

SUMMARY - CARES Act and Unemployment Compensation

UPDATED April 9, 2020

As part of the Coronavirus Aid, Relief, and Economic Security Act (CARES), the Federal Government has entered into agreements with all 50 States to fund several new Unemployment Compensation (UC) programs. The signing dates of these agreements triggered eligibility to receive funds.

The benefit eligibility period began January 27, 2020 and ends December 31, 2020 (max benefit amount of 39 weeks). However, for all of the programs except one (see #2 below), funds will only be available for weeks of unemployment that begin *after* the date on which each State signed their agreement with the Federal Government (all had signed by April 6). Administrative guidelines are still being prepared and many States are estimating payments to begin sometime in April.

FIVE MAIN COMPONENTS TO THIS PART OF THE CARES ACT

[See attached documents and charts for a quick summary]

1. Pandemic Unemployment Compensation (PUC)

- a. Provides a flat amount of \$600 per week for eligible employees who meet standard State eligibility requirements (available and able to work, but job is not available through no fault of their own, including mandated shutdowns like Safer at Home or Shelter in Place), which is in addition to basic State UC benefits. This amount is payable starting with the date each State signs its agreement with the Federal Government, through July 31, 2020.
- b. Is intended to provide full or nearly full wage replacement for the average worker in the United States and is not subject to reduction if it exceeds the wages actually earned by the individual prior to becoming eligible for unemployment benefits. Total maximum eligibility for basic State UC is 39 weeks (26 basic + 13 emergency), but the extra \$600 per week is only available through July 31, 2020.
- c. The States pay out these benefits to individuals (basic State UC + Federal \$600/week) and the Federal Treasury reimburses the States monthly.
- d. The \$600 per week is not charged to employer accounts. 100% Federally funded from the date a State signs its agreement with the Federal Government, through July 31, 2020.

2. Pandemic Unemployment Assistance (PUA)

- a. This is widely available to people who are not typically eligible and are unemployed, partially employed, self-employed, independent contractors, “gig” workers, and those who don’t have long enough work history, or are not otherwise eligible for regular unemployment compensation, as long as their eligibility is due to a COVID-19 reason (*see list below).
- b. May qualify for up to 39 weeks of basic State UC, including the additional Federal \$600 per week which is available until July 31, 2020 AND is retroactive to January 27, 2020 (if was unemployed then).
- c. The Federal Government will fully fund both the State and Federal UC amounts for PUA.
- d. Not charged to employer accounts.

Pandemic Emergency Unemployment Compensation (PEUC)

- e. If a person's 26 weeks of basic State UC benefits have been exhausted after July 1, 2019 (yes this is the correct year), applicants may qualify for an additional 13 weeks of emergency UC including the additional \$600 per week of Federal benefits if utilized before July 31, 2020.

3. Waiting Period Waiver

- a. Many States provide for a one week waiting period before basic UC benefits are paid. If the State agrees to waive this one week waiting period, the Federal Government will provide the funds to pay for the first week of benefits. Governors must propose legislation to waive the waiting period, so monitor your State's progress.

4. Short-Time Compensation Plans (a.k.a. Work-Share)

- a. The CARES Act also provides funding for States that have Short-Time Compensation (STC) programs and financial incentives for States to adopt such programs if they do not have one now. Short-Time Compensation – also known as Work-Sharing – programs are voluntary agreements between employers and their State's unemployment office to avoid layoffs by reducing employee hours. The employees, in turn, are eligible for prorated unemployment benefits. The additional \$600 per week prior to July 31, 2020 also applies here.

These new Federal UC programs could be a windfall for some employees. For example: In Wisconsin, the maximum weekly benefit is \$370 (though employees will likely receive less based on the complex way that most States calculate UC benefits). Add \$600 to that and the maximum benefit could be up to \$970 a week (annualized \$50,440), if utilized before July 31, 2020. UC benefits are typically taxable, and employees may need to pay COBRA rates for health insurance continuation, depending on what their employers are able to provide.

The following list is an excerpt from the full text of the CARES Act.

Located at: <https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf>

*** COVERED INDIVIDUALS for PANDEMIC UNEMPLOYMENT ASSISTANCE - provide self-certification that the individual** – is otherwise able to work and available for work within the meaning of applicable State law, except the individual is unemployed, partially unemployed, or unable or unavailable to work because—

- (aa) the individual has been diagnosed with COVID-19 or is experiencing symptoms of COVID-19 and seeking a medical diagnosis;
 - (bb) a member of the individual's household has been diagnosed with COVID-19;
 - (cc) the individual is providing care for a family member or a member of the individual's household who has been diagnosed with COVID-19;
 - (dd) a child or other person in the household for which the individual has primary caregiving responsibility is unable to attend school or another facility that is closed as a direct result of the COVID-19 public health emergency and such school or facility care is required for the individual to work;
 - (ee) the individual is unable to reach the place of employment because of a quarantine imposed as a direct result of the COVID-19 public health emergency;
 - (ff) the individual is unable to reach the place of employment because the individual has been advised by a health care provider to self-quarantine due to concerns related to COVID-19;
 - (gg) the individual was scheduled to commence employment and does not have a job or is unable to reach the job as a direct result of the COVID-19 public health emergency;
 - (hh) the individual has become the breadwinner or major support for a household because the head of the household has died as a direct result of COVID-19;
 - (ii) the individual has to quit his or her job as a direct result of COVID-19;
 - (jj) the individual's place of employment is closed as a direct result of the COVID-19 public health emergency; or
 - (kk) the individual meets any additional criteria established by the Secretary for unemployment assistance under this section; or
 - (ll) is self-employed, is seeking part-time employment, does not have sufficient work history, or otherwise would not qualify for regular unemployment or extended benefits under State or Federal law or pandemic emergency unemployment compensation under section 2107 and meets the requirements of subclause (l); and
- (B) does not include—
- (i) an individual who has the ability to telework with pay; or
 - (ii) an individual who is receiving paid sick leave or other paid leave benefits, regardless of whether the individual meets a qualification described in items (aa) through (kk) of subparagraph (A)(i)(l).