



On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief and Economic Security Act (CARES Act). At \$2 trillion, it is the largest stimulus package in U.S. history. The CARES Act is intended to provide emergency assistance and healthcare response for individuals, families and businesses affected by the 2020 coronavirus pandemic. One of the key features of the CARES Act is expanded unemployment benefits and eligibility.

With many businesses forced to make the difficult decision to lay off, furlough or reduce employees' work hours, we understand that many employers want to know what assistance is available for these individuals. Additionally, many employers have employees who cannot work because they have been directly impacted by COVID-19 and also want to know what assistance is available for these individuals. This guide addresses the expanded unemployment benefits and eligibility contained in the CARES Act.

## **PANDEMIC UNEMPLOYMENT ASSISTANCE PROGRAM**

The CARES Act created a Pandemic Unemployment Assistance Program that lasts from January 27, 2020 until December 31, 2020. Unemployed, partially unemployed, furloughed and other "covered individuals" are entitled to expanded benefits under the Act.

### **Expanded Benefits**

The amount an individual receives in unemployment benefits is generally determined by state law. In Texas, an unemployed or furloughed individual's weekly benefit amount will range from \$69 to \$521 (depending on the amount of their past wages).

The CARES Act adds \$600 to the weekly benefit amount provided by the state until July 31, 2020. Thus, someone who is laid off or furloughed will receive between \$669 and \$1,121 per week until July 31, 2020 (this amount may not be reduced even if it exceeds the wages earned by the individual prior to becoming eligible for unemployment benefits).

In Texas (and most other states), unemployment benefits last for 26 weeks, so long as the individual continues to meet certain eligibility requirements. However, the CARES Act lengthens the maximum benefits entitlement from 26 weeks to 39 weeks.

These expanded benefits are available for all "covered individuals" (discussed below).

In addition to increasing the amount of unemployment benefits, the CARES Act expands the eligibility for receiving benefits.

### **Expanded Eligibility**

Under state law, individuals who are either unemployed or working reduced hours through no fault of their own are generally entitled to unemployment benefits. Examples include unemployment or partial unemployment due to layoff (reduction in force), termination for reasons other than misconduct, furlough and reduction of work hours for reasons other than misconduct.

The CARES Act, however, dramatically expands the list of "covered individuals" to include those who are unemployed, partially unemployed, or unable or unavailable to work because the individual:

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## CARES ACT: WHAT EMPLOYERS NEED TO KNOW ABOUT THE PANDEMIC UNEMPLOYMENT ASSISTANCE PROGRAM

by Gray Reed's Labor & Employment Department  
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- Has been diagnosed with COVID-19 or is experiencing symptoms and is seeking a medical diagnosis;
- Has a household member who has been diagnosed with COVID-19;
- Is providing care for a family or household member who has been diagnosed with COVID-19;
- Has a child (or someone that the individual has primary caregiving responsibility for) who is unable to attend school or another facility that is closed due to COVID-19 and such school or facility is required for the individual to work;
- Is unable to reach their place of employment because of a quarantine imposed as a direct result of the COVID-19 public health emergency;
- Is unable to reach their place of employment because they have been advised by a healthcare provider to self-quarantine due to COVID-19 concerns;
- Is scheduled to commence employment but does not have a job or is unable to reach the job as a direct result of the COVID-19 public health emergency;
- Has become the breadwinner or major household support because the head of household has died as a direct result of COVID-19;
- Had to quit as a direct result of COVID-19;
- Was employed at a place of employment that was closed as a direct result of the COVID-19 public health emergency;
- Meets additional criteria established by the Department of Labor; or
- (a) Is self-employed (i.e., an independent contractor or "gig" worker), seeking part-time employment, does not have sufficient work history, or otherwise does not qualify for benefits, including someone who has already exhausted their unemployment benefits; (b) is unemployed, partially unemployed, or unable or unavailable to work; and (c) meets one of the other requirements listed above.

Notably, even if an individual meets one (or more) of the requirements listed above, they do not qualify for unemployment benefits if they have the ability to telework with pay, or if they are receiving paid sick leave or other paid leave benefits.

In addition to concerns about assistance available for impacted individuals from an employer's workforce, we understand employers also want to know what assistance is available for their businesses. Other key features of the CARES Act include (1) federal loans – in some cases forgivable – to cover payroll costs and other expenses, which are available to small and mid-size businesses; and (2) payroll tax credits and payroll tax deferrals (a payroll tax "holiday").

In some instances, eligibility for these programs is affected if the business reduces headcount or wages. For more information regarding these programs, please visit Gray Reed's [COVID-19 Resource Center](#).

If you have any questions about the legal issues associated with layoffs, furloughs, or reductions in work hours, or the loan programs and payroll credits and deferrals, please [contact us](#).

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