

Coronavirus and Unemployment Insurance

Who is eligible for unemployment insurance?

The Unemployment Compensation program (UC, Unemployment Insurance, or UI) pays insurance payments to workers who become involuntarily unemployed for economic reasons and meet state-established eligibility rules. The program generally does not provide insurance payments to the self-employed, those who are unable to work, or those who do not have a recent earnings history.

States usually disqualify claimants who lost their jobs because of inability to work, voluntarily quit without good cause, were discharged for job-related misconduct, or refused suitable work without good cause.

To receive UC payments, claimants must have enough recent earnings (distributed over a specified period) to meet their state's earnings requirements; and be able, available, and actively searching for work.

The *Families First Coronavirus Response Act* provided states with flexibility in operating their regular UC program, allowing them to adjust their standard approaches to policies as needed to respond to the spread of COVID-19 such as work search requirements, requiring individuals have a “waiting week” not paid by unemployment, and reasons for not working.

Who is eligible for unemployment insurance due to the CARES Act that is not traditionally eligible for unemployment?

Section 2102 of the CARES Act creates a temporary federal UI program for individuals not otherwise eligible for UI payments (e.g., self-employed, independent contractors, gig economy workers): Pandemic Unemployment Assistance (PUA). This program will provide payment for weeks of unemployment beginning on or after January 27 and ending on or before December 31, 2020. The Department of Labor will provide final guidance on those eligible, but others will also be eligible such as those who had job offer and who would have started work soon, those with a limited work history that would traditionally make them ineligible for unemployment insurance payments, church employees, and others.

How much can people receive from Pandemic Unemployment Assistance, the new temporary program for those not traditionally eligible for unemployment insurance?

The benefit amount will be equal to the weekly benefit amount as calculated under state law based on recent earnings, the same way regular UI payments are calculated. The minimum benefit would be equal to the minimum benefit under Disaster Unemployment Assistance (DUA), which is half of the state's average weekly UI benefit.

What information will the self-employed and independent contractors need to provide to receive unemployment insurance under this new program?

Coronavirus and Unemployment Insurance

States will follow their traditional process to determine eligibility for unemployment insurance, using wage records they already have for this purpose. For those for whom the state might not have wage data, the person applying will need to provide tax records to document prior earnings (following the process states use for the Disaster Unemployment Assistance program, which this new program is modeled after).

What happens to those who are already unemployed and whose state unemployment insurance payments have ended or are ending soon?

Section 2107 of the CARES act creates the “Pandemic Emergency Unemployment Compensation” program, which provides for up to 13 additional weeks of federally financed UI payments for individuals who exhaust state and federal unemployment insurance payments and are able, available, and actively seeking work, subject to COVID-19-related flexibilities.

The CARES Act provides for an additional \$600 per week payment to the unemployed. Who gets the extra \$600?

An additional \$600 per week payment will be made to all those eligible for and receiving unemployment insurance payments for weeks of unemployment beginning when the state first elects to participate and ending on or before July 31, 2020. This includes all those receiving unemployment insurance payments: regular Unemployment Compensation (regular UI), Pandemic Unemployment Assistance (the new program for those not traditionally covered by UI such as the self-employed, independent contractors, or gig workers), or Pandemic Emergency Unemployment Compensation (the additional 13 weeks of federally-funded unemployment insurance payments to help those who remain unemployed after weeks of state unemployment insurance payments are no longer available).

Does an employer have to lay the person off for them to get unemployment insurance payments?

No. An employer can furlough workers, who will then be eligible for unemployment insurance payments (this is not a new feature of unemployment insurance). It is also possible for an employer to continue to pay an employee’s health benefits during a furlough for example, which would still allow the employee to receive unemployment insurance payments until they are called back to work.

Do unemployment insurance payments count as income?

Yes, unemployment benefits are counted as unearned income for federal tax purposes, and additional unemployment insurance payments provided by the CARES Act count toward eligibility for means-tested benefits (other than Medicaid).

Additional Information

CRS Reports (public links)

- [The Fundamentals of Unemployment Compensation](#)

Coronavirus and Unemployment Insurance

- [H.R. 6201: Paid Leave and Unemployment Insurance Responses to COVID-19](#)
- [Unemployment Insurance Provisions in the CARES Act \(H.R. 748, as Amended\)](#)
- [Unemployment Insurance: Programs and Benefits](#)

Department of Labor Guidance

- U.S. DOL, [“Unemployment Compensation \(UC\) for Individuals Affected by the Coronavirus Disease 2019 \(COVID-19\)”](#) (UIPL 10-20; March 12, 2020).
- U.S. DOL, [“U.S. DOL, “Unemployment Compensation \(UC\) for Individuals Affected by the Coronavirus Disease 2019 \(COVID-19\)”](#) (UIPL 10-20; March 12, 2020).