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Temporary Programs to Extend Unemployment Compensation

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Summary

The federal/state UC system is designed to provide temporary and partial wage replacement to workers who have become involuntarily unemployed. UC also helps to stabilize the economy by providing unemployed workers with additional purchasing power, which serves as an economic stimulus when unemployment rises during recessions. The UC system generally provides sufficient duration of benefits during periods of economic prosperity, as most UC beneficiaries experience fewer weeks of unemployment than their maximum entitlements and return to work before their benefit rights are exhausted. However, during periods of economic decline, people tend to remain unemployed longer because of the greater difficulty in finding new jobs, and a rising proportion of jobless workers exhaust UC benefits without finding new work. Thus, programs have been established to increase the number of weeks of assistance during periods of high unemployment.

Since 1958 there have been seven separate programs passed by Congress to buttress the UC system, during periods of serious economic decline. The designs of each of these temporary programs have addressed the perennial issues of benefit level, duration, triggering mechanism, eligibility, and financing. The permanent EB program was enacted in 1970. EB provides one-half of regular benefits up to a maximum of 13 weeks, and is financed half from state UC taxes and half from a federal payroll tax.

The most recent temporary program was the Emergency Unemployment Compensation (EUC) program of 1991-1994. The EUC program was signed into law November 15, 1991, and paid benefits through April 30, 1994. During that time, EUC was amended five times, creating a complex web of benefit levels and durations. Over the course of the EUC program, a total of $27.9 billion in benefits were paid to recipients, 160.9 million weeks of compensation were paid, and 5 million individuals exhausted their EUC benefits.

Concerns about the recent recession, and the widespread economic impact of the September 11, 2001, attacks had put pressure on Congress to pass some form of emergency or supplemental extended benefits. Initial proposals were targeted to industries most obviously affected by the attacks, but the focus soon shifted to more comprehensive economic stimulus packages, including 13-week extended benefit proposals (H.R. 3090, H.R. 3529, and H.R. 622). On March 7, 2002, the House passed a fourth and final stimulus bill, an amended version of H.R. 3090; the Senate passed H.R. 3090 on March 8, 2002. On March 9, 2002, the *Job Creation and Worker Assistance Act of 2002* was signed into law (P.L. 107-147). Title II of P.L. 107-147, the Temporary Extended Unemployment Compensation Act of 2002, contains provisions for a 13-week extension of UC benefits in all states, an $8 billion distribution to the states, and an additional 13 weeks of UC benefits for high-unemployment states.

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Temporary Programs to Extend Unemployment Compensation

Description of the UC System

The federal/state system of unemployment compensation (UC) is designed to provide temporary and partial wage replacement to workers who have become involuntarily unemployed. UC also helps stabilize the economy by providing unemployed workers with added purchasing power, which serves as an economic stimulus when unemployment rises. UC pays weekly cash benefits on the basis of involuntary unemployment and past work. UC benefits are not based on financial need. The U.S. Department of Labor (DoL) oversees the UC system, but each state administers its own program. Federal law designates the District of Columbia, Puerto Rico, and the Virgin Islands as "states" for the purposes of the UC program; thus, there are 53 state programs.

While federal law provides the framework for the UC system, each state has significant latitude in designing its program. Each state establishes laws that levy taxes to support regular benefit payments and half of the permanent extended benefits (EB) program, set eligibility rules, determine weekly benefit amounts (WBAs), and limit the duration of regular benefits. Federal law establishes the requirements for the approval of state programs, authorizes grants to the states for UC administration, and establishes the Unemployment Trust Fund, a federal fund that accounts for both federal and state program revenues and spending.

The Federal Unemployment Tax Act (FUTA) levies an effective 0.8% tax on private employers on the first $7,000 of wages paid annually to each UC-covered employee.[1] The Unemployment Trust Fund (UTF) accounts for the financial transactions of the UC system. These transactions are recorded in the federal unified budget as outlays and taxes in the UTF. Within the UTF, federal FUTA receipts are credited to three federal accounts: (1) the Extended Unemployment Compensation Account (EUCA), which provides the financing authority for one-half of EB; (2) the Employment Security Administration Account (ESAA), which funds both federal and state administrative costs; and (3) the Federal Unemployment Account (FUA), which funds loans to insolvent state accounts.

States finance their programs and half of the permanent EB program with payroll taxes similar to the federal FUTA tax. States impose an unemployment tax on at least

[1]The FUTA tax levied on private employers is actually 6.2% of the first $7,000 of wages paid annually to each UC-covered employee. This tax rate is reduced to 0.8% in states with approved UC programs. All 50 states, the District of Columbia, Puerto Rico, and the Virgin Islands have approved programs; thus the *effective* FUTA tax rate is 0.8%.

the first $7,000 paid annually to each covered employee.[2] Each state deposits its own UC taxes with the U.S. Treasury. There are 53 state accounts within the Unemployment Trust Fund. Each state's account accumulates legal spending authority over time, through credits for state UC tax receipts and interest income. Each state is reimbursed, from its state account, by the federal government for its benefit costs.

