.
 - The **Colorado** Department of Labor [encourages](#) new claimants that are having difficulty reaching a live individual via phone to submit a call-back request online.
 - The **Maryland** Department of Labor [launched](#) an Interactive Voice Response (IVR) system to help claimants file weekly claim certifications for both regular and pandemic unemployment insurance claims (among other actions) through a toll-free number without having to wait for a live agent.
 - **Missouri's** Department of Labor and Industrial Relations conducted ID verification and is available to [assist](#) with UI claimants over the phone through their job centers even as they begin to reopen.
2. Invest in improving UI system technological capacity. With above normal traffic on UI processing websites, many state websites repeatedly crashed. Some states may choose to modernize their system to be able to withstand the increased traffic and monitor for fraud. Bill McCamley, secretary of the New Mexico Department of Workforce Solutions, [said](#) that their department's decision to modernize their system in the last decade has allowed them to better handle this flow. Meanwhile, California [cites](#) its aging system as a primary

source for complaints in processing UI claims. States that are making updates to their system since COVID-19 began include:

- The **Kentucky** Career Center [partnered](#) with the Commonwealth Office of Technology to protect the UI system against fraudulent claims.
 - The **Maryland** Department of Labor is one of several state UI administrators that [worked](#) with the U.S. Department of Labor to create the BEACON One-Stop portal, a new IT system designed to better handle the increased demand for benefits available through the CARES Act.
 - The **Michigan** Department of Labor and Economic Opportunity [added](#) server capacity to help individuals access UI benefits.
3. Ask claimants to stagger when they file their claims. States can request or require claimants to file their claims on certain days to avoid overwhelming the system.
- **Colorado** Department of Labor and Employment [instituted](#) a gating system that allows claimants access to file based on last name.
 - The **Maryland** Department of Labor temporarily encouraged individuals to file their UI claims on certain days of the week depending on their last name. They then staggered depending on whether the caller was filing a new claim or updating a pre-existing claim. Now, callers can call [any day](#) during open hours to talk with a live agent.
 - The **Vermont** Department of Labor [announced](#) an alphabetized structure for call-in claims and inquiries based on last name.
4. Increase staff – temporarily or permanently – to help process the increased demand for UI. The CARES Act provides states with emergency state staffing flexibility. States may temporarily use non-merit staffing through December 31, 2020 for hiring temporary staff or rehiring retirees or former employees on a non-competitive basis. States have used several tactics to increase staff capacity to support the high volume of UI claims, including hiring new staff, bringing over staff from other departments and contracting with a call center or temporary staffing center. Under the Workforce Innovation and Opportunity Act (WIOA), Wagner-Peyser funds are [authorized](#) to be used towards services to assist UI claimants. Call centers that are being used include [Xerox](#) and [Alorica](#) and [Adecco](#) is an example of a staffing agency with branches across the U.S. Strategies states have taken to increase their staff to handle the increased UI claim surge include:
- **Colorado** Department of Labor and Employment [added](#) 90 staff to its UI customer call center team. It also [announced](#) a new 80-person remote call center starting created to help manage claimant questions and overflow from the existing call center.
 - **Iowa's** Unemployment Division [hired](#) customer service representatives through Arete Technologies for six months or more. The announcement gave a physical address and hired representatives earn \$19/hr.
 - **Kentucky, Maine and New Hampshire's** (among others) State Vocational Rehabilitation Programs have provided staff to handle the influx of claims.
 - The **Minnesota** Department of Employment and Economic Development (DEED) added temporary UI call center staff. DEED received up to 2000 UI applications an hour at the height of the crisis. DEED's Senior Leadership Team also asked their staff if anyone would voluntarily take reassignments to the UI Office, with the goal of 50 reassignments.
 - **Oregon's** Higher Education Coordinating Commission used staff to help process UI claims.

- **Texas** used Brooksource to [contract](#) remote call center associates. Applicants must be located in Texas and can earn \$10 per hour for three months or more.
- The **Vermont** Department of Labor [announced](#) that they are tripling staff and added a phone line to handle the increased demand for UI assistance.
- **Washington's** Employment Security Department advertised that they were [hiring](#) more than 100 new staff into the UI program with all remote/virtual work options. They are also extended service hours to seven days a week.
- The **Wisconsin** Department of Workforce Development [tripled](#) its UI team from 500 workers as of March 14 to 1,700 as of July 7. This includes internal transfers, intergovernmental transfers, new hires and contracted vendors.
- Questpro [advertised](#) work from home call center representative positions to help overflow calls from across the U.S. It advertises a pay of \$16/hr for full-time positions.

