



# Temporary Extension of Unemployment Benefits: Emergency Unemployment Compensation (EUC08)

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## Summary

The Emergency Unemployment Compensation (EUC08) program was created by P.L. 110-252, and was amended by P.L. 110-449 and by the American Economic Recovery and Reinvestment Act (the 2009 stimulus package). This new, temporary unemployment insurance program provides up to 20 additional weeks of unemployment benefits to certain workers who have exhausted their rights to regular unemployment compensation (UC) benefits. A second tier of benefits exists in states with a total unemployment rate of at least 6% and provides up to an additional 13 weeks of EUC08 benefits (for a total of 33 weeks of EUC08 benefits.)

The program effectively began July 6, 2008. The American Economic Recovery and Investment Act, H.R. 1, extended the EUC program through December 26, 2009. No EUC08 benefits will be paid after June 6, 2010. With the passage of H.R. 1, the EUC08 program is now 100% financed by the federal government through general funds within the U.S. Treasury.

H.R. 1 also contained a second provision affecting the EUC08 program, specifically a provision that increases benefits for all unemployment compensation programs, including EUC08, by \$25 per week for participating states. The \$25 supplemental benefit would be funded from the general fund of the Treasury as necessary, and states would not need to repay these funds.

This report will be updated to reflect current congressional action or programmatic changes. Individuals should contact their state's unemployment agency to obtain information on how to apply for and receive EUC08 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>.

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## **Emergency Unemployment Compensation**

On June 30, 2008, the President signed the Supplemental Appropriations Act of 2008 (P.L. 110-252) into law. Title IV of this act created a new temporary unemployment insurance program, the Emergency Unemployment Compensation (EUC08) program.<sup>1</sup> This is the eighth time Congress has created a federal temporary program that has extended unemployment compensation during an economic slowdown.<sup>2</sup> Until February 16, 2009, the EUC08 program was financed with funds within the Unemployment Trust Fund (UTF). However, with the passage of H.R. 1 the EUC08 benefit is now 100% federally funded from general funds within the U.S. Treasury. State unemployment compensation (UC) agencies will administer the EUC08 benefit along with regular UC benefits.

On November 21, 2008, the President signed P.L. 110-449, the Unemployment Compensation Extension Act of 2008 into law. P.L. 110-449 expanded the potential duration of the EUC08 benefit from up to 13 weeks of EUC08 to a maximum of 20 weeks. It also created a second tier of benefits for workers in states with high unemployment of up to a maximum of an additional 13 weeks of tier II EUC08 benefits (for up to a cumulative 33 weeks of EUC08 benefits).

The 2009 stimulus package, H.R. 1, known as the American Economic Recovery and Reinvestment Act, extends the EUC08 program through December 26, 2009. The 2009 stimulus package also contains a provision to create an additional \$25 weekly benefit for those receiving EUC08 (as well as those receiving regular unemployment compensation or extended benefits).

### **How Does an Eligible Individual Receive the EUC08 Benefit?**

An individual should contact his or her state's unemployment agency to obtain specific information on how to apply for and receive EUC08 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 EUC08 Benefit?**

The amount of the EUC08 benefit is the equivalent of the eligible individual's weekly regular UC benefit (including the supplemental \$25 weekly benefit in 2009) and includes any applicable dependents' allowances.

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<sup>1</sup> For information on previous legislative attempts to extend or expand the EUC08 program or for information on the regular unemployment compensation program, see CRS Report RL33362, *Unemployment Insurance: Available Unemployment Benefits and Legislative Activity*, by Julie M. Whittaker.

<sup>2</sup> 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 110<sup>th</sup> Congress to extend unemployment benefits, see CRS Report RL34460, *Current Law and Selected Proposals Extending Unemployment Compensation*, by Julie M. Whittaker.

## What is the Duration of an Eligible Individual's EUC08 Benefit?

### Tier I

The maximum number of weeks for which an individual may be eligible under tier I EUC08 benefits is capped at 20 weeks. Some individuals may be eligible for fewer weeks of the tier I EUC08 benefits if their regular UC benefit entitlement was less than 26 weeks.

### Tier II

Once an individual has exhausted tier I benefits, a second tier of EUC08 benefits may be available if the individual *worked* in a state with high unemployment. The maximum number of weeks of tier II benefits is capped at 13 additional weeks (for a total of 33 weeks of EUC08 benefits).

