Overview of Unemployment Insurance Provisions of the American Recovery and Reinvestment Act

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American Recovery and Reinvestment Act (ARRA)

- $25 per week temporary increase in benefits.
- 20-53 weeks extension of Emergency Unemployment Compensation (EUC) benefits nationwide.
- Full federal funding of 13-20 weeks of Extended Benefits (EB) in high unemployment states.
- 65% COBRA subsidy for up to 15 months.
- $500 million to better administer the UI program.
- Interest forgiveness on UI trust fund loans until 2011.
- $7 billion in modernization incentive funding available to states to fill in the recipiency gaps in their UI programs.
Filling the Gaps in the Unemployment Program

- In 2009, only 40 percent of unemployed workers collected state unemployment benefits.
- Low-wage workers are twice as likely to be unemployed but one-third as likely to collect state unemployment benefits.
- The Recovery Act helps modernize the state UI programs by filling the gaps in laws that deny benefits to low-wage, women and part-time workers.
What is UI Modernization?

- As part of the American Recovery and Reinvestment Act, Congress set aside $7 billion in incentive funds for states to fill in the gaps in the UI system.
- 1/3 of state share: to states that count recent earnings on UI application, through Alternative Base Period (ABP).
- 2/3 of state share: 2 additional reforms.
  - Fairer UI rules for part-time workers
  - Key family issues considered good cause to voluntarily quit
  - Add a dependent benefit to worker’s UI checks
  - Extended benefits for workers in training courses
Recovery Act Produces Historic Wave of State UI Reforms

- Since ARRA passed, 34 states passed new laws complying with the Recovery Act’s incentive program.
- All but two of these states (UT, WV) enacted all the reforms, not just the ABP.
- In 2009, 28 states enacted reforms that qualified them for incentive funding. In 2010, 8 states enacted reforms.
  - 2 of those states took action in 2009 (AK, SD), then adopted additional reforms in 2010.
  - 6 new states (DC, MD, NE, RI, SC, UT) adopted reforms.
- Of the $7 billion available, states currently qualify for $4.3 billion.
Status of Federal Unemployment Insurance Incentive Funding Resulting from State Reforms
September 2010

Status of UI Incentive Funding
- Full Federal Incentive Funding
- Partial Federal Incentive Funding
- No Federal Incentive Funding
Modernization Reforms by the Numbers

<table>
<thead>
<tr>
<th>Reform</th>
<th>Number of States</th>
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<tbody>
<tr>
<td>Alternative Base Period</td>
<td>39</td>
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<td>Part-time Worker Coverage</td>
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<td>Benefits While Training</td>
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<td>Dependent Allowance</td>
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<td>Domestic Violence</td>
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<td>Spouse Relocates</td>
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<td>Illness and Disability</td>
<td>24</td>
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<td>Qualify for Full Funding</td>
<td>33</td>
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The Road Ahead in the States

- 18 states left to qualify for federal funding:
  - 6 states have the ABP and have received 1/3 of their incentive funds, but need additional reforms to qualify for full funding (MI, OH, VA, WA, WV, UT).
  - 12 States don’t qualify for any of their incentive funds:
    - 4 states (AZ, LA, PA, WY) must adopt both the ABP and one additional reform.
    - 8 states have to adopt the ABP, plus two additional reforms, although some of these have selected compelling family provisions (AL, FL, IN, KY, MS, MO, ND, TX).
- States have until August 2011 to apply for their incentive funds.
Timetable for Benefits Extensions and Remaining UI ARRA Provisions

- The additional $25 per week in benefits, COBRA subsidy and EUC and EB extended benefits originally expired at the end of 2009.
- Because of record unemployment, Congress extended these measures three times for short, temporary periods of one to two months.
- The most recent expiration of these benefits occurred on June 4, 2010.
- The extension was reauthorized on July 22, 2010 and extends EUC and EB to November 30, 2010. The COBRA subsidy and the additional $25 were not included.
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