Regular UC benefits are designed to assist experienced workers facing short-term, temporary periods of unemployment. Currently, 51 state programs limit the maximum duration for receipt of regular UC benefits to 26 weeks. Only Massachusetts and Washington allow a longer maximum duration of 30 weeks. During periods of economic growth, the duration of regular benefits is usually sufficient, as most UC beneficiaries experience fewer weeks of unemployment than their maximum entitlements for the year. For example, in 1999 the national average duration was 14.2 weeks, compared to a national average duration of 16.5 weeks during 1993 (when the effects of the 1991 recession were reflected in the unemployment data). However, during periods of economic decline, people tend to remain unemployed longer because of the greater difficulty in finding new jobs, and a rising proportion of jobless workers exhaust UC benefits without finding new work. For example, in 1993 the national average exhaustion rate for regular UC benefits was 38.4%, compared to 31.3% in 1999. Thus, programs have been established to increase the number of weeks of assistance during periods of high unemployment.

Brief History of Extended Benefit Programs[3]

Temporary Unemployment Compensation (TUC). The first temporary extended UC program was the Temporary Unemployment Compensation (TUC) program available from June 1958 through June 1959. TUC provided one-half of the regular benefit entitlement up to an additional 13 weeks. TUC was financed by loans to individual state accounts. If a state failed to repay the loan by January 1, 1963, the FUTA tax in that state was raised to repay the balance of the loan.

Temporary Extended Unemployment Compensation (TEUC)[4]. The Temporary Extended Unemployment Compensation (TEUC) program was in place from April 1961 through March 1962. Like TUC, benefits under TEUC amounted to one-half of regular benefits up to a maximum of 13 weeks. The TEUC was financed entirely with FUTA taxes.

Extended Benefits (EB). The permanent EB program was enacted with the passage of the Federal-State Extended Benefits Act of 1970 (P.L. 91-373). As

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[2]Alaska, New Jersey, and Pennsylvania also tax employees directly.

[3]For a more detailed history, see CRS Report 94-458, *Unemployment Compensation: A History of Extended Benefits for the Long-Term Unemployed*, by James R. Storey and Gene Falk.

[4]P.L. 107-147, the recent Job Creation and Worker Assistance Act of 2002, has also created a temporary extended benefit program entitled the Temporary Extended Unemployment Compensation Program of 2002 or (TEUC).

originally enacted, the EB program contained both national and state-level triggers. The program was activated nationally when the national seasonally adjusted insured unemployment rate (IUR)[5] was 4.5% or higher for at least 3 consecutive months. EB could be activated in a specific state if its IUR for the preceding 13 weeks was at least 4% and this quarterly average was at least 120% of the corresponding average of the previous 2 years. The national trigger was eliminated in 1981 with passage of the Omnibus Budget Reconciliation Act of 1981 (OBRA 81). The permanent EB program provides one-half of regular benefits up to a maximum of 13 weeks, and is financed half from state UC taxes and half from FUTA taxes. The Federal-State Extended Benefits Act of 1970 also provided for additional FUTA revenue by raising the taxable wage base, for the first time in the UC system's history, from $3,000 to $4,000, and by raising the net FUTA tax rate from 0.4% to 0.5%.

The Omnibus Reconciliation Act of 1980 (OBRA 80, P.L. 96-499), established a federal job search requirement for EB claimants, established rules denying EB benefits to claimants who refused certain classes of work, and provided a federal definition of "suitable work." The Omnibus Reconciliation Act of 1981 (OBRA 81, P.L. 97-35), signed into law August 13, 1981, established more restrictive criteria for activating EB. OBRA 81 eliminated the national trigger, making EB available only in states with high IURs; raised the state trigger level to a 13-week average IUR of at least 5% and 120% of the average IUR for the corresponding weeks in the past 2 years; allowed, at state option, for EB to be activated when the state's IUR is at least 6%, regardless of the average IUR in the past 2 years; and changed the way the IUR was calculated, excluding EB claimants from the measure (thus reducing IURs). OBRA 81 also established a federal minimum requirement for work history by requiring EB claimants to have worked at least 20 full weeks, or earned equivalent wages, in a recent period prior to becoming unemployed.

In 1992, P.L. 102-182 added an optional EB trigger that uses a state's total unemployment rate (TUR) to determine its eligibility to activate EB. The TUR measures the level of unemployment using survey data rather than the administrative data upon which the IUR depends. The TUR is the ratio of the number of people who have lost jobs and are seeking work to the number of people who are in the civilian work force. Only eight states have adopted this optional trigger.

