

CARES Act & Unemployment Explained

An Employer's Guide to Hawaii's Unemployment Laws & Processes

Featuring advice from the HR experts at ProService Hawaii:

- Nelson Befitel / Chief Counsel
- Elena Martinez / Compliance and Regulatory Manager
- Michelle Stone / Associate Corporate Counsel

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PART 1:

Full Unemployment

What is full unemployment?

Full unemployment insurance (UI) may apply when an employee is separated from their employer. It doesn't mean that the employer can't rehire the employee in the future, it just means that there is no work for the employee for the foreseeable future.

What is the weekly benefit amount for full unemployment?

Full unemployment pays up to \$648 per week. The employee's weekly benefit amount is calculated by dividing the wages in the highest quarter of their base period by 21. The standard base period is the first 4 of the last 5 completed calendar quarters immediately preceding the effective date of their claim. The effective date of their claim is the Sunday of the week in which you first apply.

However, the employee's weekly benefit amount (WBA) cannot be more than the maximum weekly benefit amount, which is determined each year by law and is \$648 for 2020. Their claim is good for one year from the effective date of the claim; however, they can be paid for only 26 weeks of total unemployment during the one-year period that your claim is effective.

The [Hawaii Unemployment Insurance Benefit Estimator](#) can be used as a quick reference for determining the employee's approximate potential benefit amount. This is only an estimate based on information provided. It may differ from their actual benefit amount.

How are unemployment benefits affected by the CARES Act?

Under the new Coronavirus Aid, Relief, and Economic Security (CARES) Act, individuals who qualify for unemployment benefits may be eligible to receive \$600 per week through July 31st.

For full or partial unemployment, the individual must be receiving at least \$1 in unemployment benefits in order to receive the \$600 federal payment. However, if they receive partial State unemployment and their wages exceed the State weekly benefit amount then they will **not** qualify for the \$600 CARES benefit.

If the individual is eligible for the \$600 CARES benefit, they will receive this benefit in addition to the unemployment amount they receive from the State. For example, they may receive up to \$648 (State maximum unemployment benefit) **and** the \$600 (CARES Act benefit) per week.

Who is eligible for full unemployment, and what are the benefits?

Employees who are fully separated from employment, through no fault of their own, are eligible for full unemployment benefits.

To qualify for full unemployment benefits, the employee must have:

- Earned at least \$105.00 in gross earnings per week.
- Worked at least 2 quarters during the 4 quarter “base period.” For claims submitted during the 1st quarter of 2020, the base period = first three quarters of 2019 and the last quarter of 2018 (Oct 2018 – Sep 2019).
- Have been a Hawaii resident during the period of employment.

The 2020 weekly benefit amount for full unemployment claims ranges between \$5.00 – \$648.00. The Unemployment office calculates the weekly benefit amount as follows:

- Start with the highest quarter of earnings for the base period. Divide that number by 21.
- If that amount is less than \$648.00, the calculated amount will be the weekly benefit.
- For example, if the employee earned a \$30,000 salary during the 12-month base period, the highest quarter of earnings = \$7,500.00. $\$7,500/21 = \357.14 .
- \$357.14 is less than \$648.00, thus the employee receives \$357.14 as their weekly benefit

Full unemployment example:

If an employee makes \$20 an hour and has worked varying hours over the last year, but full time in quarter 3 of 2019. \$20 an hour at full time for a quarter is \$10,400. The quarter with the highest wages is used and divided by 21. In this example we use \$10,400 and divide by 21 to bring us to \$496 per week.

With the CARES Act, the employee in the example above will receive \$496 full unemployment + \$600 per week = \$1,096 total unemployment benefit. The \$600 will be added per week for up to four months.

PART 2:

Partial Unemployment

What is partial unemployment?

Partial unemployment may apply for employees who are **still employed with their employer** but are working (or working less than) their customary regular scheduled hours due to business or work slowdown, and as a result is earning less than their weekly benefit amount.

Employees may receive partial unemployment benefits to supplement their income. Employees may earn up to \$150 per week and still receive the full weekly benefit amount.

