

Unemployment Compensation Update

Extensions in December 2020 Congressional Legislation



January 5, 2021

In Brief. The Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) broadened the safety net for unemployment compensation during the COVID-19 pandemic. The FY2021 Consolidated Appropriations & COVID Relief Act enacted in December 2020 (P.L. 116-260) extended this assistance **through March 14, 2021.**

Individuals receiving Pandemic Unemployment Assistance (PUA) and Pandemic Emergency Unemployment Compensation (PEUC) as of March 14, 2021 will continue to receive benefits through April 5, 2021.

The federal Pandemic Unemployment Compensation (FPUC) program that had provided individuals an additional \$600 per week in unemployment compensation (which expired on July 31, 2020) was renewed at \$300 per week for those receiving federal or state unemployment benefits after December 26, 2020. The FPUC supplement also expires on March 14, 2021.

The new law also continues 100% federal funding for state Short-Time Compensation (STC) programs if legislatively enacted. For states with an STC agreement through the U.S. Department of Labor (but not legislatively enacted), federal funding for STC covers 50% of program costs.

Unemployment Compensation Highlights

The new law (P.L. 116-260) enacted in December of 2020 extends and modifies a number of unemployment compensation programs that were originally passed as part of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), P.L. 116-136 enacted in March 2020.

Pandemic Unemployment Assistance (PUA)

Pandemic Unemployment Assistance (PUA) for self-employed workers, gig workers, independent contractors, and others who typically are excluded from state unemployment benefits (originally created in the CARES Act) is now extended through March 14, 2021. There is a gradual phase-out of PUA for individuals who are receiving assistance on March 14 until April 5, 2021 (unless extended by Congress).

Originally, PUA was available for up to 39 weeks. The new law extends PUA for up to 50 weeks.

Federal Pandemic Unemployment Compensation (FPUC)

The Federal Pandemic Unemployment Compensation (FPUC) program under the CARES Act paid a weekly supplement to individuals receiving unemployment compensation (state or federal) of \$600 per week, which expired July 31, 2020. The new law restores the weekly supplement at \$300 per week starting after December 26, 2020 and terminating March 14, 2021 (unless extended by Congress).

Pandemic Emergency Unemployment Compensation (PEUC)

The Pandemic Emergency Unemployment Compensation (PEUC) program, which under the CARES Act was available to individuals who exhausted state or federal unemployment compensation, provided an additional 13 weeks of unemployment benefits. The new law extends PEUC from 13 to 24 weeks through March 14, 2021 with a phase-out by April 5, 2021 (unless extended by Congress).

Unemployment for Governmental Entities and Nonprofits

Under the CARES Act, employers that otherwise had “reimbursable” unemployment arrangements (e.g., they reimbursed state unemployment agencies for unemployment compensation paid), were allowed to pay 50% instead of 100% because the federal government paid 50% of the cost of such benefits. This cost-sharing expired in December. The new law extends this federal cost-sharing through March 14, 2021.

Extension of Federal Funding for the First Week of Benefits

Prior to the COVID-19 public health pandemic, most states had a “waiting week” that delayed the first payment of unemployment compensation to eligible individuals. Under the CARES Act, the federal government paid 100% of benefits for the first week

of unemployment compensation in an effort to eliminate “the waiting week”. The new law extends federal assistance at 50% to help offset the cost to states for “the waiting week” through March 14, 2021.

Mixed Earner Unemployment Compensation

The new law provides 100% federal financing for \$100 per week to individuals who have at least \$5,000 per year in self-employment income and who are disqualified from receiving Pandemic Unemployment Assistance (PUA) because they are eligible for regular state unemployment compensation. Individuals who receive the mixed earner \$100 weekly benefit are also eligible for the \$300 per week under the Federal Pandemic Unemployment Compensation (FPUC) program.

Federal Funding for Extended Benefits (EB)

For high unemployment states, the new law extends 100% federal financing for Extended Benefits (EB). Historically, EB has been funded through a 50/50 cost sharing arrangement with states, but federal funding was increased to 100% through the Families First Coronavirus Response Act (P.L. 116-127). This extension expires on March 14, 2021 (unless extended by Congress).

Accountability Changes for Unemployment Receipt

Under the new law, new applicants for Pandemic Unemployment Assistance (on or after January 31, 2021) will be required to submit documentation to substantiate employment or self-employment within 21 days. Current recipients (those receiving PUA prior to January 31, 2021) will be required to submit documentation within 90 days.

States will be required to have procedures in place within 30 days to verify or validate the identity of PUA applicants.

Return to Work Reporting

Under the new law, states will be required to have a process in place within 30 days to address when individuals receiving unemployment refuse to return to work or refuse to accept an offer of suitable employment without good cause.

States are also instructed to provide a “plain language” notice to unemployment claimants about state return to work laws, rights to refuse to return to work or to refuse suitable work (including what constitutes suitable work), and an individual’s right to refuse work that poses a risk to his or her health or safety. States are also required to provide such individuals with information about how to contest the rejection of a claim that has been denied due to a report by an employer that the individual refused to return to work or refused suitable work.

Short-Time Compensation Programs

Under the CARES Act, the federal government paid 100% of unemployment benefits and related administration costs for states with legislatively enacted Short-Time Compensation (STC) programs.

The new law extends the 100% federal payments through March 14, 2021. (States with Short-Time compensation program agreements with the U.S. Department of Labor – not legislatively enacted – received 50% federal funding through the CARES Act, which was extended through March 14, 2021).

