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CRS Report for Congress

Emergency Unemployment Compensation

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Summary

The Emergency Unemployment Compensation (EUC) program was created by P.L. 110-252. This new temporary unemployment insurance program provides up to 13 additional weeks of unemployment benefits to certain workers who have exhausted their rights to regular unemployment compensation (UC) benefits. The program effectively begins July 6, 2008, and will terminate on March 28, 2009. No EUC benefit will be paid beyond the week ending July 4, 2009. This report will be updated to reflect congressional action or programmatic changes. Individuals should contact their state's unemployment agency to obtain information on how to apply for and receive EUC benefits. The U.S. Department of Labor maintains a website with links to each state's agency at [http://www.workforcesecurity.doleta.gov/map.asp].

Emergency Unemployment Compensation

On June 30, 2008, the President signed into law the Supplemental Appropriations Act of 2008, P.L. 110-252. Title IV of this act created a new temporary unemployment insurance program, the Emergency Unemployment Compensation (EUC) program.[1] This is the eighth time Congress has created a federal temporary program that has extended unemployment compensation during an economic slowdown.[2] The EUC benefit is 100% federally funded. State unemployment compensation (UC) agencies will administer the EUC benefit along with regular UC benefits.

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[1] For information on the regular unemployment compensation program, see CRS Report RL33362, *Unemployment Insurance: Available Unemployment Benefits and Legislative Activity*, by Julie M. Whittaker.

[2] The other programs became effective in 1958, 1961, 1972, 1975, 1982, 1991, and 2002. For details on these programs, see CRS Report RL34340, *Extending Unemployment Compensation Benefits During Recessions*, by Julie M. Whittaker. For a detailed comparison of the most recent proposals in the 110th Congress to extend unemployment benefits, see CRS Report RL34460, *Current Law and Selected Proposals Extending Unemployment Compensation*, by Julie M. Whittaker.

How Does an Eligible Individual Receive the EUC Benefit?

Individuals should contact their state's unemployment agency to obtain specific information on how to apply for and receive EUC benefits. The U.S. Department of Labor maintains a website with links to each state's agency at [http://www.workforcesecurity.doleta.gov/map.asp].

How Much is an Eligible Individual's Weekly EUC Benefit?

The amount of the EUC benefit is the equivalent of the eligible individual's weekly regular UC benefit and includes any applicable dependents' allowances.

What is the Duration of an Eligible Individual's EUC Benefit?

The *maximum* number of weeks an individual may be eligible for these emergency extended UC benefits is capped at 13 weeks. Some individuals may be eligible for fewer weeks of EUC benefits if their regular UC benefit entitlement was less than 26 weeks.

When Does the EUC Benefit Begin and End?

Begins July 6, 2008. States must enter into an agreement with the U.S. Department of Labor (DOL) to provide the EUC benefit to unemployed individuals in the state. Once the agreement is signed, the EUC benefit will begin the following week.

All states have signed agreements with DOL and EUC benefits are now available beginning for weeks of qualifying unemployment on or after July 6, 2008. EUC benefits for that first week will begin to be disbursed the following week of July 13, 2008.

Terminates March 28, 2009. The EUC benefit is temporary and expires in March 2009. Those unemployed individuals who had qualified for the EUC benefit would continue to receive payments for the number of weeks they were deemed eligible. If an individual exhausts his or her regular unemployment compensation (UC) benefits after March 28, 2009,[3] the individual would not be eligible for any EUC benefit. Those beneficiaries receiving EUC benefits are "grandfathered" for their remaining weeks of eligibility. No EUC benefit is payable for any week beginning after July 4, 2009.[4]

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[3] March 29, 2009, for New York.

[4] July 5, 2009, for New York.

EUC Eligibility Requirements

First Claimed Regular UC Benefits On or After May 7, 2006. Applicants must have been eligible for regular UC benefits and have exhausted their rights to regular UC compensation with respect to a benefit year that expired during or after the week of May 6, 2007.[5] For most states, this would apply to individuals who had filed UC claims with an *effective* date of May 7, 2006, or later. For the state of New York this would apply to original claims filed with an effective date of May 1, 2006, or later.[6]

Exhausted Regular UC Benefit. The right to regular UC benefits must be exhausted to be eligible for EUC benefits. Although federal laws and regulations provide broad guidelines on regular UC benefit coverage and eligibility determination, the *specifics* of regular UC benefits are determined by each state. This results in essentially 53 different programs. In particular, states determine UC benefit eligibility, amount, and duration through state laws and program regulations.

