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Unemployment and Employment Programs Available to Workers Affected by Disasters

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April 30, 2018

Congressional Research Service

7-5700

www.crs.gov

R45182

Summary

The federal government supports several programs that can provide assistance to workers who lose their jobs as a result of a natural or other disaster. In many cases, disaster-affected workers will be served by permanent programs and systems that generally provide assistance to workers who involuntarily lose their jobs. In some cases, disaster-triggered federal supports may be made available to provide additional assistance or aid to workers who do not qualify for assistance under the permanent programs.

This report discusses two income support programs and two workforce service programs. In each benefit category, there is a broader permanent program and a more-targeted program for disaster-affected workers. All of these programs are administered through state agencies and some programmatic details may be state-specific.

- *Unemployment Compensation (UC)* provides a weekly cash payment to workers who are involuntarily unemployed and meet other criteria. States administer UC benefits with U.S. Department of Labor (DOL) oversight. UC benefits are considered entitlements for eligible workers and funded via payroll taxes paid by employers.
- *Disaster Unemployment Assistance (DUA)* provides a weekly cash payment to individuals who become unemployed as a direct result of a major disaster and are not eligible for UC benefits. DUA is funded by the federal government and benefits are paid through each state's UC agency.
- *Dislocated Worker Activities under the Workforce Innovation and Opportunity Act (WIOA-DW)* are federal formula grants to states to provide training and career services to workers who involuntarily lose their jobs and meet other criteria. WIOA-DW grants are funded via DOL appropriations and administered by state workforce agencies and local partners with DOL oversight.
- *Disaster Dislocated Worker Grants (DDWGs)* are competitive federal grants that support temporary disaster response jobs for workers who are unemployed as a direct result of a disaster. DDWGs are awarded by DOL to the state and local partners that receive WIOA-DW funds.

Since UC and DUA outlays increase as the need grows, these funds can be responsive to the scale of a disaster. Conversely, WIOA-DW and DDWG funds are limited by appropriations levels and therefore may be less immediately scalable than UC and DUA, which are entitlements for individuals.

In some instances, Congress has enacted legislation to temporarily expand these programs that serve disaster-affected workers or otherwise extend supplemental support to the states administering them. These prior efforts may serve as a model when Congress considers legislation to support workers affected by disasters.

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Introduction

Workers who lose their jobs due to a natural or other disaster can seek assistance through several federally supported programs. In many cases, disaster-affected workers will be served by permanent programs and systems that provide assistance to workers who involuntarily lose their jobs. In some cases, entities located within geographic areas affected by disasters can qualify for additional support that is limited to serving disaster-affected workers.

This report discusses two income support programs and two employment service programs. In each benefit category, there is a broader permanent program and a more-targeted program for disaster-affected workers.

- *Unemployment Compensation*¹ (UC) provides a weekly cash payment to workers who are involuntarily unemployed and meet other criteria. States administer UC benefits with U.S. Department of Labor (DOL) oversight. UC is financed via payroll taxes paid by employers: UC benefits are funded by state unemployment taxes (SUTA) and UC administration is funded by a federal unemployment tax (FUTA). UC benefits are considered entitlements for eligible workers and are required to be paid promptly.
- *Disaster Unemployment Assistance* (DUA) provides a weekly cash payment to individuals who become unemployed as a direct result of a major disaster and are not eligible for UC benefits. DUA is funded through the Federal Emergency Management Agency (FEMA) and administered by DOL through each state's UC agency.
- *Dislocated Worker Activities under the Workforce Innovation and Opportunity Act* (WIOA-DW) provides federal formula grants to states to provide training and career services to workers who involuntarily lose their jobs and meet other criteria. WIOA-DW grants are funded via discretionary appropriations to DOL and administered by state workforce agencies and local partners with DOL oversight.
- *Disaster Dislocated Worker Grants* (DDWGs) provide competitive federal grants that support temporary disaster response jobs for workers who are unemployed as a direct result of a disaster. DDWGs are awarded by DOL to the state and local partners that receive WIOA-DW funds.

In terms of scale, the primary infusion of funds for disaster-affected workers will typically come from increased numbers of UC payments and, to a lesser extent, the availability of DUA benefits. Because UC and DUA outlays increase as the need grows, these funds can be responsive to the scale of a disaster. Conversely, WIOA-DW and DDWG funds are typically limited by annual appropriations and therefore may be less scalable than UC and DUA, which are entitlements for individuals.

