

HR Heads-up

PERIODIC UPDATES ON IMPORTANT HR LEGAL ISSUES

APRIL 7, 2020

Unemployment Expansion under the CARES Act

In the midst of COVID-19, the Families First Coronavirus Response Act (FFCRA) and the CARES Act stimulus, there are many questions floating around about unemployment benefits.

The recently-passed CARES Act provides funding by which states can increase the total amount of weekly unemployment insurance benefits (UI) for an individual by \$600, in addition to extending the total period during which an individual will be eligible for benefits from 26 weeks to 39 weeks. The expansion of UI will generally be 100% funded by the federal government for private employers. Unfortunately, the details of how this UI expansion will be implemented are not yet available.

Under the CARES Act, the state and federal governments need to enter into an agreement regarding the UI expansion. According to recent guidance issued to states by the federal government, the additional \$600 will be available for the benefit weeks following the state entering into an agreement with the federal government through the benefit week inclusive of July 25, 2020. This guidance indicates that states cannot charge employers for the additional \$600 in benefits.

Additionally, for the state to qualify for all the UI expansion provisions of the CARES Act, legislative action will be necessary (such as to remove the one-week waiting period in order to receive 100% federal funding for that first week of benefits). This will likely further delay implementation of the UI expansion.

Even after the state reaches an agreement with the federal government, the State of Wisconsin Department of Workforce Development (DWD) will then need to implement that agreement, spell out any lingering details, and update its systems to process the payment of the expanded benefits, all while facing a record numbers of claims.

In short, the UI expansion is not in place now and is not going to take effect immediately. DWD predicts that it will be able to make the first expanded UI payments by a mid-to-late April. However, UI eligible individuals will likely receive a make-up payment(s) at some point in the future to cover the period of time following the state-federal agreement through the date that DWD makes its first expanded UI payments to eligible individuals.

DWD will likely update its website at <https://dwd.wisconsin.gov/uiben/caresact/> when new information is available at the state level.

The Boardman Clark Labor & Employment Team will continue to follow these rapidly developing legal issues.

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