Unemployment Insurance: Consequences of Changes in State Unemployment Compensation Laws

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Summary

This report analyzes recent changes to state Unemployment Compensation (UC) programs. Two categories of UC state law issues are considered: (1) changes in the duration of state UC unemployment benefits, and (2) changes in the UC weekly benefit amount.

Over the past several years, some states have enacted legislation to decrease the maximum number of weeks of regular state UC benefits. Until recently, all states paid at least up to 26 weeks of UC benefits to eligible, unemployed individuals. In 2011, however, six states passed legislation to decrease their maximum UC benefit durations: Arkansas, Florida, Illinois (only if certain program criteria are met across different calendar years), Michigan, Missouri, and South Carolina. In 2012, Georgia also passed legislation to decrease the maximum UC benefit duration. In 2013, Kansas and North Carolina enacted similar legislation.

Changes in UC benefit duration have consequences for the duration of federal unemployment benefits that may be available to unemployed workers, including Extended Benefits (EB) and benefits from the now-expired Emergency Unemployment Compensation (EUC08) program. Because state UC benefit duration is an underlying factor in the calculation of duration for additional federal unemployment benefits, reducing UC maximum duration also reduces the number of weeks available to unemployed workers in the federal extended unemployment programs (including EUC08, which is now expired, and EB).

Prior to the expiration of the EUC08 program on December 28, 2013 (December 29, 2013, in New York), states were temporarily subject to a "nonreduction" rule (under P.L. 111-205, as amended), which made the availability of federally financed EUC08 benefits contingent on not actively changing the state's method of calculation for UC benefits, if it would have decreased weekly benefit amounts. Some states, however, make automatic adjustments to weekly benefit amounts under existing state law. Consequently, when these states experience certain conditions, such as a decrease in the average weekly wage used in the automatic adjustment calculation, their maximum weekly UC benefit amount may have been decreased without having violated the now-expired "nonreduction" rule. P.L. 112-96 provided a specific exception to the "nonreduction" rule in the case of state legislation enacted before March 1, 2012. In February 2013, North Carolina enacted legislation that actively reduces UC weekly benefit amount calculations beginning in July 2013. Due to this violation of the "nonreduction" rule, EUC08 benefits were no longer available in North Carolina, effective June 29, 2013. All EUC08 benefits expired as of the week ending on or before January 1, 2014 (i.e., December 28, 2013; or December 29, 2013, in New York State). Any reduction to the UC weekly benefit amount also translates into reduced EB weekly benefit amounts (and EUC08 benefit amounts when the program was authorized).

Overall, the two types of changes to state UC laws and programs have consequences for the duration and amount of unemployment benefits. This report describes these changes and analyzes their consequences for UC, EUC08 (when it was authorized), and EB benefits. It will be updated, as needed, to reflect additional state UC changes.

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Introduction

As a result of continued, high unemployment in the aftermath of the most recent recession (December 2007-June 2009), many states have enacted changes to their Unemployment Compensation (UC) programs. In general, several states are attempting to reduce the state costs of UC benefits, which are financed through state taxes on employers. This reduction in state UC benefit spending may be achieved through two types of state UC changes: (1) a reduction in the duration of state UC employment benefits and (2) a reduction in the state UC weekly benefit amount.

This report first provides a brief overview of the unemployment compensation programs and benefits that may currently be available to eligible, unemployed individuals. Next, the two categories of UC state law issues are analyzed:

1. changes in the duration of state UC unemployment benefits, and
2. changes in the maximum UC weekly benefit amount.

Overview of Unemployment Benefits

Several unemployment insurance (UI) programs may provide benefits to unemployed workers. When eligible workers lose their jobs, the UC program may provide up to 26 weeks of income support through the payment of regular state UC benefits.[1] These UC benefits may be extended in two ways. First, the permanent-law EB program may provide up to 13 or 20 weeks of additional unemployment benefits if certain economic situations exist within the state.[2] Second, until its expiration the week ending on or before January 1, 2014 (i.e., December 28, 2013; or December 29, 2013, in New York State), the temporary Emergency Unemployment Compensation (EUC08) program provided up to four tiers of additional weeks of unemployment benefits to certain workers who have exhausted their rights to UC benefits in states with high unemployment.[3]

Provided below is a brief description of the benefits available through these three UI programs: UC, EUC08 (when it was authorized), and EB. For detailed information on each of these programs, including more details on the financing of each type of unemployment benefit, see CRS Report RL33362, *Unemployment Insurance: Programs and Benefits*, by (name redacted) and (name redacted). For information on legislative proposals to reauthorize the expired UI provisions, including authorization for the EUC08 program, see CRS Report R42936, *Unemployment Insurance: Legislative Issues in the 113th Congress*, by (name redacted) and (name redacted).

[1] Or, in the case of the states described in the report section on "State Law Changes to UC Benefit Duration," UC currently pays fewer than up to 26 weeks.

[2] See report section on "Calculation of Benefit Duration for EB Payable Periods" for the calculation of EB benefit durations in states that have reduced regular UC benefit duration.

[3] See report section on "Calculation of Benefit Duration for EUC08 Tiers" for the calculation of EUC08 benefit durations prior to EUC08 expiration in states with reduced regular UC benefit durations. In states without UC duration reductions up to 47 weeks of total EUC08 benefits was generally available prior to EUC08 expiration in certain states with high unemployment. For more details on the structure and availability of EUC08 benefits, see CRS Report R42444, *Emergency Unemployment Compensation (EUC08): Status of Benefits Prior to Expiration*, by (name redac ted) and (name redacted).