Generally, regular UC eligibility is based on attaining qualified wages and employment in covered work over a 12-month period (called a base period). Conditional on earnings amounts and number of quarters worked in the base period, an individual may qualify for as little as 6 weeks of UC benefits in some states and as many as 26 weeks in other states. Individuals with higher earnings and multiple quarters of work history will generally receive higher UC benefits for a longer period of time.[7]

"20 Weeks" of Full-Time Insured Employment or Equivalent. In addition to all state requirements for regular UC eligibility, the EUC program requires claimants to have at least 20 weeks of full-time insured employment or the equivalent in insured wages in their base period.

States use one, two, or three different methods for determining an "equivalent" to 20 weeks of full-time insured employment. These methods are described in both law (Section 202(a)(5) of the Extended Unemployment Compensation Act of 1970) and regulation (20 CFR 615.4(b)). In practice, states that apply any of these three requirements for receipt of regular UC benefits *and* do not allow for exceptions to those requirements do not need to establish that the worker met the 20 weeks of full-time insured employment requirement for EUC. The three methods are as follows:

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[5] Arkansas has a unique approach to calculating a benefit year. In Arkansas, the benefit year begins the first day of the quarter in which an individual files a valid UC claim. Thus, it is unlikely that many individuals in Arkansas who filed UC claims before July 2006 would be eligible to receive EUC benefits.

[6] Please note the effective date is not necessarily the actual date when an individual filed for UC. A claim filed on May 10, 2006, may have had an earlier effective date if a state allows retroactive claims.

[7] Individuals in the Massachusetts and Montana UC programs may have regular UC durations that exceed 26 weeks. Individuals who qualify for more than 26 weeks of regular UC benefits would be eligible for no more than 13 weeks of EUC benefits.

- earnings in the base period equal to at least 1.5 times the high-quarter wages; or
- earnings in the base period of at least 40 times the most recent weekly benefit amount, and if this alternative is adopted, it shall use the weekly benefit amount (including dependents' allowances) payable for a week of total unemployment (before any reduction because of earnings, pensions or other requirements) that applied to the most recent week of regular benefits; or
- earnings in the base period equal to at least 20 weeks of full-time insured employment, and if this alternative is adopted, the term "full-time" shall have the meaning provided by the state law.

The base period may be the regular base period or, if applicable in the state, the period may be the alternative base period or the extended base period if that determined the regular UC benefit.

The Extended Benefit (EB) Program

The EUC program should not be confused with the similarly named extended benefit (EB) program.[8] The EUC program is temporary and applies to all states. The EB program is permanently authorized and applies only to certain states on the basis of state economic conditions specified in law. *The EB program is currently active only in Alaska and Rhode Island.*

EB Program is Permanently Authorized. The EB program is permanently authorized by the Federal-State Extended Unemployment Compensation Act of 1970 (EUCA), P.L. 91-373 (26 U.S.C. 3304, note). The EB program provides for additional weeks of unemployment benefits, up to a maximum of 13 weeks during periods of high unemployment and up to a maximum of 20 weeks in certain states with extremely high unemployment. When economic conditions in a state no longer meet the criteria for extended benefits, the state triggers off of the EB program. There is no "grandfathering" of the EB benefit. At the time a state triggers off the EB program, payment of all EB benefits immediately stop.

EB Program is 50% Federally Financed and 50% State Financed. EB benefits are funded half (50%) by the federal government through an account for that purpose in the Unemployment Trust Fund (UTF). States fund half (50%) through their state accounts in the UTF.[9]

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[8] For a detailed description of the EB program, see CRS Report RL33362, *Unemployment Insurance: Available Unemployment Benefits and Legislative Activity*, by Julie M. Whittaker.

[9] States that do not require a one-week UC waiting period pay 100% of the first week of EB.

EUC and EB Interactions

Which Benefit is Paid First? The EUC program allows states to determine which benefit is paid first. Thus, states may choose to pay EUC before EB or vice versa.

States balance the decision of which benefit to pay first by examining the potential cost savings to the state with the potential loss of unemployment benefits for unemployed individuals in the state. It may be less costly for the state to choose to pay for the EUC benefit first as the EUC benefit is 100% federally financed (whereas the EB benefit is 50% state financed).[10] However, if the state opts to pay EUC first, individuals in the state might receive less in total unemployment benefits if the EB program triggers off before the individuals exhaust their EUC benefits.

Alaska has opted to pay EB before EUC benefits. In contrast, *Rhode Island* has opted to pay EUC benefits before EB.

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[10] Some recipients may find jobs before becoming eligible for EB. In addition, the state may trigger off of the EB program before some recipients exhaust EUC.