However, partial unemployment is not intended to supplement income for the long term. Only when the employee's hours are guaranteed to be back to full-time hours within a short amount of time (for example: 3 to 4 weeks), is partial unemployment appropriate.

Partial unemployment should not be used in situations where the employer wants to remain attached to their employees but don't have a definite return to work date.

What is the weekly benefit amount for partial unemployment?

The 2020 weekly benefit amount for partial unemployment claims ranges between \$5.00 – \$648.00. The unemployment office calculates the weekly benefit amount as follows:

- Start with the highest quarter of earnings for the base period. Divide that number by 21.
- If that amount is less than \$648.00, the calculated amount will be the weekly benefit.
- For example, if the employee earned a \$30,000 salary during the 12-month base period, the highest quarter of earnings = \$7,500.00. $\$7,500/21 = \357.14 .
- \$357.14 is less than \$648.00, thus the employee receives \$357.14 as their weekly benefit.

The weekly benefit amount for partial unemployment then requires a couple additional considerations, based on how much the employee is still working. If the employee is being furloughed, working zero hours and receiving zero wages, the employee receives the \$375.14 calculated above. **If the employee is working REDUCED hours, additional calculations are required:**

- If the week's gross earnings exceed \$150.00, the weekly wages will be subtracted from the weekly benefit. If the week's gross earnings are \$149 or less, the above calculation holds.

- Using the example above, where the employee's quarterly earnings were \$7,500, qualifying them for a weekly benefit of \$357.14.
- If the employee earns \$200.00 in gross earnings working reduced hours, their weekly benefit will be \$157.14 in partial unemployment benefits (\$357.14 WBA -\$200 in wages).

How are unemployment benefits affected by the CARES Act?

Under the new CARES Act, individuals who qualify for unemployment benefits may be eligible to receive \$600 per week through July 31st.

For full or partial unemployment, the individual must be receiving at least \$1 in unemployment benefits in order to receive the \$600 federal payment. However, if they receive partial State unemployment and their wages exceed the State weekly benefit amount then they will **not** qualify for the \$600 CARES benefit.

If the individual is eligible for the \$600 CARES benefit, they will receive this benefit in addition to the unemployment amount you receive from the State. For example, they may receive up to \$648 (State maximum unemployment benefit) **and** the \$600 (CARES Act benefit) per week.

Partial unemployment example:

Let's take the example of an employee whose quarterly earnings were \$7,500, qualifying them for a weekly unemployment benefit of \$357.14. If the employee earns \$149.00 in gross earnings working reduced hours, their weekly benefit will *not* be changed. The employee will earn \$357.14 in partial unemployment + \$149.00 in earnings.

However, if the employee's gross earnings exceed \$150, the weekly wages earned will be subtracted from their unemployment weekly benefit. For example, if the employee earns \$200 in weekly wages, they will receive $\$357.14 - \$200.00 = 157.14$ in partial unemployment. If earnings during the week equal or exceed the weekly benefit amount, the employee will not be entitled to benefits.

With the CARES Act, the employee in the example above will receive \$157.14 in partial unemployment + \$600 per week = \$807.14 total unemployment benefits.

Unemployment and the Families First Coronavirus Response Act (FFCRA)

There are concerns that the lack of clarification in the new Families First Coronavirus Response Act (FFCRA) could enable employees to collect partial unemployment and paid, job-protected FMLA leave under the FFCRA, but final guidance on this is currently not available. With that said, at this time, until further clarification is available, employers are encouraged to utilize full separation with their employee, so that their employee can apply for full unemployment.

PART 3:

Understanding Full vs. Partial Unemployment

What is the difference between partial and full unemployment insurance?

Partial unemployment is for very temporary leave when a guaranteed return to work date is known. Full unemployment is for a longer term when an employee will not be working or when a return to work date is not known.

How does my decision affect my employee's unemployment? Isn't it up to them to apply for the benefits?

Yes, it is up to your employees to apply directly to the State for unemployment benefits, but your decision does determine the information they will need to apply.

For full unemployment benefits, your employee will need to know:

- Their separation date
- Reason for separation

For partial unemployment benefits, your employee will need to know:

- Their last date worked
- Date when they will return to work

How do I know if partial or full unemployment is right for my employees?

