



# WAYS AND MEANS

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## **CARES Act Unemployment Insurance Explainer**

*Prepared by Ways and Means Republicans as of March 30, 2020*

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The CARES Act - Congress' economic stimulus bill - provides much-needed temporary support for American workers impacted by COVID-19. It dedicates \$250 billion to give workers more access to Unemployment help during this public health emergency.

- ❖ Creates a temporary Pandemic Unemployment Assistance program
  - ❖ Expands coverage to more workers, including self-employed, contractors and furloughed workers
  - ❖ Increase of \$600/week in unemployment benefits for the next 4 months
  - ❖ Makes available 13 additional weeks of unemployment for those who need it
  - ❖ Waives the normal one-week waiting period
  - ❖ Includes funding to offset 50% of the costs of state and local government and non-profits for cost of paying unemployment to their workers.
  - ❖ Supports short-time, work share programs as an alternative to layoffs
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### **Are self-employed and independent contractors eligible?**

Yes. Self-employed and independent contractors, like gig workers and Uber drivers are eligible for Pandemic Unemployment Assistance. This also covers workers laid off from churches and religious institutions who may not be eligible under the state's program.

### **What about furloughed workers?**

Yes. States have policies in place to allow furloughed workers to receive unemployment benefits and part-time workers can receive partial benefits. The Pandemic Unemployment Assistance program also helps workers stay connected to their employer by allowing unemployment benefits for workers who have a job but are unable to work or telework due to COVID-19-related reasons and are not receiving paid leave through their employer.

### **How much do unemployed workers get?**

It varies. Unemployment benefits across the country averaged \$385 per week in February 2020 [but vary significantly by state](#). Generally, a person's benefits replace about 1/3 to 1/2 of their wages. The CARES Act provides an additional \$600 per week on top of whatever a person would normally receive in their state – limited to the next 4 months (expires July 31, 2020). This will end up providing a higher than average wage replacement rate for low-wage workers.

### **Can individuals get more on unemployment than they got in their paycheck?**

The additional \$600 in weekly benefits is designed to keep as many workers as whole as possible through the emergency. Some may temporarily receive more benefit than their paycheck – though that number is very small compared to everyone receiving Unemployment. Of course, people receiving Unemployment do not receive health insurance, retirement or other important benefits that can be available at work. The temporary \$600 is only available through July 31.

### **How long do unemployment benefits last?**

It [varies by state](#), but most states provide access to unemployment benefits for a maximum of 26 weeks. The CARES Act provides federal funding for an additional 13 weeks for those who need it. Funding for this expires December 31, 2020.

### **Are unemployment benefits taxable and do they count as income?**

Yes. Unemployment benefits are taxable income and they generally count as income when determining eligibility for public assistance programs.

## **What Does Unemployment Insurance Look like in My State?**

To find out how to apply for unemployment in your state visit:

<https://www.careeronestop.org/WorkerReEmployment/UnemploymentBenefits/unemployment-benefits.aspx>

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A state-by-state summary of how each state determines weekly unemployment benefits amounts can be found here:

<https://oui.doleta.gov/unemploy/content/sigpros/2020-2029/January2020.pdf>

For information about how your state's unemployment agency is responding to the COVID-19 public health emergency visit:

<https://www.naswa.org/resources/coronavirus>