

A photograph of a clear plastic hand sanitizer bottle with a white pump dispenser, sitting on a wooden surface. In the background, a pair of white gloves is visible. A large, semi-transparent blue circle is overlaid on the image, containing the title text.

An Unemployment Guide: The CARES ACT

Coronavirus Aid, Relief and
Economic Security Act
HR 748



On March 27, 2020 President Trump signed the \$2 trillion Corona Relief Bill. The new bill provides much more relief than claimants typically are eligible for unemployment benefits. The bill expands relief to include self-employed people and part-time workers. Essentially, almost everyone will receive some form of unemployment related relief. This guide will provide a review of the legislation along with the most frequently asked questions for employers impacted by the COVID-19 Pandemic.

The section of the bill that is relevant for unemployment purposes is the ***Assistance for American Workers, Families and Businesses “Relief for Workers Affected by Coronavirus act”***

Pandemic Unemployment Assistance

This section is relief to be provided for those who are not eligible for “regular” unemployment benefits through the state unemployment agency. Think of these as similar to Disaster Unemployment Benefits.

Basic Provisions:

- Begins January 27, 2020
- To end December 31, 2020
- Not to exceed 39 weeks
- Includes all states and US territories
- Benefit amount determined by state weekly benefit amounts
- 100% funded by the federal government

This includes individuals who:

- Have exhausted regular and/or extended benefits under state or federal law
- Are self employed, seeking part-time, does not have sufficient work history

Will not include:

- Does not include worker able to telework with pay
- Is receiving sick pay or other paid leave benefits

Other requirements to receive PUA:

- The individual must be able available under state laws (*which have been waived in most states*)
- Meets other criteria from secretary of unemployment

The reason for unemployment must be certified due to:

- The individual or household/family member has been diagnosed with COVID-19 or is seeking diagnosis
- The individual is providing care for diagnosed household/family member with COVID-19
- The individual is caring for a child or individual who has school or facility closure due to COVID-19 and they cannot work as a result
- The individual is unable to reach place of employment due to quarantine by a healthcare provider due to COVID-19
- The individual was scheduled to work is unable to reach the job or no longer has work due to COVID 19
- The individual has become head of household/major breadwinner due to the head of household dying due COVID 19
- The individual quit their job as a direct result of COVID-19
- The individual’s place of employment closed due to COVID-19

Emergency Unemployment Relief for Governmental Agencies/Reimbursable

This section provides payment to states to reimburse nonprofits, government agencies, and Indian tribes for half of the costs they incur through December 31, 2020 to pay unemployment benefits.

- The bill requests that state unemployment agencies are flexible interpretations of laws related to timely payments and assessments of penalties and interest.
- The bill also provides a 50% reimbursement from the federal government to state unemployment agencies to be credited to the employer accounts for charges for benefits paid to individuals unemployed as a result of COVID-19
- This begins March 13 and will end effective December 31, 2020.



Emergency Increase in UI Benefits:

This section provides an additional \$600 per week payment to each recipient of unemployment insurance or Pandemic Unemployment Assistance for up to four months, through July 31, 2020.

- States can opt in to participate in the program
- Individuals receiving regular unemployment benefits both (partial and full) receive an additional \$600 payment
- This will include individuals collecting Pandemic Unemployment Assistance.
- The payment is made through the state unemployment agency either with the regular payment or separately as determined by the state.
- Must be provided weekly to claimants.
- Does not affect the duration or amount of state authorized unemployment benefits
- 100% federally funded
- Terminable with 30 days notice
- A state's participation can be canceled if the state unemployment agency modifies duration or amount of benefits to claimants
- These benefits are not to be considered compensation for other government programs including medicaid and CHIP
- This program ends effective July 31 2020

Temporary Federal Reimbursement to States for Waiving the One Week Waiting Period.

This section indicates any state that waives to waiting week will be refunded 100% of those payments by the federal government, including any administrative costs as agreed upon.

Emergency State Staffing Flexibility

The section provides for increased flexibility in relation to the hiring of temporary and retired individuals to administer the program

Pandemic Emergency Unemployment Compensation

This section provides for 13 weeks of extended unemployment benefits.