We encourage you to be clear with your employees in these uncertain times. Partial unemployment represents a very temporary leave, generally four weeks or less, with return to work dates determined before the leave begins, while full unemployment is for longer durations, which is what we expect during this time of crisis. And if you elect to allow your employee to take partial unemployment, you need to set the expectation with your employee that they have a specific return to work date.

PART 4:

Employee Concerns

If an employee is forced to stop working (or have reduced hours) due to the new "Stay At Home" order, are they eligible for full or partial unemployment?

If an employee is still attached to their employer and working reduced hours, or even zero hours (but still technically an active employee), then they would be eligible for partial unemployment. If separated completely, then they would be eligible for full unemployment.

What if my employee is concerned about no longer receiving full pay if I need to separate them?

The employee will be able to file for full unemployment benefits for which they will receive up to the weekly maximum amount of \$648 for up to 26 weeks. Unemployment insurance will not provide full pay, but a weekly amount to help them while they are unemployed.

With the CARES Act, individuals who qualify for unemployment will receive an additional \$600 per week for four months as a supplement to standard unemployment. The standard unemployment duration now extends to 39 weeks.

What if my employee is concerned about not finding another job?

The employee is required by state unemployment law to conduct at least 3 job searches every week which should increase their chances of finding another job, although this provision may be waived, as it was during the financial crisis of 2008. We encourage all employees facing a loss of work and wages to maximize their options to apply via HireNet, as well as search for more options online. Many employers are implementing hiring freezes or are reducing their workforce, so we understand that now is not the easiest time to find other employment. You may advise your employees that you will hire them back as soon as business picks up/or are allowed to resume.

What if my employee does not want to fully separate from employment?

This is an opportunity to express empathy to the employee and assure them that it is not a personal decision but one that must be made in the best interest of the business. Employers can share with employees, as appropriate, that the employees may be rehired in the future. The choice is up to the employer.

How do my employees apply for unemployment?

For both public safety and increased efficiency, the State of Hawaii Unemployment Insurance Office is requiring all employees to submit their unemployment application online [here](#).

Here is an [instructional video](#) from the State on how to file for unemployment. We recommend that your employees file using the web form instead of unemployment online as the web form takes less server space and is more accessible during high traffic times.

They will need the following information:

- Social security number
- Contact info
- Valid email
- Dates of employment over the past 18 months
- Past employer's names, addresses, and phone numbers
- Reason for separation
- Direct deposit info (account type, account and routing number). In the state of Hawaii, having a direct deposit account is required to get paid

Here are the steps to apply:

- 1) **Create an account on the State's unemployment website, [UI Online](#).** Individuals can also schedule an appointment over the phone by calling (833) 901-2722.
 - Select "claimant registration" to begin.
 - Once they have created an account, they will be emailed a temporary password. (The temporary password will expire in 24 hours.)
 - They will need to sign back into the "claimant login - username" section of [UI Online](#), type in their temporary password and follow the instructions to create their own personal password.
 - It is recommended that they write down their username, password, and the answers to their security questions for future reference.
- 2) **For first time filers, they will need to file a new claim using this web form.** For help on how to complete the web form, review [this resource](#).
- 3) **File weekly claim certifications.** Individuals will need to submit a claim certification every week.
 - Sign in to [UI Online account](#) ("Claimant Login").
 - Select "File a Claim certification."
 - For instructions on how to file a claim certification, read this [PDF](#) or watch this [instructional video](#).

Claims may take up to or more than three weeks to be paid, particularly considering the increased demand for UI offices nationwide. Unemployment Insurance benefits are not taxed. Your employees must request withholding at the time of registration.

When can my employees apply for unemployment?

