

COVID-19: Workers Receive Historic Expansion of Unemployment Benefits under CARES Act

April 1, 2020 | by Alex Lee

As the COVID-19 pandemic continues to run its course in the United States, the economic impact has shuttered businesses across the country, resulting in job losses for millions of workers. The accompanying surge in unemployment benefit applications has resulted in historic numbers with the most recently reported week ending March 21, 2020 showing a record 3.28 million applications filed.

In response to this crisis, the recently enacted Coronavirus Aid, Relief, and Economic Security (CARES) Act, has included among its many relief provisions for individuals and businesses, a vast expansion of unemployment benefits.

These expansions as to the rate of benefits, and length of benefits, and scope of eligible workers, among a number of other changes, are intended to cushion the impact of unemployment, and to temporarily bridge the economy until an eventual period of recovery.

Each of the key provisions affecting the unemployment benefits landscape are detailed below, and will be important information for employees affected by loss or reduction of work, as well as for employers and businesses making personnel decisions regarding their workforces during these difficult economic times.

1. Increasing the Rate of Compensation for Unemployment Benefits

- Under the CARES Act, all workers eligible for benefits receive \$600 per week in addition to the normal rate of compensation provided in each individual state. These enhanced benefits will apply until July 31, 2020, and are in addition to the normal period of benefits provided by each state (up to 26 weeks in New Jersey).
- Notably, this amount is not capped by the eligible worker's average weekly wage prior to unemployment.

- Based on this benefit structure, certain workers may in fact end up receiving more money in unemployment benefits, than they were earning in wages during employment.
- In New Jersey the current rate of compensation normally provides 60% of a worker's average weekly wage, up to a maximum rate of \$713 per week. Under the CARES Act, that rate increases to a maximum of \$1,313 per week.

2. Extending the Length of Unemployment Benefits

- While many state unemployment benefits, including those in New Jersey, normally apply for up to a 26-week period, the CARES Act extends the time benefits apply for an additional 13 weeks.
- For New Jersey this results in a maximum total eligibility of 39 weeks.
- The Act applies to unemployment situations beginning on or after January 27, 2020, and ending on or before December 31, 2020.

3. Expanding Unemployment Benefits Coverage to Individuals Traditionally not Eligible for Benefits

- The CARES Act creates a temporary Pandemic Unemployment Assistance program lasting until December 31, 2020 that expands unemployment benefits to workers who are not traditionally eligible for benefits.
- This includes self-employed workers, business owners, and independent contractors (including those workers who are a part of the gig economy),
- Workers seeking part-time employment,
- Workers with insufficient work history, or wages earned with their prior employment to normally be eligible for unemployment benefits.
- Under the Pandemic Unemployment Assistance program, these workers are eligible to receive the same unemployment benefits as all other employees would receive under the CARES Act. This includes the increased benefit rates provided under the CARES Act.

4.

Expanding Eligibility Reasons for Unemployment Benefits

In addition to traditional eligibility for unemployment benefits, the CARES Act creates new categories for benefits eligibility relating to COVID-19 impact.

- These new COVID-19 related reasons provide eligibility for those who are unemployed, or unable to work because:
- the individual has been diagnosed with COVID-19 or is experiencing symptoms of COVID-19 and seeking a medical diagnosis;
- a member of the individual's household has been diagnosed with COVID-19;
- the individual is providing care for a family member or a member of the individual's household who has been diagnosed with COVID-19;
- a child or other person in the household for which the individual has primary caregiving responsibility is unable to attend school or another facility that is closed as a direct result of the COVID-19 public health emergency and such school or facility care is required for the individual to work;
- the individual is unable to reach the place of employment because of a quarantine imposed as a direct result of the COVID-19 public health emergency;
- the individual is unable to reach the place of employment because the individual has been advised by a health care provider to self-quarantine due to concerns related to COVID-19;
- the individual was scheduled to commence employment and does not have a job or is unable to reach the job as a direct result of the COVID-19 public health emergency;
- the individual has become the breadwinner or major support for a household because the head of the household has died as a direct result of COVID-19;
- the individual has to quit his or her job as a direct result of COVID-19;
- the individual's place of employment is closed as a direct result of the COVID-19 public health emergency.

5.

Extending Benefits to Workers who have Exhausted Benefits

- For individuals who have previously exhausted the maximum unemployment benefits provided by their state program, the CARES Act provides an additional 13 weeks of benefits.
- These individuals receive the increased rate of \$600 plus the regular benefit, as long as the individuals remain able, available, and actively seeking work as normally required for eligibility.

6.

Eliminating the Waiting Periods for Unemployment Benefits

- Traditionally, many state unemployment benefits programs have required a one week waiting period prior to receiving benefits.
- To expedite relief, and to incentivize states to waive this waiting period, the CARES Act provides funding to state unemployment programs that fully pays for the provision of all

unemployment benefits for this initial one week after approval of benefits.

In summary, the CARES Act provides a package of expanded benefits that provide broad and expansive relief for unemployed workers. In recognition of the urgency of the circumstances and the impact unemployment has on the economy, the above provisions do away with many of the typical restrictions and limitations that might normally bar individuals from seeking unemployment benefits.

If you are a worker seeking information regarding unemployment eligibility/ benefits, a party seeking to appeal an unemployment benefits decision, or an employer/ business seeking guidance in making personnel decisions relating to your workforce, our employment law attorneys can guide you through the latest developments in the law. Please contact our employment law attorneys to arrange a time to speak. It remains our commitment to be with you *Every Step of the Way*.