



HOUSE COMMITTEE ON WAYS & MEANS

CHAIRMAN RICHARD E. NEAL

Continued Assistance to Unemployed Workers in The Heroes Act

The Heroes Act would continue critical federal unemployment benefits through January 31, 2021, to ensure that basic economic support is available until workers are able to return to work safely. It would also continue key supports to state unemployment compensation programs to ensure that workers receive the unemployment benefits they need in a timely manner. Experts believe that to avoid rebound transmission, rising death rates, and critical care demand that exceeds our healthcare system capacity, many quarantine and social distancing requirements will need to remain in place until the United States either develops adequate capacity for testing and contact tracing, or until an effective vaccine or treatment is developed.

Federal Unemployment Benefits to Protect and Assist Workers Are Extended Through January 31, 2021

- The Federal Pandemic Unemployment Compensation (FPUC) benefit, which adds a \$600 per week federal supplement to all types of unemployment benefits, including regular state unemployment benefits, partial unemployment compensation, Pandemic Unemployment Assistance, Short-Time Compensation benefits, and various types of extended benefits. Without the \$600 supplement, these unemployment benefits would replace substantially less than half of wages for the typical worker.
- Pandemic Unemployment Assistance (PUA), which generally provides benefits similar to state unemployment benefits to individuals who are not normally eligible for those benefits, including self-employed and “gig” workers
- Pandemic Extended Unemployment Compensation (PEUC), which provides 13 weeks of benefits in addition to state unemployment benefits for workers who need them
- Federal financing to ensure that states can waive waiting periods for regular state unemployment benefits
- Full federal financing of short-time compensation programs (STC)
- Federal relief for non-profits and state, local, and tribal governments who are reimbursable employers, along with a technical clarification that such employers do not need to pay the full cost and wait for reimbursement

Additional Provisions to Provide Certainty for States and Ensure that Workers Receive Benefits

- Families First Coronavirus Response Act (FFCRA) provision to allow states to request interest-free federal loans to pay state unemployment benefits extended through June 30, 2021
- FFCRA provision to provide full federal financing of regular Extended Benefits (EB) extended through June 30, 2021
- \$15 million appropriation to the Department of Labor to provide technical assistance to states, expedite policy guidance, and upgrade information technology systems to expedite distribution of funding and other assistance to states
- Additional flexibility for states to use existing wage documentation to verify PUA applications

- Grace period for states to adopt STC laws and receive 100 percent reimbursement for all costs, even those incurred prior to the law's effective date

FAQ

What has happened to applications for unemployment benefits in recent weeks?

The United States is experiencing unprecedented levels of unemployment because of the pandemic. More than 33 million Americans have filed for initial unemployment claims in the 7 weeks since mid-March. In the most recent week for which data are currently available (week ending May 2) there were more than 3 million initial unemployment claims.

Are all workers now receiving the federal unemployment benefits provided by the CARES Act?

While all states and territories have agreements in place allowing them to receive federal reimbursement for the unemployment benefits provided by the CARES Act, and all states have begun paying the \$600 a week supplement in addition to their regular state unemployment benefits, not all states have begun paying Pandemic Extended Unemployment Compensation (PEUC) or Pandemic Unemployment Assistance (PUA).

Does the \$600 FPUC supplemental benefit prevent or discourage people who should return to work from doing so?

No. Workers who are recalled by their employers or for whom safe and suitable work is available are generally not eligible for state or federal unemployment benefits, and workers who are receiving appropriate hazard pay will generally earn more in wages than they would in unemployment benefits. The \$600 a week supplement is intended to ensure that workers can follow public health best practices and avoid rebound transmission and a rise in death rates until the United States improves testing and contact tracing capacity, or until a vaccine or other effective treatment is available.

What have we done to help states deal with the flood of applications for unemployment compensation?

The Families First Coronavirus Response Act (FFCRA) provided states with \$1 billion in grants, paid in two \$500 million allotments, to help them deal with the initial influx of unemployment benefit applications. All states have received the first allotment and the vast majority have received the second allotment. The Heroes Act also provides additional funding to the Department of Labor to provide technical assistance and expedite reimbursement and policy guidance to states and territories.

FFCRA also provides for 100 percent temporary federal funding for extended benefits in states that trigger those benefits because of very high and rising unemployment. In addition, states were temporarily provided interest-free federal loans to pay state unemployment benefits. Both are continued in the Heroes Act through June 30, 2021.

The Heroes Act also continues the CARES provisions to provide 100 percent reimbursement for costs related to providing federal unemployment benefits through January 31, 2021, and provides \$15 million to the Department of Labor for the purpose of providing technical assistance to states and expediting payments and policy guidance.

Are self-employed workers and workers in the gig economy eligible for unemployment compensation generally or the Federal Pandemic Unemployment Compensation benefit specifically?