Unemployment Compensation Program

Authorized by the Social Security Act of 1935 (SSA; P.L. 74-271), UC is a joint federal-state program that provides unemployment benefits to eligible individuals. Although federal laws and regulations provide broad guidelines on UC benefit coverage, eligibility, and benefit determination, the specifics regarding UC benefits are determined by each state. This results in essentially 53 different programs.[4] Generally, UC eligibility is based on attaining qualified wages and employment in covered work over a 12-month period (called a base period) prior to unemployment. All states require a worker to have earned a certain amount of wages or to have worked for a certain period of time (or both) within the base period to be monetarily eligible to receive any UC benefits. The methods states use to determine monetary eligibility vary greatly. Most state benefit formulas replace approximately half of a claimant's average weekly wage up to a weekly maximum. State taxes paid by employers on UC-covered wages finance UC benefits.

Maximum UC Benefit Duration

Until the recent state law changes described in this report, UC programs had been paying unemployment benefits for a maximum duration of 26 weeks. The only exceptions to the 26 week UC benefit maximum prior to these recent state law changes had been two states that provided more than 26 weeks of UC benefits (Montana: up to 28 weeks; Massachusetts: up to 30 weeks). There is nothing in federal law, however, that requires states to set their UC benefit duration maximum at 26 weeks. Thus, states have the discretion to offer fewer than 26 weeks as the maximum as well as to set their own UC benefit durations via their state UC laws. In the early decades of the UC program, there was more variation in the maximum duration of UC benefits across states, which also tended to be lower than 26 weeks. Yet since the 1960s—and until the 2011 state law changes—all states had chosen to provide up to at least 26 weeks of UC benefits to eligible individuals.[5]

Emergency Unemployment Compensation Program (now expired)

On June 30, 2008, the Supplemental Appropriations Act of 2008 (P.L. 110-252) created a new temporary, federally financed unemployment insurance program, the EUC08 program. EUC08 was the eighth federal temporary program that Congress created to extend the number of potential weeks of UC available to eligible, unemployed individuals during an economic slowdown.[6] While it was authorized, state UC agencies administered the EUC08 benefit along with regular UC benefits. Prior to expiration, EUC08 benefits were financed with general revenue from the U.S. Treasury.

[4] The District of Columbia, Puerto Rico, and the Virgin Islands are considered to be states in UC law.

[5] Puerto Rico is an exception to this pattern of state convergence on 26 weeks as the maximum UC benefit duration in the 1960s. When it originally entered the federal-state UC system in 1961, Puerto Rico provided a lower maximum UC benefit duration (i.e., up to 16 weeks in 1961 and then up to 20 weeks for most of the 1970-1990 period). Puerto Rico did not provide up to 26 weeks of UC benefits until 1991. For more information on state UC benefit duration, including changes over time, see DOL's "Significant Provisions of State UI Laws," available at http://www.workforcesecurity.doleta.gov/unemploy/statelaws.asp#sigprouilaws.

[6] The other programs became effective in 1958, 1961, 1972, 1975, 1982, 1991, and 2002. See CRS Report RL34340, *Extending Unemployment Compensation Benefits During Recessions*, by (name redacted) and (name redacted).

The authorization for this program expired the week ending on or before January 1, 2014 (December 28, 2013; December 29, 2013, for New York).[7] There was no grandfathering of any EUC08 benefit after that date. Therefore, no EUC08 benefits are currently available.[8]

Prior to program expiration, the EUC08 benefit amount was equal to the eligible individual's weekly regular UC benefits; the following four tiers of EUC08 benefits were available:

- **Tier I** was available in all states (except North Carolina),[9] up to 14 weeks.
- **Tier II** was available in states with a TUR of at least 6% (not available in North Carolina), up to 14 weeks.[10]
- **Tier III** was available in states with a TUR of at least 7% (or an insured unemployment rate [IUR][11] of at least 4%; not available in North Carolina), up to 9 weeks.
- **Tier IV** was available in states with a TUR of at least 9% (or an IUR of at least 5%; not available in North Carolina), up to 10 weeks.

Extended Benefit Program

The Federal-State Extended Unemployment Compensation Act of 1970, P.L. 91-373, established the EB program. The EB program provides extended unemployment benefits in states that meet certain economic criteria. In all states, EB is available when a state's IUR or TUR reaches certain levels.[12] For additional details on state triggers for the EB program, see CRS Report RL33362, *Unemployment Insurance: Programs and Benefits*, by (name redacted) and (name redacted).

The EB program imposes additional federal restrictions on individual eligibility for benefits beyond the state requirements for regular UC. In addition to all state requirements for regular UC eligibility, the EB program requires claimants to have at least 20 weeks of full-time insured employment or the equivalent in their base period and to conduct a systematic and sustained work search. Prior to the enactment of P.L. 112-96, states were permitted to determine which benefit, EB or EUC08, was paid first, when EUC08 was authorized.[13] Effective with P.L. 112-96, states were required to pay EUC08 benefits before EB benefits until the EUC08 program expired December 28, 2013 (December 29, 2013, in New York State).

