



## **Provisions Related to Unemployment Compensation in the Take Responsibility for Workers and Families Act**

### *Additional Federally Funded Benefits*

**Supplemental Federal Pandemic Unemployment Compensation.** The federal government would provide a temporary Federal Pandemic Unemployment Compensation (FPUC) of \$600 a week for any worker eligible for state or federal unemployment compensation (UC) benefits. The FPUC would be paid in addition to and at the same time as (but not necessarily in the same check) regular state or federal UC benefits. The FPUC, combined with the underlying state unemployment benefit, would replace 100 percent of wages for the average U.S. worker. The federal supplement would not affect eligibility for other benefits like Medicaid, CHIP, SNAP, and housing assistance. State UC programs would be fully reimbursed for the cost of administering the supplement and for the cost of the supplement itself.

**Expansion of “Work Sharing” Programs to Provide Partial Benefits to Individuals with Reduced Hours.** The federal government would temporarily provide full funding for short-time compensation or “work sharing” programs, in which employers voluntarily make an agreement with the state unemployment office to prevent layoffs by reducing employee hours, and workers with reduced hours are eligible for partial state UC benefits. States currently bear the full cost of these arrangements. Workers in these programs would also be eligible for Federal Pandemic Unemployment Compensation in the amount of \$300. States would receive \$100 million for work sharing program promotion and enrollment of employers, and for implementation or improved administration.

**13 Week Emergency Benefit Extension in All States.** All states would be eligible to provide an additional 13 weeks of unemployment benefits to workers who need beyond what is provided for in state and federal law. In states that trigger Extended Benefits due to high and rising unemployment, up to 59 weeks of benefits would be available. In states that had not, 39 weeks would be available.

### *Expanded Eligibility for Unemployment Benefits to Fill Coverage Gaps*

**Unemployment Compensation for Self-Employed Workers.** Self-employed individuals who are unable to work due to the COVID-19 emergency would be eligible for a federal unemployment compensation payment equal to one-quarter of the state’s average weekly benefit amount plus the Federal Pandemic Unemployment Compensation (\$600), or a total of about \$675 a week, on averages. Individuals would apply for the benefit at the state UC office, and states would be fully reimbursed for the cost of benefits and administration. Self-employed workers are not covered by regular state unemployment compensation.

**Unemployment Compensation for Individuals Who Had Been About to Start Work.** Individuals who had a contract for work canceled due to a COVID-19 work site shutdown would be eligible for a federal unemployment compensation benefit equal to one-quarter of the state’s average weekly benefit amount plus the Federal Pandemic Unemployment Compensation (\$600), or about \$675 a week, on average, for the number of weeks that the contracted job was scheduled to last. Individuals would apply for the benefit at the state UC office, and states would be fully reimbursed for the cost of benefits and administration.

**Unemployment Compensation for Job Entrants.** Individuals who are available for work, but for the limitations of the pandemic, and do not have enough recent work experience to qualify for state unemployment compensation (recent college graduate and individuals whose recent work does not meet state minimum earnings requirements, for example) would receive a federal payment of \$300 a week, administered by state unemployment offices. Individuals would apply for the benefit at the state UC office, and states would be fully reimbursed for the cost of benefits and administration.

*Relief for Non-profit Organizations, State and Local Governments*

**Unemployment Compensation Support for Nonprofit Organizations and State, Tribal, and Local Governments.** Most nonprofits, Indian Tribes, and governmental entities do not pay per-worker unemployment taxes and instead have “reimbursable arrangements” with state unemployment programs, which require them to reimburse the state for 100 percent of the cost of unemployment compensation paid to their furloughed or laid off workers. During the period of the national emergency, the federal government would pay 50 percent of the reimbursement for those workers so that their employers could follow public health recommendations. Workers at these organizations are also eligible for the Federal Pandemic Unemployment Compensation supplement (\$600 a week).

## **FAQ**

### ***Eligibility***

#### **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 benefit system and so are not eligible for benefits (in part because they do not have employers who pay in to the UC system). However, under the Take Responsibility for Workers and Families Act, self-employed workers who were able to demonstrate that they had recent earnings and were no longer able to earn income would be eligible for both the Federal Pandemic Unemployment Compensation (FPUC) and an additional benefit equal to one-quarter of the state’s average weekly benefit amount, which would provide an average worker with a weekly benefit of about \$675 a week, for up to 26 weeks. Self-employed workers who did not have recent earnings would be eligible for Job Entrant compensation.