## How Is High Unemployment Defined for Purposes of Tier II EUC08?

The individual must have *worked* in a state where either the three-month seasonally adjusted average state total unemployment rate (TUR) must be at least 6% or the insured unemployment rate (IUR) must be at least 4% in order to qualify for the additional 13 weeks of EUC08 benefits.

Each Monday the Department of Labor issues its "Emergency Unemployment Compensation Trigger Notice" at [http://atlas.doleta.gov/unemploy/claims\\_arch.asp](http://atlas.doleta.gov/unemploy/claims_arch.asp). If the status column within the notice is "on" for a particular state's row, that state is considered to be high unemployment for the purposes of EUC08.

## When Do EUC08 Benefits Begin and End?

States were required to enter into an agreement with the U.S. Department of Labor (DOL) to provide the original EUC08 benefit to unemployed individuals in the state under the original EUC08. Once the agreement was signed, the EUC08 benefit began the following week (July 6, 2008).

### Tier II Benefits Began November 23, 2008

The additional EUC08 benefits became active on November 23, 2008. That is, for weeks of unemployment that occur on or after November 23, 2008, the 20 weeks for tier I and 13 additional weeks for tier II EUC08 benefits may be paid.

The expanded tier I and tier II EUC08 benefits for that first week started to be disbursed the week of November 30, 2008.

## **Both Tiers Terminate December 26, 2009**

Both tiers of EUC08 benefits are temporary and expire on December 26, 2009. If an individual exhausts his or her *regular* unemployment compensation (UC) benefits after December 26, 2009,<sup>3</sup> the individual would not be eligible for any EUC08 benefit. That is, there are no new entrants into either the tier I or tier II EUC08 programs after December 26, 2009.

Those unemployed individuals who had qualified for the tier I or tier II EUC08 benefit by December 26, 2009 would be “grandfathered” for their remaining weeks of eligibility, and would continue to receive payments for the number of weeks they were deemed eligible. If eligible to continue to receive the tier I benefit after December 26, 2009, an individual would not be entitled to tier II benefits once those benefits were exhausted.

Neither tier I nor tier II EUC08 benefits are payable for any week after June 6, 2010.<sup>4</sup>

## **Special Case: Exhausted EUC08 Benefits Before November 23, 2008**

If an individual had exhausted the EUC08 benefit before November 23, 2008, administratively this individual may be entitled to up to 7 additional weeks of tier I EUC08 benefits. This is a result of P.L. 110-449, which extended tier I from 13 to 20 weeks. Once the new full entitlement (of up to a total of 20 weeks) of tier I EUC08 benefits has been completed, the individual will then be considered to have exhausted the newly expanded tier I EUC08 benefit.

### **No Retroactive Payments for Special Case**

There is no payment for the weeks of unemployment during the period when the individual had exhausted the earlier EUC08 benefit and November 23, 2008.

## **Tier I EUC08 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.<sup>5</sup> 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.<sup>6</sup>

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<sup>3</sup> December 27, 2009 for New York state.

<sup>4</sup> June 7, 2010 for New York state.

<sup>5</sup> 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 EUC08 benefits.

<sup>6</sup> 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.

## **Exhausted Regular UC Benefit**

The right to regular UC benefits must be exhausted to be eligible for EUC08 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 53 different programs.<sup>7</sup> 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 one week 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.<sup>8</sup>

## **“20 Weeks” of Full-Time Insured Employment or Equivalent**

In addition to all state requirements for regular UC eligibility, the EUC08 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 workers meet the 20 weeks of full-time insured employment requirement for the purposes of EUC. The three methods are as follows:

- 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.

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<sup>7</sup> The 50 states, the District of Columbia, Puerto Rico, and the Virgin Islands provide UC benefits to their workers.

<sup>8</sup> 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 EUC08 benefits.

## **Tier II EUC08 Eligibility Requirements**

### **Exhausted Tier I EUC08 Benefit**

The right to tier I EUC08 benefits must be exhausted to be eligible for the tier II EUC08 benefits.

### **At or After the Period of Tier I EUC08 Exhaustion, the State Must Currently Have High Unemployment**

The individual must have worked in a state currently considered to have high unemployment for the purposes of the EUC08 program. If at the time of tier I exhaustion the state has a TUR of less than 6% *and* has an IUR of less than 4%, the individual would not be eligible for tier II benefits. However, if the state later has a three-month seasonally adjusted average TUR of at least 6% or an IUR of at least 4%, a (still) unemployed tier I benefit exhaustee would be eligible for tier II benefits at that time.

