



TO: **W-2 Agencies
Training Staff**

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BWF/BRP OPERATIONS MEMO

No: 21-11

DATE: 06/08/2021

W-2 ☒ EA ☒ CF ☐ JAL ☒

RAP ☒ TMJ ☐ TJ ☐ Other EP ☐

SUBJECT: *COVID-19 Retroactive Unemployment Insurance Payments and Lump Sum Income Policy Clarification*

CROSS REFERENCE:

[W-2 Manual 3.2.6 Prorating Income](#)

[BWF Operations Memo 20-09](#)

[BWF/BRP Operations Memo 21-09](#)

[Coronavirus Aid, Relief, and Economic Security \(CARES\) Act of 2020](#)

[Consolidated Appropriations Act Of 2021](#)

[American Rescue Plan Act of 2021](#)

EFFECTIVE DATE: Immediately

PURPOSE

The purpose of this memo is to:

1. Provide detail on how to treat retroactive lump sum unemployment benefit payments when determining financial eligibility for Wisconsin Works (W-2), Emergency Assistance (EA), Refugee Cash Assistance (RCA) and Job Access Loans (JAL);
2. Provide clarification on W-2 policy for prorating lump sum payments; and
3. Announce a correction to Operations Memo 20-09 regarding case processing instructions.

BACKGROUND

COVID-19 has contributed to a sharp rise in unemployment, and legislation enacted at both the state and federal levels is intended to temporarily expand unemployment insurance benefit

programs in addition to providing more robust benefits. The federal [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act of 2020](#) provided economic relief in response to the COVID-19 pandemic and included a number of key provisions impacting individuals, including expanded unemployment benefits. The federal government continued emergency relief through the [Consolidated Appropriations Act of 2021](#).

Most recently, the [American Rescue Plan Act of 2021](#) was passed on March 11, 2021. This legislation extends unemployment benefits that were first authorized by the CARES Act earlier in 2020, and later extended by the Consolidated Appropriations Act of 2021. As these programs are implemented or reinstated, individuals may receive their unemployment insurance benefits as retroactive lump sum payments following a period of delay.

See [BWF/BRP Operations Memo 21-10 COVID-19 Expanded Unemployment Insurance Benefits Under the American Rescue Plan Act of 2021](#) for the most recent information on federally funded unemployment compensation (UC) programs. See [BWF Operations Memo 20-09 COVID-19 Expanded Unemployment Insurance Benefits](#) for additional background on the three temporary federally funded UC programs and case processing instructions.

[BWF/BRP Operations Memo 21-12 COVID-19 Extended Unemployment Insurance Benefits](#) provides information on the temporary Extended Benefits program. [BWF Operations Memo 20-23 COVID-19 Expanded Unemployment Insurance Benefits – Lost Wages Assistance](#) provides information on a temporary Federal Emergency Management Agency program to provide a supplemental payment in addition to Unemployment Insurance (UI) paid by the state.

COVID-19 POLICY

For all programs, including W-2, JAL, RCA, and EA, workers must count the following retroactive lump sum UI benefit payments in the 115% of the Federal Poverty Level (FPL) gross income test for determining financial eligibility:

- Pandemic Emergency Unemployment Compensation (PEUC);
- Pandemic Unemployment Assistance (PUA);
- Extended Benefits (EB); and
- Mixed Earner Unemployment Compensation (MEUC).

For ongoing participants, because the PEUC, PUA, EB, or MEUC UI lump sum payment is retroactive and not intended to cover a period of time in the future, the payment must only be counted as income in the month received and an asset for any month remaining in accordance with W-2 Manual Chapters 3.2.4 and 3.2.6.1.2.

A retroactive lump sum PEUC, PUA, EB, or MEUC payment is not expected to impact eligibility for ongoing W-2 participants because it is anticipated that individuals will use their retroactive UI payment to respond to current financial needs. Per W-2 Manual Chapter 3.1, when testing prospectively for income and assets, months of asset ineligibility or months of income ineligibility must not be combined to create two consecutive calendar months of financial ineligibility. Per W-2 Manual Chapter 3.3.3, once determined eligible for W-2 and the case is ongoing, if the W-2 Group's assets are expected to exceed \$2,500 for at least two consecutive months, the group becomes ineligible for W-2.