Magnuson Act. The EB program was enhanced temporarily by the Emergency Unemployment Act of 1971 (P.L. 92-224). Also known as the Magnuson Act, it was signed into law on December 29, 1971, began operation 30 days later, and was in place through March 1973. Like its predecessors, the Magnuson Act provided one-half the regular benefits in the state up to an additional 13 weeks of benefits. The Magnuson Act was wholly financed with FUTA taxes. Under the Magnuson Act, emergency compensation was made available in states that had activated the EB program, or if: states were eligible for EB at some point in the past year; a state's IUR

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[5]The *IUR* is defined as the 13-week moving average of continuing regular UC claims divided by the average number of individuals in UC-covered employment over the first 4 of the last 6 completed quarters. *Insured Unemployed* is defined as the average weekly number of weeks claimed for the 3 months of the quarter. *Covered Employment* is defined as the number of employees covered by UI as reported to the states by employers.

exceeded EB's 4% threshold but failed to meet the 120% requirement; or a state's adjusted insured unemployment rate (AIUR)[6] exceeded 6.5%.

Federal Supplemental Benefits (FSB). The Emergency Unemployment Compensation Act of 1974 (P.L. 93-572) created the Federal Supplemental Benefits (FSB) program. FSB was in effect from January 1975 through October 1977. FSB went through several changes in duration during the course of the program. P.L. 93-572 provided for 13 weeks of extended UC benefits, financed from spending authority in the Emergency Unemployment Compensation Account (EUCA). EB was triggered nationwide in February 1975, making both EB and FSB payable in all states. The Tax Reduction Act of 1975 (P.L. 94-12) doubled the maximum FSB weeks to 26. This brought the maximum number of weeks of UC in all states to 65 (26 weeks of regular benefits, 13 weeks of EB, and 26 weeks of FSB).

The Emergency and Special Unemployment Extension Act of 1975 (P.L. 94-45) retained the March 31, 1977 expiration date set by P.L. 93-572 but began a gradual scaling back of the program. P.L. 94-45 established a trigger for FSB separate from that for EB. The new trigger restricted FSB to states with high IURs and introduced a tiered benefit structure providing more weeks of FSB in states with higher unemployment. In states with IURs exceeding 6%, 26 weeks of FSB continued to be available; in states with IURs of at least 5% but less than 6%, FSB was available for up to 13 weeks. FSB was not available in states with IURs of less than 5%.

Federal Supplemental Compensation (FSC). The Tax Equity and Fiscal Responsibility Act of 1982 (P.L. 97-248), which established the FSC program, was enacted September 3, 1982. FSC was authorized in part to offset the restrictions on the permanent EB trigger, imposed by OBRA 81. These restrictions effectively confined EB to about half the states during the 1981-1982 recession, the worst since the Great Depression. States were also being triggered off EB in 1982 because the OBRA 81 provision increasing the state trigger level became effective after September 25, 1982. FSC provided benefits beginning September 12, 1982, and was financed from federal general revenue. FSC was set to expire March 31, 1983, but was extended several times through June 1985. Some of the extensions were made retroactively because extension legislation was not enacted before scheduled expiration dates.

Emergency Unemployment Compensation (EUC). The Emergency Unemployment Compensation Act of 1991 (P.L. 102-164) was signed into law November 15, 1991, and paid benefits through April 30, 1994. The EUC program was amended five times during this period: P.L. 102-182, P.L. 102-244, P.L. 102-318, P.L. 103-6, and P.L. 103-152. The EUC covered those individuals who exhausted their regular UC benefits, any additional state benefits, and EB. Thus, in order to be considered eligible for EUC, a claimant must not have been entitled to any other UC benefit under federal or state law. EUC was a federal program, and was

[6] The AIUR is computed by summing: (1) the 13-week average IUR published in the DoL weekly trigger notice; and (2) the ratio of exhaustees for the 3 most recent months for which data are available to the average UC-covered employment for the 12 months representing the first 4 of the last 6 completed quarters.

federally financed, but the benefits were paid by the states through federal-state agreements. All 50 states, the District of Columbia, the Virgin Islands, and Puerto Rico paid EUC benefits. Over the course of the EUC program, a total of $27.9 billion in benefits were paid to recipients. A total of 160.9 million weeks of compensation were paid, however 5 million individuals exhausted their EUC benefits.

Unlike the other temporary programs enacted since 1970, EUC effectively superseded, rather than supplemented EB. Under the EUC program, an individual's EUC entitlement was reduced by any EB received. The Governor of a state that triggered on to EB had the option of triggering it off in order to qualify that state's jobless for EUC. EB is financed half from federal unemployment taxes, while EUC was wholly federally financed. Thus, triggering off EB to receive EUC reduced the state's benefit costs.

The tables located in the **Appendix** to this report highlight the complex legislative framework of the EUC program. **Table A** presents the various public laws defining the EUC program, benefit tiers, and effective dates for each law. **Table B** presents the duration of benefits and changes in the duration of benefits for each state, under each law that authorized EUC. **Table C** presents data on the benefits paid, number of "first pays," weeks of compensation and the number of exhaustees by state.[7]

The numerous legislative changes to the EUC program illustrate well the difficulties inherent in the design of emergency extended benefits. Certain states whose IUR, AIUR or TUR measures hovered around the triggers changed benefit levels several times during the program's operation, thereby creating considerable administrative complexity for state agencies. Oregon, Pennsylvania, Vermont and Maine were particularly affected.

