

## Enhanced Unemployment Benefits Under The CARES Act: Everything Employers and Employees Need to Know

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On March 27, 2020, the House passed the third and largest of stimulus packages, the Coronavirus Aid, Relief, and Economic Security Act (the Act), or the CARES Act, to help large and small businesses, individuals and families better cope financially with the rapid and relentless ravage that the COVID-19 pandemic has unleashed on the U.S. economy. Among the provisions, the Act provides several types of enhanced unemployment benefits, including:

- A flat \$600 benefit, which is paid on top of the regular unemployment compensation to which the worker is entitled;
- Waiver of any benefit application waiting period, so that workers can apply, and receive benefits, immediately;
- An extension of the period of benefits;
- An extension of coverage to workers who otherwise would not be eligible for unemployment benefits, or who otherwise would have exhausted their unemployment benefits; and
- The creation of federal funding for state short-time programs, under which workers are not terminated, but are retained by the employer with reduced hours.

All of these new benefits are administered by the states through agreements with the Secretary of Labor.

### The Federal Pandemic Unemployment Compensation

First, the Act authorizes an additional flat \$600 benefit, called the Federal Pandemic Unemployment Compensation. This benefit applies after the state and Secretary of Labor have entered into an agreement to provide the benefit, and sunsets on July 31, 2020.

### Waiver of Eligibility Waiting Period

Second, the Act eliminates any state or federal eligibility waiting period. As a result, unemployed workers are eligible for benefits immediately upon losing employment. The waiver of the waiting period applies after the state and Secretary of Labor have entered into an agreement to provide the benefit, and sunsets on December 31, 2020.

### Pandemic Emergency Unemployment Compensation

Third, the Act extends the duration of unemployment benefits for workers who would have otherwise exhausted their unemployment benefits, and who are able and available to work, called the Pandemic Emergency Unemployment Compensation. The extended benefit amount includes both the regular compensation payable under the applicable state or federal law, as well as the Federal Pandemic Unemployment Compensation (discussed above). The Act caps the maximum amount of Pandemic Emergency Unemployment Compensation to 13 additional weeks of regular unemployment benefits and Federal Pandemic Unemployment Compensation.

The Act also requires states to be flexible in their requirements that workers be able and available to work, where they are unable to search for work because of COVID-19, including because they are sick, quarantined or are subject to movement restrictions.

### **Pandemic Unemployment Assistance**

Fourth, the Act extends unemployment benefits to workers who would otherwise be ineligible for compensation or extended benefits under state or federal law or would be ineligible for Pandemic Emergency Unemployment Compensation, called Pandemic Unemployment Assistance.

#### *Who is Eligible for Pandemic Unemployment Assistance?*

Pandemic Unemployment Assistance is available to workers who:

- Have exhausted their rights to regular unemployment or extended benefits under state or federal law, or who have exhausted their Pandemic Emergency Unemployment Compensation;
- Are self-employed;
- Are seeking part-time employment;
- Do not have sufficient work history; or
- Otherwise would not normally qualify for regular or extended unemployment benefits or the Pandemic Emergency Unemployment Compensation.

These workers are eligible for benefits so long as they are otherwise able and available to work, but are unable or unavailable to work because:

- The employee has, or has symptoms of, COVID-19;
- A member of the employee's household has COVID-19;
- The employee is caring for a family member or household member who has COVID-19;
- The employee is a primary caregiver for a child or other household member whose school or facility has closed as a result of the COVID-19 public health emergency;
- The employee cannot go to work because of a COVID-19 related quarantine;
- The employee cannot go to work because the employee's healthcare provider has advised the employee to self-quarantine;
- The employee was supposed to start a new job, but now does not have a job, or is unable to go to work as a result of the COVID-19 public health emergency;
- The employee has become the breadwinner for a household because the former head of the household died from COVID-19;
- The employee had to quit his or her job as a result of COVID-19; or
- The employee's workplace closed because of the COVID-19 public health emergency.

The Act specifically excludes from coverage workers who can telework with pay, and workers who are receiving paid sick leave or other paid leave benefits.

The benefits may apply retroactively to January 27, 2020 and extend through December 31, 2020, but benefits are capped at 39 weeks. This cap includes weeks during which the worker received regular or extended unemployment benefits under state or federal law.

#### *What Benefits Are Available to Eligible Workers?*

For most eligible workers, the amount of Pandemic Unemployment Assistance will include (1) the weekly unemployment benefits authorized by state law (except that that amount cannot be less than the floor set by federal law) and (2) the Federal Pandemic Unemployment Compensation. However, for eligible workers who are self-employed, who live in certain U.S. territories or who would not otherwise qualify for unemployment compensation under state law, the amount of Pandemic Unemployment Assistance includes weekly unemployment benefit calculated in accordance with federal law (20 C.F.R. 625.6) and the Federal Pandemic Unemployment Compensation.

#### **Short Time or "Shared-Work" Benefits**

Finally, the Act provides federal funding for state "short-time" programs (also sometimes referred to as a shared-work program), under which workers are not terminated, but are retained by the employers at a reduced schedule and receive partial unemployment benefits. This section also expires on December 31, 2020.

Employers who have questions or would like additional information, please contact Victoria Fuller ([fullerv@whiteandwilliams.com](mailto:fullerv@whiteandwilliams.com); 617.748.5211), Stephen Bowers ([bowers@whiteandwilliams.com](mailto:bowers@whiteandwilliams.com); 215.864.6247) or another member of the Labor and Employment Group.

As we continue to monitor the novel coronavirus (COVID-19), White and Williams lawyers are working collaboratively to stay current on developments and counsel clients through the various legal and business issues that may arise across a variety of sectors. Read all of the updates [here](#).

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