[7] The EUC08 program has been amended 11 times (P.L. 110-449, P.L. 111-5, P.L. 111-92, P.L. 111-118, P.L. 111-144, P.L. 111-157, P.L. 111-205, P.L. 111-312, P.L. 112-78, P.L. 112-96, and P.L. 112-240). For more details on EUC08, including its legislative history, see CRS Report R42444, *Emergency Unemployment Compensation (EUC08): Status of Benefits Prior to Expiration*, by (name redacted) and (name redacted).

[8] Effective on or after July 1, 2013, EUC08 benefits were no longer available in North Carolina. North Carolina enacted legislation in February 2013 that included a provision to actively reduce UC weekly benefit amounts in the state. This state law provision violated the "nonreduction" rule and, therefore, terminated the EUC08 agreement between North Carolina and the Secretary of the U.S. Department of Labor.

[9] See previous footnote. North Carolina terminated its EUC08 agreement on July 1, 2013.

[10] The TUR (the total unemployment rate) is the seasonally-adjusted, three-month average of the ratio of unemployed workers to all workers (employed and unemployed) in the labor market.

[11] The IUR (the insured unemployment rate) is the ratio of UC claimants divided by individuals in UC-covered jobs.

[12] DOL's weekly trigger notices for the EB program are available online at http://www.workforcesecurity.doleta.gov/unemploy/claims_arch.asp.

[13] Alaska was the only state to pay EB benefits first when this option was available under P.L. 110-252, as amended.

Under permanent law, EB benefits are funded half (50%) by the federal government and half (50%) by states. The 2009 stimulus package (P.L. 111-5), as amended, temporarily changed the financing of EB benefits to be 100% federal funding through December 31, 2013.[14] (This temporary 100% federal funding for EB is now expired.) The EB benefit amount is equal to the eligible individual's weekly regular UC benefits.

There are two types of payable periods for EB benefits. First, if it meets certain state economic criteria and has certain state law trigger options in place, a state may pay EB benefits through an *EB Unemployment Period*. As discussed below, the duration of an EB Unemployment Period is based on the duration of regular UC benefits. For most states (i.e., those states with a UC maximum duration of up to 26 weeks), the EB Unemployment Period may provide up to 13 additional weeks of unemployment benefits to eligible individuals.

Second, a state may pay benefits through an *EB High Unemployment Period* if that state meets certain state economic criteria and has certain state law trigger options in place.[15] Because the duration of an EB High Unemployment Period is based on the duration of regular UC benefits in most states (i.e., those states with a UC maximum duration of up to 26 weeks), up to 20 additional weeks of EB benefits may be available to eligible individuals.

State Law Changes to UC Benefit Duration

Regular state UC benefits are financed through state payroll taxes on employers. The state unemployment tax rate on employers in all states is "experience rated," that is, the state tax rate is based on the amount of UC paid to former employees. Generally, the more UC benefits paid to its former employees, the higher the tax rate of the employer, up to a maximum established by state law.

As a result of the most recent recession and its accompanying prolonged and high unemployment, states have paid out large amounts of UC benefits ($75.3 billion in FY2009 and $63.0 billion in FY2010 versus $30.2 billion in FY2006 and $31.4 billion in FY2007).[16] This increase in state expenditures on UC benefits has also led to large outstanding federal loans in many states[17] as well as increased employer tax rates in most states.

In response to similar state UC financial stress following prior recessions, states have typically reduced the amount of UC benefits paid to individuals through reductions in the maximum benefit amount or through changes in the underlying benefit calculations. Prior to the expiration of EUC08, however, most states were temporarily prohibited from reducing UC benefit amounts through changes to benefit calculation[18] and, therefore, acted to reduce UC benefit duration as an

[14] This temporary 100% federal financing of EB benefits did not include "non-sharable" benefits (generally, these are former state and local employees' EB benefits).

[15] Ibid.

[16] For more details on revenues and expenditures associated with UC benefits, see CRS Report RL33362, *Unemployment Insurance: Programs and Benefits*, by (name redacted) and (name redacted).

[17] For more details on federal loans to states to pay UC benefits, see CRS Report RS22954, *The Unemployment Trust Fund (UTF): State Insolvency and Federal Loans to States*, by (name redacted).

[18] For a fuller discussion of this issue, including details on states that have been able to reduce weekly UC benefit amounts, see the report section on "States with Reduced Weekly Benefit Amounts."

alternative means to decrease total UC benefit payments. Therefore, these state UC benefit duration reductions are, in part, a response to UC financial crises facing states.

At the same time, however, the duration for current federal unemployment benefits—any EB periods (and each tier of the EUC08 program when it was authorized)—are calculated based on state UC benefit duration. Thus, states that have enacted laws to reduce the duration of regular UC benefits have also reduced the duration of EB benefits (and EUC08 benefits when that program was still authorized).

