

CARES Act: Changes to Unemployment Compensation Present Opportunities to Businesses and Employees

Alert

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During these unprecedented times when businesses are deciding how to adjust work schedules and/or close facilities in light of supply and demand shortages, public health concerns and government orders limiting mass gatherings, businesses should consider whether and how increased unemployment insurance payments may benefit both the business and employees.

Businesses facing significant headwinds may consider a range of options to reduce labor costs, including temporary or permanent layoffs, cuts to pay and/or hours, or furloughs for a period of a week or several weeks. Temporary changes to unemployment benefits mean that employers should pay special attention to employee eligibility for benefits. Depending on how businesses reduce hours and/or furlough employees, employees may become whole (or even come out ahead), while businesses will save money from cutting payroll.

In light of the COVID-19 pandemic, there have been significant changes to both eligibility requirements and benefit amounts. Numerous state governors have signed executive orders waiving common unemployment requirements (e.g., one week waiting period and work search), and the federal government passed the CARES Act, which includes three important unemployment compensation provisions: (i) Federal Pandemic Unemployment Compensation (FPUC) provides \$600/week in addition to the state unemployment benefits through the end of July; (ii) Pandemic Unemployment Assistance (PUA) expands unemployment benefits to those traditionally not covered through state unemployment; (iii) Pandemic Unemployment Emergency Compensation (PUEC) extends state unemployment benefits by 13 weeks through December 31, 2020.

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Unfortunately, state unemployment requirements and calculations vary, so it's important to consider the benefits of unemployment compensation in each state where you have employees. We recommend undergoing the following decision-making process when deciding how to revise your work-schedules and take advantage of the available unemployment benefits.

- How much in unemployment benefits would my employees be eligible for if I furloughed them?
 - Is the furlough voluntary or involuntary? Note: some states permit voluntary, seniority based layoff or furlough programs.
 - What state executive orders have been passed waiving traditional requirements and expanding eligibility?
 - How does the state calculate the weekly benefit amount?
 - What is the state maximum weekly benefit amount?
 - Are the employees eligible for the federal \$600/week?
- Will my employees be eligible for state unemployment benefits if I reduce their hours and if so, how much?
 - Does the reduction in hours meet the states' work-share program requirements?
 - How does the state define "partial unemployment"?
 - How does the state define "wages"?
 - How will an employees' part-time wages decrease their unemployment benefits and/or make them ineligible for state benefits?
 - Are the employees eligible for the federal \$600/week?

As the number of unemployment filings has risen drastically in the past few weeks, state offices are experiencing delays in processing applications. Employers may wish to plan for how these delays could impact their workforce.

However, in order to ease the burden on employees and expedite the application process, some states have implemented mass claim filing. This allows the employer to file a list of employees impacted by a layoff or furlough instead of requiring each individual employee to file for unemployment benefits.

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If you have questions regarding how these changes to unemployment benefits may impact your employees, or your plans for layoff or hours reductions, please contact [Erin Naeger](#), Kristin Berger Parker, Carroll Wright, [Molly Walsh Keppler](#), [Sharon Ng](#), [Bernadette Sargeant](#), [Stephanie Scheck](#), Johnny Wang or the Stinson LLP contact with whom you regularly work.

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