

CORONAVIRUS RESOURCE CENTER

Department of Labor Issues Guidance for \$600 Unemployment Payments under the CARES Act

April 8, 2020

On Saturday, April 4, 2020, the U.S. Department of Labor (“DOL”) issued guidance to the states regarding the federal benefits provisions in the CARES Act related to unemployment insurance.

The [Unemployment Insurance Guidance Letter 15-20](#) (“UIPL 15-20”) clarifies eligibility for Federal Pandemic Unemployment Compensation (“FPUC”) benefits. Among other things, the FPUC benefit, authorized under Section 2104 of the Cares Act, provides an additional \$600 weekly payment for individuals who are collecting regular unemployment compensation.

This guidance clarified the following important details regarding the CARES Act unemployment benefits:

- **Employee Eligibility:** An individual is eligible for the full \$600 weekly payment if the individual receives one dollar (\$1) or more in regular unemployment compensation for the week from an individual’s home state.¹ Specifically, attachment 1 to UIPL 15-20 says:
 - i. States will calculate the weekly benefit amount, for the programs outlined [in note 1].

¹ The following programs entitle an individual to receive the \$600 FPUC Payment: regular unemployment compensation programs from a person’s home state, Unemployment Compensation for Federal Employees, Unemployment Compensation for Ex-Service members, Pandemic Emergency Unemployment Compensation, Pandemic Unemployment Assistance, Extended Benefits, Short-Time Compensation, Trade Readjustment Allowances, Disaster Unemployment Assistance, and Payments under the Self-Employment Assistance program.

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- ii. If the individual is eligible to receive at least one dollar (\$1) of underlying benefits for the claimed week, the claimant will receive the full \$600 FPUC.

The initial eligibility criteria for unemployment vary on a state-by-state basis. Many states permit employees to receive partial state unemployment benefits because of a reduced schedule. Therefore, many individuals whose wages and hours have been reduced as a result of the pandemic will be eligible for the full \$600 weekly payment, so long as they qualify for at least one dollar (\$1) of regular unemployment benefits from their state.

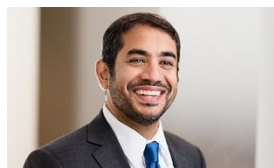
The guidance is explicit that states may not charge employers for any FPUC benefits.

- **Taxable Income.** For those eligible for FPUC, the \$600 payment is considered taxable income. States must include the FPUC payments when preparing Form 1099-Gs and must withhold taxes from an individual's weekly benefit amount and the \$600 payment when an individual elects to have taxes withheld.
- **Shared-Work Programs.** As outlined in Unemployment Insurance Program Letter 14-20 ("UIPL 14-20") on April 2, 2020, employers can engage in their states' short-time compensation programs (for states that have them) as an alternative to layoffs. Although this is not a requirement for employers who need to reduce employee hours, it assures that a large group of employees receive a percentage of their weekly benefit amount **and** the \$600 FPUC payment. For example, if an employee's hours are reduced by 30% as part of a shared-work program, in many states, including New York, that employee would receive 30% of his unemployment weekly benefit amount and an additional \$600 per week.
- **Expiration.** Those entitled to the FPUC payment may receive the \$600 weekly payment until July 31, 2020. This additional payment will not reduce any other unemployment compensation an individual may be receiving.

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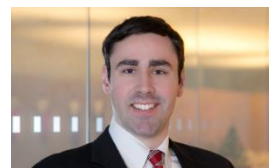
For assistance on how best to navigate the CARES Act and employee-related issues amidst this rapidly changing landscape, please do not hesitate to contact us.



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