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Labor & Employment
COVID-19 Insights

As Unemployment Numbers Rise, States Ease Eligibility Requirements for Benefits

On March 26, the Department of Labor issued a news release, which reported that during the past week, initial claims for unemployment rose across the nation to a seasonally-adjusted 3.28 million, an increase of 3,001,000 from the previous week's revised level. That is the highest number of initial claims in any week since the Department began tracking this data in 1967.

To assist states in adapting to this unprecedented increase, on March 18, 2020, the federal government enacted the Emergency Unemployment Insurance Stabilization and Access Act of 2020 ("Act"). Under the Act, states are eligible to receive up to \$1 billion in federal grants, to assist with processing and paying unemployment insurance, subject to certain conditions.

Namely, states are eligible to receive 50% of the grant (\$500 million) provided they: 1) properly notify employees about unemployment insurance after termination; 2) ensure at least two methods by which to apply for unemployment benefits; and 3) appropriately detail the application process and ensure that an appeals process is available. The remaining 50% of funding (\$500 million) will be provided to states in which claims increased by at least 10% over the same quarter in the previous calendar year, so long as the state demonstrates that it already has or will take steps to ease eligibility requirements to unemployment benefits,



including by temporarily waiving work search requirements and any otherwise applicable waiting periods, and easing direct charges against impacted employers.

Despite that the Act becomes effective as of April 1, 2020, many states have already eased eligibility criteria by waiving waiting periods and work search requirements, including for those employees who have been laid off or furloughed on a temporary basis. In addition, many employees may be eligible to collect partial unemployment benefits when faced with reduced hours and a corresponding reduction in normal income.

Additional assistance from the federal government may be available soon via the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which was unanimously approved by the Senate and is expected to be passed by the House by the end of this week. In its current form, the CARES Act provides interest-free loans for states to assist with the payment of unemployment benefits as well as an increase to both the weekly unemployment payment and the total number of weeks in which a claimant can receive such payments.

Employers who are facing tough decisions due to decreased production and/or demand should consult with counsel to determine what options and resources exist for their employees.

If you have any questions regarding this DOL news release or Labor and Employment issues, please do not hesitate to contact Corey Biller or your Neal Gerber Eisenberg attorney.

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