

## **A Guide to Expanded Unemployment Insurance Benefits in the CARES Act**

The *Coronavirus Aid, Relief, and Economic Security (CARES) Act* that was just passed by Congress includes a historic and unprecedented expansion of unemployment insurance to respond to the economic crisis caused by the coronavirus public health emergency. The *CARES Act* creates a new federally-funded Pandemic Unemployment Assistance program, modeled on disaster assistance, to cover workers who have lost their jobs overnight and do not qualify for traditional unemployment insurance, and increases the benefit amount available to all workers receiving unemployment compensation.

This guide provides information on the expanded unemployment compensation that is available to individuals who are out of work and can now access the benefits they need to weather the crisis. Specifically, this federally-funded expansion of unemployment benefits includes:

- The **Pandemic Unemployment Assistance program**, which expands unemployment insurance to cover individuals who are not currently covered by traditional unemployment assistance. This includes:
  - Individuals who are unable to work because of coronavirus, due to illness, quarantine, or child care needs;
  - Individuals who are self-employed, including gig workers, freelancers, and contractors;
  - Part-time workers; and
  - Individuals with irregular work history.
- An **additional \$600 per week per worker** in unemployment compensation, which will amount to full wage replacement for many individuals.
- A **13-week expansion of unemployment insurance** for anyone covered by traditional unemployment insurance or the new Pandemic Unemployment Assistance program (up to 39 weeks total).
- Federal funding to states to **eliminate the waiting week** between applying for and receiving unemployment assistance.
- 100% federal funding of **work-share programs** for states with programs already in place, and 50% federal funding of work-share programs for states that work with the Department of Labor to develop a new work-share plan. These programs help workers stay on payroll by using unemployment compensation to make up for wages lost through reduced hours.

**Additionally**, for those who already know what information they are looking for:

- *If you want to learn the basics of unemployment insurance*, there is a **background** section that explains the federal-state unemployment compensation program.
- *If you are self-employed or work in non-traditional employment* and want to know what benefits are available to you, further details are provided on the **Pandemic Unemployment Assistance program**.
- *If you are an employer who wants to find alternatives to laying off valued employees*, **state work-share programs** are one of many options in the *CARES Act* available to help small businesses and their workers.

## Background

### What is Unemployment Insurance?

Unemployment insurance (UI) benefits are intended to provide temporary financial assistance to eligible workers who are unemployed through no fault of their own, and who meet other eligibility criteria of State law. The foundation of unemployment benefits offered to individuals who are out of work is the joint federal-state Unemployment Compensation program.

The Unemployment Compensation (UC) program provides income support to eligible workers through the payment of UI benefits during a period of unemployment. The program is financed by federal taxes under the Federal Unemployment Tax Act (FUTA) and by state payroll taxes under the State Unemployment Taxes Act (SUTA). Additional information on the Unemployment Compensation program can be found [here](#).

The U.S. Department of Labor administers the federal portion of the UC system. All 50 states, plus the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, operate their own state programs. Federal laws and regulations provide guidelines for states' unemployment compensation coverage, eligibility, and benefit determination. States then determine unemployment benefit eligibility, payments, and duration for workers through their respective laws and programs.

### How are benefits calculated?

Unemployment insurance eligibility is generally based on qualified wages and employment in covered work over a 12-month (or 52-week) period, which is known as the "base period," prior to unemployment. Most state benefit formulas replace around half (50%) of an individual's average weekly wage up to a weekly maximum, which varies by state, as does the method that states use to calculate monetary eligibility. Unemployment benefits can be paid for a maximum of 26 weeks in most states.

**However, the new Pandemic Unemployment Assistance program will provide an additional \$600 per week per individual receiving unemployment benefits, on top of the base compensation amount provided by states. There is also a 13-week extension of unemployment benefits beyond the number of weeks that each state provides, up to 39 weeks.**

### How can I apply for unemployment benefits?

An individual can apply for unemployment compensation through the unemployment offices in the state where they worked. In most states, you can apply online.

You can find specific information about your state's unemployment insurance program, as well as the contact information for your State Unemployment Insurance agency, [here](#).

## Guide for Workers

### **Pandemic Unemployment Assistance Program.**

**Overview:** The *CARES Act* creates a new Pandemic Unemployment Assistance program, which will provide unemployment benefits to individuals who do not qualify for regular unemployment compensation and are unable to work because of the COVID-19 public health emergency.

