



Upcoming Unemployment Insurance Benefit Expirations

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Summary

Several key provisions related to extended federal unemployment benefits are temporary and, therefore, scheduled to expire.

The temporary 100% federal financing of the Extended Benefit (EB) program ends January 4, 2012.

The temporary option for states to use three-year lookbacks as part of their EB triggers expires the week on or before December 31, 2011.

Authorization for the temporary Emergency Unemployment Compensation (EUC08) program is scheduled to expire the week ending on or before January 3, 2012 (i.e., December 31, 2011, in all states except New York State, in which the program ends January 1, 2012).

This report describes the consequences of these expirations for the financing and availability of unemployment benefits in states. It also summarizes proposals to extend these expiring provisions.

Upcoming Expiration of Federal Extended Unemployment Insurance Provisions

On December 17, 2010, the President signed P.L. 111-312, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. P.L. 111-312 extends the authorization for several federal unemployment insurance (UI) laws. Despite this extension, these laws are temporary and scheduled to expire as follows:

- the 100% federal financing of the Extended Benefit (EB) program is scheduled to end on January 4, 2012; and
- the authorization for the temporary Emergency Unemployment Compensation (EUC08) program ends the week ending on or before January 3, 2012.

Additionally, P.L. 111-312 provided for

- temporary authorization for states to use three-year lookbacks with their EB triggers, which expires the week on or before December 31, 2011.

Federal Programs to Extend UI Benefits: EB and EUC08¹

Basic income support for unemployed workers is provided through the joint federal-state Unemployment Compensation (UC) program, which generally pays up to 26 weeks of unemployment benefits.²

EB Financing

Unemployment benefits may be extended at the state level by the permanent EB program if high unemployment exists within the state. Once regular unemployment benefits are exhausted, the EB program may provide up to an additional 13 or 20 weeks of benefits, depending on worker eligibility, state law, and state economic conditions. Under permanent law (P.L. 91-373), the EB program is funded 50% by the federal government and 50% by the states. The 2009 stimulus package (P.L. 111-5, as amended, most recently by P.L. 111-312) temporarily provides for 100% federal funding of the EB program until January 4, 2012.

EUC08

To supplement UC and EB benefits and respond to the most recent recession, Congress created a temporary unemployment insurance program, the EUC08 program. The EUC08 program began in July 2008. EUC08 has been amended by Congress eight times (most recently by P.L. 111-312), and is scheduled to expire the week ending on or before January 3, 2012. Currently, the EUC08 program provides up to four tiers of additional weeks of unemployment benefits to certain workers who have exhausted their rights to regular UC benefits. Tiers I (up to an additional 20

¹ For additional details on all three of these UI programs (UC, EB, and EUC08), see CRS Report RL33362, *Unemployment Insurance: Programs and Benefits*, by Katelin P. Isaacs and Julie M. Whittaker.

² Montana provides 28 weeks and Massachusetts provides 30 weeks of regular unemployment benefits.

weeks) and II (up to an additional 14 weeks) are available in all states. Tier III (up to an additional 13 weeks) is available in states with a total unemployment rate of at least 6%. Tier IV (up to additional 6 weeks) is available in states with a total unemployment rate of at least 8.5%.³

Although the EUC08 program is scheduled to expire the week ending on or before January 3, 2012, EUC08 benefits will be “grandfathered” for some individuals who establish their entitlement to a tier of EUC08 benefits prior to program expiration, as described below.

Consequences of UI Expirations

Financing and Availability of EB Benefits

The 100% federal financing of EB benefits is scheduled to end January 4, 2012. In terms of financing, states will be responsible for 50% of the benefit costs for anyone *entering* into the EB program after January 4, 2012. Benefits for individuals *who are receiving EB on January 4, 2012*, however, will continue to be 100% federally financed through June 11, 2012.

The expiration of the 100% federal financing will have consequences for benefits in many states. Twenty-seven states elected a temporary trigger, based on a state’s total unemployment rate (TUR), for the EB program—and that election was tied to the temporary federal 100% EB financing.⁴ With the expiration of the 100% federal financing provision, the laws in these states require that the temporary trigger end; at which point, the federal EB law ends the period during which EB benefits may be paid. **Table 1** lists the states that adopted a temporary EB TUR trigger in this manner and may be affected by this expiration.⁵

Table 1. States with Temporary EB TUR Trigger Provisions

Alabama	Illinois	New York
Arizona	Indiana	Ohio
California	Kentucky	Pennsylvania
Colorado	Maine	South Carolina
Delaware	Massachusetts	Tennessee
District of Columbia	Michigan	Texas
Florida	Missouri	Virginia
Georgia	Nevada	West Virginia
Idaho	New Mexico	Wisconsin

Source: U.S. Department of Labor.

³ For full details on EUC08, including the program’s legislative history, see CRS Report RS22915, *Temporary Extension of Unemployment Benefits: Emergency Unemployment Compensation (EUC08)*, by Katelin P. Isaacs and Julie M. Whittaker.

⁴ There are also 11 states that have adopted this optional TUR EB trigger into permanent state law: Alaska, Connecticut, Kansas, Minnesota, New Hampshire, New Jersey, North Carolina, Oregon, Rhode Island, Vermont, and Washington. For more details on state EB trigger options, see CRS Report R41859, *Unemployment Insurance: Consequences of Changes in State Unemployment Compensation Laws*, by Katelin P. Isaacs.

⁵ Maryland has a temporary TUR trigger authorized under current state law, but it does not go into effect until October 1, 2011. Therefore, Maryland is not counted in the list of 27 states with effective, temporary TUR triggers.

