



## Legislative Fiscal Bureau

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July 1, 2020

TO: Representative John Nygren  
Room 308 East, State Capitol

FROM: Ryan Horton, Fiscal Analyst

SUBJECT: Loans to Unemployed Individuals

As you requested, this memorandum provides an estimate of the number of unemployment insurance (UI) applicants that could benefit from the provision of short-term personal loans. As you requested, this memorandum also provides information on the Coronavirus Relief Fund.

According to the Department of Workforce Development (DWD), as of June 27, 2020, approximately 511,500 weeks of claimed UI benefits were being held for adjudication, or 13.8% of all weeks claimed since March 15, 2020, which represented approximately 141,100 unique claimants with 232,600 issues requiring adjudication. Adjudication is a manual process that requires interested parties be provided notice to respond to the eligibility issue. A claimant could have one or more issues holding up one or more weeks of potential benefits.

As reported in recent news articles, some UI claimants have had benefit claims waiting for adjudication for an extended period with no resolution. Although some of these claimants will eventually be deemed ineligible, many will eventually receive benefits with back payment, but months after such monies were initially expected. To help aid individuals that have claims awaiting adjudication, your office has described a temporary program to be financed from Wisconsin's allocation of federal funding from the Coronavirus Relief Fund. The program would be designed to accept personal loan applications from those UI claimants that currently have pending claims awaiting adjudication or that do not qualify for regular or expanded federal UI benefits.

It is estimated that, for every \$40 million in loan funding made available to the program, 10,787 individuals could receive a loan of \$3,708, which is equal to four weekly benefit payments of \$927. The \$927 figure includes \$327, which was the average weekly regular UI payment for Wisconsin recipients in March, 2020, and \$600, which is the Federal Pandemic Unemployment Compensation supplemental weekly payment available to UI recipients through the week ending July 25, 2020. Similarly, for every \$40 million in loan funding made available to the program, it is estimated that 30,581 individuals could receive a loan of \$1,308, which is equal to four weekly

benefit payments of \$327.

### **Coronavirus Relief Fund**

You asked if federal monies from the Coronavirus Relief Fund (CRF) could be deposited into the state's UI trust fund after an individual has repaid a loan to the state. Federal guidance indicates that depositing CRF monies into a state UI trust fund is permitted if the deposit is made by December 30, 2020, and the state UI trust fund has incurred costs related to the COVID-19 public health emergency. A recent U.S. Treasury Department release regarding the use of funds from the CRF states the following:

"To the extent that the costs incurred by a state unemployment insurance fund are incurred due to the COVID-19 public health emergency, a State may use [CRF] payments to make payments to its respective state unemployment insurance [trust] fund... This will permit States to use [CRF] payments to prevent expenses related to the public health emergency from causing their state unemployment insurance funds to become insolvent."

You also asked how much CRF funding has been allocated by the state. As of July 1, 2020, of the \$2.0 billion in CRF funding that was paid directly to the state, \$1.72 billion has been allocated to fund the initiatives announced by the Governor's office, with \$280 million remaining. Money received from the CRF that is not used by December 30, 2020, must be returned to the Treasury.

RH/lb