Each Monday the Department of Labor issues its “Emergency Unemployment Compensation Trigger Notice” at [http://atlas.doleta.gov/unemploy/claims\\_arch.asp](http://atlas.doleta.gov/unemploy/claims_arch.asp). If the status column within the notice is “on” for a particular state’s row, that state is considered to be high unemployment for the purposes of EUC08.

### **No Retroactive Payments**

No retroactive tier II payments exist for the period during which the individual had exhausted tier I benefits but the state did not meet the high unemployment criteria.

## **The Extended Benefit (EB) Program**

The EUC08 program should not be confused with the similarly named extended benefit (EB) program.<sup>9</sup> The EUC08 program is temporary and tier I applies to all states (tier II availability depends on unemployment conditions within each state). The EB program is permanently authorized and applies only to certain states on the basis of state unemployment conditions as specified in law.

Each Monday the Department of Labor issues its “Extended Benefit Trigger Notice” at [http://atlas.doleta.gov/unemploy/claims\\_arch.asp](http://atlas.doleta.gov/unemploy/claims_arch.asp). If the “available weeks” column within the notice has either 13 or 20 for a particular state’s row, that extended benefit program is active in that state with a potential of up to 13 or 20 weeks of EB for its unemployed workers.

When economic conditions in a state no longer meet the criteria for extended benefits, the EB program becomes inactive. There is no “grandfathering” of the EB benefit. At the time a state EB program becomes inactive, payment of all EB benefits stop immediately.

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<sup>9</sup> For a detailed description of the EB program, see CRS Report RL33362, *Unemployment Insurance: Available Unemployment Benefits and Legislative Activity*.

## 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.

## EB Program Financing

Under EUCA, 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.<sup>10</sup>

The American Economic Recovery and Investment Act of 2009, H.R. 1, provides for 100% federal financing of the EB program through December 31, 2009 (through the Extended Unemployment Compensation Account of the Unemployment Trust Fund). For individuals who began to receive extended benefits before December 31, 2009, 100% federal financing would continue for the length of receipt of the extended benefits, even if these benefits continue to be paid in 2010.<sup>11</sup> For extended benefit payments that start on or after January 1, 2010, benefits would again be funded 50% by the states and 50% by the federal government.

## EUC08 and EB Interactions

### Which Benefit is Paid First?

The EUC08 program allows states to determine which benefit is paid first. Thus, states may choose to pay EUC08 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 EUC08 benefit first as the EUC08 benefit is 100% federally financed (whereas the EB benefit is 100% federally financed in 2009 only).<sup>12</sup> However, if the state opts to pay EUC08 first, individuals in the state might receive less in total unemployment benefits if the EB program triggers off before the individuals exhaust their EUC08 benefits.

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<sup>10</sup> States that do not require a one-week UC waiting period, or have an exception for any reason to the waiting period, pay 100% of the first week of EB. Twenty-five states, including Rhode Island and North Carolina, do not require a one-week UC waiting period in all cases. P.L. 110-449 temporarily suspended the waiting week requirement for federal funding, and the American Economic Recovery and Investment Act of 2009 would continue this suspension until the week ending before May 31, 2010.

<sup>11</sup> For more information on temporary changes to the EB program under the American Economic Recovery and Investment Act of 2009, see CRS Report RL33362, *Unemployment Insurance: Available Unemployment Benefits and Legislative Activity*.

<sup>12</sup> 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 EUC08.

Most states have opted to pay EUC08 benefits before EB. Alaska has opted to pay EB before EUC08 benefits.

## **Legislation in the 111<sup>th</sup> Congress**

The American Economic Recovery and Reinvestment Act (H.R. 1) extends the EUC08 program through December 26, 2009. The stimulus bill also provides for supplementary payments of \$25 per week to all forms of unemployment compensation, including the EUC08 benefit, through the end of 2009. Until February 16, 2009, the EUC08 program was financed with funds within the Unemployment Trust Fund (UTF). However, with the passage of H.R. 1 the EUC08 benefit is now 100% federally funded from general funds within the U.S. Treasury. The \$25 weekly supplemental benefit is also funded from the general funds of the U.S. Treasury.

H.R. 291, the Unemployment Supplemental Assistance Act (McDermott), would provide a supplemental weekly payment of \$50 to all forms of unemployment compensation, including EUC08 through the end of 2009.

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