This report focuses on programs that provide assistance to workers on the basis of job loss due to a disaster. Other programs that may support such disaster-affected individuals but do not have job loss as an eligibility criterion are not included.² Similarly, this report does not discuss programs

¹ Unemployment Compensation is often referred to as Unemployment Insurance (UI).

² For a broader discussion of federal resources available to disaster-affected individuals, see CRS Report RL31734, *Federal Disaster Assistance Response and Recovery Programs: Brief Summaries*.

that may assist workers who lost their jobs due to a disaster but establish eligibility based on criteria other than job loss, such as being low-income.³

Role of Disaster Declarations in Benefit Receipt

Since some of the systems that support disaster-affected workers are permanent and have general eligibility criteria, benefit receipt is not contingent on a disaster meeting specific criteria. For example, disaster-affected workers may qualify for UC on the basis of becoming unemployed due to conditions created by a disaster (e.g., the place of business is closed because of a disaster), but benefit receipt does not require the presence of a specific type or magnitude of disaster. Similarly, the WIOA-DW system serves workers whose job loss is due to a disaster as well as workers who lose their jobs for other reasons.

DUA and DDWG are contingent on disasters being declared as such.⁴ DUA benefits are available only to those individuals who have become unemployed as a direct result of a declared major disaster as determined under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (P.L. 100-707, the Stafford Act) and if the disaster declaration includes the notice of availability of DUA benefits.⁵ DDWG assistance can be awarded in response to a disaster or emergency declared under the Stafford Act or “an emergency or disaster situation of national significance that could result in a potentially large loss of employment, as declared or otherwise recognized ... by a federal agency.”⁶

Benefit Access through State and Local Providers

The benefits described in this report are administered through state workforce systems and state unemployment compensation agencies. The specific processes for accessing benefits will vary by state. Workers can access state-specific information via the Department of Labor’s Career One Stop website at <http://www.careeronestop.org/>.

Income Support: Benefits from Unemployment Insurance Programs

The joint federal-state UC program is permanently authorized and provides income support through weekly UC benefit payments to eligible unemployed workers. The DUA program provides income support to individuals who become unemployed as a direct result of a major disaster and are not eligible for UC benefits. These unemployment insurance programs are entitlement programs funded through direct spending; benefits provided through these programs

³ For example, many programs establish eligibility based on income. For a discussion of more general low-income programs, see CRS Report R44574, *Federal Benefits and Services for People with Low Income: Overview of Spending Trends, FY2008-FY2015*.

⁴ For a description of the FEMA disaster declaration process, see CRS Report R43784, *FEMA’s Disaster Declaration Process: A Primer*.

⁵ The Stafford Act authorizes the President to issue a major disaster declaration after state and local government resources have been overwhelmed by a natural catastrophe or “regardless of cause, any fire, flood, or explosion in any part of the United States.”

⁶ See 29 U.S.C. 3225(a)(1). DOL notes that “Federal declarations from the Department of Commerce and the Small Business Administration are examples of eligible federal declarations.” See <https://www.doleta.gov/DWGs/Types-of-DWGs/Disaster-Emergency-DWGs/>.

are not limited by appropriations. Consequently, these programs may be responsive to unemployment caused by disasters.

Unemployment Compensation⁷

Created under the Social Security Act of 1935, UC is a joint federal-state system that provides unemployment benefits to eligible individuals who become involuntarily unemployed for economic reasons and meet state-established eligibility rules.

Financing and Administration

States administer UC benefits with oversight from DOL. Although federal laws and regulations provide some broad guidelines on UC benefit coverage, eligibility, and benefit determination, the specifics of benefits are determined by each state. This results in essentially 53 different UC programs.⁸

The UC program is financed by federal payroll taxes (FUTA) and state payroll taxes (SUTA). The 0.6% effective net FUTA tax paid by employers on the first \$7,000 of each employee's earnings (no more than \$42 per worker per year) funds federal and state administrative costs, loans to insolvent state UC accounts, the federal share (50%) of Extended Benefit (EB) payments, and state employment services. States levy their own payroll taxes (SUTA taxes) on employers to fund regular UC benefits and the state share of the EB program. SUTA is "experience rated" in all states; that is, the SUTA rate is based on the amount of UC paid to former employees. Generally, the more UC benefits paid to its former employees, the higher the tax rate of the employer, up to a maximum established by state law. The experience rating is intended to ensure an equitable distribution of UC program taxes among employers in relation to their use of the UC program, and to encourage a stable workforce.⁹