Currently, there are eight states with decreased maximum UC durations in effect:

- **Arkansas** decreased its state UC maximum duration from 26 weeks to 25 weeks, effective March 30, 2011.
- **Florida** decreased the maximum UC duration from 26 weeks to a variable maximum duration, depending on the state unemployment rate and ranging from 12 weeks up to 23 weeks. Up to 12 weeks will be available if the state unemployment rate is 5% or less. Each 0.5% increase in the state unemployment rate above 5% will add an additional week of UC benefit duration. Finally, up to 23 weeks of regular UC benefits will be available if the state unemployment rate is at least 10.5%. This benefit reduction was effective January 1, 2012.
- **Georgia** decreased its UC maximum duration from 26 weeks to a variable maximum duration that ranges between 14 weeks and 20 weeks, depending on the unemployment rate in the state. A maximum UC duration of 14 weeks will be available if the state unemployment rate is 6.5% or less. Each 0.5% increase in the state unemployment rate above 6.5% will add additional weeks of UC benefit duration up to a maximum of 20 weeks of UC benefits if the state unemployment rate is at least 9%. This benefit reduction was effective May 2, 2012.
- **Kansas** decreased its UC maximum duration from 26 weeks to a variable maximum duration, using a tiered system based on the state unemployment rate. Up to 16 weeks will be available if the state unemployment rate is less than 4.5%; up to 20 weeks if the state unemployment rate is at least 4.5% and less than 6.0%; and up to 26 weeks if the state unemployment rate is at least 6.0%. This benefit reduction was effective for individuals filing an initial claim for UC benefits beginning on or after January 1, 2014.
- **Michigan** decreased its UC maximum duration from 26 weeks to 20 weeks. This change was effective for individuals filing an initial claim for UC benefits on or after January 15, 2012.
- **Missouri** decreased its UC maximum duration from 26 weeks to 20 weeks, effective April 13, 2011.
- **North Carolina** decreased the maximum UC duration from 26 weeks to a variable maximum duration, depending on the state unemployment rate and ranging from 12 weeks up to 20 weeks. Up to 12 weeks will be available if the state unemployment rate is 5.5% or less. Each 0.5% increase in the state unemployment rate above 5.5% will add an additional week of UC benefit duration. Finally, up to 20 weeks of regular UC benefits will be available if the state unemployment rate is greater than 9%. This benefit reduction is effective for individuals filing an initial claim for UC benefits on or after July 1, 2013.

- **South Carolina** also decreased its UC maximum duration from 26 weeks to 20 weeks, effective June 14, 2011.

In addition, one state enacted a law with the potential to decrease maximum UC duration if certain program criteria are met across different calendar years:

- **Illinois** enacted a law that has the potential to decrease UC maximum duration in the state (i.e., from *up to 26 weeks* down to *up to 25 weeks* or *up to 24 weeks*), depending on certain program criteria as well as calendar year. This law was effective January 1, 2012. In 2012, the program criteria were met so that only up to 25 weeks of UC benefits were available. In subsequent years, however, the required program criteria have not been met. Therefore, up to 26 weeks of UC benefits are currently available in Illinois.

Table 1 also provides details on these state changes to UC benefit duration.

Table 1. States with Unemployment Compensation (UC) Law Changes That Decrease Benefit Duration

State	State Bill or Act Number	Prior Maximum UC Duration	New Maximum UC Duration	Effective Date of New Maximum UC Duration
Arkansas	Act 861, 88th General Assembly	26 weeks	25 weeks	Effective upon enactment (March 30, 2011)
Florida	Chapter 2011-235, Laws of Florida	26 weeks	Variable duration based on state unemployment rate: (1) 12 weeks if state unemployment rate is 5% or below (2) additional week added to 12 weeks for each 0.5% increase in state unemployment rate above 5% (3) 23 weeks if state unemployment rate is at least 10.5%	Effective January 1, 2012

State	State Bill or Act Number	Prior Maximum UC Duration	New Maximum UC Duration	Effective Date of New Maximum UC Duration
Georgia	Act 710 (House Bill 347), Georgia General Assembly, 2011-2012 Regular Session	26 weeks	Variable duration based on state unemployment rate: (1) 14 weeks if state unemployment rate is 6.5% or below (2) additional amount added to 14 weeks for each 0.5% increase in state unemployment rate above 6.5% (3) 20 weeks if state unemployment rate is at least 9.0%	Effective May 2, 2012
Illinois	Public Act 097-0001, 97th General Assembly	26 weeks	Variable duration based on program criteria and calendar year (ranging from *up to 24 weeks* to *up to 26 weeks*)	Effective January 1, 2012
Kansas	Substitute for HB 2105	26 weeks	Variable duration by tiers based on state unemployment rate: (1) 16 weeks if state unemployment rate is less than 4.5% (2) 20 weeks if state unemployment rate is at least 4.5% but less than 6.0% (3) 26 weeks if state unemployment rate is at least 6.0%	Effective for individuals filing an initial claim for UC benefits on or after January 1, 2014
Michigan	Act No. 14, Public Acts of 2011	26 weeks	20 weeks	Effective for individuals filing an initial claim for UC benefits on or after January 15, 2012
Missouri	House Bill No. 163, 96th General Assembly	26 weeks	20 weeks	Effective upon enactment (April 13, 2011)

State	State Bill or Act Number	Prior Maximum UC Duration	New Maximum UC Duration	Effective Date of New Maximum UC Duration
North Carolina	Session Law 2013-2, General Assembly of North Carolina, Session 2013	26 weeks	Variable duration based on state unemployment rate: (1) 12 weeks if state unemployment rate is 5.5% or below (2) additional week added to 12 weeks for each 0.5% increase in state unemployment rate above 5.5% (3) 20 weeks if state unemployment rate is greater than 9.0%	Effective July 1, 2013
South Carolina	Act No. 63, South Carolina General Assembly, 119th Session	26 weeks	20 weeks	Effective upon enactment (June 14, 2011)

Source: Compiled by the Congressional Research Service.

