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COVID-19 Impact on New Jersey Unemployment Compensation

NOTE: The following NewsFlash outlines the current state of unemployment benefits in the midst of the COVID-19 crisis. We expect that the federal stimulus package will be signed into law today, and we expect it will offer greatly-enhanced unemployment benefits. Senator Chuck Schumer recently said that the legislation provides for “unemployment insurance on steroids.” We will update this NewsFlash when details of the stimulus legislation are available.

The economic impacts of the COVID-19 pandemic are being felt across every sector throughout New Jersey, resulting in furloughs, layoffs and a significant increase in the number of applications for unemployment compensation. New Jersey, like other states, has seen sharp increases in unemployment claims this month. On Monday, March 16, New Jersey’s online unemployment claim filing system crashed when 15,000 claims were filed in a single day, nearly eight times the average daily claim volume.¹

In response to this significant increase in claims, the New Jersey Department of Labor and Workforce Development (NJDOL) issued a guide outlining COVID-19 related unemployment benefits for New Jersey employees.² The guide provides that unemployment benefits are available to employees who are out of work due to voluntary or government-mandated business closures or whose hours are reduced due to COVID-19 related business slowdowns.

An employee is not entitled to unemployment benefits if the employee chooses to stay home to care for a child due to a school closure, but the employee may use earned sick leave. Likewise, employees who are permitted by their employer to work remotely from home are not eligible for unemployment benefits. However, if an employee’s work-from-home arrangement results in reduced hours, the employee may be eligible for unemployment benefits.

Federal lawmakers have also taken action to bolster unemployment benefits in the midst of the COVID-19 crisis. The recently-passed Family First Coronavirus Response Act provides for \$1 billion in funding to stabilize state unemployment compensation funds. The Act requires states to commit to maintaining and strengthening access to unemployment benefits, including waiving work search requirements and waiting periods. The Act further provides that an employer’s unemployment tax rate will not increase as a result of employees filing for unemployment benefits due to COVID-19.

The NJDOL is urging employers to pay their workers whether or not they are able to work as they expect bipartisan federal legislation to be signed this week that will reimburse small and mid-sized businesses for wages paid during the public health crisis. The NJDOL expects that this legislation will afford 100% compensation to businesses who provide two weeks of sick leave to employees, along with tax credits for providing up to three months of paid

family leave. New Jersey lawmakers are also working on providing robust relief to our valued business community. In the meantime, on March 20, 2020, New Jersey Gov. Murphy signed new legislation that prohibits an employer from terminating or otherwise penalizing an employee if the employee requests to take time off from work based on a medical professional’s determination that the employee has or is likely to have an infectious disease that is likely to infect others in the workplace.

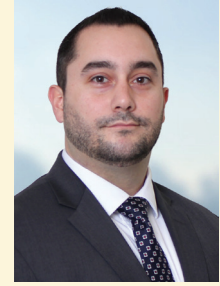
We continue to monitor developments regarding COVID-19’s impact on employment issues. Do not hesitate to call on the [Stradley Ronon Employment & Labor Practice Group](#) for assistance regarding these issues.

¹ <https://www.inquirer.com/health/coronavirus/spl/pennsylvania-new-jersey-unemployment-surge-coronavirus-20200319.html>.

² <https://www.nj.gov/labor/assets/PDFs/COVID-19%20SCENARIOS.pdf>.



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