The program will cover self-employed workers (including gig workers, freelancers, and independent contractors), part-time workers, and those with limited work histories. This expanded coverage is available for eligible workers starting after January 27, 2020 and through December 31, 2020.

### **Who is eligible for the expanded unemployment benefits?**

This expanded program covers individuals who are not typically eligible for regular compensation or extended benefits under Federal or State law. To receive these unemployment benefits, an individual must provide self-certification that they are otherwise able and available to work, but are unable to do so because:

- The individual has been diagnosed with or is experiencing symptoms of COVID-19;
- A member of the individual's household has been diagnosed with COVID-19;
- The individual is providing care for a family or household member who has been diagnosed with COVID-19;
- 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;
- 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;
- 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;
- 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;
- 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;
- The individual's place of employment is closed as a direct result of the COVID-19 public health emergency; or
- The individual meets any additional criteria established by the Department of Labor.

Workers who are self-employed (including gig workers, freelancers, and independent contractors), seeking part-time employment, do not have sufficient work history, or otherwise would not qualify for regular unemployment or extended benefits will be covered under the Pandemic Unemployment Assistance program.

### **Who is not eligible for the expanded unemployment benefits?**

Individuals who are able to telework with pay, or are receiving paid sick leave or other paid leave benefits, are not covered.

### **How much would a covered individual receive?**

The exact amount you can receive through unemployment depends on your state and your previous earnings. Under the Pandemic Unemployment Assistance program, the benefit amounts are calculated based on previous income and consistent with the [Disaster Unemployment Assistance](#) formula. The maximum weekly benefit amount is determined under the provisions of state law for unemployment compensation. The minimum weekly benefit amount is half (50%) of the average benefit amount in the state. In all cases, workers will receive unemployment compensation that is at least half of the average unemployment benefit for that state.

When a reasonable comparative earnings history can be constructed, the Pandemic Unemployment Assistance benefits are determined in a manner similar to regular state UI benefit rules. Self-employed individuals should expect to provide their tax records to prove a level of earnings for the previous two years. These records take the place of employer-reported wage data in UC benefit determination. Workers without a sufficient employment history to qualify for UC benefits would receive a benefit equal to half the average unemployment benefit for that state.

Between now and July 31, 2020 an additional \$600 will be added to every unemployment compensation check, so no covered worker will receive less than \$600 per week for that period.

### **Are all states covered by this expanded unemployment assistance?**

Yes, this covers all 50 states as well as the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Northern Mariana Islands, Federated States of Micronesia, Republic of the Marshall Islands, and Republic of Palau.

### **How will I receive these Pandemic Unemployment Assistance benefits?**

Weekly unemployment benefits will arrive through a mailed debit card or a direct deposit, but the delivery method may vary by state. While it typically takes a couple of weeks for state agencies to process unemployment claims, payments may be delayed due to the increased volume that unemployment insurance offices are experiencing.

### **Is there a waiting period to receive these benefits?**

The *CARES Act* includes incentives for states to waive the waiting week between applying for unemployment compensation and receiving it. To determine whether there will be a waiting week to receive your benefits, you can contact the unemployment office in the state where you work. You can find specific information about your state's unemployment insurance program and whether the one-week waiting period will be waived [here](#).

### **Are these Pandemic Unemployment Assistance benefits taxable?**

Yes, these benefits are taxable, like regular unemployment benefits.

## **Emergency Increase in Unemployment Insurance.**

**Overview:** The *CARES Act* provides an additional \$600 per week in Federal Pandemic Unemployment Compensation to every weekly unemployment benefit, available for four months, through July 31, 2020. This weekly benefit is on top of the amount individuals receive as their base unemployment compensation from the state.

**For example:** If a worker living in state X was eligible for \$300 per week under that state's regular unemployment compensation program, then the new weekly benefit amount that worker would receive is \$900 per week, for four months if needed.

This \$600 benefit will be taxable, like regular unemployment benefits, but it will be disregarded for determining Medicaid or Children's Health Insurance Program (CHIP) eligibility.

### **Are freelancers and independent contractors eligible for the \$600 per week increase?**

Yes, self-employed workers would be able to receive the \$600 per week benefit, in addition to unemployment benefits under the new Pandemic Unemployment Assistance program.

