



# Essential information for nonprofits navigating COVID-19

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**CORONAVIRUS  
PANDEMIC**  
**Workforce Management and  
Caring for Employees**

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## FINDING THE RIGHT PATH

- **The Priorities**

- Viable Plan Forward
- Run the Operation
- Help Employees
- Minimize Cash Outlay by the Business
- Minimize Administrative Burden
- Be Ready to Ramp Back Up

## TEMPORARY FURLOUGH OR TERMINATION OF EMPLOYMENT?

- **Employees Who are Furloughed but Remain Employed:**
  - In this first category, employees are notified that they are being furloughed or laid off temporarily, which means the employees would remain employed (albeit inactive and without pay).
  - They continue to receive group benefits such as health, vision and dental (if available under the terms of the respective plans) until they are recalled to active work.
  - When they return, it is without the administrative burden of a rehire process.

## TEMPORARY FURLOUGH OR TERMINATION OF EMPLOYMENT?

- **Employees Who are Terminated and Severed from the Payroll:**
  - In this second category, employees are severed from the payroll and cease to be employed (while being deemed to be eligible for rehire later).
  - They become former employees, at least for the short term.
  - They cease to be eligible to participate in group benefit plans, except via COBRA continuation.

## THE FURLOUGH PATH

- Unlikely WARN Act obligations
- Unlikely severance plan obligations
- Possible collective bargaining obligations
- Possible employment agreement obligations
- Payment of accrued but unused paid time off (it depends)
- Welfare benefit plan eligibility
- No COBRA notice and administration
- Rehire/Onboard
- **Unemployment compensation eligibility**

## THE TERMINATION OF EMPLOYMENT PATH

- Likely WARN Act Obligations
- Likely severance plan obligations
- Likely collective bargaining obligations
- Likely employment agreement obligations
- Likely payment for accrued but unused paid time off
- Welfare benefit plan ineligibility as a former employee
- COBRA notice and administration
- Rehire/Onboard administration
- **Unemployment compensation eligibility**

## UNEMPLOYMENT COMPENSATION ELIGIBILITY

- While unemployment is generally viewed as being state controlled, it is a joint state-federal program that provides cash benefits to eligible workers. Each state administers a separate unemployment insurance program, but all states follow the same guidelines established by federal law.
- The federal Employment and Training Administration administers unemployment insurance benefits. These benefits are primarily provided through state and local workforce development systems.
- On March 12, 2020, the U.S. Department of Labor issued formal guidance to the states regarding employees displaced due to the coronavirus who are seeking unemployment compensation benefits.



## UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 13-20

- Federal law permits significant flexibility for states to amend their laws to provide unemployment benefits in multiple scenarios related to COVID-19.

b. Background: The Administration is actively working with states to ensure they have the guidance needed about UC flexibilities related to COVID-19 in order to assist individuals affected by the disease. The Unemployment Insurance (UI) program requires individuals to be able and available for work and to actively seek work (we refer to these as the *able, available, and work search requirements* throughout this UIPL). However, states have significant flexibility in implementing these requirements, as well as in determining the type of work that may be suitable given the individual's circumstances. In short, an individual may be quarantined or otherwise affected by COVID-19 but still eligible for UC, depending on state law. To clarify, UI is not intended to be used as paid sick leave.

## UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 13-20

*Scenario 1: Employer temporarily ceases operations.*

*An employer or employing unit temporarily shuts down due to COVID-19 with the expectation that the individual will return when business resumes.*

Federal law would permit a state to treat the separation here as a temporary layoff. States have significant discretion to determine able, available, and work search requirements, and they can determine that the suitable work for this individual is the job he or she intends to return to after business resumes. As provided in 20 CFR 604.5(a)(3), individuals are able to and available for work if their employer temporarily laid them off and the individuals remain available to work only for that employer. Thus, for states that take this approach, individuals may only need to be able and available for that job and, to meet the work search requirement, take reasonable steps to preserve their ability to come back to that job.

## UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 13-20

*Scenario 2: Individual is quarantined and will return to employer.*

*An individual is quarantined by a medical professional or under government direction, and the employer has instructed the individual to return to work after the quarantine is over or has not provided clear instruction to do so.*

Federal law would permit a state to treat the separation for the period of the quarantine as a temporary layoff. Again, states have significant discretion to determine able, available, and work search requirements, and can determine that the suitable work for this individual is the job he or she intends to return to after quarantine ends. Therefore, for states taking this approach, individuals may only need to be able and available for that job and, to meet the work search requirement, take reasonable steps to preserve their ability to come back to that job. However, if the individual does not return to the employer after the quarantine ends, the state will need to reassess eligibility.

## UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 13-20

Scenario 3: Individual is not returning to the employer.

*An individual is quarantined by a medical professional under government direction or leaves employment due to a reasonable risk of exposure or infection (i.e.; self-quarantine) or to care for a family member and either does not intend to return to the employer or the employer will not allow the individual to return.*

Federal law would permit a state law to determine whether the separation here is a quit or a discharge and whether the circumstances are allowable under the state's good cause/just cause provisions. If permitted under the state's good cause/just cause provision, states should consider how they will adjudicate the reasonableness of an individual's separation for reasonable risk of exposure. One such factor could be considering if the individual is in a population that is particularly susceptible to COVID-19.

An individual who leaves work with good cause, however, must still meet all other eligibility requirements to receive benefits, including the able, available, and work search requirements. For example, if state law permits, states may determine that a quarantined individual is still able, available, and seeking work, provided it is work that is suitable for an individual who is quarantined and that limitation does not constitute a withdrawal from the labor market. (20 CFR 604.5(a)(1)).




## WHAT PENNSYLVANIA SAYS

1	Worker is quarantined. Business remains open.	✓
2	Employer closes or suspends operations.	✓
3	Employer reduces hours.	✓
4	Worker is caring for a sick family member.	✓

## WHAT PENNSYLVANIA SAYS

5	Worker chooses to remain home, though not infected and business remains open.	
6	Worker stays home to care for child for whom they're the primary caregiver due to school/daycare closure + school/daycare is required for worker to work.	
7	Other school employee (non-teacher) whose school is closed outside of normal seasonal closures.	
8	Teacher is home because school is closed outside of normal seasonal closures.	

## WHAT PENNSYLVANIA SAYS

9	Healthcare Worker/first responder contracts COVID-19 at work.	
10	Healthcare worker/First responder is under quarantine but does not have the virus.	
11	Worker is an independent contractor (self-employed, gig worker, freelancer) and has lost income due COVID-19.	
12	Worker's unemployment recently ran out	

## UNEMPLOYMENT CALCULATION

- In Pennsylvania, the weekly benefit amount will be about 50% of your average weekly wages, subject to a weekly maximum of \$573.
- For someone who makes \$40,000 (or \$10,000 quarterly), their weekly UC benefit during normal times would be \$393.
- With the CARES Act premium, their weekly benefit would be increased by \$600 through July 31
- $\$393 + \$600 = \$993$
- $\$993 \text{ annualized} = \$51,636$



## PARTIAL UNEMPLOYMENT CALCULATION

- Same example of someone who makes \$40,000 (\$10,000 quarterly or \$19.23 per hour), and their weekly UC benefit during normal times would be \$393.
- They can work less than full time and still earn a normal weekly benefit.
- Partially unemployed individuals enjoy a partial benefit credit equal to 30% of their normal weekly benefit (\$117.90).
- $\$393 + 117 = \$510$ , so that person could work a reduced schedule of 26 hours and still be eligible for a normal weekly benefit of \$10
- $\$500 + \$10 + \$600 = \$1,110$  (\$57,720 annualized)

## CARES ACT

Section 2104(b)(1) of the CARES Act requires the additional \$600 FPUC to be paid to individuals “in amounts and to the extent that they would be determined if the State law of the State were applied with respect to any week for which the individual is . . . otherwise entitled under the State law to receive regular compensation.” This includes regular UC, PEUC, PUA, EB, STC, TRA, DUA, and SEA.

- a. Determining entitlement to FPUC.
  - i. States will calculate the weekly benefit amount, for the programs outlined above.
  - ii. If the individual is eligible to receive at least one dollar (\$1) of underlying benefits for the claimed week, the claimant will receive the full \$600 FPUC.

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