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Unemployment Compensation Under the CARES Act

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Practice Area: Compensation and Benefits/ERISA & Labor and Employment

On March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security Act ("CARES") to provide nearly $2 trillion of support to families and businesses during the COVID-19 pandemic. In addition to economic aid discussed in other *Legal Updates*, CARES expands unemployment insurance benefits ("UI benefits") through the Relief for Workers Affected by Coronavirus Act as discussed below. Please note that some of these UI benefits also extend to the self-employed and independent contractors, two types of worker not typically covered by UI benefits. However, these benefits are not available to those who can work remotely or already are receiving paid leave benefits, including those benefits available under the Families First Coronavirus Response Act.

Federal Pandemic Unemployment Compensation - $600 Additional Weekly Benefit
CARES provides an addition $600 per week benefit to certain employees receiving UI benefits. Under this expansion, individuals who ordinarily would qualify for unemployment compensation benefits under State law are entitled to both: (1) the regular amount of compensation available under State law, as well as (2) an additional flat-fee amount of $600 per week, which is referred as "Federal Pandemic Unemployment Compensation." The $600 is payable by the State to the individual, to be reimbursed by the Federal Government. It is not charged to the employer's UI account.

Pandemic Emergency Unemployment Compensation – Up to 13 More Weeks of Unemployment Compensation
Typically, workers may be entitled to up to 26 weeks of UI benefits under State law. CARES provides an additional 13 weeks of UI benefits as Pandemic Emergency Unemployment Compensation. This generally is available for those individuals who are able to work, available to work, and are actively seeking work. Qualifying workers will also be eligible to receive Federal Pandemic Unemployment Compensation amounts during the additional 13 week period. These benefits will be paid through the State and federally funded.

Temporary Full Federal Funding of the First Week of Compensable Regular Unemployment
Many States provide for a one week waiting period before unemployment compensation 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 UI benefits. Governor Evers has proposed legislation waiving the waiting period which has not yet passed. We will continue to monitor the progress of this legislation.

Pandemic Unemployment Assistance – Up to 39 Weeks of COVID-19 Related Unemployment Compensation Benefits
If an individual is unavailable to work due to COVID-19 related reasons (e.g., COVID-19 diagnosis, exposure, symptoms, or self-quarantine), they may be eligible for up to 39 weeks of unemployment compensation even though they are not available for work.

To be eligible for this benefit, individuals must self-certify that they meet one of the criteria for unavailabity to work for COVID-19 related reasons. Benefits are available under this program from January 27, 2020 until December 31, 2020, so long as the unemployment, partial unemployment, or inability to work caused by COVID-19 continues and does not exceed 39 weeks.

The benefit available under the Pandemic Unemployment Assistance is the weekly benefit amount authorized under the unemployment compensation law of the State where the covered individual was employed, plus the amount of Federal Pandemic Unemployment Compensation ($600).

Temporary Financing of Short-Time Compensation Payments
CARES provides for temporary Federal financing of short-time compensation programs, also known as work-share plans. A short-term compensation program allows qualified employers to reduce work hours rather than laying off employees, and such employees receive unemployment compensation benefits that are pro-rated for the partial workweek reduction. Employers who implement a short-time compensation program may be eligible for 50% federal funding of UI benefits paid under the program. Funded benefits under this component are capped at 26 weeks. Seasonal, temporary and intermittently employed employees are not eligible to participate.

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