



HOUSE BILL 1043: 2020 COVID-19 Recovery Act, Sec. 3.3(75a): Lost Wage Assistance Program

2019-2020 General Assembly

Committee:		Date:	November 20, 2020
Introduced by:		Prepared by:	Cindy Avrette Staff Attorney
Analysis of:	Sec. 3.3(75a) of S.L. 2020-4		

OVERVIEW: Section 3.3(75a) of S.L. 2020-4, as enacted by Sec. 1.2 of S.L. 2020-97, provides that up to \$50 million of the CARES Act funds may be used to fulfill the State's match obligation for the FEMA-approved \$300/beneficiary grant funding for the Lost Wage Assistance program. Portions not used for this purpose will be used for continuity of operation needs across State government, in accordance with Section 3.3(3) of S.L. 2020-4. If this provision's allocation is insufficient for the state match requirement, OSBM may meet the requirement with funds allocated under Section 3.3(3) of S.L. 2020-4.

This provision became effective when it became law, on September 4, 2020.

CURRENT LAW AND BILL ANALYSIS: On August 8, 2020, President Trump authorized FEMA to spend up to \$44 billion from the Disaster Recovery Fund to provide an additional payment of \$300 on top of weekly unemployment benefits for those who are eligible. To be eligible, a person must be unemployed or partially unemployed due to disruptions caused by COVID-19 and must be eligible to receive at least \$100 a week from one or more of the following:

- State unemployment insurance
- Pandemic Emergency Unemployment Compensation (PEUA)
- Extended benefits (EB)
- Pandemic Unemployment Assistance (PUA)
- Trade Readjustment Allowance (TRA)

The Lost Wage Assistance (LWA) program continues until the \$44 billion is expended or the balance in the Disaster Recovery Fund drops to \$25 billion, but not later than December 27, 2020. Every state except South Dakota applied for the supplemental benefit. FEMA approved North Carolina's application on August 21st. The money allocated for the LWA program lasted six weeks; for North Carolina, it applied for the benefit weeks ending August 1, August 8, August 15, August 22, August 29, and September 5.

To participate in the LWA program, states had to provide a 25% match requirement. A state could count state-funded UI benefit payments towards the match requirement. However, North Carolina's state-funded UI benefit payments fell short of its 25% match requirement. To avoid having to reimburse FEMA for the shortfall, Section 1.2 of this act amends Section 3.3 of S.L. 2020-4 by enacting a new subdivision (75a) that allocates up to \$50 million of the CARES act funds to fulfill the remainder of the State's match obligation. If any portion of this allocation is not needed to meet the FEMA LWA state match, then it is to be used for the continuity of operation needs across State government, in accordance with Section 3.3(3) of S.L. 2020-4. If the amount allocated under this provision is not enough to meet the remainder of the

Jeffrey Hudson
Director

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FEMA LWA state match, then OSBM is authorized to use funds allocated under Section 3.3(3) of S.L. 2020-4 to meet the outstanding amount.

EFFECTIVE DATE: This provision became effective when it became law, on September 4, 2020.