The federal government has provided new hope for employees affected by the novel coronavirus pandemic by way of an economic stimulus package that includes, among other things, enhanced unemployment benefits.

On Friday, March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (“CARES” Act), which expands the situations in which an employee is eligible to receive unemployment compensation. In addition, the CARES Act provides an enhanced unemployment benefit to employees impacted by COVID-19, enabling employees to receive up to an additional $600.00 per week in unemployment insurance benefits through Federal Pandemic Unemployment Compensation.

Furthermore, individuals may receive unemployment benefits for up to 39 weeks due to partial or full unemployment caused by COVID-19 during the period of January 27, 2020 to December 31, 2020, and the law is retroactive, so employees who lost their jobs due to COVID-19 prior to March 27, 2020 may be eligible to receive these enhanced benefits. The CARES Act applies to all employers and employees regardless of job sector or size.

Notably, under the CARES Act, individuals who are eligible for unemployment
benefits under state or federal law will receive $600 per week in addition to their regular unemployment compensation under state law, through July 2020, even if, with this enhanced benefit, the employee ends up receiving more money through unemployment than their pre-unemployment earnings level. For example, in New Jersey the current maximum state unemployment benefit is $713/week for 26 weeks. The CARES Act could create a weekly unemployment insurance benefit up to $1,313/week under certain circumstances.

The CARES Act also eliminates waiting periods for unemployment. While some states already have waived this requirement, if a state waives its standard waiting period and employees begin receiving unemployment compensation benefits immediately upon qualifying for them, the federal government will fund that first week of those benefits. In addition, the federal government will fund up to an additional 13 weeks of eligibility for benefits, increasing the unemployment benefit period from the 26-week maximum that is customary under most states’ unemployment paradigms and increasing it to 39 weeks (at a rate of $600/week for that additional 13-week period).

The CARES Act also expands the reasons for which an employee may become eligible to receive unemployment benefits due to COVID-19. The Act provides additional funds to states that permit individuals to receive unemployment benefits where an individual is (i) unemployed, (ii) partially unemployed, or (iii) unable to work, because of any of the following coronavirus related reasons:

- The individual has been diagnosed with COVID-19 or is experiencing symptoms of COVID-19 and is 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 or household member who has been diagnosed with COVID-19;
- The individual is the primary caregiver for a child or other person in the household who is unable to attend school or another care facility due to COVID-19, and the individual requires such school or care arrangement to be able to work;
- The individual cannot work because of a quarantine imposed as a direct result of COVID-19;
- The individual cannot work because a health care provider has advised the individual to self-quarantine due to COVID-19 concerns;
- The individual was scheduled to begin employment and either does not have a job or cannot commence employment with the new job as a direct result of COVID-19;
- The individual has become the breadwinner or major support for a household because the head of household has died as a direct result of COVID-19;
- The individual has been forced to resign from employment as a direct result of COVID-19;
• The individual’s place of employment has closed as a direct result of COVID-19.

Again, while the CARES Act has expanded the categories for which an unemployed, or partially unemployed, individual may qualify to receive these enhanced unemployment benefits, all of the categories are predicated on the fact that the individual is not able to work, or telework, and is not receiving other paid sick leave or other paid leave benefits.

The CARES Act extends coverage to employees who are self-employed, seeking part-time employment, do not have sufficient work history, or otherwise might not have qualified for regular unemployment under state or federal law, but who became unemployed or cannot find work due to COVID-19. In that regard, the Act also extends coverage to independent contractors. Furthermore, whereas an individual generally must demonstrate that he/she is actively seeking work in order to receive – or continue to receive – unemployment benefits under most state law requirements, the CARES Act does not require it.

Given the enormous volume of unemployment applications that have been filed since the pandemic arrived in the United States and state quarantines and lockdowns began, the CARES Act could not come soon enough. The Act certainly raises concern for abuse; employees afraid to report to work (out of fear of contracting the virus) could attempt to take shelter under the Act’s expanded basis for eligibility. On the other hand, the Act presents a strategic vehicle for employers who might want to help those same employees but, prior to the passage of the Act, did not want to hurt those employees by terminating their employment for failing to report to work. In other words, the CARES Act could present a win-win scenario for employers and employees alike under certain scenarios.

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