

## **New Guidance from the Federal Government on Unemployment Benefits -- \$600 Payment**

Many of our clients have been faced with the Hobson's choice of furloughs, layoffs, or shutting down.

When making these painful decisions, clients want to know what **new** unemployment benefits might be available to their workforce. This past weekend the Department of Labor issued guidance in two different letters. We will discuss the first letter today. We will discuss the second letter this Friday.

### **Guidance on the Additional \$600 Per Week**

The DOL issued guidance on Saturday, April 4th through [Letter No. 15-20](#) on the Section 2104 of the CARES Act which authorizes eligible individuals to receive \$600 per week in addition to the weekly benefit amount they would ordinarily receive. The \$600 payments are sometimes referred to as the FPUC program which stands for Federal Pandemic Unemployment Compensation Program. The costs of these additional \$600 payments is 100% federally funded. States may not charge employers for any FPUC funds.

### **Who is Eligible for the \$600 FPUC Payments?**

FPUC is payable to individuals who are otherwise entitled under state or federal law to receive regular unemployment for weeks of unemployment.

FPUC will not be available if Illinois extends the potential duration of unemployment benefits as it did under the Great Recession.

### **How Long is the \$600 FPUC Available?**

These benefits begin immediately but they will not continue beyond July 31, 2020.

### **Can States Use the \$600 FPUC Payment to Reduce Their Other Payable Unemployment Benefits?**

No.

### **How Will \$600 FPUC Payments Affect an Employee's Eligibility for Medicaid or Illinois' Children's Health Insurance Program?**

It won't. \$600 FPUC Payments will not be counted as income for purposes of eligibility for Medicaid or any state's Children's Health Insurance Program.

### **How Will Employees Total Unemployment Insurance Payments Be Calculated?**

First, Illinois will calculate the weekly benefit amount that it would ordinarily pay an unemployed worker, and then, if the individual is eligible to receive at least one dollar (\$1) of underlying benefits, they shall receive the full \$600 FPUC.

Child support obligations must be deducted from the \$600 FPUC and the amount is fully taxable.

### **Employer Takeaway**

It is important to note that there are scenarios where an employer could reduce an employee's hours, but they would still be making more money than the weekly benefit amount they might receive on unemployment. Under this scenario, an employee would be entitled to \$0 unemployment and \$0 FPUC.

Perversely, the employee might be better off laid off than working reduced hours. Under such a scenario, an employee might actually ask to be laid off. This is not a request an employer has to honor or should feel compelled to honor. This pandemic will not last for ever and the \$600 FPUC payments do not last forever either.

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