



March 26, 2020

## Unemployment Insurance Provisions in the CARES Act (H.R. 748, as Amended)

This In Focus summarizes the Unemployment Insurance (UI) provisions in Title II, Subtitle A, of the CARES Act, H.R. 748, as amended, and as passed by the Senate on March 25, 2020. It also provides a brief comparison with the UI provisions enacted in H.R. 6201/P.L. 116-127, the Families First Coronavirus Response Act.

### Expanded Benefit Eligibility

Section 2102 of the CARES Act would create a temporary, federal UI program for individuals not otherwise eligible for UI benefits (e.g., self-employed, independent contractors, gig economy workers): Pandemic Unemployment Assistance (PUA).

PUA would provide up to 39 weeks of federally financed UI benefits to unemployed workers who (1) are ineligible for any other state or federal UI benefit; (2) meet conditions related to being unemployed, partially unemployed, or unable to work due to COVID-19; and (3) are not able to telework and not receiving any paid leave. The PUA maximum duration of 39 weeks would be offset by any weeks of other UI benefits payable to an individual; including regular, state Unemployment Compensation (UC), Pandemic Emergency Unemployment Compensation (PEUC, described below), or Extended Benefits (EB).

PUA would be available in all states and U.S. territories, subject to agreements with U.S. Department of Labor (DOL). PUA would pay benefits for weeks of unemployment, partial unemployment, or inability to work beginning on or after January 27, 2020, and ending on or before December 31, 2020 (hereinafter, end of December 2020). PUA benefits could be paid retroactively.

The PUA benefit amount would be the weekly benefit amount (WBA) as calculated under state law based on recent earnings (subject to the minimum benefit under Disaster Unemployment Assistance [DUA], which is half of the state's average weekly UC benefit amount). In territories without UC programs, the PUA benefit would be determined by DUA regulations. For background on DUA, see CRS Report RS22022, *Disaster Unemployment Assistance (DUA)*.

All PUA benefits, like other UI benefits, would be augmented by \$600 a week (see below for description of the Federal Pandemic Unemployment Compensation) through July 2020.

### Additional Weeks of Benefits

Section 2107 would create PEUC, which would authorize up to 13 additional weeks of federally financed UI benefits for individuals who exhaust state and federal UI benefits

and are able, available, and actively seeking work, subject to COVID-19-related flexibilities.

PEUC would be authorized through the end of December 2020. The PEUC benefit amount would be the WBA as calculated under state law. All PEUC benefits would be increased \$600 a week by Federal Pandemic Unemployment Compensation (FPUC, described below) through July 2020. (During the period that PEUC is authorized, states would be prohibited from reducing UC benefit amount or duration.)

### Additional \$600 Weekly Federal Compensation

Section 2104 would provide an additional, federally financed \$600 benefit that would augment all weekly UI benefits including PUA, UC, EB, and PEUC. This FPUC would be payable for weeks of unemployment ending on or before July 31, 2020. (During the period that this payment is authorized, states would be prohibited from reducing UC benefit amount or duration.)

### Other UI Provisions

- Section 2103 would, through December 2020, provide 50% federal funding of regular UC benefits based on service with reimbursing employers, which are state and local governments, Indian tribes, and nonprofit organizations that have opted not to pay UI taxes, but instead reimburse states for UC benefits paid to their former employees. This provision would provide financial relief to these reimbursing employers. It would also allow for state flexibility in the timing of required reimbursement payments for these employers.
- Section 2105 would provide 100% federal financing through the end of December for UC benefits provided during the first week of unemployment in state UC programs with no one-week waiting period (thus, incentivizing states that require one-week waiting periods before receiving UC under state law to remove them).
- Section 2106 would waive federal requirements regarding merit staffing for state UC programs on an emergency, temporary basis in response to COVID-19 until December 31, 2020. This waiver would be limited to certain temporary actions taken by states to quickly process UI claims, including rehiring former employees and temporary hiring.
- Sections 2108-2111 would authorize 100% federal financing of Short-Time Compensation (STC; work sharing) in states with existing programs and 50%

federal financing for states that set up STC programs (up to the equivalent of 26 weeks of benefits for individuals) through the end of December 2020. It would also authorize \$100 million in federal grants to support STC. DOL would be required to provide STC technical assistance. For background on STC programs, see CRS Report R40689, *Compensated Work Sharing Arrangements (Short-Time Compensation) as an Alternative to Layoffs*.