NOTABLE STATE EFFORTS TO FURTHER IMPROVE ACCESS TO UI

1. Waive the one-week waiting period and work search requirements. The CARES Act provides temporary full federal funding of the first week of compensable regular unemployment for states that eliminate the waiting week. This is optional for states, who may enter into an agreement with the U.S. Department of Labor to participate. Governors that are taking advantage of this funding include:
 - **Alabama** Governor Kay Ivey [issued](#) a memo providing further flexibilities for UI claims, including elimination of the wait week and work search requirements.
 - **Kentucky** Governor Andy Beshear [signed](#) a virus-relief bill that waives the seven-day waiting period to access UI benefits.
 - **Maryland** Gov. Hogan [ordered](#) a temporary exemption from the work search requirement while Maryland is in a State of Emergency and for thirty days after. The state's Department of Labor notes that recipients must continue to file weekly claim certifications.
 - **New York** Governor Andrew Cuomo [issued](#) Executive Order 202.1 declaring a State disaster emergency and eliminated the waiting period for UI benefits.
 - **Wisconsin** Governor Tony Evers [proposed](#) waiving the state's one-week waiting period to receive unemployment benefits.
2. Extend benefits to those not normally covered under UI. Pandemic Unemployment Assistance (PUA) authorized under the CARES Act enables states to extend benefits to those not normally covered by UI such as the self-employed, gig workers, contractors and working students. Under PUA, an individual does not need to provide proof of employment or commencement of employment within 21 calendar days or provide a copy of the previous year's tax return to receive PUA. The UIPL 16-20 [supplemental guidance](#) provides a list of examples of additional categories of individuals who are eligible and not eligible for PUA.

Additional actions that governors have taken to extend benefits to UI include:

- **Arizona** Governor Doug Ducey signed S.B. 1694, which expands access to UI and waives certain Arizona Department of Economic Security (DES) eligibility requirements.
- **Kentucky** Governor Andy Beshear [signed](#) a virus-relief bill that extends benefits to the self-employed and others normally ineligible for assistance.

3. Increase UI benefits to workers impacted by COVID-19. The CARES Act included pandemic emergency increases in UC benefits (PEUC). This is optional for states, who may enter into an agreement with the U.S. Department of Labor to participate. States that have additional steps to increase UI benefits include:
 - **Alaska** Governor Mike Dunleavy [signed](#) House Bill 308 to increase the weekly benefit for dependents from \$24 to \$75 per week, as well as to waive the one-week waiting period.

NOTABLE STATE EFFORTS TO COMMUNICATE UI CHALLENGES AND OPPORTUNITIES TO THE PUBLIC

Faced with extremely high rates of unemployment as a result of COVID-19, governors are looking for ways to assure workers of support, as well as clarification on what benefits are available to workers and how they can access them. During a time like this, it is important to clearly communicate with the public about what is available.

In particular, it is recommended that governors:

1. Communicate the state's commitment to supporting unemployed workers and processing claims in as timely a manner as possible.
 - **Michigan** Governor Whitmer [issued](#) a press release dedicating the state to implementing measures to address financial health and security, including the increase and expansion of unemployment benefits, saying “We are committed to ensuring emergency financial relief for unemployed residents who continue to stay home and stay safe.”
 - **Ohio** Governor Mike DeWine, [via a Twitter Q&A](#), said to “Please know that we’re working around the clock to give you the best service, and your benefits will be backdated to the date you became eligible.”
2. Work with state UI administrators to clearly communicate what assistance is available, who qualifies for different types of assistance, and where to direct claims.
 - The **New Jersey** commissioner of the state Department of Labor & Workforce Development provided an [interview](#) with ROI-NJ.com to answer questions on who is eligible to receive unemployment benefits and clarification on the state’s process to claim these benefits.
 - The **New York** Department of Labor [released](#) a “What You Need to Know and Do About the CARES Act” flow chart that clearly lays out what types of support are available to different unemployed workers, and where they should go to file claims.
3. Be transparent with the public about challenges UI administrators are facing and what they can expect when they file a claim. Being transparent about the challenges in processing huge surges in claims, and reassuring the public that their claims will be addressed, is important to help reduce public anxiety and anger. Being honest with the public about expectations for things like call wait times or online system processing speeds will help minimize frustration that otherwise may be directed at UI administrators.
 - **Wisconsin** Governor Tony Evers [held media calls](#) to discuss his coronavirus response and to share information with the public on the status of challenges the system is facing, to help calm fears that claims will not be processed. He has also communicated very clearly about a change he’s seeking with the state legislature to waive Wisconsin’s one-week waiting period to receive unemployment benefits.

4. Ask for patience and assistance in supporting the processing ability of UI administrators. For example, governors can reiterate to the public that claimants should avoid placing multiple follow-up calls to check the status of their claims, to help reduce call wait times and keep lines open for those who need to file new claims. Governors can also remind claimants about important steps to ensure they consistently receive their benefits, to help smooth the process in the weeks ahead.
- **Arkansas** Governor Asa Hutchison in a [press conference](#) reminded listeners to “just keep in mind that on Wednesday, our call center received over 300,000 calls, 300,000 calls on the hotline. We’ve added 54 employees to the call centers.”
 - **North Carolina** Governor Roy Cooper [issued](#) a press release reminding workers to complete weekly certification each week to continue receiving benefits. He shared that “[his] administration is working overtime to get unemployment checks out now. [They’ll] keep pushing every day for more state and federal help to save our workers and their families.”

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