



NASWA Input on Possible FPUC Proposals – July 23, 2020

In order to assist policymakers, NASWA provides the following input as various policies are considered for Federal Pandemic Unemployment Compensation (FPUC). For any new legislation, states ask that an effective date be set in the future with sufficient time for programming following USDOL guidance.

Proposal in the 1-5 week range from date of USDOL guidance issuance (for most states):

1. Maintaining a flat amount without a calculation is the preference of NASWA members. States have experience programming a specific dollar amount for a plus-up. That flat amount could be national or vary by state. For example, a state's maximum weekly benefit or average weekly benefit amount for a certain period could be used.

Proposal in the 8-12 week range from date of USDOL guidance issuance (for most states):

2. While not preferred by NASWA members, some policymakers have suggested a sum-certain FPUC amount based upon tiers of unemployment rates in a state. State workforce agencies have experience with programming tiers of additional benefits based upon the Emergency Unemployment Compensation (EUC) program back in the Great Recession. If tiers are developed, our input is that the tiers used should be fairly wide so that the amount is not changed very frequently.

Proposals that would take 8 to 20 weeks or more from date of USDOL guidance issuance (for most states):

3. Another option that has been discussed is to base FPUC on a percentage of the weekly benefit amount. For example, if FPUC becomes 50% of the weekly benefit amount, someone receiving a \$200 regular unemployment insurance payment would receive an additional \$100. If a calculation must be made based on a claimant's benefit amount it would be preferred to use the weekly benefit amount established by the state's monetary determination at the beginning of the claim because benefit amounts commonly change from week to week for a variety of

reasons (such as deducted earnings, child support, offsets of prior overpayments etc.). While this is not preferred by the state workforce agencies, this method would be preferable to other calculations.

4. If policymakers decide to use a different calculation, it is vital that the calculation be based on data already within the state workforce agency. State UI programs base eligibility calculations on quarterly wage records that are reported by employers after a quarter has ended – thus there is a lag in data. The data is an aggregate wage total for the quarter – not hourly and not weekly. For example, a plus-up using a calculation based upon a high quarter in an individual's base period could be used. Because some high earners draw unemployment benefits, there should be a cap on the amount of the additional amount if a percentage of high quarter wages is used.

Any changes to FPUC using a calculation based on individual wage records will necessarily require additional time to program. We anticipate wide variation in states' implementation timeline, varying from four to twelve weeks or more. If such a policy solution is chosen, the effective date should be set well in the future, with a continuation of a flat amount until that future effective date.

It is important to note that many self-employed recipients of the new federal Pandemic Unemployment Assistance (PUA) do not submit proof of earnings in order to qualify for the minimum benefit amount. New capacity would need to be created to receive and analyze earnings data for self-employed workers.

Unable to provide timeframe (some states said this would not be possible in a reasonable amount of time):

5. We have heard possible proposals that would involve the Treasury Department calculating and making FPUC payments through the Internal Revenue Service (IRS). States are concerned about the many administrative issues this would create such as the information that would need to be transferred back and forth, handling the situations where payments need to be returned (such as when an individual is later found to not be eligible for the underlying UI claim, needed offsets such as prior overpayments, or fraud), and delay of payments given the need to transfer data. Because the FPUC program has been operational in the states, it would be faster and more efficient for the states to perform a calculation (following the guidelines above) as compared to starting a new program involving a federal agency.