Issues in Designing Benefit Extension Programs

Insured Unemployment Rate vs. Total Unemployment Rate. Since the adoption of the permanent EB program in 1970, there has been considerable debate concerning the relative merits of the insured unemployment rate (IUR) versus the total unemployment rate (TUR) as an EB trigger. The IUR is defined as the 13-week moving average of continuing regular UC claims divided by the average number of individuals in UC-covered employment over the first 4 of the last 6 completed quarters.[8] This means that the IUR itself is an output of the UC system. The state IURs depend on various non-economic factors, including state eligibility rules and administrative practices. Thus, the IUR is not a precise reflection of the health of a state's economy.

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[7]A "first pay" is defined as the first payment in a benefit year for a week of unemployment claimed. This measure is used as proxy for "beneficiaries."

[8]Advisory Council on Unemployment Compensation. *Report and Recommendations*. February 1994. p. 63.

The TUR is defined as the number of all unemployed individuals actively seeking work divided by the size of the civilian labor force. The TUR represents a larger population than the IUR, because it counts as unemployed all those who are out of work and actively looking for work, on layoff, or waiting to start a new job within 30 days. Since March 1992, states have had the option of using the seasonally adjusted TUR, a measure that should prevent a state's triggering EB during periods of high seasonal unemployment. While the TUR is recognized as a better indicator of the health of a state's labor market, it is criticized by some as an inappropriate EB trigger because the TUR includes many individuals for whom UC benefits are not available, such as individuals voluntarily separated from employment.

National, State, and Sub-State Triggers. A perennial EB question concerns the appropriate level at which to measure changes in unemployment. Should the EB trigger be based on national, regional, state or sub-state data? Currently EB is triggered on a statewide basis. National and state-level triggers were used together from the beginning of the permanent EB program in 1970 through 1981, when the national trigger was eliminated. The argument in favor of a national trigger is that the definition of a recession is national in scope, and the federal government's interest in reversing a downturn is national as well. Thus, a national trigger is appropriate where a goal of the program is to address cyclical unemployment by bolstering personal income during a downturn.

The EUC program, while not employing a national trigger, essentially provided benefits on a national level, because some form of emergency extended benefits were available to individuals in all states. The EUC triggers allowed for variations in duration of benefits among the states in relation to state unemployment levels. However, recessions have often been primarily regional in impact. Thus, a national trigger can result in the payment of extended benefits to individuals in states that do not face unusually weak labor markets.

There have also been proposals to create EB triggers on either a regional or a sub-state level. The logic behind the sub-state or regional triggers is that they might improve the targeting of benefits because state boundaries are often of little relevance to the workings of labor markets. There can be considerable labor market differences between urban and rural areas within a state or among urban areas within a state. Furthermore, some labor markets are located in more than one state. A statewide trigger can deny benefits to areas facing severe labor market problems because other regions of the state are not facing the same conditions.

There are a variety of arguments against regional and sub-state triggers. There is little evidence that either of these mechanisms would improve the targeting of benefits during a recession compared to the existing state-level trigger structure. Considerable controversy also exists concerning how to define appropriate regional or sub-state boundaries, and it is unclear whether these newly defined regions would be any less arbitrary than current state boundaries. In addition, there are significant obstacles to be overcome in the financing and administration of an EB program based on regional or sub-state areas, because the state has always been the operational unit for UC. There is also concern regarding the accuracy and availability of regional or sub-state data and the costs of data improvements that would be needed.[9]

Measuring the Severity of a Downturn. The permanent EB program employs threshold requirements for changes in the unemployment rate in addition to the unemployment rate itself. Historically, the EB thresholds have been set at 120% for the IUR triggers and 110% for TUR triggers. There are three potential conditions under which a state can trigger on to EB. The first is an automatic trigger applying to all states, allowing EB to be triggered when a state's average 13-week IUR in the most recent 13 weeks is at least 5.0% and at least 120% of the average of the 13-week IUR in the last 2 years for the same 13-week calendar period. The second trigger, which is available to states at their option, does not use a threshold criterion. It allows a state to trigger on when the current 13-week IUR is at least 6.0%. All but 12 states have adopted the second trigger option. The third trigger mechanism is a state-option trigger based on a seasonally adjusted 3-month average TUR. If the average TUR exceeds 6.5% and is at least 110% of the same measure in either of the prior 2 years, a state can offer 13 weeks of EB. If the average TUR exceeds 8% and meets the same 110% test, 20 weeks of EB can be offered. Only eight states (Alaska, Connecticut, Kansas, New Hampshire, Oregon, Rhode Island, Vermont and Washington) use this third trigger.

The threshold requirements (the 110% and 120% tests) are designed to distinguish states suffering from chronically high unemployment from those that have experienced a recent cyclical tightening of the labor market. Use of thresholds prevents the countercyclical effects of EB from being applied in states that have little cyclical unemployment. One difficulty with thresholds is that they often serve to delay the extension of benefits beyond the point where some political leaders may feel that assistance is needed. A state such as Alaska that suffers from chronically high unemployment will, because of the 120% criterion, have to reach a higher IUR to trigger EB on than will a state that enters a recession with a lower unemployment rate. Thus, a deteriorating national economy could result in EB triggering on faster in more prosperous states than in poorer states if the low-unemployment states meet the 120% criterion first.[10]

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[9]The Advisory Council on Unemployment Compensation advised against the use of sub-state or regional data in determining the availability of extended benefits. Advisory Council on Unemployment Compensation. Collected Findings and Recommendations: 1994-1996, 1996. p. 5.