Notes: Maryland also has a temporary trigger authorized under current state law, but it does not go into effect until October 1, 2011. Therefore, Maryland is not counted in the list of 27 states with effective, temporary TUR triggers.

In addition to the temporary EB triggers themselves, P.L. 111-312 (signed December 17, 2010) made technical changes to certain triggers in the EB program. P.L. 111-312 allows states to temporarily use lookback calculations based on three years of unemployment rate data (rather than the current lookback of two years of data) as part of their triggers if states would otherwise trigger off or not be on a period of EB benefits. Using a two-year versus a three-year EB trigger lookback is an important adjustment because some states are likely to trigger off their EB periods in the near future despite high, sustained—but not increasing—unemployment rates.

For states to implement EB trigger lookback changes, each state would need to individually opt to amend its state UC laws. These state law changes must be written in such a way that if the two-year lookback has the effect that the state would have an active EB program, no action would be taken. But if a two-year lookback is not effective as part of an EB trigger and the state is not triggered on to an EB period, then the state would be able to use a three-year lookback. This temporary option to use three-year EB trigger lookbacks expires the week on or before December 31, 2011.

As of the week of September 11, 2011, there are 33 states that have enacted a three-year EB trigger lookback option (as temporarily authorized under P.L. 111-312).⁶ **Table 2** lists these states.

Table 2. States with Temporary EB Three-Year Lookback Provisions

Alabama	Kansas	North Carolina
California	Kentucky	Ohio
Colorado	Maine	Oregon
Connecticut	Massachusetts	Pennsylvania
Delaware	Michigan	Rhode Island
District of Columbia	Minnesota	South Carolina
Florida	Missouri	Tennessee
Georgia	Nevada	Texas
Idaho	New Jersey	Washington
Illinois	New Mexico	West Virginia
Indiana	New York	Wisconsin

Source: U.S. Department of Labor.

Notes: Maryland also has a temporary three-year lookback option authorized under current state law, but it does not go into effect until October 1, 2011. Therefore, Maryland is not counted in the list of 33 states with effective three-year lookback options.

With few exceptions, only states that have enacted the TUR EB trigger option (in either permanent or temporary law) and also have enacted the temporary three-year lookback have an active EB program paying benefits. When either of a state's temporary EB trigger components—

⁶ Maryland also adopted a three-year lookback option, effective October 1, 2011. Since this three-year lookback is not yet in effect, Maryland is not counted in the list of 33 states with active three-year lookback options.

the TUR trigger or the three-year lookback—expires, as currently scheduled, that state would be at risk of ending its EB period.

EB benefits are not grandfathered. Therefore, there will be no active EB program or payments after an EB period has ended in these states.

The U.S. Department of Labor posts weekly “Trigger Notices” for the EB (and EUC08 program) online at http://www.workforcesecurity.doleta.gov/unemploy/claims_arch.asp.

Availability of EUC08 Benefits

All tiers of EUC08 benefits are temporary and expire in the week ending on or before January 3, 2012. No new entrants into any tier of the EUC08 program will be permitted after December 31, 2011.⁷ Therefore, to be eligible for an EUC08 tier I benefit, an individual must exhaust his or her regular UC benefits before or during the week ending December 24⁸ in order to enter the first tier of EUC08 benefits during the week ending December 31, 2011.

Those unemployed individuals who qualify for a tier I, II, III, or IV EUC08 benefit by December 31, 2011, may be “grandfathered” for their remaining weeks of eligibility for only that specific tier and would continue to receive payments for the number of weeks they are deemed eligible within that tier. Once that tier is complete, however, they will not be able to advance to the next tier. For example, if an individual is eligible to continue to receive the tier I benefit after December 31, 2011, that individual would not be entitled to tier II benefits once those tier I benefits are exhausted. No EUC08 benefits, regardless of tier, will be payable for any week after June 9, 2012.

Legislation to Extend Expiring UI Provisions

P.L. 111-312, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, was signed into law on December 17, 2010. As explained above, P.L. 111-312 extends the authorization of the EUC08 program until the week ending on or before January 3, 2012, and the 100% federal financing of the EB program until January 4, 2012. P.L. 111-312 also authorized the temporary option for states to use three-year lookbacks with their EB triggers (scheduled to expire the week on or before December 31, 2011).

Other Proposals to Extend Expiring UI Provisions

The President’s American Jobs Act of 2011 proposal would provide a year-long extension of the EUC08 authorization and the 100% federal financing of EB through calendar year 2012. In addition, it would extend authorization for states to use three-year lookbacks for state EB triggers during this period. It would not expand the number of weeks of unemployment benefits available to the unemployed beyond what is currently available. (The proposal does not include a “tier V” of EUC08 benefits.)⁹

⁷ January 1, 2012, in New York State.

⁸ December 25, 2011, in New York State.

⁹ This summary is based on legislative language from the President’s American Jobs Act of 2011 proposal (Title III, (continued...))

On September 13, 2011, Senator Reid introduced S. 1549, the American Jobs Act of 2011, by request, which contains the legislative language of the President's American Jobs Act of 2011 proposal. Also by request, Representative Larson introduced H.R. 12, the House companion version of the American Jobs Act of 2011, on September 21, 2011.

Senator Reid introduced S. 1660 on October 5, 2011. S. 1660 contains the same UI provisions found in the President's American Jobs Act of 2011, S. 1549, and H.R. 12. S. 1660 differs from the President's American Jobs Act of 2011, S. 1549, and H.R. 12, however, in some non-UI provisions proposed to offset the legislation.

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Subtitle A: Supporting Unemployed Workers Act of 2011), released on September 12, 2011 (available online at http://www.whitehouse.gov/sites/default/files/American_Jobs_Act.pdf).