#### **What about tipped workers? Does their tip income count for UC?**

Under federal law, tips are considered part of compensation for UC. However, states only have the tip income reported by employers, who sometimes underreport them. If employers do not accurately report tip income, it might lower state UC benefits for those workers, or, in extreme cases, cause them not to have enough recent income to qualify for UC under state law. Under the Take Responsibility for Workers and Families Act, tipped workers who qualify for UC will all receive the Federal Pandemic Unemployment Compensation, an additional

\$600 a week payment, on top of their state UC payment like any other worker receiving UC benefits. Unemployed workers who do not have enough reported income to qualify for state UC payments but are able and available to work, but for COVID-19, would still be eligible for a smaller federal payment.

**What about workers in the performing arts and other industries that were about to start new jobs and had them canceled due to the COVID-19 outbreak?**

Workers who had a contract or other offer of employment suspended due to the COVID-19 outbreak would be eligible for a federal UC benefit equal to \$600 a week plus one-quarter of the state's average weekly benefit amount, for up to 26 weeks, so long as they continue to meet eligibility requirements.

**What about students, recent graduates, and others who were just preparing to enter the workforce?**

Individuals who are able and available to work, but for the COVID-19 outbreak, but do not have enough recent work history to qualify for regular state UC benefits would receive a \$300 a week Job Entrant Compensation payment for up to 26 weeks. Students who have enough recent work to qualify for state UC would receive the state UC benefit plus the Federal Pandemic Unemployment Compensation of \$600 a week, like any other worker.

**Will the UC enhancements in the Take Responsibility for Workers and Families Act make workers whole financially?**

Nationally, state UC benefits replace about 40 percent of wages for workers. Under the Take Responsibility for Workers and Families Act, 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.

**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.

**What about workers who are not laid off, but have their hours reduced?**

Individuals who are still working are generally not eligible for UC benefits. However, the Take Responsibility for Workers and Families Act makes a substantial federal investment in supporting Short-Time Compensation (STC) or "work sharing" programs, which allow employers to make an agreement with the state UC program to reduce hours, instead of laying people off, and then have workers receive partial UC benefits for their lost hours. Workers in STC programs would receive \$300 a week in Federal Pandemic Unemployment Compensation, as well. However, workers with reduced hours who were not part of STC programs would not receive UC.

**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 will 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](#). All eligible workers will receive the same

Federal Pandemic Unemployment Compensation (\$600 for unemployed workers and \$300 for workers in STC programs).

**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. States are supposed to either make that change or have a plan to make the change before they can receive the second installment of emergency administrative funding provided in the Families First Coronavirus Response Act.

**Why are we providing flat benefits 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 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.

**Why hasn't Disaster Unemployment Assistance (DUA) turned on?**

DUA is primarily designed for natural disasters, and the Stafford Act only triggers on for specific types of mostly physical disasters (floods, fires, etc.). Some aspects of DUA are relevant to the current crisis (including coverage for self-employed workers and job entrants, which we have provided for in the Take Responsibility for Workers and Families Act), but many are not, and would simply add to the number of new things state UC offices need to do during this crisis.

**What UC improvements did we already enact in the Family First Coronavirus Response Act?**

The Families First Coronavirus Response Act provided states with the help they needed to deal with the initial influx of benefit applications, modify their state policies to work in the current crisis without any federal penalty, and borrow interest-free if the crisis strains their UC trust fund. It also provided for 100 percent federal funding for extended benefits in states that trigger those benefits because of very high and rising unemployment. However, it did not significantly expand UC eligibility or increase benefit amounts – those changes are in the Take Responsibility for Workers and Families Act.

**How does the Take Responsibility for Workers and Families 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 Take Responsibility for Workers and Families Act would provide 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.

**When do the temporary emergency benefit increases end?**

The Take Responsibility for Workers and Families Act terminates the emergency UC provisions on December 31, 2020. Individuals who were already receiving those benefits at that time would be able to continue to receive the supplement until June 30, 2021.