- Optional for states
- For individuals who have exhausted both state and federal law based on benefit year excluding benefit years that ended before July 1,2019.
- For individuals not eligible for any other state or federal compensation
- Individual is NOT receiving Canadian Unemployment Benefits
- Individuals must be able, available and actively seeking work and able to provide a log of work search contacts
- Weekly benefit amount is based on the state's regular unemployment benefit calculations including dependent adjustments.
- A Pandemic Emergency Unemployment Compensation Account must be set up for this individuals
 1. The maximum in the account being less than the individual would have received as a result of regular benefits.
 2. The amount must be equal to 13 times the individual's average benefits which includes the Pandemic Unemployment Compensation
- 100% federally funded

Short term compensation(shared work)

This section provides guidance for these programs are typically known as "Shared Work" programs in many states. The details of existing programs to qualify for the funding is:

- Payments to claimants cannot exceed 26 weeks
- Employees cannot be temporary, seasonal or on call
- Federal Government to reimburse State Unemployment Agency for 100% of the state portion of the workshare benefits
- Ends 12/31/2020

Short Term Compensation Program Grants:

- \$1 million available for states that do not already have an active program
- Must be permanent
- Must be used for creation of program and 25% for administration no funding payments to claimants



Frequently Asked Questions:

Who would be covered by the expanded program?

The new bill provides access to benefits for most workers including those who are self-employed people and part-time workers. The bottom-line: Those who are unemployed, are partly unemployed or cannot work for a wide variety of coronavirus-related reasons would be more likely to receive benefits.

Are self-employed and independent contractors eligible?

Yes. Self-employed and independent contractors, like gig workers and Uber drivers are eligible for Pandemic Unemployment Assistance. This also covers workers laid off from churches and religious institutions who may not be eligible under the state's program.

If an employee does not qualify for state UI benefits for monetary reasons (not enough wages in the base period) can they still collect the \$600 from Federal government?

Yes. There is a provision in this new law to allow people who have typically not qualified for state unemployment benefits, for monetary reasons, to still collect the \$600 per week, which will be funded by the Federal government.

What about furloughed workers?

Yes. States have policies in place to allow furloughed workers to receive unemployment benefits and part-time workers can receive partial benefits. The Pandemic Unemployment Assistance program also helps workers stay connected to their employer by allowing unemployment benefits for workers who have a job but are unable to work or telework due to COVID-19-related reasons and are not receiving paid leave through their employer.

My business has a lot of part-time workers. We are having to lay them off due a coronavirus reason, but my state doesn't cover part-time workers. Are they eligible?

Yes. Part-time workers would be eligible for benefits, but the benefit amount and how long benefits would last depend on your state. They would also be eligible for the additional \$600 weekly benefit.

What if a worker already has exhausted benefits?

If a claimant has exhausted benefits, they should now be eligible to apply under the Pandemic Unemployment Assistance provision.

How much do unemployed workers get?

This varies depending on the state where your employee is working. You will need to check with that state unemployment agency. The CARES Act provides an additional \$600 per week on top of whatever a person would normally receive in their state – limited to the next 4 months (expires July 31, 2020). This will end up providing a higher than average wage replacement rate for low-wage workers.

Can individuals get more on unemployment than they got in their paycheck?

Yes. The additional \$600 in weekly benefits is designed to keep as many workers as whole as possible through the pandemic. The federal government is not scaling this additional payment so some may temporarily receive more benefit than their paycheck – though that number is very small compared to everyone receiving unemployment. Remember: people receiving Unemployment do not receive health insurance, retirement or other important benefits that can be available at work. The temporary \$600 is only available through July 31.

How long would the payments last?

Many states already provide 26 weeks of benefits, though some states have trimmed that back while others provide a sliding scale tied to unemployment levels. The bill would provide all eligible workers with an additional 13 weeks. So participants in states with 26 weeks would be eligible for a total of 39 weeks. The total amount cannot exceed 39 weeks, but it may be shorter in certain states. The extra \$600 payment would last for up to four months, covering weeks of unemployment ending July 31.

Are owners, in now eligible to collect unemployment?

Yes. The newly created Pandemic Unemployment Assistance is available for those who are self employed.



Frequently Asked Questions continued:

What about PEO business owners?

Officers of corporations may be eligible, especially if they are being paid by the PEO. If they are leased employees, they should list the PEO as their employer and file for UI benefits.

Are non-profit or government employers eligible for any relief of charge as a result of the COVID-19 pandemic? How does that affect the \$600 extra payment

Yes. The Federal government will pay 50% of the UI benefits charged to the state unemployment accounts as a direct result of COVID-19. They will also cover 100% of the cost of the \$600 payment.

During the Covid-19 virus are people able to take a personal leave of absence due to, confirmed cases at their workplace and get unemployment?

This federal government does not provide guidance directly to this question. It will be dependent on the state unemployment agency. Every state has indicated that if an employee is receiving any type of pay including sick leave, they are not considered to be unemployed and will not be eligible for benefits.

How long would the broader program last?

Expanded coverage would be available to workers who were newly eligible for unemployment benefits for weeks starting on Jan. 27, 2020, and through Dec. 31, 2020

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