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## Unemployment Insurance Provisions in the CARES Act

This In Focus summarizes the Unemployment Insurance (UI) provisions in Title II, Subtitle A, of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act; P.L. 116-136; enacted March 27, 2020). It also provides a brief comparison with the UI provisions enacted in the Families First Coronavirus Response Act (FFCRA; P.L. 116-127).

### Additional \$600 Weekly Federal Compensation

Section 2104 provides an additional, federally financed \$600 benefit (Federal Pandemic Unemployment Compensation [FPUC]) that augments weekly UI benefits including regular, state Unemployment Compensation (UC), Extended Benefits (EB), Pandemic Unemployment Assistance (PUA, see description below), and Pandemic Emergency Unemployment Compensation (PEUC, see description below). This FPUC is payable through agreements with states for weeks of unemployment ending on or before July 31, 2020. (During the period that this payment is authorized, states are prohibited from reducing their UC benefit amount or duration.)

FPUC income is disregarded for the purposes of Medicaid and the Children's Health Insurance Program (CHIP).

### PUA: Expanded Benefit Eligibility

Section 2102 of the CARES Act creates a temporary, federal UI program for individuals not otherwise eligible for UI benefits (e.g., self-employed, independent contractors, gig economy workers): PUA. PUA is administered by states and provides 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 are not receiving any paid leave. The PUA maximum duration of 39 weeks is offset by any weeks of regular UC or EB.

PUA is available in all states and U.S. territories, subject to agreements with U.S. Department of Labor (DOL). PUA pays 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 are authorized to be paid retroactively.

The PUA benefit amount is 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 is determined by DUA regulations. For background on DUA, see CRS Report RS22022, *Disaster Unemployment Assistance*

(DUA). All PUA benefits, like other UI benefits, are augmented by \$600 a week by FPUC through July 2020.

### PEUC: Additional Weeks of Benefits

Section 2107 creates PEUC, which authorizes 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 is administered by states and is authorized through the end of December 2020. The PEUC benefit amount is the WBA as calculated under state law. All PEUC benefits would be increased \$600 a week by FPUC through July 2020. (During the period that PEUC is authorized, states are prohibited from reducing UC benefit amount or duration.)

### Other UI Provisions

- Section 2103 provides, through December 2020, 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 Section provides financial relief to these reimbursing employers. It also allows for state flexibility in the timing of required reimbursement payments for these employers.
- Section 2105 provides 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 waives 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 is limited to certain temporary actions taken by states to quickly process UI claims, including rehiring former employees and temporary hiring.
- Sections 2108-2111 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. Additionally, \$100 million in federal grants to support STC are authorized. DOL is required to provide STC technical assistance to states. For background on STC programs, see CRS Report R40689,

*Compensated Work Sharing Arrangements (Short-Time Compensation) as an Alternative to Layoffs.*

- Sections 2112-2114 provide \$50 million to waive the seven-day waiting period for Railroad Unemployment Insurance (RRUI) benefits. An FPUC-like benefit is authorized, providing \$1,200 for RRUI biweekly benefits for RRUI through July 2020, as well as 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 provides \$25 million in funding for the DOL Office of Inspector General for audits, investigations, and oversight related to the UI provisions in the CARES Act.
- Section 2116 authorizes DOL to issue operating instructions and other guidance needed to implement the UI provisions in the CARES Act.

#### Interactions with UI Provisions in H.R. 6201/P.L. 116-127

In general, the UI provisions in P.L. 116-136, the CARES Act, are non-overlapping with the UI provisions in 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 is available to all states that meet certain requirements related to UC eligibility notifications and claims access. The second half of this amount is 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 provide temporary, federal financing (100% or 50%, depending on state action) of STC benefits as well as \$100 million in grants to support STC programs); and
- 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 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 more details on the UI provisions in the CARES Act, as well as 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 DOL guidance to states on implementing the UI provisions in FFCRA and the CARES Act, see <https://oui.doleta.gov/unemploy/coronavirus/>.

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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