

Publications

Bipartisan Coronavirus Stimulus Continues Relief for Unemployed Workers and Employers

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Yesterday evening, the President signed into law the Bipartisan COVID-19 Emergency Relief Act of 2020. Among a number of other stimulus provisions, the Act, in a section entitled the “Continued Assistance for Unemployed Workers Act of 2020” (“CAUWA”), ensures that federal assistance for unemployed workers will continue into 2021. CAUWA also ensures that employers will not be responsible to subsidize most, if not all, of this continued assistance.

The CARES Act

During the early stages of the pandemic, Congress passed the CARES Act to enhance the assistance available for the record numbers of unemployed workers in America. The CARES Act not only established several new or expanded programs to assist unemployed workers, but also largely avoided placing the burden on employers to pay for this expanded assistance.

The largest of these unemployment benefit programs were the Pandemic Unemployment Assistance (“PUA”) program and the Pandemic Emergency Unemployment Compensation (“PEUC”) program. PUA provided up to 39 weeks of unemployment benefits to certain individuals who were unemployed because of the COVID-19 pandemic but were otherwise ineligible for state unemployment benefits. This created an avenue for gig workers, independent contractors, temporary employees, and others whose income was substantially eliminated due to COVID to collect unemployment benefits. The PEUC, on the other hand, provided an *additional* 13 weeks of unemployment benefits for individuals who were already receiving benefits under existing state unemployment law (which in most cases is otherwise capped at 26 weeks).

The CARES Act also provided relief to reimbursing employers—those who elect to accept direct liability for unemployment payments, rather than contributing to the state unemployment insurance fund. Specifically, the CARES Act provided federal reimbursements of up to 50 percent of the unemployment benefits payments for which these

reimbursing employers were responsible.

CAUWA

Almost all of the benefit programs created by the CARES Act would have expired at the end of 2020. The COVID-19 pandemic, however, did not follow the same script and Congress recognized the need to continue these programs. Accordingly, CAUWA extends all of these programs for at least an additional 11 weeks into March 2021, with individuals who have not already exhausted all of their eligible weeks of PUA or PEUC benefits able to receive those until April 2021. Funding for these programs will remain consistent with how they were funded under the CARES Act. This is notable for employers because the two largest programs created by the CARES Act (the PUA and PEUC programs) are fully funded by the federal government. Payments made to unemployed individuals under these programs are thus not charged against employers' state unemployment accounts. Moreover, the continuation of funding also means that reimbursing employers will continue to receive federal reimbursements for part of their unemployment benefits obligations.

Further, CAUWA contains a provision that will temporarily increase unemployment benefits payments. All unemployment benefits recipients—regardless of whether those benefits come from existing state programs or those created by the CARES Act and extended by CAUWA—will receive a temporary weekly supplement of \$300 in addition to the unemployment benefits they are already receiving. This temporary supplement will only be available for 11 weeks, beginning on December 27, 2020, and lasting until March 2021. The federal \$300 supplement will only be available for those weeks in which an individual otherwise qualifies for unemployment benefits (including individuals who are still employed but are working on short-time compensation programs such as SharedWork Ohio). These supplemental payments will again not be charged against employers' state unemployment accounts, nor will reimbursing employers be responsible for paying any part of the supplemental payments. Thus, this temporary \$300 federal supplement will operate much like the prior \$600 federal supplement provided under the CARES Act, just at the lower benefit level.

Contact your Vorys lawyer if you have questions about these unemployment programs and / or your potential obligations under them.

Vorys COVID-19 Task Force

Vorys attorneys and professionals are counseling our clients in the myriad issues related to the coronavirus (COVID-19) outbreak. We have also established a comprehensive Coronavirus Task Force, which includes attorneys with deep experience in the niche disciplines that we have been and expect to continue receiving questions regarding coronavirus. Learn more and see the latest updates from the task force at vorys.com/coronavirus.