If economic conditions, such as recession, require the payment of UC benefits such that SUTA revenue is inadequate, states may have insufficient funds to pay for their UC benefits. Federal law, which requires states to pay these benefits, provides a loan mechanism within the Unemployment Trust Fund (UTF) framework that an insolvent state may opt to use to meet its UC benefit payment obligations. States must pay back these loans. If the loans are not paid back quickly (depending on the timing of the beginning of the loan period), states may face interest charges and the states' employers may face increased net FUTA rates until the loans are repaid.¹⁰

Individual Eligibility

The UC program pays benefits to workers who become involuntarily unemployed for economic reasons and meet state-established eligibility rules. The UC program generally does not provide UC benefits to the self-employed, those who are unable to work, or those who do not have a recent earnings history. Additionally, states usually disqualify claimants who lost their jobs because of inability to work, voluntarily quit without good cause, were discharged for job-related

⁷ For additional details on UC, see CRS Report RL33362, *Unemployment Insurance: Programs and Benefits*.

⁸ The District of Columbia, Puerto Rico, and the Virgin Islands are considered to be states under UC law.

⁹ For additional details on UC financing, see CRS Report R44527, *Unemployment Compensation: The Fundamentals of the Federal Unemployment Tax (FUTA)*; and CRS Report RS22077, *Unemployment Compensation (UC) and the Unemployment Trust Fund (UTF): Funding UC Benefits*.

¹⁰ For additional details on federal loans to states to pay UC benefits, see CRS Report RS22954, *The Unemployment Trust Fund (UTF): State Insolvency and Federal Loans to States*.

misconduct, or refused suitable work without good cause. In order to receive UC benefits, claimants must have enough recent earnings (distributed over a specified period) to meet their state's earnings requirements; and be able to, available for, and actively searching for work.

Supported Services and Benefits

The UC program provides income support to eligible workers through the payment of weekly cash benefits during a spell of unemployment. UC benefits are available for a maximum duration of up to 26 weeks in most states.¹¹

UC benefits may be extended at the state level by the permanent law Extended Benefits (EB) program if high unemployment exists within the state. After regular unemployment benefits are exhausted, the EB program may provide up to an additional 13 or 20 weeks of benefits, depending on worker eligibility, state law, and economic conditions in the state. The EB program was established by the Federal-State Extended Unemployment Compensation Act of 1970 (EUCA; P.L. 91-373).¹²

Disaster-Related Considerations

Workers who become unemployed as a result of a disaster may qualify for UC. For example, if a natural disaster damages a place of employment and the condition of the facility prevents the employees from working, the displaced workers may qualify for UC if they meet all the eligibility requirements.

The UC program generally does not provide benefits to the self-employed, individuals who are unable to work, or individuals who do not have a recent earnings history. However, when a major disaster is declared, victims who would typically be ineligible for UC may be eligible for DUA.

In cases where a disaster creates increased unemployment, a state may be more likely to meet the criteria to trigger onto an EB period and, thus, provide EB benefits to eligible individuals in that state.¹³

Disaster Unemployment Assistance¹⁴

The DUA program provides income support to individuals who become unemployed as a direct result of a major disaster and are not eligible for UC benefits. First created in 1970 through P.L. 91-606, DUA benefits are authorized by the Stafford Act.¹⁵

Financing and Administration

DUA benefits are funded through the Disaster Relief Fund (DRF) administered by the Federal Emergency Management Agency (FEMA). The DRF is funded annually through appropriations

¹¹ For details on states with less than 26 weeks of UC available, see CRS Report R41859, *Unemployment Insurance: Consequences of Changes in State Unemployment Compensation Laws*.

¹² See 26 U.S.C. §3304, note.

¹³ For example, due to increased unemployment rates in the aftermath of Hurricanes Irma and Maria, the Virgin Islands triggered onto an EB period that began December 17, 2017; therefore, an additional 13 weeks of EB benefits (in addition to UC benefits of up to 26 weeks) became available in the Virgin Islands.

