MEMORANDUM

TO: UNION CLIENTS
FROM: JOHNSON & KROL, LLC
SUBJECT: ECONOMIC RELIEF UNDER THE CARES ACT
DATE: 3/30/2020

There have been recent developments in Congress aimed at stemming the economic impact of the COVID-19 pandemic. On March 18, 2020, the President of the United States signed the Families First Coronavirus Response Act (“FFCRA”) in response to the growing COVID-19 pandemic. On March 27, 2020, the President signed into law the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) to supplement existing paid and unpaid leave provisions of FFCRA. The CARES Act contains significant relief in the form of direct monetary payments to a large portion of the population and expanded unemployment protections for displaced workers. The CARES Act contains the following key provisions regarding direct payments to individuals and unemployment benefit enhancements.

I. DIRECT PAYMENTS TO INDIVIDUALS:

The CARES Act provides one-time NON-TAXABLE payments of $1,200 for all individuals making up to $75,000; or $112,500 for any head of household. Married couples making up to $150,000 who file a joint return are eligible for $2,400. These amounts increase by $500 for every dependent child under the age of 17. For example, a family of four would be entitled to a maximum of $3,400 unless a phase out applies. Several calculators are available for free online if a person wants to know the exact amount he or she will receive. The details and conditions attached to this payment are as follows:

PHASE OUT: The amount is completely phased-out for single filers with incomes exceeding $99,000, $136,500 for head of household filers, and $198,000 for joint filers. The amount an individual is entitled to is reduced by $5 for each $100 a taxpayer’s income exceeds the applicable phase-out threshold. For example, if a single individual made $85,000 in 2019, he or she will receive $700. That is because the income phase out for individuals begins at $75,000. An individual is entitled to a one-time $1,200 payment. But the extra $10,000 above the threshold reduces the amount to which the individual is entitled.

TIMING: On March 25, 2020, the Treasury Secretary said the checks will be sent out within three weeks.

ELIGIBILITY: Individuals do not need to do anything if they have been working and paying taxes since 2018. If a person filed taxes for 2019, the adjusted gross income on that return is the information the Treasury Department will use to determine their benefit amount. If they have not filed for 2019, the Treasury Department will use 2018’s tax return. The Treasury Department will
also do a public outreach program for people who did not file a tax return for 2018 or 2019. If a person has moved since he/she last filed taxes, he/she will need to update his/her address with the IRS.

**METHOD:** If a person has received his/her tax return in the last two years by direct deposit, that is how the money will be deposited. If a person’s banking information has changed, it might be worthwhile to notify the IRS of the change. If no direct deposit arrangement is in place or your banking information is no longer current, the IRS will mail the check. The IRS will mail a check to a person’s last known address, and it has 15 days to notify them of the method and amount of the payment.

**DISABLED OR RETIRED INDIVIDUALS:** Individuals who are collecting Social Security benefits for retirement, disability or Supplemental Security Income will be eligible for the stimulus checks, based on their tax returns or Social Security Administration data.

**II. UNEMPLOYMENT INSURANCE EXTENSION:**
The CARES Act extends unemployment benefits to individuals—including individuals who would not otherwise ordinarily be entitled to unemployment benefits, such as self-employed individuals, independent contractors, individuals without a sufficient work history to qualify for benefits, and individuals who have previously exhausted their benefit entitlement—who are unemployed, partially unemployed, or unable or unavailable to work because of several COVID-19-related reasons enumerated in the CARES Act. The qualifying reasons are expansive, and are as follow:

1. The individual is diagnosed with COVID-19;
2. The individual has symptoms of COVID-19 and is in the process of seeking a medical diagnosis;
3. A household member has COVID-19;
4. The individual is providing care to a household member with COVID-19;
5. A child or other person in the household for which the individual is the primary caregiver is unable to attend school or daycare due to COVID-19;
6. The individual is unable to reach work due to a quarantine;
7. The individual is unable to attend work because a healthcare professional advised him or her to self-quarantine;
8. The individual is scheduled to commence employment and does not have a job or is unable to reach the job as a direct result of COVID-19;
9. The individual is the sole wage earner in his or her household due to death of the head of household as a result of COVID-19;
10. The individual was required to quit his or her job as a result of COVID-19;
11. The individual’s place of employment closed due to COVID-19; and

12. The individual is self-employed, is seeking part-time employment, does not have sufficient work history, or otherwise would not qualify for unemployment benefits under another state unemployment program.

**AMOUNT:** The amount of benefits equals the amount that would be calculated under state law (with a minimum equal to 50% of the average weekly payment of regular compensation in the state), plus beginning January 27, 2020 and continuing through July 31, 2020, an additional $600 per week. The normal one-week waiting period for benefits has been waived. The duration for such assistance is up to 39 weeks (up from the normal 26 weeks in most states), between January 27, 2020 and December 31, 2020.

**PARTIAL UNEMPLOYMENT:** The CARES Act covers partial unemployment in addition to full unemployment. That means that anyone out there who has taken a substantial reduction in hours and wages can file for unemployment despite the fact he/she has not been fired or laid off. A former administrative law judge for the Illinois Department of Employment Security has advised filing and letting the state agency figure out eligibility issues.

**EXCLUSIONS:** Excluded from the receipt of benefits are (i) individuals who have the ability to telework with pay, and (ii) individuals who are receiving paid sick leave or other paid leave benefits, even if they would otherwise qualify for benefits.

**APPLICATION CONSIDERATIONS:** There have been reports in various states that unemployment agencies have been overwhelmed with a recent surge in applications. Some state officials recommend residents avoid filing during peak hours. For example, some state officials recommended trying to submit claims before 10 a.m. or after 3 p.m.