Consequences of Reduced UC Benefit Duration for Federal Unemployment Programs

Calculation of Benefit Duration for EUC08 Tiers (when EUC08 was authorized)

Prior to the expiration of EUC08, the duration of each tier of benefits was calculated through a formula based on state UC benefit duration.[19] Therefore, states that enacted laws to reduce the duration of regular UC benefits also experienced a reduction in the duration of EUC08 benefits when the program was authorized.

Specific formulas for the duration of each tier of EUC08 (when authorized) are presented below.[20] Examples of adjusted EUC08 benefit durations—based on a weekly benefit amount of $300 and a new maximum UC duration of 20 weeks—are also provided:[21]

[19] Prior to program expiration, the duration of benefits for each tier of EUC08 (as well as any EB payable period) was set through calculations based on the lesser of (1) the *state benefit criteria*, which is a set percentage of the duration of regular UC benefits (e.g., 54% of the individual's total regular UC duration in a benefit year for Tier I of EUC08 prior to expiration) or (2) the *maximum weekly amount criteria*, which is the multiple of an individual's average weekly benefit amount under the UC program (e.g., 13 times an individual's average weekly benefit amount in a benefit year for Tier I of EUC08 prior to expiration). In the event of state reduction in UC benefit durations, the former calculation—the state benefit criteria—would be lower and, thus, applicable. Therefore, this report's discussion of the benefit duration calculation for all tiers of EUC08 (when authorized) and all payable periods of EB focuses on this state benefit criteria formula in its explanations and illustrations of duration calculations.

[20] These EUC08 benefit duration formulas were effective for EUC08 tiers prior to expiration. The structure and availability of EUC08 tiers changed several times since the initial EUC08 program authorization. For more details on (continued...)

- ***Tier I of EUC08 (prior to expiration)***
  - Duration formula: 54% of the duration of an individual's total regular UC benefits in benefit year
  - Illustration of adjusted duration (formerly, the unreduced EUC08 tier I duration would have been up to 20 weeks—based on up to 26 weeks of unreduced state UC benefits—at a weekly benefit amount of $300)
    - 54% of 20 weeks of UC = 10.8 weeks; up to 10 weeks at weekly benefit amount of $300 and the last week prorated at $240 ($300/0.8 = $240)
- ***Tier II of EUC08 (prior to expiration)***
  - Duration formula: 54% of the duration of an individual's total regular UC benefits in benefit year
  - Illustration of adjusted duration (formerly, up to 14 weeks at $300)
    - 54% of 20 weeks of UC = 10.8 weeks; up to 10 weeks at weekly benefit amount of $300 and the last week prorated at $240 ($300/0.8 = $240)
- ***Tier III of EUC08 (prior to expiration)***
  - Duration formula: 35% of the duration of an individual's total regular UC benefits in benefit year
  - Illustration of adjusted duration (formerly, up to 13 weeks at $300)
    - 35% of 20 weeks of UC = 7 weeks; up to 7 weeks at weekly benefit amount of $300
- ***Tier IV of EUC08 (prior to expiration)***
  - Duration formula: 39% of the duration of an individual's total regular UC benefits in benefit year
  - Illustration of adjusted duration (formerly, up to 6 weeks at $300)
    - 39% of 20 weeks of UC = 7.8 weeks; up to 7 weeks at weekly benefit amount of $300 and the last week prorated at $240 ($300/0.8 = $240)

EUC08 tier duration calculations (prior to program expiration) for each state that enacted a reduction in regular UC benefit duration are provided in **Table 2**.

Calculation of Benefit Duration for EB Payable Periods

The duration of benefits for the two types of EB payable periods are set through calculations similar in structure to the calculations for EUC08 tier durations (when EUC08 was authorized).[22]

(...continued)

this legislative history, see CRS Report R42444, *Emergency Unemployment Compensation (EUC08): Status of Benefits Prior to Expiration*, by (name redacted) and (name redacted).

[21] The average weekly benefit amount was $315—or roughly $300—across all states as of July 2014 (DOL). Michigan, Missouri, and South Carolina have enacted state laws to reduce their maximum UC benefit duration to 20 weeks.

[22] See footnote 19 for more technical details.

As was the case with the EUC08 program, state reductions in UC benefit durations lead to proportional reductions in the duration of the EB payable periods.

The EB payable period duration calculations and illustration of adjusted EB durations (using $300 as the weekly benefit amount and a new UC maximum duration of 20 weeks)[23] are below:

- ***EB Unemployment Period***
  - Duration formula: 50% of the duration of individual's total regular UC benefits in benefit year
  - Illustration of adjusted duration (formerly up to 13 weeks at $300)
    - 50% of 20 weeks of UC = 10 weeks; up to 10 weeks at weekly benefit amount of $300
- ***EB High Unemployment Period***
  - Duration formula: 80% of the duration of individual's total regular UC benefits in benefit year
  - Illustration of adjusted duration (formerly up to 20 weeks at $300)
    - 80% of 20 weeks of UC = 16 weeks; up to 16 weeks at weekly benefit amount of $300

Table 2 displays EB payable period duration calculations for each state that has enacted a reduction in regular UC benefit duration.