¹⁴ For more information on DUA, see CRS Report RS22022, *Disaster Unemployment Assistance (DUA)*.

¹⁵ See 42 U.S.C. 5122(2). Authorization for DUA can be found in the Stafford Act, Section 410, P.L. 100-707, 42 U.S.C. 5177. Regulations can be found at 20 C.F.R. 625.

and is a “no-year” account, meaning that any unused funds from the previous fiscal year (if available) are carried over to the next fiscal year. In general, when the balance of the DRF becomes low, Congress provides additional funding through both annual and supplemental appropriations to replenish the account.¹⁶ DOL administers the DUA program and coordinates with FEMA to provide the funds to the state UC agencies for payment of DUA benefits and payment of state administration costs under agreements with DOL.

Qualifying Events

Based on the request of the affected state’s governor, the President may declare a major disaster. The declaration identifies the areas in the state eligible for assistance. The declaration of a major disaster provides the full range of disaster assistance available under the Stafford Act, which may include, but is not limited to, the repair, replacement, or reconstruction of public and nonprofit facilities; cash grants for the personal needs of victims; housing; and unemployment assistance related to job loss from the disaster (i.e., DUA).

Individual Eligibility

Disaster-affected workers who are ineligible for UC may be eligible for DUA. The DUA benefits are available only to those individuals who work or live in the area of a declared disaster and have become unemployed as a direct result of the disaster.

The individual eligibility requirements for DUA differ significantly from the UC program requirements. For example, eligibility for DUA benefits does not necessarily require that the individual have a substantial work history, and in some cases does not require that the worker be available for work (unlike the UC program requirements). In particular, the DUA regulation defines eligible unemployed workers to include

- the self-employed,
- workers who experience a “week of unemployment” following the date the major disaster began when such unemployment is a direct result of the major disaster,
- workers unable to reach the place of employment as a direct result of the major disaster,
- workers who were to begin employment and do not have a job or are unable to reach the job as a direct result of the major disaster,
- individuals who have become the breadwinner or major provider of support for a household because the head of the household has died as a direct result of the major disaster,¹⁷ and
- workers who cannot work because of injuries caused as a direct result of the major disaster.

As with state UC programs, workers who do not have permission to work legally in the United States are not eligible for DUA benefits. Noncitizens must have a Social Security number and an alien registration card number in order to apply for DUA benefits.

¹⁶ For details of DRF funding see CRS Report R43537, *FEMA’s Disaster Relief Fund: Overview and Selected Issues*.

¹⁷ The survivor who becomes the head of household is not required to have wage credits and could be eligible for DUA independently of whether the deceased household head would have been eligible for UC benefits.

Generally, applications must be filed within 30 days after the date the state announces availability of DUA benefits. When applicants have good cause, they may file claims after the 30-day deadline. This deadline may be extended. However, initial applications filed after the 26th week following the declaration date are not considered.

Because DUA beneficiaries are not entitled to regular UC benefits, they are not eligible to receive Extended Benefits (EB).

Supported Services and Benefits

DUA benefits are generally calculated by state UC agencies under the provisions of the state law for UC in the state where the disaster occurred. When a reasonable comparative earnings history can be constructed, DUA benefits are determined in a similar manner to regular state UC benefit rules. Self-employed persons are expected to bring in their tax records to prove a level of earnings for the previous two years. These records would take the place of the employer-reported wage data in UC benefit determination. Likewise, workers who would otherwise be eligible for UC benefits except for the injuries caused as a direct result of the disaster that make them unavailable for work would receive DUA benefits in an amount equivalent to what they would have received under the UC system if they were available to work.

Workers who do not have an employment history sufficient to qualify for UC benefits (either as a new worker or recent hire) receive a DUA benefit equivalent to half of the average UC benefit for their state. The maximum weekly benefit amount is determined under the provisions of the state law and cannot be more than the maximum UC benefit available in that state. The minimum weekly DUA benefit a worker may receive is half of the average weekly UC benefit for the state where the disaster occurred.

Employment Services: Dislocated Worker Programs

Two related programs for dislocated workers can assist individuals who involuntarily lose their jobs due to a disaster. Federally funded Dislocated Worker Activities grants under the Workforce Innovation and Opportunity Act (WIOA, P.L. 113-128) are formula grants to states to provide job training and career services to individuals who lose their jobs, while Disaster Dislocated Worker Grants are competitive grants that support the provision of temporary jobs for workers who become unemployed as a result of a disaster.