### **Are part-time workers who are out of a job for reasons related to COVID-19, but their state does not cover part-time workers, still eligible?**

Part-time workers are already eligible for unemployment compensation in some states. In states that do not already cover part-time workers, they will be covered under the new Pandemic Unemployment Assistance program. Either way, part-time workers will be eligible for the additional \$600 per week benefit.

### **If I am already receiving unemployment benefits for reasons unrelated to the coronavirus, would I receive the additional \$600 per week?**

Yes, individuals who are already receiving unemployment benefits unrelated to COVID-19 would be eligible for the additional \$600 weekly benefit.

## **Pandemic Emergency Unemployment Compensation.**

**Overview:** There will be an additional 13 weeks of federally-funded unemployment compensation for individuals who have exhausted their state unemployment benefits, available immediately through December 31, 2020.

The standard duration of unemployment benefits is 26 weeks, but this varies by state, with some offering as few as 12 weeks. This additional 13 weeks of benefits would begin for an individual once the state's regular benefit duration has ended. You can find how many weeks of regular unemployment benefits that your state offers [here](#).

### **What if I have been out of work because of COVID-19 for several weeks already?**

If you exhaust the weeks of unemployment compensation available to you through your state's unemployment program, you will be eligible for an additional 13 weeks of benefits. These benefits will be federally-funded, but you will still receive them through your state.

## Guide for Employers

The *CARES Act* provides additional resources to states to bolster existing work-share programs (also known as “short-time compensation” programs), and set up work-share programs, which allow employers to keep more workers on payroll instead of laying them off. It also provides emergency relief to non-profits, Indian Tribes, and governmental agencies who reimburse states for unemployment benefits paid to their employees.

### **If you are an employer looking to learn more about state work-share programs...**

Employers who are looking for ways to lessen financial pain for their employees as a result of the COVID-19 public health emergency can do so through state short-time compensation programs, or work-share programs.

Through these state work-share programs, employers who are experiencing a temporary reduction in business can reduce employees’ hours, instead of laying off workers. Those workers with reduced hours are then eligible for unemployment benefits in proportion to their reduced hours. These programs advantage both the workers, who preserve most of their take home pay and access to health benefits, as well as employers, who can keep their workers on payroll and avoid the costs of rehiring and retraining once the coronavirus pandemic has ended.

Under the *CARES Act*, the Department of Labor will provide federal reimbursements to states for payments made under qualifying short-time compensation programs. Specifically:

- *For states with existing short-time compensation programs*, the stimulus provides 100% federal reimbursement to states for payments made under those programs through December 31, 2020.
- *For states without short-time compensation programs*, states are permitted to enter into agreements with the Department of Labor to enact a short-time compensation plan and receive a 50% federal reimbursement for payments through December 31, 2020.

In addition, the Department of Labor will allocate \$100 million in grants to states to either enact a short-time compensation program, or to promote and enroll employers in short-time compensation programs where they currently exist under state law. The Department of Labor will also develop model legislative language which may be used by states to enact short-time compensation programs, as well as provide technical assistance and guidance to states in developing, enacting, and implementing these programs.

More than half of states currently have short-time compensation programs. You can find if your state has an existing work-share program by searching that information [here](#).

### **If you are an employer looking for other ways to avoid employee layoffs...**

State work-share programs are not the only option available to employers who are looking to keep their employees on payroll. The *CARES Act* provides a number of other programs and resources designed to help small businesses and employers retain their workers, including but not limited to:

- The **Small Business Administration’s (SBA) Paycheck Protection Program**, providing small businesses and nonprofits with forgivable loans for those who maintain their payroll during the COVID-19 emergency;
- **SBA’s Economic Injury Emergency Grants** to provide a quick infusion of cash with a \$10,000 grant to help small businesses and non-profits cover operating costs while waiting for an SBA direct loan;
- **SBA’s Small Business Debt Relief Program** to help ease businesses’ fears about keeping up with payments on current Small Business Administration loans; and
- An **Employee Retention Credit**, a refundable payroll tax credit for 50 percent of wages paid by employers subject to closure or experiencing economic hardship to certain employees during the crisis.

**If you are a governmental entity, Indian Tribe, or nonprofit...**

The *CARES Act* reduces the amount by which nonprofits, Indian Tribes, and governmental entities are required to reimburse states for benefits paid to their workers who claim unemployment insurance by 50% through December 31, 2020, providing emergency relief. The Department of Labor may also issue guidance to states to interpret their unemployment compensation laws in a way that provides “maximum flexibility” for employers in making reimbursement payments.