



President signs stimulus act providing additional aid to unemployed

March 27, 2020

On March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) into law, authorizing \$2 trillion in aid in response to the COVID-19 (coronavirus) pandemic. The CARES Act provides direct payments to individuals and families who meet certain income thresholds and provides additional aid to unemployed individuals, including independent contractors and self-employed persons.

Specifically, the act provides \$250 billion in unemployment insurance by extending the duration an individual can receive unemployment benefits and increasing the amount an individual can receive. In Ohio, as in many other states, an individual can receive unemployment insurance for a maximum of 26 weeks per year. The act extends unemployment insurance payments to 39 weeks, with the extended costs paid by the federal government. For the first four months, the act allows unemployed individuals to also receive \$600 in addition to their state unemployment weekly benefit amount, to help replace lost wages.

Ohio's unemployment compensation system does not allow self-employed individuals or 1099 contractors to be eligible for unemployment benefits. The act attempts to fill that gap by extending the above unemployment benefits to self-employed workers, including independent contractors, freelancers and other nontraditional workers who are unemployed, partially unemployed, or unable to work because of the coronavirus.

The act also provides full funding for the costs of a state's work-sharing program, or "short-time compensation" program, in which an employer reduces employee hours rather than laying off workers and the affected employees receive a prorated unemployment benefit. Ohio is one of 28 states with a short-time compensation program. For states without a current short-time compensation program, the act provides 50% of the start-up costs required to begin such program.

Additionally, the act provides payment to states to reimburse nonprofits, government agencies, and Native American tribes for half of the costs they incur to pay unemployment benefits through December 31, 2020.

Lastly, unemployment compensation under the act would roll out sooner than usual by paying the costs of the first week of unemployment benefits for states that waive the usual one-week waiting period between when an individual applies for benefits and when they actually kick in. Consistent with this provision, Ohio is currently waiving the typical one-week waiting period for eligible Ohioans to receive unemployment benefits.

Authors



Marie-Joëlle C. Khouzam

*Partner & Employment Practice Group
Chair*

Columbus

614.227.2311

jkhouzam@bricker.com

Copyright © 2023 Bricker & Eckler LLP. All rights reserved.