[23] See footnote 21 for rationale behind these data points.

Table 2. Adjusted Maximum EUC08 (when authorized) and EB Benefit Duration Resulting from Changes to State Maximum UC Benefit Duration

State	Adjusted Maximum UC Duration	Adjusted Maximum EUC08 Tier I Duration (prior to expiration)	Adjusted Maximum EUC08 Tier II Duration (prior to expiration)	Adjusted Maximum EUC08 Tier III Duration (prior to expiration)	Adjusted Maximum EUC08 Tier IV Duration (prior to expiration)	Adjusted Maximum EB Unemployment Period Duration	Adjusted Maximum EB High Unemployment Period Duration	Effective Date for Adjusted UC Durations	Adjusted Benefit Duration Maximum from All Programs (prior to EUC08 expiration)
Arkansas	25 weeks	13 weeks and 1 week at 0.5 × WBA	13 weeks and 1 week at 0.5 × WBA	8 weeks and 1 week at 0.75 × WBA	9 weeks and 1 week at 0.75 × WBA	12 weeks and 1 week at 0.5 × WBA	20 weeks	Effective 3/31/11	90.5 weeks
Florida	Variable duration based on state unemployment rate:							Effective 1/1/12	
	(1) 12 weeks if state unemployment rate is 5% or below (2) additional week added to 12 weeks for each 0.5% increase in state unemployment rate above 5%	With 12 week UC duration: 6 weeks and 1 week at 0.48 × WBA	With 12 week UC duration: 6 weeks and 1 week at 0.48 × WBA	With 12 week UC duration: 4 weeks and 1 week at 0.2 × WBA	With 12 week UC duration: 4 weeks and 1 week at 0.68 × WBA	With 12 week UC duration: 6 weeks at WBA	With 12 week UC duration: 9 weeks at WBA and 1 week at 0.6 × WBA		With 12 week UC duration: 43.428 weeks
	(3) 23 weeks if state unemployment rate is at least 10.5%	With 23 week UC duration: 12 weeks and 1 week at 0.42 × WBA	With 23 week UC duration: 12 weeks and 1 week at 0.42 × WBA	With 23 week UC duration: 8 weeks and 1 week at 0.05 × WBA	With 23 week UC duration: 8 weeks and 1 week at 0.97 × WBA	With 23 week UC duration: 11 weeks at WBA and 1 week at 0.5 × WBA	With 23 week UC duration: 18 weeks at WBA and 1 week at 0.4 × WBA		With 23 week UC duration: 83.26 weeks

State	Adjusted Maximum UC Duration	Adjusted Maximum EUC08 Tier I Duration (prior to expiration)	Adjusted Maximum EUC08 Tier II Duration (prior to expiration)	Adjusted Maximum EUC08 Tier III Duration (prior to expiration)	Adjusted Maximum EUC08 Tier IV Duration (prior to expiration)	Adjusted Maximum EB Unemployment Period Duration	Adjusted Maximum EB High Unemployment Period Duration	Effective Date for Adjusted UC Durations	Adjusted Benefit Duration Maximum from All Programs (prior to EUC08 expiration)
Georgia	Variable duration based on state unemployment rate:							Effective 5/2/2012	
	(1) 14 weeks if state unemployment rate is 6.5% or below	With 14 week UC duration: 7 weeks and 1 week at 0.56 × WBA	With 14 week UC duration: 7 weeks and 1 week at 0.56 × WBA	With 14 week UC duration: 4 weeks and 1 week at 0.9 × WBA	With 14 week UC duration: 5 weeks and 1 week at 0.46 × WBA	With 14 week UC duration: 7 weeks at WBA	With 14 week UC duration: 11 weeks at WBA and 1 week at 0.2 × WBA		With 14 week UC duration: 50.68 weeks
	(2) additional amount added to 14 weeks for each 0.5% increase in state unemployment rate above 6.5%								
	(3) 20 weeks if state unemployment rate is at least 9.0%	With 20 week UC duration: 10 weeks and 1 week at 0.8 × WBA	With 20 week UC duration: 10 weeks and 1 week at 0.8 × WBA	With 20 week UC duration: 7 weeks	With 20 week UC duration: 7 weeks and 1 week at 0.8 × WBA	With 20 week UC duration: 10 weeks	With 20 week UC duration: 16 weeks		With 20 week UC duration: 72.4 weeks