It depends on state law, but self-employed and gig economy workers do not ordinarily have coverage under the unemployment compensation system and so are not eligible for benefits (in part because they do not have employers who contribute to the UC system). However, under the CARES Act, self-employed workers can receive Pandemic Unemployment Assistance based on their recent earnings and will also be able to receive the \$600 a week FPUC supplement on top of that benefit. States are reimbursed for 100 percent of the cost of administering the benefits, as well as the benefits themselves. Under the Heroes Act, PUA is extended through January 31, 2021, and individuals who are already receiving PUA can continue to receive PUA (but not the \$600 supplement) between February 1 and March 31, if they are otherwise eligible.

Did the UC enhancements in the CARES Act make workers whole financially?

Nationally, state UC benefits replace about 40 percent of wages for workers. Under the CARES Act, until July 31, 2020, an average worker who received a state UC benefit and the Federal Pandemic Unemployment Compensation would have 100 percent of their wages replaced, but replacement rates would vary by state and worker. The Heroes Act continues FPUC and other key supports for workers through January 31, 2021.

Will federal and state workers receive the Federal Pandemic Unemployment Compensation (FPUC)?

Yes, so long as they are eligible for UC as determined by state law.

Will workers on a Short-Time Compensation (STC) plan receive the FPUC?

Yes, individuals who are receiving STC payments are entitled to receive an additional \$600 per week from the FPUC program.

Are workers who are not laid off, but have their hours reduced, eligible for unemployment benefits?

Individuals who are still working are generally not eligible for UC benefits, but may be eligible for partial unemployment benefits if their hours are significantly reduced (usually by 60 percent or more -- see [link](#) for specific state information). Workers with smaller reductions in hours can also receive benefits via Short-Time Compensation (STC) or “work sharing” programs, which allow employers to make an agreement with the state UC office to reduce hours, instead of laying people off, and then have workers receive partial UC benefits for their lost hours. The CARES Act made a substantial investment in STC, which is continued in the Heroes Act.

Can workers get UC at the same time as they receive employer-provided paid leave?

No, workers who are receiving paid leave are not eligible for UC.

Can self-employed workers get UC and also claim the refundable tax credit for lost wages in the Families First Coronavirus Response Act?

No, workers who elect to claim the refundable credit would not be eligible for UC for that time period.

What level of benefits do workers get in my state?

UC benefit levels vary widely from state to state. Data on state minimum and maximum UC benefits can be found [here](#) and data on average UC benefits can be found [here](#). Additional information on state UC programs can also be found [here](#).

Did we waive the one-week waiting period for receiving UC?

The Families First Coronavirus Response Act eliminated the federal penalty for states that waive the waiting week during this crisis. However, states may still need to change their policies, and in some cases, their laws, to implement this. The CARES Act also fully reimburses states for benefits provided during the first week. The Heroes Act extends the federal reimbursement through January 31, 2021.

Why are we providing a flat benefit instead of adjusting the benefit to match each individual's recent wages?

Many state unemployment offices use antiquated IT systems and are currently understaffed and overwhelmed with a flood of new claims. Although we provided critical funding for them to staff up and improve their systems, it will take them time to hire and train new staff or make structural improvements. Using simplified eligibility criteria and fixed benefit amounts will make it more feasible for state offices to process and pay claims quickly.

Do all the U.S. territories receive emergency unemployment benefits under CARES Act?

Yes. In Puerto Rico and the U.S. Virgin Islands, which currently operate UC programs, it will operate exactly the same way it does in the states and the District of Columbia. In territories which do not participate in the regular UC system, the Department of Labor is working with agencies designated by these territorial governments to administer federal unemployment benefits.

How does the Heroes Act and the CARES Act help local governments and non-profits which are required to reimburse state UC programs for the full cost of all unemployment benefits provided to their laid off or furloughed workers?

Many non-profit organizations and state and local governments participate in UC using a "reimbursable arrangement." That means they do not pay the per-worker UC taxes paid by private employers and instead reimburse the state UC office for 100 percent of the cost of benefits paid to workers they furlough or lay off. The CARES Act provided federal funding to cover half of the cost of reimbursable benefits and provide additional flexibility for those entities to pay the other half over time. The Heroes Act continues this relief through January 31, 2021, along with a technical clarification that such employers do not need to pay the full cost and wait for reimbursement.

When do the temporary emergency benefit increases end?

The Heroes Act prevents any new federal unemployment benefits from starting after January 31, 2021. Workers who are receiving regular unemployment benefits as of January 31 may continue receiving the \$600 a week supplement on those benefits until March 31, 2021 or the date those benefits end, whichever is earlier. Workers who are receiving Pandemic Unemployment Assistance or Pandemic Extended Unemployment Compensation will continue to receive their base benefits until March 31, 2021 or the date those benefits end, whichever is earlier, but the \$600 a week supplement will not be included for weeks after January 31, 2021.

All data and status updates are as of May 12, 2020