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CARES Act Expands Unemployment Insurance Benefits for Workers Affected by COVID-19

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The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) will substantially enlarge unemployment insurance benefits for American workers who have been affected by the COVID-19 pandemic. Although New Jersey has one of the most expansive unemployment benefits programs in the United States, the CARES Act will provide New Jersey workers with even greater unemployment insurance benefits in the form of additional unemployment benefits for workers who were eligible for unemployment benefits as of January 27, 2020 and through December 31, 2020.

The CARES Act will make many more workers eligible for unemployment insurance than are normally entitled to receive benefits. The Act's unemployment insurance provisions apply to all workers, including those working at companies with more than 500 employees, unlike the Families First Coronavirus Response Act's expanded FMLA provisions. Self-employed workers and independent contractors, who generally are ineligible for unemployment insurance benefits will be eligible for them under the CARES Act. In addition, workers who are usually denied unemployment benefits because their work histories are too short for them to be eligible for benefits and those who have already exhausted their unemployment benefits will be able to obtain benefits.

To receive CARES expanded benefits, a worker must certify that he or she is unemployed, partially unemployed, or unable to work because:

- They have been diagnosed with COVID-19 or have symptoms of it and are seeking diagnosis.
- A member of their household has been diagnosed with COVID-19.
- They are providing care for someone diagnosed with COVID-19.
- They are providing care for a child or other household member who can't attend school or work because it is closed due to COVID-19.
- They are quarantined or have been advised by a health care provider to self-quarantine.
- They were scheduled to start employment and do not have a job or cannot reach their place of employment as a result of a COVID-19 outbreak.
- They have become the breadwinner for a household because the head of household has died as a direct result of COVID-19.
- They had to resign as a direct result of COVID-19.
- Their place of employment is closed as a direct result of COVID-19.
- They meet other criteria established by the Secretary of Labor.

Under the CARES Act, unemployment benefits will extend to a maximum of 39 weeks. The CARES Act also provides incentives for states to eliminate any waiting period to receive unemployment benefits (New Jersey's regular waiting period is one week). In addition, workers will be provided with an additional $600 per week through July 31, 2020. Section 2107 of the CARES Act provides an additional 13 weeks of unemployment compensation, through December 31, 2020 for workers. This $600 per week is in addition to the amount that the worker receives in state unemployment benefits, and is not reduced if the worker's benefits equal or exceed more than they earned while they were working. For example, if an employee's normal salary is $1,000 per week and his/her New Jersey unemployment benefits are $550 per week, he/she will receive an additional $600 for a total of $1,150 per week, even though he/she is receiving more from unemployment than he/she is regularly paid.

Certain individuals are excluded from unemployment benefits by the CARES Act. Those who are able to telework with pay or who are employed on a seasonal, temporary, or intermittent basis are excluded from benefits. In addition, those who are receiving paid sick leave or other paid leave benefits under another program are ineligible to receive assistance under the CARES Act.

The CARES Act provides funding to states to finance so-called short-time compensation or workshare programs, which allow employers to reduce employee hours instead of laying off workers. These workers with reduced hours will receive pro-rated unemployment benefits.

Takeaway: Employers should consider the CARES Act's changes to unemployment benefits before making decisions about employment for their workforce.

If you are an employer and need help navigating the CARES Act or any other employment laws during this COVID-19 crisis, contact Stephanie Gironda or any member of the Wilentz Employment Law Team.

Attorney

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Practice

- Employment Law