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

Rebecca Dixon
Policy Analyst
National Employment Law Project
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.
## Modernization Reforms by the Numbers

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<tr>
<th>Reform</th>
<th>Number of States</th>
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<tr>
<td>Alternative Base Period</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>Qualify for Full Funding</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.
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.
Contact Information

Rebecca Dixon
Policy Analyst
National Employment Law Project
1620 Eye Street, NW, Suite 210
Washington, DC 20006

www.nelp.org / www.unemployedworkers.org
rdixon@nelp.org
202-887-8202 x363