State	Adjusted Maximum UC Duration	Adjusted Maximum EUC08 Tier I Duration (prior to expiration)	Adjusted Maximum EUC08 Tier II Duration (prior to expiration)	Adjusted Maximum EUC08 Tier III Duration (prior to expiration)	Adjusted Maximum EUC08 Tier IV Duration (prior to expiration)	Adjusted Maximum EB Unemployment Period Duration	Adjusted Maximum EB High Unemployment Period Duration	Effective Date for Adjusted UC Durations	Adjusted Benefit Duration Maximum from All Programs (prior to EUC08 expiration)
Kansas	Variable duration by tiers based on state unemployment rate:							Effective for individuals filing initial claims for UC benefits on or after 1/1/14	
	(1) 16 weeks if state unemployment rate is less than 4.5%	With 16 week UC duration: 8 weeks and 1 week at 0.64 × WBA	With 16 week UC duration: 8 weeks and 1 week at 0.64 × WBA	With 16 week UC duration: 5 weeks and 1 week at 0.6 × WBA	With 16 week UC duration: 6 weeks and 1 week at 0.24 × WBA	With 16 week UC duration: 8 weeks	With 16 week UC duration: 12 weeks and 1 week at 0.8 × WBA		With 16 week UC duration: 57.9 weeks
	(2) 20 weeks if state unemployment rate is at least 4.5% but less than 6.0%	With 20 week UC duration: 10 weeks and 1 week at 0.8 × WBA	With 20 week UC duration: 10 weeks and 1 week at 0.8 × WBA	With 20 week UC duration: 7 weeks	With 20 week UC duration: 7 weeks and 1 week at 0.8 × WBA	With 20 week UC duration: 10 weeks	With 20 week UC duration: 16 weeks		With 20 week UC duration: 72.4 weeks
	(3) 26 weeks if state unemployment rate is at least 6.0%	With 26 week UC duration: 14 weeks	With 26 week UC duration: 14 weeks	With 26 week UC duration: 9 weeks	With 26 week UC duration: 10 weeks	With 26 week UC duration: 13 weeks	With 26 week UC duration: 20 weeks		With 26 week UC duration: 93 weeks
Michigan	20 weeks	10 weeks and 1 week at 0.8 × WBA	10 weeks and 1 week at 0.8 × WBA	With 20 week UC duration: 7 weeks	With 20 week UC duration: 7 weeks and 1 week at 0.8 × WBA	10 weeks	16 weeks	Effective for individuals filing initial claims for UC benefits on or after 1/15/12	72.4 weeks

State	Adjusted Maximum UC Duration	Adjusted Maximum EUC08 Tier I Duration (prior to expiration)	Adjusted Maximum EUC08 Tier II Duration (prior to expiration)	Adjusted Maximum EUC08 Tier III Duration (prior to expiration)	Adjusted Maximum EUC08 Tier IV Duration (prior to expiration)	Adjusted Maximum EB Unemployment Period Duration	Adjusted Maximum EB High Unemployment Period Duration	Effective Date for Adjusted UC Durations	Adjusted Benefit Duration Maximum from All Programs (prior to EUC08 expiration)
Missouri	20 weeks	10 weeks and 1 week at 0.8 × WBA	10 weeks and 1 week at 0.8 × WBA	With 20 week UC duration: 7 weeks	With 20 week UC duration: 7 weeks and 1 week at 0.8 × WBA	10 weeks	16 weeks	Effective 4/13/11	72.4 weeks
North Carolina	Variable duration based on state unemployment rate:							Effective for individuals filing initial claims for UC benefits on or after 7/1/13	
	(1) 12 weeks if state unemployment rate is 5.5% or below	NA	NA	NA	NA	With 12 week UC duration: 6 weeks at WBA	With 12 week UC duration: 9 weeks at WBA and 1 week at 0.6 × WBA		With 12 week UC duration: 21.6 weeks
	(2) additional week added to 12 weeks for each 0.5% increase in state unemployment rate above 5.5%								

State	Adjusted Maximum UC Duration	Adjusted Maximum EUC08 Tier I Duration (prior to expiration)	Adjusted Maximum EUC08 Tier II Duration (prior to expiration)	Adjusted Maximum EUC08 Tier III Duration (prior to expiration)	Adjusted Maximum EUC08 Tier IV Duration (prior to expiration)	Adjusted Maximum EB Unemployment Period Duration	Adjusted Maximum EB High Unemployment Period Duration	Effective Date for Adjusted UC Durations	Adjusted Benefit Duration Maximum from All Programs (prior to EUC08 expiration)
	(3) 20 weeks if state unemployment rate is greater than 9.0%	NA	NA	NA	NA	With 20 week UC duration: 10 weeks	With 20 week UC duration: 16 weeks		With 20 week UC duration: 36 weeks
South Carolina	20 weeks	10 weeks and 1 week at 0.8 × WBA	10 weeks and 1 week at 0.8 × WBA	With 20 week UC duration: 7 weeks	With 20 week UC duration: 7 weeks and 1 week at 0.8 × WBA	10 weeks	16 weeks	Effective 6/14/11	72.4 weeks

Source: Compiled by Congressional Research Service.

Notes: The authorization for the EUC08 program expired the week ending on or before January 1, 2014. Consequently, EUC08 benefits were available through December 28, 2013 (December 29, 2013, for New York). Adjusted maximum EUC08 benefit durations and adjusted maximum durations from all programs reflect EUC08 benefits authorized prior to this expiration.

WBA: weekly benefit amount. All weeks of benefits are paid out in terms of full WBA unless a pro-rated WBA calculation is provided. States were authorized to augment pro-rated weeks of EUC08 tiers with amounts from subsequent EUC08 tiers to bring payments up to the full weekly benefit amount (Employment and Training Administration, U.S. Department of Labor, "Emergency Unemployment Compensation, 2008—Questions and Answers," *Unemployment Insurance Program Letter 23-08, Change 3*, December 24, 2008, http://wdr.doleta.gov/directives/attach/UIPL/UIPL23-08C3.pdf). The "Adjusted Benefit Duration Maximum from All Programs" column sums the total weeks from all four tiers of EUC08 and an EB High Unemployment Period, including full weeks of WBA and pro-rated weeks of WBA.

Illinois is not listed in this table because there is no UC maximum duration reduction effective in IL currently.