[10]For a discussion of additional policy issues regarding the use of unemployment triggers, with particular focus on their use as a measure of economic need under the TANF contingency fund, see CRS Report RL31106, *Welfare Reform Financing Issues: An Analysis of Funding Available in Case of Recession*, by Gene Falk and Craig Abbey. For further discussion of policy issues concerning extended benefits, see Advisory Council on Unemployment Compensation, *Report and Recommendations*. February 1994. Chapter 6, Extended Benefits Reform.

Temporary Benefit Extension Proposals Since September 11, 2001[11]

Historically, temporary EB programs often started operation after the trough of a recession had passed.[12] The TUC (1958) and the TEUC (1961) were proposed and enacted after the trough of those recessions but before the unemployment rate had peaked. The EUCA (1971) was enacted after the end of the recession in November 1970 because unemployment levels had remained relatively high. FSC (1974) and FSB (1982) both became effective toward the end of recessions. EUC (1991) was enacted 8 months after the 1990-91 recession trough but 8 months before the unemployment rate peaked.

In November, 2001, the National Bureau of Economic Research (NBER) determined that the current recession began in March 2001.[13] One unique feature of the current economic decline is the added impact of a non-economic event (the September 11, 2001 terrorist attacks). NBER maintains that the attacks may have been a significant factor in altering the nature of the economic decline from a contraction to a recession. Although it is impossible to measure precisely the economic effects of the attacks, they focused public attention on the state of the economy and worsening unemployment.[14]

The recession, and the widespread economic impact of the attacks, had put pressure on Congress to legislate some form of emergency or supplemental extended benefits. Though a number of bills were introduced offering an array of benefit levels and durations, this report focuses on major economic stimulus packages (H.R. 3090, H.R. 3529, and the amended versions of H.R. 622). The President had also put forth his own plan, embodied in S. 1532.

Congressional Proposals. In the immediate aftermath of the September 11 attacks, Congress focused on providing assistance to those workers who were displaced from jobs in the most obviously affected industries, such as the airline and

[11] For additional information regarding bills temporarily expanding or extending UC benefits, see CRS Report 95-742, *Unemployment Benefits: Legislative Issues in the 107th Congress*, by Celinda Franco.

[12] The trough is the lowest point of GDP reached at the end of an economic decline.

[13] The National Bureau of Economic Research (NBER) defines a recession as "a significant decline in activity spread across the economy, lasting more than a few months, visible in industrial production, employment, real income, and wholesale-retail trade." Recessions begin just after the peak of an economic expansion and end as the economy approaches the trough of the decline. For more information see *The NBER's Business-Cycle Dating Procedure*, [http://www.nber.org/cycles/recessions.html]. NBER Business Cycle Dating Committee, December 13, 2001.

[14] For additional information regarding layoffs due to the September 11, 2001 terrorist attacks see CRS Report RL31250, *Layoffs Due to the September 11, 2001 Terrorist Attacks and the Worker Adjustment and Retraining Notification Act (WARN)*, by Linda Levine.

related industries.[15] However, as the severity of the broader economic decline was revealed, the focus shifted from industry-specific proposals to more comprehensive economic stimulus initiatives, including temporary UC benefit extensions.

Broader proposals include H.R. 3090, the *Economic Security and Recovery Act of 2001*, passed by the House on October 24, 2001. H.R. 3090 provides for the distribution of $9 billion from a federal trust fund account (EUCA) to the state unemployment accounts. These funds could be used for regular UC benefits, or states could elect to extend or expand UC benefits through March 11, 2003.

H.R. 3090 was reported by the Senate Finance Committee on November 9, 2001, with an amendment in the nature of a substitute. The amendment contains provisions to extend UC benefits temporarily for up to 13 weeks for individuals who exhaust their regular UC benefits, expand eligibility to cover part-time workers, and supplement the regular UC weekly benefit amount by the larger of 15% or $25. The Senate Finance Committee version of H.R. 3090 was considered by the Senate on November 14, 2001, but was not brought to a vote. The substitute amendment was withdrawn by unanimous consent.

As a result of negotiations attempting to reach agreement on a stimulus package, on December 20, 2001, the House passed H.R. 3529, the Economic Security and Worker Assistance Act of 2001. Title VII of the bill, the *Temporary Extended Unemployment Compensation Act of 2001*, would provide up to 13 weeks of extended benefits, available in any state, for individuals who become unemployed after March 15, 2001, and who exhaust their regular benefits. H.R. 3529, a new version of H.R. 3090, would also transfer $9 billion in surplus federal unemployment (Reed Act) funds to the states. These Reed Act funds could be used by the states to enlarge eligibility to include (1) individuals seeking part-time work, and (2) individuals who qualify under an alternative base period for counting past wages.