Your employees can apply a claim online **only** during these times:

Monday through Friday: 6:30 a.m. to 11:00 p.m.HST

Weekends and Holidays: 9:00 a.m. to 11:00 p.m. HST

To reactivate or update employment:

Monday through Friday: 6:30 a.m. to 5:30 p.m. HST

No Weekends and Holidays

To file an appeal:

Monday through Friday: 6:30 a.m. to 5:30 p.m. HST

Weekends and Holidays: 9:00 a.m. to 5:30 p.m. HST

ADDITIONAL RESOURCES FOR YOUR EMPLOYEES



PART 5:

Employer Concerns

As an employer, am I responsible for paying for unemployment?

For most employers, unemployment is paid through funds held by the State of Hawaii that have been paid by the employer via unemployment tax. Employer tax rates are set each year - based on prior experience and prior tax paid. In the event that your employees' unemployment claims exceed the amount paid over time by the employer, the employer is not responsible to pay the additional amount. The employer's future unemployment tax rate will likely increase, but in times of economic hardship, that is normal and expected. We cannot predict what future rates may be, as they are set by the State of Hawaii, however your tax rate for 2020 will not change. New rates for 2021 will be mailed to employers by March of 2021.

For self-financed/self-insured employers (limited to non-profits who have applied to be self-financed for unemployment), claims are paid by the employer.

Am I obligated to offer health insurance for employees on partial or full unemployment?

Employers are not obligated to offer health insurance to employees on full or partial unemployment, unless the employee is still working 20 or more hours per week.

ProService is allowing client partners to extend coverage to employees furloughed or laid off for three months, if the employer pays the premium in full. This is your decision as a business owner, it is an option and not required. Any decision to extend coverage (or not) should be made uniformly, across all like-employees in order to avoid discrimination and inequity.

When the three months continued coverage comes towards an end, anyone who has not returned to work or found alternative employment should apply for health coverage through [HealthCare.gov](https://www.healthcare.gov) within 60 days of their loss of coverage, but preferably at least 5 days before their coverage ends. There is no waiting period for pre-existing health conditions and applicants cannot be declined if they apply within 60 days of their loss of coverage.

Unemployment recipients, or even those who are without work and do not have access to unemployment (like 1099 contractors), may apply for health insurance via [HealthCare.gov](https://www.healthcare.gov) and receive a subsidy to offset their costs. Coverage can be as little as \$1 per month with the subsidies.

If I pay employees a monetary severance, can they still apply for unemployment benefits?

Yes, employees receiving severance may still apply for unemployment. Employees may need to provide the severance information when they apply for benefits.

If I decide to separate my employees or reduce their hours, can ProService write the employee letters for me?

If you are a ProService client, we can provide you with templates to create individual letters for each of your employees should you decide to pursue a layoff or reduction of hours.

How can I get additional support on unemployment?

As a ProService client, we can help coach you through this process. We can help you work with the Unemployment Insurance office, provide instructions to file and can assist with following up on claims. We will continue to:

- Process low earnings report requests online via the Unemployment Insurance office's web portal for employees who are working less than full time hours per week.
- Process separation information requests on your behalf and may reach out to you for further information surrounding the details of the separation.
- Work with you to prepare and conduct hearings on your behalf, should an employee appeal the Unemployment Insurance office's decision. The Employment Security Appeals Office (ESARO) continues to schedule appeal hearings during this time.
- Provide you with any and all decisions and correspondences received from the Unemployment Insurance office and ESARO and will include instructions if any follow-up action is required by you.



The graphic features a man in a blue suit carrying a box, surrounded by red virus icons. The ProService HAWAII logo is in the top right. The text reads: "Watch the webinar: Employer Guidance on Unemployment in Hawaii" followed by the URL "proservice.com/unemployment" and a purple button with the text ">> WATCH NOW".

You Can Do This!

This is an extraordinary time for employers and employees in our State.

Remember that you're not alone. Businesses and organizations around the world are facing the same challenges, and we here at ProService Hawaii are here to help.

About ProService Hawaii

ProService Hawaii is the state's leader in HR management. We give local employers access to benefits, payroll, HR and compliance support that make it easier to hire, manage and grow their teams.

ProService drives local business forward by taking care of 2,200 employers and 35,000 employees statewide. We combine the power of passionate local experts with innovative HR products and a simple online platform that is transforming the workplace in Hawaii.



Learn more at proservice.com/coronavirus.