



ALABAMA LEAGUE OF MUNICIPALITIES

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KEN SMITH
Executive Director

MAYOR RONNIE MARKS, ATHENS
President

TO: Mayors, Councilmembers, City Clerks
FROM: Alabama League of Municipalities
Date: April 28, 2020
Re: Unemployment Compensation Reimbursement – CARES Act

In the past few weeks there has been some confusion regarding unemployment compensation benefits and the reimbursement requirements for local governments that have furloughed or laid off employees due to the COVID19 outbreak.

Due to the unprecedented demand for unemployment insurance benefits as a result of COVID19, the Coronavirus Aid, Relief, and Economic Security (CARES) Act specifically provides that individuals who are collecting certain benefits with an additional \$600 in federal benefits per week for weeks of unemployment ending on or before July 31, 2020. The cost of these additional \$600 payments is 100% federally funded and states are specifically prohibited from charging employers for any part of the additional \$600 regardless of whether the employer is considered a reimbursable employer or not.

While some municipalities may have received information to the contrary, the Alabama Department of Labor has confirmed with the League that the \$600 benefit available to unemployed workers pursuant to the FPUC (Federal Pandemic Unemployment Compensation) in the CARES Act is not to be paid in any way by reimbursing employers. It is fully federally funded.

The CARES Act also provides for emergency unemployment relief for governmental entities. Specifically, it provides for transfers to a state to cover partial reimbursements (generally 50% of the amount of payments in lieu of contributions) to state and local governments for weeks of unemployment between March 31, 2020 and December 31, 2020. These partial reimbursements apply to all payments made during this time period, even if the unemployed individual is not unemployed as a result of COVID19.

According to the Alabama Department of Labor, “pursuant to US Department of Labor guidance, reimbursing employers, such as municipalities, who previously paid all unemployment claims against them dollar-for-dollar, will only be billed for 50% of those claims for weeks of unemployment between March 13, 2020 and December 31, 2020. These reduced charges apply to “all (benefit) payments made during this time period, even if the unemployed individual is not unemployed as a result of COVID-19.”

The voice of Alabama's municipalities since 1935.