A BACKGROUNDER ON
UNEMPLOYMENT INSURANCE
UNDER THE CARES ACT

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The CARES Act significantly expanded access to the unemployment insurance (UI) system for American workers who suffer job losses or reduced hours through no fault of their own. Here's what you need to know.

1 Who is ELIGIBLE?

Generally, to be eligible for unemployment insurance, workers must be able, available, and actively looking for work. However, states have some flexibility in interpreting these requirements.

Example: Furloughed workers may be considered "actively looking for work" if they expect to return to work for their employers when the economy reopens. But if they are called back to work and refuse, they will not be eligible for unemployment insurance.

2 How do workers access UNEMPLOYMENT INSURANCE?

There are four primary ways to access unemployment insurance under the CARES Act.

1. **REGULAR STATE UNEMPLOYMENT BENEFITS:** A worker who is laid off or furloughed can access regular state UI benefits. The state pays these benefits out of its UI trust fund. While the availability of benefits varies from state to state, generally these benefits last up to 26 weeks. However, in states where benefit claims rise significantly, extended benefits will be made available.

2. **THE PANDEMIC EMERGENCY UNEMPLOYMENT COMPENSATION (PEUC) PROGRAM:** Workers who have exhausted their regular benefits can access an extra 13 weeks of UI though the federally-funded Pandemic Emergency Unemployment Compensation (PEUC) program. PEUC is separate from regular extended benefits.

The PEUC program expires on December 31, 2020

3. **Workers who are ineligible for regular state benefits—**such as independent contractors or those who meet specific criteria directly related to COVID-19 (see right)—can access the Pandemic Unemployment Assistance (PUA) program.

   PUA pays the same weekly benefits as your regular state UI program, but these benefits are 100% federally-funded. PUA benefits are available for up to 39 weeks.

The PUA program expires on December 31, 2020

4. Workers who collect weekly benefits of any amount from any of the above programs will receive an extra $600 per week under the **Federal Pandemic Unemployment Compensation (FPUC)** program. These benefits are also 100% federally-funded.

The FPUC program expires on July 31, 2020

Workers are eligible for the Pandemic Unemployment Assistance (PUA) if:

- They have been diagnosed with COVID-19 or are seeking a medical diagnosis

- A member of their household has been diagnosed with COVID-19 or they are providing care for such an individual

- They need to take care of a child whose school is closed because of COVID-19 or they have primary caregiving responsibility for an individual whose caregiving facility is closed as a result of COVID-19 and providing care makes the individual unable to work

- They are unable to reach their place of employment because of a general quarantine imposed as a direct result of COVID-19 or they have been told by a healthcare provider to self-quarantine due to concerns related to COVID-19

- They were scheduled to start employment but the job no longer exists or cannot be reached as a direct result of COVID-19

- They have become the breadwinner or major support for a household because the head of the household has died as a direct result of COVID-19

- They had to quit their job as a direct result of COVID-19

- Their place of employment is closed as a direct result of COVID-19

Additional Considerations

- State UI programs generally include a one-week waiting period before benefits are available. Under the CARES Act, states are encouraged to waive the one-week waiting period with the federal government picking up the cost.

- Generally, a worker who is teleworking with pay or taking paid leave is ineligible for regular UI benefits. The CARES Act states that workers may not receive PUA benefits if they are receiving paid leave benefits. However, if a worker in either of those situations has suffered a loss of hours (e.g. if they cannot telework the full length of a regular workday), they can receive UI for the lost hours.

- The CARES Act also encourages states to utilize short-time compensation programs and creates a streamlined system for states that do not have such a program in place to set one up. Essentially, these allow a firm to reduce hours while ensuring that employees are compensated for the lost time with the compensation for lost hours split between employers and the UI system.

  Employees who receive short-time compensation are eligible for the $600 per week payment under FPUC. The specifics of short-time compensation programs will vary from state to state.

- Typically, a worker who is fired for cause, quits, or refuses available work is not eligible for UI. However, under the CARES Act, these actions may not result in denial of benefits for a very narrow set of circumstances directly related to the Coronavirus.

Example: An individual who was diagnosed with the Coronavirus and recovered but suffered injuries so consequential that the worker cannot perform his or her job may still be eligible for UI benefits if he or she do not return to work.

Notably, the Department of Labor has stated that a general fear of catching the Coronavirus will not allow an individual to establish or maintain eligibility for unemployment benefits.

3 How do workers APPLY?

Unemployment insurance is administered through a federal-state partnership, but the point of entry for ALL UI benefits, whether state-funded or federally-funded, will be through your state's unemployment insurance agency.

Click **here** to find your state's agency.

MORE INFORMATION

The U.S. Department of Labor has released several guidance documents for the administration of UI programs. These can be found below.

- Guidance on state flexibility to determine UI eligibility

- Guidance summarizing the major UI provisions

- Guidance on the mechanics of the Federal Pandemic Unemployment Compensation (FPUC) program

- Guidance on the Pandemic Unemployment Assistance (PUA) program