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Temporary Unemployment Insurance Provisions

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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 December 31, 2013.

The temporary option for states to use three-year lookbacks as part of their EB triggers expires the week ending on or before December 31, 2013.

Authorization for the temporary Emergency Unemployment Compensation (EUC08) program is scheduled to expire the week ending on or before January 1, 2014 (i.e., December 28, 2013, in all states except New York State, in which the program ends December 29, 2013).

Once these federal unemployment provisions expire, only regular, state-financed unemployment benefits from the Unemployment Compensation (UC) program will generally be available. In most states, UC provides up to 26 weeks of benefits.

This report describes the consequences of these expirations for the financing and availability of unemployment benefits in states. It also summarizes the last three laws that have extended these expiring provisions: P.L. 112-240, P.L. 112-96, and P.L. 112-78.

Among other provisions, H.R. 2821, the American Jobs Act of 2013, would extend these temporary unemployment insurance provisions for two additional years (i.e., through December 2015).

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Expiration of Federal Extended Unemployment Insurance Provisions

Enacted on January 2, 2013, P.L. 112-240, the American Taxpayer Relief Act of 2012, 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 December 31, 2013; and
- the authorization for the temporary Emergency Unemployment Compensation (EUC08) program ends the week ending on or before January 1, 2014.

In addition, P.L. 111-312, as amended by P.L. 112-240, provides

- temporary authorization for states to use three-year lookbacks with their EB triggers, which expires the week ending on or before December 31, 2013.

After these federal UI provisions expire, only regular, state-financed Unemployment Compensation (UC) benefits will generally be available in states. UC pays up to 26 weeks of benefits in most states with the following exceptions: (1) Montana provides up to 28 weeks of UC; (2) Massachusetts provides up to 30 weeks of UC; and (3) several states have reduced their UC maximum durations: Arkansas and Illinois (25 weeks); Michigan, Missouri, and South Carolina (20 weeks); Florida (variable duration based on state unemployment rate: 12-23 weeks); Georgia (variable duration based on state unemployment rate: 14-20 weeks); and North Carolina (variable duration based on state unemployment rate: 12-20 weeks).[1]

Federal Programs to Extend UI Benefits: EB and EUC08[2]

Basic income support for unemployed workers is provided through the joint federal-state UC program, which pays up to 26 weeks of unemployment benefits with some exceptions.[3]

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

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[1] For details on reductions in state UC duration, see CRS Report R41859, *Unemployment Insurance: Consequences of Changes in State Unemployment Compensation Laws*, by Katelin P. Isaacs.

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

[3] Montana provides 28 weeks and Massachusetts provides 30 weeks of regular unemployment benefits. In addition, some states have passed laws to reduce the maximum duration of UC benefits: Arkansas and Illinois (25 weeks); Michigan, Missouri, and South Carolina (20 weeks); Florida (variable duration based on state unemployment rate: 12-23 weeks); Georgia (variable duration based on state unemployment rate: 14-20 weeks); and North Carolina (variable duration based on state unemployment rate: 12-20 weeks).

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. 112-240) temporarily provides for 100% federal funding of the EB program until December 31, 2013.

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 11 times (most recently by P.L. 112-240). 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. See "Availability of EUC08 Benefits" below for more details on EUC08 benefits.[4]

The EUC08 program is authorized until the week ending on or before January 1, 2014. There is no grandfathering of EUC08 benefits after that date. Individuals who have not completed a tier of EUC08 would not continue to receive those benefits after the week ending on or before January 1, 2014 (i.e., December 28, 2013, in all states except New York State, in which the program ends December 29, 2013). States are required to pay individuals any entitlement to EUC08 benefits before any entitlement to EB benefits.

Consequences of UI Expirations

Financing and Availability of EB Benefits

The 100% federal financing of EB benefits is scheduled to end December 31, 2013. In terms of financing, states will be responsible for 50% of the benefit costs for anyone *entering* into the EB program after December 31, 2013. Benefits for individuals *who are receiving EB on December 31, 2013*, however, will continue to be 100% federally financed through June 30, 2014.

The expiration of the 100% federal financing could potentially have consequences for the availability of EB benefits in states. Twenty-eight 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.[5] 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.

[4] For additional details on EUC08, including the program's legislative history, see CRS Report R42444, *Emergency Unemployment Compensation (EUC08): Current Status of Benefits*, by Julie M. Whittaker and Katelin P. Isaacs.

[5] In addition, 11 states 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.

Table 1. States with Temporary EB TUR Trigger Provisions

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

Source: U.S. Department of Labor.