WIOA Dislocated Worker Activities¹⁸

WIOA authorizes formula grants to state workforce agencies to support dislocated workers.¹⁹ The bulk of a state's WIOA Dislocated Worker (WIOA-DW) funds are subgranted to local workforce development boards that provide actual workforce services. WIOA-DW funds may support career services or training benefits for qualified workers, including workers who become unemployed as a result of a disaster.

¹⁸ For more information on WIOA Dislocated Worker Activities and other programs authorized by WIOA, see CRS Report R44252, *The Workforce Innovation and Opportunity Act and the One-Stop Delivery System*.

¹⁹ For the purposes of this program, Puerto Rico is considered a state. While not eligible as states, American Samoa, Guam, the Northern Mariana Islands, Palau, and the U.S. Virgin Islands also may qualify for WIOA-DW funding.

Financing and Administration

WIOA-DW funds are funded by discretionary appropriations. Statute specifies that 20% of WIOA-DW funds are allotted to a national reserve that primarily supports National Dislocated Worker Grants (including Disaster Dislocated Worker Grants, described later in this report). The unreserved funds are allotted to state workforce agencies via a formula that considers several unemployment-related factors.²⁰

From the WIOA-DW funds that are allotted to the states, governors may reserve up to 15% for statewide activities (“governor’s reserve”) and up to 25% for rapid response activities that respond to large-scale layoffs. The remainder of the state’s WIOA-DW grant is allocated to local workforce development boards that provide or facilitate services and benefits to individual workers.

Individual Eligibility

Generally, an eligible dislocated worker for the purposes of this program is a worker who (1) has involuntarily lost his or her job, (2) has demonstrated a labor force attachment, typically through eligibility for UC, and (3) is unlikely to return to his or her prior job.²¹ Workers whose job loss is attributable to a disaster and who meet the other criteria for dislocated workers may access services supported by WIOA-DW grants.

In cases where funding is insufficient to serve all eligible dislocated workers, statute specifies that local providers must prioritize low-income individuals. The WIOA definition of low-income includes recipients of certain means-tested benefits as well as homeless individuals.²²

Supported Services and Benefits

Services under WIOA-DW are separated into career services and training. Career services can include assessment of skills and needs, provision of labor market information, and various forms of job search assistance. Training is provided through individual training accounts and can include occupational classroom training, on-the-job training, or more general job readiness training.²³ Local providers have a great deal of discretion in the specific career services and training benefits that are provided to each eligible dislocated worker.

Disaster-Related Considerations

A worker who loses his or her job due to a disaster may not qualify for WIOA-DW services if he or she does not meet other dislocated worker criteria in law. For example, if a worker displaced by a disaster is expected to return to his or her prior job, the worker would not qualify. Disaster-affected workers who do not meet WIOA-DW eligibility criteria may seek assistance under less-targeted WIOA funding streams (see subsequent “WIOA Adult Activities” section).

The governor’s reserve is designed to allow the state to respond to unanticipated mass layoffs, such as layoffs due to a disaster (natural or otherwise). The governor may use funds from the

²⁰ Formula funds are allocated on the basis of each state’s relative share of (1) unemployment, (2) excess unemployment, and (3) long-term unemployment. The full formula is specified at WIOA, Section 132(b)(2)(B); 29 U.S.C. 3172.

²¹ For full definition, see Section 3(15) of WIOA; 29 U.S.C. 3102(15).

²² For full criteria, see Section 3(36) of WIOA; 29 U.S.C. 3102(36).

²³ For more information on allowable uses of grant funds, see Section 134 of WIOA; 29 U.S.C. 3174.

reserve to support “rapid response” activities in areas within the state that experience large-scale dislocation. These rapid response activities include contacting dislocated workers immediately after dislocation to determine eligibility for various benefits and services as well as developing a coordinated local response in seeking state economic development aid.

