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United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada

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MEMORANDUM

TO: All Local Union Business Managers
FROM: General President Mark McManus
DATE: March 27, 2020
SUBJECT: Coronavirus Aid, Relief and Economic Security Act

Earlier this week, the Senate passed the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). It is anticipated that the bill will be passed by the House and signed by President Trump shortly. The bill addresses many issues including medical supply subsidies, Good Samaritan laws (covering volunteers), expedited clinical trials for new drugs, and massive assistance to “severely distressed industries,” specifically the airline industry and national security contractors. The focus of this summary, however, is on the provisions that are most likely to directly impact your members. Specifically, this memorandum summarizes the CARES Act’s provisions concerning enhanced unemployment insurance compensation benefits, “recovery rebates,” retirement and health plans, and paid sick and family leave.

A. Unemployment Insurance

The CARES Act contains several provisions that expand access to state unemployment insurance (UI) benefits and increase the amount and duration of UI payments. The CARES Act expands the unemployment insurance (“UI”) programs administered by the states in four key ways. The CARES Act: (1) expands access to UI benefits; (2) increases the amount of UI payments; (3) extends the duration of UI benefits; and (4) eliminates waiting periods. The impact of CARES Act on workers who are receiving or will apply for UI benefits is as follows:

For workers who qualify for regular UI benefits:

- all weekly UI benefits will be increased by \$600 for the next four months (through July 31);
- State-law mandated “waiting periods” are waived;
- benefits can be received for an additional 13 weeks beyond what is typically allowed by state law;
- and
- these enhancements are for unemployment for any reason – not just COVID-19.





For workers who typically would not qualify for regular UI benefits:

- access to the UI system is expanded -- independent contractors, sole proprietors, those without a wage history, and others who usually would not qualify for UI benefits are eligible for regular UI payments;
- these individuals may receive benefits if they are unemployed or unavailable to work because of COVID-19 (but otherwise would be available for work);
- up to 39 weeks of UI benefits are available to these workers;
- all weekly UI benefits will be increased by \$600 for the next four months (through July 31); and
- State-law mandated “waiting periods” are waived.

This summary of benefit changes assumes that states will enter into agreements with the federal government to administer these new programs to the maximum extent allowed by the CARES Act. Although the CARES Act does not require states to enter into such agreements, the federal government is offering to pay for 100% of the changes allowed by this law, so there is little reason for states *not* to offer these expanded benefits. I encourage you to review with your local counsel the specifics of the UI laws in your state and in any surrounding states in which your members work.

B. Recovery Rebates

The CARES Act provides tax credits to individuals in the amount of \$1,200.00 (\$2,400 for couples filing a joint tax return), plus \$500.00 for each child. The amount of the credit is reduced for individuals making \$75,000.00 or more and for families filing joint returns making \$150,000.00 or more. The credit is completely phased-out for individuals with incomes exceeding \$99,000.00 and for families with no children filing joint returns with incomes exceeding \$198,000.00. These credits are also provided to individuals who have no income, or whose only income comes from social security. These payments will be made to individuals as advanced refunds as rapidly as possible.

C. Retirement Plan Provisions

The CARES Act permits certain retirement defined contribution plans to make changes to their plans to allow participants to more easily receive withdrawals or loans. The Act eliminates the additional 10% tax on early withdrawals from certain types of retirement plans for individuals who take an early distribution because they are ill or experience adverse financial consequences as a result of COVID-19. The Act also increases the amount of loans plan participants may take, and extends the amount of time in which participants can pay back certain loans to their retirement plan. Finally, the Act allows defined contribution plans and certain other retirement plans to suspend its required minimum distribution rules for calendar year 2020.



D. Health Plan Provisions

The CARES Act clarifies certain provisions in the Families First Coronavirus Response Act (“Response Act”), concerning COVID-19 diagnostic testing. Group health plans (including grandfathered plans) and health insurance companies must provide coverage for various items and services related to coronavirus testing and diagnosis, without any cost-sharing to health plan participants, including deductibles, copayments, and coinsurance, and without requiring prior authorization or other medical management requirements. In addition to tests that are approved by the FDA, plans must also cover tests developed by states and tests seeking expedited approval from the FDA. In other words, group health plan participants will be able to receive all testing and diagnosis for COVID-19 at no out-of-pocket cost. The CARES Act also requires non-grandfathered group health plans to provide coverage, without cost-sharing, for COVID-19 related preventive services, including immunizations, when those services are provided by in-network providers.

E. Paid Sick Leave and Expanded Family Medical Leave

The CARES Act preserves the paid sick time and expanded emergency family medical leave provisions passed in the Response Act. (A detailed description of these benefits are included in my memorandum to all UA Business Managers issued earlier this month). It also expands the class of employees eligible for expanded emergency family leave to include employees who were laid off after March 1, 2020, worked for their employer for at least 30 of the 60 days before the layoff, and has been rehired.

F. Small Business and Nonprofit Employee Retention Tax Credit

The CARES Act implements a tax credit against employer payroll taxes for employers affected by COVID-19. The credit is available to employers: i) whose operations are fully or partially suspended due to a COVID-19-related shut down order from a governmental authority; or ii) whose gross receipts for a quarter decline by more than 50 percent when compared to the prior year calendar quarter. Tax exempt organizations, including unions organized under Section 501(c)(5) of the Internal Revenue Code, may be eligible for the credit. The UA will be providing Business Managers with additional information on how local unions may take advantage of this tax credit in the near future.

We will continue to keep you apprised of future federal legislation passed in response to the current public health emergency, and how that legislation may impact your members.