In addition to the temporary EB triggers themselves, P.L. 111-312 (as amended by P.L. 112-240) made technical changes to certain triggers in the EB program. P.L. 111-312, as amended, 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 ending on or before December 31, 2013.

As of the week of August 4, 2013, there are 31 states that have enacted a three-year EB trigger lookback option (as temporarily authorized). **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	Maryland	Rhode Island
Delaware	Massachusetts	South Carolina
District of Columbia	Michigan	Tennessee
Florida	Minnesota	Texas
Georgia	Missouri	West Virginia
Idaho	Nevada	Wisconsin
Illinois	New Jersey	
Indiana	New York	

Source: U.S. Department of Labor.

Since the federal authorization of these temporary EB provision, with few exceptions, only states that have enacted the TUR EB trigger option (in either permanent or temporary law) and the temporary three-year lookback currently have had an active EB program paying benefits. As of the week of August 4, 2013, however, no state meets the EB trigger criteria using the TUR trigger and three-year lookback to be able to pay EB benefits.[6] Future increases in state unemployment rates and/or a reversal of the current trend of decreasing unemployment rates would be required in order to trigger on EB based on the TUR trigger and lookback requirement. When either of a state's temporary EB trigger components—the TUR trigger or the three-year lookback—expires, as currently scheduled, any state taking advantage of the TUR trigger and three-year lookback options to be able to pay EB benefits 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 the week ending on or before January 1, 2014. There is no grandfathering of EUC08 benefits after that date. Therefore, individuals would not continue to receive EUC08 benefits after December 28, 2013, in all states except New York State, in which the program ends December 29, 2013.

P.L. 112-96 altered the duration or the state availability of each tier of the EUC08 program during three separate periods: March-May 2012, June-August 2012, and September-December 2012.[7] P.L. 112-240 extends EUC08 authorization with the tier structure in place as of December 2012, through the week ending on or before January 1, 2014:

- **Tier I:** available in all states, up to 14 weeks.
- **Tier II**: available in states with a TUR of at least 6%, up to 14 weeks.
- **Tier III:** available in states with a TUR of at least 7%, up to 9 weeks.
- **Tier IV:** available in states with a TUR of at least 9%, up to 10 weeks.

Previous Legislation to Extend Expiring UI Provisions

P.L. 112-240, the American Taxpayer Relief Act of 2012, was signed into law on January 2, 2013. P.L. 112-240 extends the authorization of the EUC08 program (as structured in December 2012) until the week ending on or before January 1, 2014. P.L. 112-240 also authorizes the 100%

[6] See U.S. Department of Labor, Employment and Training Administration, Extended Benefit Trigger Notice No. 2013-29, Effective August 4, 2013, available online at http://www.workforcesecurity.doleta.gov/unemploy/trigger/2013/trig_080413.html.

[7] For more details on the legislative history of EUC08, including changes to benefit structure over time, see CRS Report R42444, *Emergency Unemployment Compensation (EUC08): Current Status of Benefits*, by Julie M. Whittaker and Katelin P. Isaacs.

federal financing of the EB program and the temporary option for states to use three-year lookbacks with their EB triggers until December 31, 2013.

P.L. 112-96, the Middle Class Tax Relief and Job Creation Act of 2012, was signed into law on February 22, 2012. P.L. 112-96 extended the expiring UI provisions by maintaining the temporary EB financing and lookback provisions through December 31, 2012. P.L. 112-96 also extended the authorization for the EUC08 until the week ending on or before January 2, 2013, as well as made changes to the structure of the EUC08 program that were phased in over calendar year 2012.

P.L. 112-78, the Temporary Payroll Tax Cut Continuation Act of 2011, was signed into law on December 23, 2011. P.L. 112-78 extended the expiring UI laws for two months. Under P.L. 112-78, the authorization for the EUC08 program was extended until the week ending on or before March 6, 2012; the 100% federal financing of the EB program was extended until March 7, 2012; and the three-year lookback trigger option for the EB program expired the week ending on or before February 29, 2012.

Legislation to Extend Temporary UI Provisions

On July 24, 2013, the American Jobs Act of 2013 (H.R. 2821) was introduced in the House. Among other provisions H.R. 2821 would extend the authorization of the EUC08 program for two years until the week ending on or before January 1, 2016 (i.e., December 26, 2015, in all states except New York State, in which the program would end December 27, 2015). H.R. 2821 would also extend the 100% federal financing of EB and the three-year lookback EB trigger option for two years until December 31, 2015.

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