On February 6, 2002, the Senate passed by unanimous consent and sent to the House an amended version of H.R. 622. The amended of H.R. 622 included provisions to extend UC benefits for up to 13 weeks to those individuals who have exhausted their regular compensation since September 11, 2001.

On February 14, 2002, the House passed a third stimulus bill, an amended version of the Senate-approved H.R. 622. The House-passed version of H.R. 622 included provisions for a 13-week extension of UC benefits, a $9 billion Reed Act distribution to states, and 13 weeks of additional UC benefits in high unemployment states. Also, on February 14, 2002, the Senate passed an amended version of the House-approved H.R. 3090. The Senate-amended version of H.R. 3090 contained provisions identical to those in the Senate-passed H.R. 622.

On, March 7, 2002, the House passed a fourth stimulus bill as a substitute amendment to the Senate-amended version of H.R. 3090. The provisions in this bill

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[15]For additional information see CRS Report RS21047, *Unemployment Related to Terrorist Attacks: Proposals to Assist Affected Workers in the Airlines and Related Industries*, by Paul J. Graney.

included a 13-week extension of UC benefits for all states, an extra 13 weeks (for a possible extension of 26 weeks total) in high-unemployment states, and an $8 billion Reed Act distribution to states. The Senate passed H.R. 3090 on March 8, 2002, and the President signed H.R. 3090, the *Job Creation and Worker Assistance Act of 2002*, into law (P.L. 107-147) on March 9, 2002.

President Bush's Emergency Extended Unemployment Compensation Program Proposal (S. 1532). The President's proposal includes a temporary program called the Emergency Extended Unemployment Compensation program (EEUC). The EEUC program would be in place for 18 months and would provide 13 additional weeks of UC for individuals who became unemployed after September 11, 2001. Individuals would be eligible for EEUC if they: (1) became unemployed after September 11, 2001; (2) were employed in a state that has triggered on to the EEUC program; and (3) have exhausted their regular state unemployment benefits. The weekly benefit amount available under the EEUC would be equal to the state UC benefit amount. A state could trigger on if the President has issued a major disaster or emergency declaration in that state as a result of the September 11, 2001, attacks. The state could also trigger on to the EEUC if the state's seasonally adjusted TUR for the most recent 3 months is at least 30% higher than the average TUR for the 3 months ending August 31, 2001.

The Job Creation and Worker Assistance Act of 2002

On March 9, 2002, the Job Creation and Worker Assistance Act of 2002 (P.L. 107-147) was signed into law. Title II of P.L. 107-147 is the Temporary Extended Unemployment Compensation Act of 2002 (TEUC).[16] The TEUC program contains provisions extending UC benefits for 13 weeks in all states, distributing $8 billion in Reed Act Funds to the states, and offering an additional 13 weeks of UC benefits (for a potential total extension of 26 weeks) in high-unemployment states. The benefit extensions in the TEUC program are wholly federally financed with general funds and provide weekly benefit amounts equal to the amount of regular UC weekly benefits.

Eligibility. An individual could be eligible for TEUC benefits if he or she (1) filed an initial (new or additional) claim that was effective during or after the week of March 15, 2002; and (2) has exhausted regular benefits or have no benefit rights due to expiration of a benefit year ending during or after the week of March 15, 2001; and (3) has no rights to regular or extended benefits under any state or federal law; and (4) is not receiving benefits under Canadian law.[17] Individuals must also have 20 weeks of work, or the equivalent in wages, in their base periods in order to qualify for TEUC.

[16]There was another program passed by Congress in 1961 called the Temporary Extended Unemployment Compensation (TEUC) program. This program has no relationship with the TEUC program of 2002.

[17]U.S. Department of Labor. Employment and Training Administration. *Unemployment Insurance Program Letter No. 17-02.*

Benefit Tiers. The Temporary Extended Unemployment Compensation (TEUC) program has two separate benefit tiers. The first tier, TEUC, contains no trigger mechanism or threshold requirement. The first tier of benefits applies to all states, regardless of the IUR in each state. The second tier of benefits, TEUC-X, is an additional 13 weeks of extended UC benefits. This second extension is available only to those individuals who have exhausted their initial 13-week TEUC extension in a state classified as a 'high unemployment' state at the time the individual exhausts the initial TEUC extension. TEUC-X employs a trigger mechanism to determine whether or not a state is considered a 'high-unemployment' state.

A state is classified as a 'high-unemployment' state if the state's IUR is at least 4%, and at least 120% of the average of the 13-week IUR in the last 2 years for the same 13-week calendar period. DoL provides updated weekly trigger notices indicating when states have triggered on to the TEUC-X program.[18] Once a state has triggered on to TEUC-X, that state will remain classified as a high-unemployment state for 13 weeks, regardless of whether or not the state's IUR drops below the 4% criterion during that 13-week period. At the end of that 13 weeks, the state would trigger off TEUC-X if that state's IUR fell below 4%. If the state's IUR remains above 4% and continues to meet the 120% criterion, the state would continue to be classified a high-unemployment state for an additional 13 weeks. This classification process proceeds in 13-week increments for the life of the TEUC program (currently slated to end January 1, 2003). Individuals who exhaust their initial 13-week TEUC extension while their state is classified as a high unemployment state will be eligible to receive TEUC-X.

