

COVID-19 Federal Unemployment Fact Sheet and Q&A

Update April 10, 2020; 9:46 AM

President Trump signed two major economic stimulus packages - the *Families First Coronavirus Response Act (FFRCA)* signed on March 18 and the *Coronavirus Aid, Relief, and Economic Security Act (CARES)* signed on March 27 (also known as Phase II and Phase III Stimulus bills). The purpose of this document is to provide information about unemployment expansion provisions of these acts.

Stay connected to AIM for ongoing updates of federal and state legislative action that may alter or supplement these programs. Go to www.aimnet.org to sign up for blog updates.

Families First Coronavirus Response Act (FFCRA)

- a. States receive \$1 billion (distribution by population) to aid in the upcoming surge of unemployment claims.
- b. States have the flexibility to modify policies to work in the current crisis without any federal penalty, allowing them to borrow interest-free from the federal government if the crisis strains their unemployment trust funds.
- c. States receive 100 percent temporary federal funding for extended benefits if said benefits are triggered due to high and rising unemployment.

Coronavirus Aid, Relief, and Economic Security (CARES) Act

- a. Expands eligibility for unemployment benefits –
 - Pandemic Unemployment Assistance
- b. New federally funded benefits to expand unemployment –
 - Federal Pandemic Unemployment Compensation
 - Expansion of “work-sharing” programs
 - Temporary full federal funding of week 1 claims
 - Pandemic Emergency Unemployment Compensation
- c. Includes Relief for non-profit organizations, tribal, state and local governments

What are the details on the new unemployment provisions in the CARES Act?

Expanded Eligibility for Benefits

Pandemic Unemployment Assistance (PUA):

PUA allows states to expand eligibility to provide unemployment compensation to workers who are not normally eligible for benefits, if their unemployment was connected to the COVID-19 pandemic, as determined by the state and the Department of Labor.

Among those now eligible are self-employed individuals, independent contractors, “gig economy” employees, and individuals who were unable to start a new job or contract due to the pandemic.

For 1099 and self-employed individuals, Massachusetts is awaiting federal guidance that will provide information about how to set up accounts and calculate what benefits should be for this group of claimants that previously have never been eligible for unemployment insurance benefits. It is important that a 1099 or self-employed person wait for official guidance to apply from the Massachusetts Division of Unemployment Assistance because apply too early may result in a rejection because the Massachusetts accounts and systems are not fully set up.

Federal Pandemic Unemployment Compensation (FPUC)

The federal government will provide a temporary Federal Pandemic Unemployment Compensation (FPUC) of \$600 a week for any worker eligible for state or federal unemployment benefits – including those newly eligible through the PUA – until July 31, 2020.

Combined with the underlying state unemployment benefit, FPUC would replace 100 percent of wages for the average U.S. worker without affecting eligibility for Medicaid or the Children’s Health Insurance Program. State unemployment programs would be fully reimbursed for the cost of administering the supplement and for the cost of the supplement itself.

Expansion of “Work-Sharing” Programs

The federal government will temporarily provide full funding for states (such as Massachusetts) with Short-Time Compensation or “work-sharing” programs in law. Through “work-share” programs, employers voluntarily make an agreement with the state unemployment office to prevent layoffs by reducing employee hours. Workers with reduced hours are eligible for partial state unemployment benefits.

Temporary Full Federal Funding of Week One Claims

The federal government will provide funding to pay the cost of the first week of unemployment benefits through December 31, 2020 for states (such as Massachusetts) that choose to pay recipients as soon as they become unemployed instead of waiting one week before the individual is eligible to receive benefits.

Pandemic Emergency Unemployment Compensation

Thirteen weeks of emergency unemployment compensation for workers who exhaust regular benefits. All states would be eligible to provide an additional 13 weeks of unemployment benefits to workers who need beyond what is provided for in state and federal law.

Relief for Non-profit Organizations, State/Tribal Governments

Unemployment Compensation Support for Nonprofit Organizations and State, Tribal, and Local Governments

Most nonprofits, tribes, and governmental entities have “reimbursable arrangements” that require them to reimburse the state for 100 percent of the cost of unemployment compensation paid to laid off workers.

During the period of the national emergency, the federal government will pay 50 percent of the reimbursement for those workers so that their employers may follow public-health recommendations. Workers at these organizations are also eligible for the FPUC supplement of \$600 a week.

Who can I call at AIM?

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