Receipt of retroactive lump sum PEUC, PUA, EB, or MEUC payments may impact eligibility for ongoing W-2 participants if the individual also begins to receive weekly payments. Per W-2 Manual Chapter 3.2.7, once determined eligible for W-2, if the W-2 Group's income is expected to exceed the 115% FPL gross income limit for at least two consecutive months, the group becomes ineligible for W-2. Two consecutive months of lump sum UI benefit receipt do not meet this criterion due to the unpredictable arrival of these payments.

A retroactive lump sum PEUC, PUA, EB, or MEUC payment may impact initial W-2 eligibility determination if received in the month of application. If a retroactive UI lump sum or sums are received prior to eligibility determination, but within the application month, the individual may not pass the 115% FPL gross income test for financial eligibility for that month. If the total countable income of the W-2 group is over 115% of the FPL for the size of the W-2 group, the group is not eligible for W-2. The individual may be determined eligible the following month if under the 115% FPL income limit and \$2,500 asset limit.

WISCONSIN WORKS POLICY

W-2 policy updates are summarized below. Relevant policy manual sections are attached to this memo and will be incorporated into the W-2 Manual upon implementation. Policy that was removed is struck through and policy that was added is underlined.

CURRENT POLICY

Per W-2 policy 3.2.6.1.2, if a lump sum payment is not intended to cover a period of time, the income may only be counted as income for the month in which it is received and an asset for any month remaining. If the lump sum payment is intended to cover a period of time, the income must be prorated over the period the income is intended to cover beginning in the month it is received. Per W-2 policy 3.2.2, available earned and unearned income is tested prospectively for W-2 eligibility.

UPDATED POLICY

W-2 Manual Chapter 3.2.6 has been updated to ensure that direction for treatment of lump sum benefits fully aligns with the requirement to budget earned and unearned income prospectively when determining eligibility. If a lump sum payment is not intended to cover a specific period of time into the future or is intended to cover a period of time in the past, the income may only be counted as income for the month in which it is received and an asset for any month remaining. If the lump sum payment is intended to cover a specific period of time in the future, the income must be prorated over the period the income is intended to cover beginning in the month it is received.

Example: While participating in a Community Service Job (CSJ) placement, Selena received a retroactive \$3,000 lump sum unemployment insurance payment on December 11, 2020. This lump sum provides payments retroactive for the week ending July 18, 2020, through the week ending November 7, 2020. Selena's Financial and Employment Planner (FEP) should count the lump sum as income for December, and as an asset for any month thereafter. The agency must

not prorate this retroactive payment, because it is intended to cover a time period in the past and was not available to Selena during the claimed months.

[See attached updated W-2 Manual Section 3.2.6.](#)

CARES WORKER WEB (CWW)

Lump sum retroactive PEUC, PUA, and EB payments are systemically processed the same way. If the case is in Intake mode, then CWW will create an unearned income page using the OTTF code. OTTF income is counted in the Wisconsin Shares and W-2 budgets (see Process Help 44.3.4 Unemployment Insurance).

If W-2 is added to an existing case, FEPs must create an OTTF unearned income page with the total of lump sum payments received to date in the W-2 application month. The begin and end dates of the page must be the applicant's application month.

Instructions on how to process MEUC payments will be provided in a future communication.

CORRECTION TO CASE PROCESSING INSTRUCTIONS

[BWF Operations Memo 20-09 COVID-19 Expanded Unemployment Insurance Benefits](#) provided case processing instructions that apply to both PUA and PEUC payments. Effective 6/8/2021, OM 20-09 will include an additional amendment to correct the case processing instructions. The corrected instruction is for the worker to use the OTTF income type when processing lump sum PUA and PEUC payments as outlined in the instructions above. 2020 and 2021 lump unemployment insurance payments that count as income for W-2 are all treated and processed the same way.

AGENCY ACTION

W-2 agencies must discuss the updated lump sum income policy and instructions for treatment of the retroactive lump sum UI benefit payments with staff and update any relevant local agency procedures as necessary. W-2 agencies must also become familiar with the correction to case processing instructions as described in this memo and update any relevant local agency procedures.

ATTACHMENTS

[3.2.6 Prorating Income](#)

CONTACTS

For W-2 Policy Questions: [BWF Policy Question SharePoint](#)

For W-2, CARES and WWP Functionality Questions: BWF Work Programs Help Desk
BWFworkprogramsHD@wisconsin.gov

DCF/DFES/BWF/LW & GS