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[18]U.S. Department of Labor. *Temporary Extended Unemployment Compensation Trigger Notices*. The most recent trigger notices are available online at [http://www.workforcesecurity.doleta.gov/unemploy/TEUC.asp].

Appendix. Detailed History and Benefit Structure for the Emergency Unemployment Compensation Program

Table A. EUC Legislative History and Benefit Structure

Emergency Unemployment Compensation (EUC)		
Law	**Benefit tier**	**Dates in effect**[a]
Emergency Unemployment Compensation Act (P.L. 102-164) signed November 15, 1991	20 weeks: States with TUR of 9.5% or higher, or AIUR of 5% or higher 13 weeks: States with AIUR of 4% or higher or AIUR of 2.5% or higher and UC exhaustion rate of 29% or higher 6 weeks: All other states	Superseded by P.L. 102-182
Termination of Application of Title IV of the Trade Act of 1974 to Czechoslovakia and Hungary (P.L. 102-182) signed December 4, 1991, and Emergency Unemployment Benefits Extension (P.L. 102-244) signed February 7, 1992	33 weeks: States with TUR of 9% or higher, or AIUR of 5% or higher 26 weeks: All other states [NOTE: P.L. 102-182 authorized benefit periods of 20 and 13 weeks; P.L. 102-244 authorized an additional 13 weeks for each tier]	November 17, 1991-June 13, 1992
Unemployment Compensation Amendments of 1992 (P.L. 102-318) signed July 3, 1992	26 weeks: States with TUR of 9% or higher or AIUR of 5% or higher 20 weeks: All other states	June 14, 1992-March 6, 1993
Emergency Unemployment Compensation Amendments of 1993 (P.L. 103-6) signed March 4, 1993	*Claims filed before September 12, 1993*: 26 weeks: States with TUR of 9% or higher or AIUR of 5% or higher 20 weeks: All other states *Claims filed on or after September 12, 1993*[b]: 15 weeks: States with TUR of 9% or higher, or AIUR of 5% or higher 10 weeks: All other states	March 7, 1993-October 2, 1993
Unemployment Compensation Amendments of 1993 (P.L. 103-152) signed November 25, 1993	13 weeks: States with TUR of 9% or higher, or AIUR of 5% or higher 7 weeks: All other states	October 3, 1993-February 5, 1994[c]

[a] "Dates in effect" refers to the date of first claim. A claimant received benefits for the period established by the law in effect on the date of first claim.

[b] This benefit reduction was triggered by the national TUR's falling below 7% for 2 consecutive months. Had the TUR fallen below 6.8% for 2 months, benefit weeks would have been reduced to 13 and 7.

[c] Payments for claims filed by this date could continue until the earlier of the exhaustion of the claimant's entitlement or April 30, 1994.

Table B. EUC Benefit Duration (in weeks) by State and Law[a]

State	P.L. 102-164, P.L. 102-182	P.L. 102-244	P.L. 102-318	P.L. 103-6	P.L. 103-152
Alabama	13	26	20	10	7
Alaska	20	33	26	15	13, *January 23, 1994--EB on (13)*[b]
Arizona	13	26	20	10	7
Arkansas	13, *February 2, 1992--20*	33	20	10	7
California	13, *January 5, 1992--20*	33	26	15	13
Colorado	13	26	20	10	7
Connecticut	20	33	26, *November 1, 1992--20*	10	7
Delaware	13	26	20	10	7
District of Columbia	13	26	20	10	7
Florida	13	26	20	10	7
Georgia	13	26	20	10	7
Hawaii	13	26	20	10	7
Idaho	13, *February 9, 1992--20*	33	26, *July 19, 1992--20 February 21, 1993--26*	15, *July 4, 1993--10*	7
Illinois	13	26	20	10	7
Indiana	13	26	20	10	7
Iowa	13	26	20	10	7
Kansas	13	26	20	10	7
Kentucky	13	26	20	10	7
Louisiana	13	26	20	10	7
Maine	20	33	26, *August 30, 1992--20*	10, *March 28, 1993--15, June 27, 1993--10*	7, *March 27, 1994 EB on (20)*
Maryland	13	26	20	10	7
Massachusetts	20	33	26, *August 2, 1992--20*	10	7
Michigan	20	33	26, *October 25, 1992--20*	10	7
Minnesota	13	26	20	10	7
Mississippi	20	33, *February 16, 1992--26*	20	10	7
Missouri	13	26	20	10	7
Montana	13	26, *March 8, 1992--33*	20	10, *March 7, 1993--15 June 12, 1993--10*	7
Nebraska	13	26	20	10	7
Nevada	13	26, *March 8, 1992--33 June 6, 1992--26*	20	10	7
New Hampshire	13	26	20	10	7

