CARES Act
Summary of Unemployment Insurance (UI) Provisions

On March 27, 2020, President Trump signed into law a third stimulus bill, H.R. 748, entitled the Coronavirus Aid, Relief and Economic Security Act ("CARES"). CARES expands the unemployment insurance ("UI") programs administered by the states in four ways. CARES: (1) expands access to UI benefits; (2) increases the amount of UI payments; (3) extends the duration of UI benefits; and (4) eliminates waiting periods. The impact of CARES on workers who are receiving or will apply for UI benefits is as follows:

For workers who qualify for regular UI benefits:
- all weekly UI benefits will be increased by $600 for the next four months (through July 31);
- State-law mandated "waiting periods" are waived;
- benefits can be received for an additional 13 weeks beyond what is typically allowed by state law; and
- these enhancements are for unemployment for any reason – not just COVID-19.

For workers who typically would not qualify for regular UI benefits:
- access to the UI system is expanded -- independent contractors, sole proprietors, those without a wage history, and others who usually would not qualify for UI benefits are eligible for regular UI payments;
- these individuals may receive benefits if they are unemployed or unavailable to work because of Covid-19 (but otherwise would be available for work);
- up to 39 weeks of UI benefits are available to these workers;
- all weekly UI benefits will be increased by $600 for the next four months (through July 31); and
- State-law mandated "waiting periods" are waived.

This summary of benefit changes assumes that states will enter into agreements with the federal government to administer these new programs to the maximum extent allowed by CARES. Although CARES does not require states to enter into such agreements, the federal government is offering to pay for 100% of the changes allowed by this bill, so there is little reason for states *not* to offer these expanded benefits.

These changes to the UI system are in addition to the individual "recovery rebates" provided by CARES. This rebate is $1,200 per individual ($2,400 if filing jointly), plus $500 for each qualifying child. (This is subject to income caps starting at $75,000.)

Summary of the Critical UI provisions of CARES

Increased UI Payments for All for Four Months (Sec. 2104)
- This section increases the amount of UI benefits workers receive each week from the time the state enters into an agreement with the federal government through July 31st by $600.
- This extra $600/week will be sent to workers receiving regular/extended UI benefits, as well as workers receiving benefits under the expanded access and duration provisions of the new bill.
- The extra $600 may be included in the weekly UI payment, or sent as a separate, weekly payment.
- These payments are in addition to the $1,200/$2,400 rebates provided for elsewhere in the bill that are not tied to the UI system.

Increased Access to UI Benefits (Sec. 2102)
- This section allows those who have exhausted their right to UI or would typically be ineligible to receive UI benefits if they are unemployed or unavailable for work because of Covid-19 but would otherwise be able to and available for work.
- Examples of who will be eligible for UI under this section include the self-employed (e.g., independent contractors) and those who would normally not have a sufficient wage history to receive UI.
- Workers receiving benefits under this section will receive the weekly payments they would receive if they were eligible for regular UI, plus the extra $600/week described above.
- Generally speaking, workers can earn up to 39 weeks of UI payments under this section, including any weeks of UI they have already used.
- Any state-mandated waiting periods are waived for purposes of this benefit.
- States can use any evidence of prior earnings to calculate the amount of weekly benefit payments owed an individual. If someone does not produce sufficient evidence of prior earning history for a determination of weekly benefits to be made, they can instead earn a "minimum flat benefit" based on the average weekly payments made in the state.
- This benefit is not available to anyone who has the ability to telework with pay or is receiving paid sick leave or other paid leave benefits. If an individual remains out of work because of Covid-19 after exhausting their paid leave, they can then apply for these benefits.

Increased Duration of Regular UI Benefits (Sec. 2107)
- This section allows states to extend the length of UI benefits for workers who are eligible for regular or extended UI. In most cases, this allows for an extra 13 weeks of benefit payments. (Note that this extension is not available to individuals receiving benefits under section 2101's new expanded access rules.)
- To be eligible, an individual must have used up all their rights to regular/extended UI under state law and must be actively seeking work.
- Individuals receiving benefits under this section will receive the extra $600/week provided by section 2104.
- Anyone who is eligible for benefits under this section must use up these benefits before receiving payments under the expanded access provision (section 2102).

Waiting Periods Are Waived (Sec. 2105)

- This section offers states a powerful economic incentive to waive their state-law mandated "waiting periods" that prevent people from immediately receiving UI benefits.
- The federal government offers to pay for 100% of the total amount of regular UI benefits states pay to individuals for their first week of regular unemployment if states agree to waive these "waiting periods" through the end of 2020.

EXAMPLES

1.   Jane Doe, a pipefitter, is laid off because the project site she was working on has been shut down due to Covid-19. She reported that she earned $60,000 of income on her most recent tax return, and she is eligible for regular UI benefits because she was an employee and has a prior earning history. She will receive: (1) her weekly UI benefits, which are a percentage of her prior salary, *plus* (2) an extra $600 per week (through July 31), *plus* (3) a $1,200 tax credit. Her state normally allows individuals up to 39 weeks of regular and extended UI benefits and applies a "waiting week" before benefits are sent, but under the CARES Act she will be able to receive benefits immediately and for up to 52 weeks.

2.   John Smith is a plumber who has been out of the workforce for a few years but was hired to start on a project at the end of March. This project was delayed because of Covid-19. While John would not typically be eligible for UI because of his lack of wage history, he can now apply for benefits because of the expanded access provisions of this bill. Because he did not report any income on his most recent tax return and has no wage history that can be used to calculate a weekly benefit amount, he will receive: (1) a "minimum flat benefit" based on the average weekly benefit paid in the state, *plus* (2) an extra $600 per week (through July 31), *plus* (3) a $1,200 tax credit. He starts receiving this benefit immediately because the state has waived its waiting period.

3.   Jill Jones is a first year apprentice. She just started her apprenticeship in September, but was laid-off in February because of Covid-19-related work slowdowns. She reported an income of $20,000 on her most recent tax return. In normal circumstances, her state's eligibility rules for UI would deny her unemployment benefits because of a lack of work history. Under the CARES Act, the state would be able to use any documentation of the earnings she has earned in her apprenticeship to calculate an appropriate weekly benefit. She will receive: (1) weekly UI benefits based on the pay stubs from work performed during her apprenticeship that she submits with her application, which establish her pre-layoff wages, *plus* (2) an extra $600 per week (through July 31), *plus* (3) a $1,200 tax credit. She can receive her weekly UI benefits for up to 39 weeks, as long as her unemployment continues to be caused by Covid-19.