Expanded Unemployment Benefits under the CARES Act

Note from Conference Human Resources:
Our legal consultants have said that “there is still some uncertainty about how the expanded unemployment benefit will be applied in California given that the EDD is still waiting for federal guidance, including the question of whether employees of churches that have not opted in to Unemployment Benefits, and/or those that are not self-insured, will be temporarily eligible to obtain benefits under the federal program. Individuals should not forgo applying due to this uncertainty as there may be eligibility.”

Employees of churches who have had their hours reduced or have been laid off or furloughed due to the COVID-19 crisis are encouraged to apply “as though there might be eligibility.”

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Expanded Unemployment Benefits
Pandemic Unemployment Assistance Program (PUAP)—CARES creates a temporary Pandemic Unemployment Assistance program (“PUAP”) to provide payment to individuals not traditionally eligible for unemployment benefits and who are unable to work as a direct result of COVID-19. The Act also provides enhanced benefits for all workers eligible for unemployment. Unlike the Families First Coronavirus Response Act (“FFCRA”), which only applies to employers with fewer than 500 employees (including many local churches), the many provisions of the CARES Act apply to all employers regardless of size.

Unemployment benefits are state-based programs. Eligibility criteria, benefits amounts and funding (taxes or premiums) depend on each state’s guidelines. Generally, unemployment compensation benefits replace about one-third to one-half of wages. A list of the state programs and benefits can be found at https://oui.doleta.gov/unemploy/content/sigpros/2020-2029/January2020.pdf.

CARES expands and enhances the unemployment benefits available under state programs:
• Expands the availability of benefits to individuals who are not covered by a state program;
• Extends the time period for state benefits up to 39 weeks in total (expiring December 31, 2020);
• Provides for an additional $600 weekly payment available for up to four months (expiring July 31, 2020)—temporarily allowing for a higher rate for low-wage workers; and
• Adds a short-term compensation benefit for workers who have not been laid off but whose employment and wages have been reduced due to COVID-19.

Eligibility of Workers for Non-Profits and Religious Organizations
CARES extends coverage to workers who typically would not qualify for regular unemployment benefits under state or federal law but become unemployed or cannot find work due to COVID-19. This expanded eligibility includes individuals who are: self-employed, seeking part-time employment (if permitted under state law), do not have sufficient work history, or are independent contractors. An Unemployment Insurance Explainer on the CARES Act prepared by the House Ways and Means Republican staff on March 20, 2020, suggests that employees of churches and other religious institutions are also eligible under this expanded eligibility, as described below:
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.” (Emphasis added.)

Background for employers: Religious employer eligibility for traditional unemployment benefits varies by state. In many states, non-profit organizations, including religious organizations, may elect to participate in the state program and pay the unemployment compensation taxes or to be self-insured for unemployment benefits (typically making contributions through the state system once an employee is eligible for benefits). In other states, religious organizations are exempt from the state program. CARES appears to include church and other non-profit employers under its pandemic unemployment benefits.

• Uncertainty Remains for Religious and Non-profit Employers: While the CARES Act provides coverage for unemployed workers of such organizations, how the states will administer the benefits for these workers will depend on each state. Annual conferences or other UMC employers with employees in more than one state will need to understand the rules in each applicable state. State governments will have to work to accommodate these expansions of programs, develop rules and create new application processes; the non-profit community will have to be patient as states adjust.

To determine how to apply for benefits in a state, the U.S. Department of Labor maintains a website with information on each state at https://www.careeronestop.org/WorkerReEmployment/UnemploymentBenefits/unemployment-benefits.aspx.

• Employers’ Share of Unemployment Benefits: For non-profits that would normally be self-insured for unemployment benefits (typically making contributions through the state system once an employee is eligible for benefits), they would only be responsible for paying 50% of the unemployment benefits their employees collect as opposed to 100%.

— The CARES Act provides that the federal government will reimburse the state for the remaining 50% of those benefits. Employees at these organizations will also be eligible for the additional $600 per week benefit under the PUAP. After the first 26 weeks of the employee’s benefits expire under regular state unemployment laws, an employee of these non-profits would become eligible for the expanded benefits (13 additional weeks) under the PUAP.

While employees of other non-profit organizations and religious organizations that would normally be exempt from state unemployment requirements are instead covered immediately by the PUAP under the CARES Act, it is yet to be seen how states will administer those provisions or how long it will take to process the claims of such newly eligible unemployed workers.