NA: not available. Due to a violation of the "nonreduction" rule (under P.L. 111-205, as amended), the EUC08 agreement between North Carolina and the Secretary of the U.S. Department of Labor was terminated. All tiers of EUC08 ended in North Carolina as of June 29, 2013.

The adjusted maximum benefit durations listed in the table for EUC08 and EB (and the maximum duration from all programs, which had previously been 93 weeks) apply to beneficiaries who file an initial claim for UC benefits after the effective date for adjusted UC durations. Individuals who received or are receiving UC benefits prior to the effective date for the state reduction in maximum UC benefits maintain the previous, unreduced UC, EUC08, and EB benefit durations. The EUC08 benefit duration formulas provided in this table were effective prior to EUC08 expiration. For more details, see CRS Report R42444, *Emergency Unemployment Compensation (EUC08): Status of Benefits Prior to Expiration*, by (name redacted) and (name redacted).

States with Reduced Weekly Benefit Amounts

P.L. 110-252, as amended, included a "nonreduction" rule that made the availability of federally financed EUC08 benefits (when authorized) contingent on not actively changing the state's method of calculation for UC benefits, if the method would have decreased weekly benefit amounts. This "nonreduction" rule was a condition of the EUC08 federal-state agreement prior to EUC08 expiration. In general, states were not permitted to pay an average weekly UC benefit amount that is less than what would have been paid under state law prior to what was in effect as of June 2, 2010, and still be able to pay EUC08 benefits.[24] However, states could reduce weekly benefits if that reduction happens automatically in certain circumstances as required by a state law that was in place before the enactment of P.L. 111-5. Any reduction to the UC weekly benefit amount also translates into reduced EUC08 (when authorized) and EB weekly benefit amounts.

Prior to P.L. 110-252, 36 states had enacted state laws that calculate the maximum weekly UC benefit via *automatic* adjustments based on the average weekly wage in a state.[25] Therefore, if the average weekly wage declines in these states, they may experience automatic reductions in UC average weekly benefit amount, which are permitted under the "nonreduction" rule. For instance, in 2011, New Jersey and Oklahoma appear to have met these conditions and to have experienced automatic reductions in their state UC weekly benefit amount. Similarly, in 2012, Hawaii also seems to have met the necessary conditions to automatically reduce the state UC weekly benefit amount.[26]

P.L. 112-96 provided a specific exception to this UC "nonreduction" rule in the case of state legislation that was enacted before March 1, 2012. States that made changes to the regular UC benefit amount prior to March 1, 2012, were not subject to the "nonreduction" rule.

In February 2013, North Carolina enacted legislation that included a provision to actively reduce UC weekly benefit amounts in the state. Effective on or after July 1, 2013, this state law provision violated the "nonreduction" rule and, therefore, terminated the EUC08 agreement between North Carolina and the Secretary of the U.S. Department of Labor. All tiers of EUC08 ended in North

[24] This "nonreduction" rule was put into place when P.L. 111-205 amended P.L. 110-252. There was a similar, but programmatically distinct "nonreduction" rule in P.L. 111-5, as amended, which prevented states from actively changing the method of calculation of the UC weekly benefit amount to pay UC benefit amounts less than what would have been paid under state law prior to December 31, 2008. No states acted to decrease UC benefit amounts between December 31, 2008, and June 2, 2010, when the federal authorization for this earlier "nonreduction" rule expired.

[25] The 36 states that calculate benefit amounts using automatic adjustments under prior state law are Arkansas, Colorado, Connecticut, District of Columbia, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Minnesota, Montana, Nevada, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Texas, Utah, Vermont, Virgin Islands, Washington, West Virginia, Wisconsin, and Wyoming.

These 36 states could experience reductions in UC weekly benefit amounts under the "nonreduction" rule if (1) the average weekly wages in states declined and the corresponding methods of calculation formula resulted in a benefit decrease (for specific information regarding these state-specific methods of benefit calculation, see DOL's "Comparison of State Unemployment Laws, 2013," Chapter 3: Monetary Eligibility, Table 3.6, pp. 13-15, available at http://www.workforcesecurity.doleta.gov/unemploy/pdf/uilawcompar/2013/monetary.pdf) and (2) the state did not otherwise prevent this benefit amount reduction through enactment of new state legislation.

[26] See DOL's "Significant Provisions of State UI Laws," available at http://www.workforcesecurity.doleta.gov/unemploy/statelaws.asp.

Carolina as of June 29, 2013.[27] With the expiration of the EUC08 program as of the week ending on or before January 1, 2014 (i.e., December 28, 2013; or December 29, 2013, in New York State), the "nonreduction" rule is no longer effective.

Any state UC benefit reductions also reduce weekly amounts for EB benefits (and EUC08 benefits when authorized), which are paid out in the same amount. Only individuals filing new state UC claims after the effective date for reduced UC durations, however, would experience reductions in UC, EUC08 (when authorized), or EB benefits.

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[27] See U.S. Department of Labor, EUC08 Trigger Notice No. 2013-24, effective June 30, 2013, http://www.workforcesecurity.doleta.gov/unemploy/euc_trigger/2013/euc_063013.html; and North Carolina Department of Commerce, Division of Employment Security, "Unemployment Insurance Law Changes—Claimants Questions and Answers," http://www.ncesc1.com/individual/2013LawChangeQA.asp.