The WIOA-DW formula does not specifically target funds to disaster-affected areas. Because the formula is based on unemployment factors, areas with high levels of unemployment after a disaster may qualify for higher levels of funding in subsequent years’ formula allocations. Due to the construction and implementation of the formula, however, it is possible that unemployment that results from a disaster may not be considered by the formula until a year or more after the disaster.²⁴

WIOA Adult Activities

The WIOA-DW program operates in partnership with WIOA Adult Activities (WIOA-AA), a separate grant program. WIOA-AA provides federal formula grants to states to support career services and training activities that are similar to those supported through the WIOA-DW program. Services under both WIOA-DW and WIOA-AA are typically provided by the same state agency at the same physical location.

Unlike WIOA-DW funding, which is limited to a statutory definition of dislocated workers, WIOA-AA funding can be used to serve any jobseeker over the age of 18, including new labor force entrants and incumbent workers. Because eligibility for WIOA-AA benefits does not require job loss, the program does not fit this report’s criteria for inclusion. Still, WIOA-AA benefits may provide career services and training benefits to disaster-affected workers whose job loss or job interruption does not meet the WIOA-DW definition.

Disaster Dislocated Worker Grants²⁵

Disaster Dislocated Worker Grants (DDWGs) are grants that support *disaster relief employment*: temporary disaster recovery jobs for disaster-affected workers. In some cases, DDWGs can also support career services and training for participants already enrolled in temporary jobs or persons who have relocated due to a disaster.

Financing and Administration

DDWGs are one of several types of National Dislocated Worker Grants (NDWGs).²⁶ NDWGs are supported by a 20% reservation from the WIOA dislocated worker appropriation. DOL has the discretion to determine the portion of NDWGs that will be used for DDWGs. NDWGs are authorized by Section 170 of WIOA.

²⁴ WIOA-DW formula grants are awarded on a program-year basis (July 1-June 30). Grants are calculated using unemployment factors for the 12-month period ending 9 months prior to the program year. For example, grants for program year 2017 (beginning July 1, 2017) were based on the 12-month period ending September 30, 2016.

²⁵ While these grants are authorized in Section 170 of WIOA, DOL guidance has offered more detail. Much of the information in this section is from DOL Training and Employment Guidance Letter 02-15, issued July 1, 2015. For the full document, see https://wdr.doleta.gov/directives/corr_doc.cfm?docn=4439.

²⁶ NDWGs can also support states that experience plant closures, mass layoffs, or higher-than-average demand for employment and training services for dislocated military services members or spouses.

DDWGs applications must be submitted by the state or territorial agency that receives WIOA-DW formula funds.²⁷ States may initially apply for DDWGs using an abbreviated Emergency Application, which should be submitted within 15 days of the qualifying declaration. The state applicant must submit a full application within 60 days. While state agencies are the grantee, they may subgrant funds to local workforce development boards or expend funds through public and private agencies engaged in qualified projects.

Qualifying Events

DDWG funds can be awarded to states that experience an emergency or major disaster as declared under the Stafford Act or by a federal agency. States may also qualify for a grant if a substantial number of individuals (at least 50) relocated to the state or area from a federally declared disaster area.

Individual Eligibility

Individuals eligible for disaster relief employment must either reside in the disaster-affected area or have been forced to relocate due to the disaster. In addition, eligible workers must be

- a dislocated worker as defined in Section 3(15) of WIOA,
- a long-term unemployed individual as defined by the state,
- temporarily or permanently laid off as a consequence of the disaster, or
- a self-employed individual who become unemployed or significantly underemployed as a result of the disaster.²⁸

Supported Services and Benefits

DDWGs primarily support Disaster Relief Employment: temporary jobs that respond to the disaster. Generally, these positions can be clean-up and recovery efforts such as demolition, repair, or reconstruction. Eligible temporary jobs can also include humanitarian efforts such as the distribution of food, clothing, or other provisions.²⁹

Workers employed in Disaster Relief Employment must be paid wages that are the higher of the federal, state, or local minimum wage, or the comparable rate of pay for similar workers at the same employer. In most cases, a participant may not hold a temporary job for longer than 12 months or 2,080 hours.

DDWGs can also support career and training services for dislocated workers who are already participating in temporary jobs and are unlikely to return to their prior employment. In cases where a DDWG is awarded on the basis of relocated workers, career and training services will be the primary services because eligible workers have relocated to outside the disaster area.

²⁷ Because American Samoa, Guam, the Northern Mariana Islands, Palau, Puerto Rico, and the U.S. Virgin Islands receive WIOA-DW funds, these jurisdictions are eligible for apply for DDWG funds.

