

Child Care & COVID-19

Unemployment Benefits in the CARES Act



The Coronavirus Aid, Relief, and Economic Security (CARES) Act is a \$2.2 trillion economic stimulus bill that passed with near unanimous, bipartisan support in the House and Senate and was signed into law on March 27, 2020. This sweeping economic stimulus bill seeks to provide relief to America's families, small businesses, and major industries as they struggle with the effects of the COVID-19 pandemic. Among other provisions aimed at providing greater financial stability to children and families during a time of tremendous economic uncertainty, the bill includes an estimated \$260 billion to expand access to unemployment benefits, including for self-employed individuals and others not traditionally eligible for benefits, and additional and extended benefits.

OVERVIEW

Federal law provides broad guidelines for states to administer their own unemployment insurance programs, allowing them to determine eligibility, minimum and maximum assistance, and the duration of benefits. On top of existing state benefits, the CARES Act establishes a temporary Pandemic Unemployment Compensation program through December 31, 2020, which adds \$600 per week to an individual's weekly benefit amount through July 31, 2020. The bill also expands benefit eligibility via Pandemic Unemployment Assistance (PUA) to those who are not eligible for existing state benefit programs and are unable to work due to COVID-19, including those diagnosed with or exposed to COVID-19, those with related caregiving responsibilities, and self-employed individuals. PUA benefits are calculated in the same way as federal Disaster Unemployment Assistance benefits and have a minimum benefit equal to one-half the state's average weekly benefit (approximately \$190 per week). Further, the bill provides Pandemic Emergency Unemployment Compensation to those who remain unemployed after state unemployment benefits are no longer available for an additional 13 weeks (up to 39 weeks).

For states that have a one-week waiting period before an individual receives unemployment benefits, the CARES Act includes funding for the first week to pay recipients as soon as they become unemployed. Additionally, the bill includes funds to states to reimburse nonprofits, government agencies, and Indian tribes for half of the costs to pay unemployment benefits through December 31, 2020. Funding is also included to states who offer Short-Time Compensation (STC) programs, which allow employers to enter into an agreement with state labor departments to reduce hours instead of laying people off entirely; employees receive partial unemployment benefits. Finally, the CARES Act gives states flexibility to hire temporary staff, rehire former staff, or take other steps to quickly process unemployment claims.



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Unemployment Benefits

FREQUENTLY ASKED QUESTIONS

Who is eligible for benefits under the Pandemic Unemployment Insurance program?

Given the vast number of Americans whose employment has been affected by the COVID-19 crisis, PUA extends eligibility to individuals who are not otherwise eligible for benefits, including self-employed individuals and independent contractors, who are unemployed, partially unemployed, or unavailable to work because they:

- Have been diagnosed with or exposed to COVID-19 or are caring for a family member with COVID-19;
- Are caring for a child whose school or child care provider is closed;
- Are unable to work due to quarantine or because their workplace is closed;
- Were scheduled to begin working but no longer have the job or are unable to get to it;
- Have become the breadwinner for their household due to a death; or
- Have had to quit a job due to COVID-19.

Those able to work from home or who are receiving paid sick or family leave are excluded.

How do I apply?

Individuals can apply for both state unemployment compensation and the new federal Pandemic Unemployment Compensation through their state's labor department, which can be found at: <https://www.careeronestop.org/LocalHelp/UnemploymentBenefits/find-unemployment-benefits.aspx>

When will I begin receiving benefits?

States have struggled to keep pace with applications for existing benefits and those created by CARES. While the timeline for approval is uncertain, the law does provide flexibility for states to more process unemployment claims, and once approved, benefits will be paid retroactively. Additionally, many states have a one-week waiting period before an applicant begins receiving benefits; the CARES Act includes funds to cover the first week of unemployment compensation for states that choose to waive that delay.

How much will I receive?

Weekly benefits are related to prior earnings and typically replace around 40% of wages. The CARES Act includes an additional \$600 per week in temporary Pandemic Unemployment Compensation. These two amounts must be provided on the same weekly basis but may be distributed separately. Each state's minimum and maximum weekly unemployment benefits are available at: <https://oui.doleta.gov/unemploy/content/sigpros/2020-2029/January2020.pdf>

How long do benefits last?

Most states pay benefits for up to 26 weeks, while some offer less. The CARES Act allows states to provide an additional 13 weeks, up to 39 weeks, through December 31, 2020. The extra \$600 payment lasts only through July 31, 2020, however.

What if I haven't lost my job, but my hours have been reduced?

The CARES Act provides temporary funding for states to establish a Short-Time Compensation program (also known as a work-sharing program) that allows employers to reduce hours instead of laying people off, which would enable eligible workers to receive partial unemployment benefits to help fill the gap.