State	P.L. 102-164, P.L. 102-182	P.L. 102-244	P.L. 102-318	P.L. 103-6	P.L. 103-152
New Jersey	20	33	26, *November 22, 1992--20*	10, *March 7, 1993--15, June 13, 1993--10*	7
New Mexico	13	26	20	10	7
New York	13	26, *February 16, 1992--33*	26, *July 12, 1992--20*	10	7
North Carolina	13	26	20	10	7
North Dakota	13	26	20	10	7
Ohio	13	26	20	10	7
Oklahoma	13	26	20	10	7
Oregon	13, *1/12/92--20*	33	26, *September 27, 1992--20 January 31, 1993--26*	15, *July 11, 1993--10*	7, *October 3, 1993--EB on (13) February 26, 1994--EB off*
Pennsylvania	13, *January 26, 1992--20*	33	26, *August 16, 1992--20*	10, *March 21, 1993--15, June 20, 1993--10*	7
Rhode Island	20	33	26	15	7, *January 16, 1994--13*
South Carolina	13	26	20	10	7
South Dakota	13	26	20	10	7
Tennessee	13	26	20	10	7
Texas	13	26	20	10	7
Utah	13	26	20	10	7
Vermont	13, *January 19, 1992--20*	33	26, *August 16, 1992--20*	10, *May 9, 1993--15 August 8, 1993--10*	7
Virginia	13	26	20	10	7
Washington		33	26, *July 4, 1992--20 January 31, 1993--26*	15, *June 27, 1993--10*	7
West Virginia	20	33	26	15	13
Wisconsin	13	26	20	10	7
Wyoming	13	26	20	10	7

Source: *Emergency Unemployment Compensation: the 1990's Experience, Revised Edition*, U.S. Department of Labor Employment and Training Administration, UI Occasional Paper 99-4. January 1999. (Data on Puerto Rico and Virgin Islands not available.)

[a] The italicized text in **Table B** shows the date the benefit duration changed and the new duration. For example, a box reading *13, February 2, 1992–20* indicates that the original duration was 13 weeks, but that on February 2, 1992 the duration changed to 20 weeks because of a change in that state's IUR or TUR.

[b] The notation *EB* indicates that the state triggered off EUC and triggered on to the permanent EB program. For example, *EB on (13)*, would indicate that a state had triggered on to the permanent EB program with a 13 week duration; or a notation reading *February 26, 1994–EB off*, indicates the state triggering off the permanent EB program.

Table C. EUC Benefit Data, 1991-1994

State	Benefits paid ($ millions)	Number of First Pays[a] (in thousands)	Number of Weeks Compensated (in thousands)	Number of Exhaustees (in thousands)
United States	27,939	9,136	160,896	4,993
Alabama	166	101	1,586	49
Alaska	118	42	619	21
Arizona	174	88	1,443	54
Arkansas	162	66	1,152	38
California	4,548	1,016	28,814	805
Colorado	176	64	1,045	37
Connecticut	780	196	3,688	118
Delaware	44	15	257	9
District of Columbia	132	41	697	24
Florida	1,083	454	6,016	294
Georgia	348	146	2,666	93
Hawaii	106	29	354	15
Idaho	71	38	546	15
Illinois	1,185	457	6,562	216
Indiana	172	113	1,583	51
Iowa	137	55	850	28
Kansas	154	58	837	33
Kentucky	197	85	1,497	50
Louisiana	167	107	1,520	47
Maine	196	80	1,316	43
Maryland	464	140	3,220	55
Massachusetts	1,480	248	5,614	239
Michigan	1,382	419	6,828	240
Minnesota	295	109	1,529	51
Mississippi	129	82	1,199	36
Missouri	384	189	2,869	98
Montana	39	21	336	10
Nebraska	27	17	218	1
Nevada	131	53	783	26
New Hampshire	72	36	423	12
New Jersey	2,113	475	9,712	305
New Mexico	58	14	428	15
New York	3,668	1,081	17,989	459
North Carolina	399	318	2,818	69
North Dakota	25	15	184	6
Ohio	910	272	4,785	174
Oklahoma	138	58	952	31
Oregon	363	127	2,083	49
Pennsylvania	2,136	582	11,305	296
Puerto Rico	196	121	2,514	69
Rhode Island	286	82	1,383	50
South Carolina	193	99	1,536	48
South Dakota	4	3	44	1

State	Benefits paid ($ millions)	Number of First Pays[a] (in thousands)	Number of Weeks Compensated (in thousands)	Number of Exhaustees (in thousands)
Tennessee	284	176	2,511	76
Texas	1,262	507	7,752	302
Utah	59	27	351	12
Vermont	53	20	354	7
Virginia	297	231	2,010	67
Virgin Islands	1	1	20	0
Washington	507	171	3,075	70
West Virginia	171	53	1,135	24
Wisconsin	274	125	1,747	51
Wyoming	20	10	141	4

Source: Table prepared by CRS using data from the U.S. Department of Labor.

[a] First pay is defined as the first payment in a benefit year for a week of unemployment claimed. This measure is used as proxy for the number of "beneficiaries".