- Sections 2112-2114 would provide \$50 million to waive the seven-day waiting period for Railroad Unemployment Insurance (RRUI) benefits. It would also authorize a comparable FPUC (\$1,200 for RRUI biweekly benefits; so \$600 per week) for RRUI through July 2020. It would provide an additional 13 weeks of federally financed RRUI benefits through the end of December 2020, comparable to PEUC. For background on RRUI, see CRS Report RS22350, *Railroad Retirement Board: Retirement, Survivor, Disability, Unemployment, and Sickness Benefits*.
- Section 2115 would provide \$25 million in funding for the DOL Office of Inspector General for audits, investigations, and oversight related to the UI provisions in H.R. 748.
- Section 2116 would authorize DOL to issue operating instructions and other guidance needed to implement the UI provisions in H.R. 748.

#### Interactions with UI Provisions in H.R. 6201/P.L. 116-126

In general, the UI provisions in H.R. 748, the CARES Act, are non-overlapping with the UI provisions in H.R. 6201/P.L. 116-127, the Families First Coronavirus Response Act.

As described above, the UI provisions in the CARES Act focus on temporary federal interventions to expand UI benefit eligibility; provide additional federally financed weeks of UI benefits; and augment all weekly UI benefit payments with additional federally financed benefits amounts, among other provisions.

The UI provisions in the Families First Coronavirus Response Act provide various types of assistance to states, including

- \$1 billion in emergency administrative grant funding to states in calendar year 2020 for administrative purposes. (Half of this amount would be available to all states that meet certain requirements related to UC eligibility notifications and claims access. The second half of this amount would be available to states that experience at least a 10% increase in UC claims over the previous calendar year and meet certain other requirements related to easing UC eligibility requirements for individuals affected by COVID-19.);
- waivers of certain federal UI requirements for state UC programs (Section 2106 of the CARES Act adds merit

staffing, in some circumstances, to the list of waived federal UI requirements);

- waivers of interest payments and suspension of interest accrual on federal advances (loans) to states to pay UC benefits through December 2020;
- DOL assistance to states in establishing, implementing, and improving STC programs (Sections 2108-2111 of the CARES Act would provide temporarily federal financing (100% or 50%, depending on state action) of STC benefits as well as \$100 million in grants to support STC programs);
- temporary, 100% federal financing for EB (under permanent law: 50% state, 50% federal) from enactment until the end of December 2020, but only for states that receive both halves of the emergency administrative grants. This law also temporarily removes the current incentive in EB law for states to have a waiting week for their regular UC programs through December 2020. (As of this date, EB is not available in any state.)

#### Additional Resources

For a summary of the UI provisions in H.R. 6201/P.L. 116-127, the Families First Coronavirus Response Act (enacted March 18, 2020), see CRS Insight IN11249, *H.R. 6201: Paid Leave and Unemployment Insurance Responses to COVID-19*.

For DOL guidance to states on implementing the UI provisions in H.R. 6201/P.L. 116-127, see DOL Unemployment Insurance Program Letter, No. 13-20, *Families First Coronavirus Response Act, Division D Emergency Unemployment Insurance Stabilization and Access Act of 2020* (March 22, 2020), available at [https://wdr.doleta.gov/directives/corr\\_doc.cfm?DOCN=8634](https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=8634).

For additional introduced legislation related to UI and COVID-19, see CRS Report R45478, *Unemployment Insurance: Legislative Issues in the 116th Congress*.

For background on permanent-law UI programs and benefits, see CRS Report RL33362, *Unemployment Insurance: Programs and Benefits*.

For minimum DUA amounts, see DOL Unemployment Insurance Program Letter, No. 11-20, *Attachment 1, Minimum Disaster Unemployment Assistance (DUA)*, (March 19, 2020), available at [https://wdr.doleta.gov/directives/attach/UIPL/UIPL\\_11-20\\_Attachment.pdf](https://wdr.doleta.gov/directives/attach/UIPL/UIPL_11-20_Attachment.pdf).

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