²⁸ See WIOA Section 170(d).

²⁹ DDWG funds can only support work related to humanitarian work, they cannot cover the humanitarian aid itself (e.g., food).

Policy Considerations and Prior Temporary Modifications

When considering disaster response programs, it can be useful to consider funding mechanisms (e.g., federal appropriations or state taxes), funding limitations (e.g., capped or entitlements), and whether a program is designed as an immediate benefit or a longer-term investment. In the past, Congress has enacted legislation in response to some of these issues and program limitations.

Funding Mechanisms and Limitations

UC and DUA Funding

In budgetary terms, UC benefits are an entitlement (although the program is financed by a dedicated state tax imposed on employers in the state and not by general revenue). Similarly, DUA benefits are paid from federal funds appropriated for the DRF and have always been paid to individuals who meet the eligibility requirements in a manner similar to an entitlement. While funding for the DRF depends upon the appropriations process, when the balance of the DRF becomes low, Congress has always provided additional funding through both annual and supplemental appropriations to replenish the account. Consequently, both UC and DUA have the ability to rapidly respond to unemployment caused by disasters and provide immediate income support to the unemployed.

However, increased UC outlays may potentially trigger increases on SUTA or FUTA taxes on the affected state's employers because even if a state's trust fund account is depleted, the state remains legally required to continue paying benefits. Such a state may need to raise SUTA taxes on its employers or reduce UC benefit levels. Alternatively, a state might borrow money either from the dedicated loan account within the UTF or from outside sources. If a state chooses to borrow funds from the UTF, not only will the state be required to continue paying benefits, it also will be required to repay the funds (plus any interest due) it has borrowed from the federal loan account. If the loans are not repaid within approximately two years, an increase in the net FUTA taxes faced by the state's employers may be triggered.³⁰

In the past, Congress has enacted temporary measures to address high levels of UC claims and corresponding stress on state UC trust funds after a disaster. After Hurricane Katrina, Congress enacted the QI, TMA, and Abstinence Programs Extension and Hurricane Katrina Unemployment Relief Act of 2005 (P.L. 109-91), which transferred \$500 million from the Federal Unemployment Account of the UTF to the state accounts of Alabama (\$15 million), Louisiana (\$400 million), and Mississippi (\$85 million). This helped to alleviate the burden of the increased UC claims and prevent or dampen automatic SUTA tax increases that would have otherwise occurred in response to increased state UC outlays.

More recently, Congress enacted the Bipartisan Budget Act of 2018 (P.L. 115-123). Among other provisions, P.L. 115-123 included Section 20801, which authorized a deferral of interest payments on an outstanding federal UI loan for the U.S. Virgin Islands.

³⁰ For full details on the mechanics of loans, see CRS Report RS22954, *The Unemployment Trust Fund (UTF): State Insolvency and Federal Loans to States*.

WIOA-DW and DDWG Funding

WIOA-DW and DDWG activities are supported by annual discretionary appropriations and associated activities are constrained by appropriations levels. In some cases, Congress has appropriated additional funds for these activities in disaster-related areas, though funding is not automatic and, because it must be appropriated, it is likely to be less timely than UC or DUA. Whether or not Congress appropriates supplemental funds, states have some flexibility to direct WIOA-DW funds to disaster-affected areas (particularly through the governor's reserve) and DOL has some discretion in awarding DDWG funds. DOL can, for example, choose to direct a larger portion of the National Dislocated Worker Set-Aside to DDWG activities, but it is still subject to annual funding limits and prioritizing DDWG activities will likely mean less funding for other National Dislocated Worker activities.³¹

Funding for workforce services has been expanded temporarily through additional appropriations that supplemented regular annual appropriations. In 2005, the Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act (P.L. 109-148) appropriated \$125 million in supplemental funds for National Emergency Grants (a precursor to DDWGs) "related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005," of which Hurricane Katrina was the most severe.

More recently, the aforementioned P.L. 115-123 appropriated \$100 million to the dislocated worker national reserve (the intermediate funding stream that supports DDWGs) for expenses directly related to the consequences of Hurricanes Harvey, Maria, and Irma and for those jurisdictions that received a major disaster declaration due to wildfires in 2017.

Immediate Benefits vs. Longer-Term Investment

UC and DUA benefits usually offer the advantage of getting assistance to affected workers quickly, but benefits are of limited duration. Conversely, WIOA-DW and DDWG may offer less immediate relief, but may function as a longer-term investment in disaster-affected communities.

Income Support: Prompt Benefit, Limited Duration

Both UC and DUA benefits are structured to rapidly respond to economic conditions (caused by a disaster in the case of DUA) and provide immediate income support to the unemployed. In particular, each state agency responsible for administration of the UC program is assessed in part on the state's "methods of administration" to ensure that eligible claimants are paid UC benefits promptly when determined to be eligible.³² While these benefits can typically be provided quickly, it should be noted that the prompt payment of both UC and DUA benefits is dependent on a functioning state UC program. If the administrative abilities of the state offices are impacted by the disaster—as occurred in Louisiana after Hurricane Katrina and has also been experienced after the series of 2017 hurricanes in Puerto Rico and the U.S. Virgin Islands—the processing of claims and subsequent payment of benefits may be delayed.³³

³¹ For example, in September 2017, DOL canceled a prior solicitation for "Dislocated Worker Opportunity Grants" noting that funds had been redirected to Hurricane Harvey response; see TEGL 17-01, Change 2, https://wdr.doleta.gov/directives/attach/TEGL/TEGL_1-17_Change_2.pdf.

³² For detailed information on how states must ensure their methods of administration of the UC program conform to federal requirements see <https://workforcesecurity.doleta.gov/unemploy/conformity-payment.asp>.

³³ Jeffery Bartash, "Puerto Ricans put out of work by hurricane can't even apply for unemployment benefits," *Market Watch*, October 12, 2017, <https://www.marketwatch.com/story/puerto-ricans-put-out-of-work-by-hurricane-cant-even-continued...>

UC and DUA are available for a limited duration. UC is limited by state policy and is typically limited to 26 weeks.³⁴ DUA assistance is available to eligible individuals as long as the major disaster continues, but no longer than 26 weeks after the disaster declaration.

After Hurricane Katrina, Congress enacted the Katrina Emergency Assistance Act of 2006 (P.L. 109-176). Section 2 of this law extended DUA benefits for persons eligible under the Stafford Act due to Hurricane Katrina or Hurricane Rita for an additional 13 weeks, for a total of 39 weeks of potential benefits. Workers who exhausted their UC benefits but had received less than a total of 39 weeks of benefits would receive DUA benefits for as many weeks as necessary to reach a total of 39 weeks of UC and DUA benefits combined. This extension did not apply to any subsequent major disasters.

Workforce Programs: Less Timely, Longer-term Investment

The WIOA-DW program's general strategy of preparing dislocated workers for locally in-demand jobs may offer limited short-term value, especially if large numbers of local worksites are disrupted due to the disaster. WIOA-DW activities could, however, be viewed as a longer-term investment in preparing dislocated workers for an area's post-disaster labor market.

Disaster relief employment under DDWG is designed to respond to labor market disruptions by providing dislocated workers with federally subsidized employment while local labor markets recover. It may provide a more-immediate benefit than WIOA-DW activities, but the time necessary to award a DDWG, recruit workers, begin work, and pay the workers may create some time gap between a disaster and federal resources reaching workers.³⁵ The 12-month maximum duration of disaster relief employment, however, may offer a longer benefit window than UC and/or DUA.

Permanent law specifies that, in some cases, disaster relief employment under DDWGs can be extended past the original 12-month maximum for an additional 12 months. Supplemental appropriations can also extend the window for these programs. For example, the additional funds appropriated in the aforementioned P.L. 115-123 specified that the funds would be available through September 30, 2019, more than two years after the landfall of the 2017 hurricanes.

(...continued)

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³⁴ If a state meets certain unemployment measures, the permanent Extended Benefit program can provide an additional 13 weeks of federally funded benefits. For more information, see the "Extended Benefit Programs" section of CRS Report RL33362, *Unemployment Insurance: Programs and Benefits*.

³⁵ For example, Hurricane Irma made landfall in southern Florida around September 9, 2017. Broward County, FL, solicited workers for DDWG disaster relief employment on October 4, 2017. See http://www.careersourcebroward.com/Portals/0/Home/NewsRelease_CSBDDisasterJobs_2017-10-02.pdf.

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