

Unemployment Insurance: Programs and Benefits

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Summary

Certain benefits may be available to unemployed workers to provide them with income support during a spell of unemployment. The cornerstone of this income support is the joint federal-state Unemployment Compensation (UC) program, which may provide income support through the payment of UC benefits for up to a maximum of 26 weeks in most states. Other programs that may provide workers with income support are more specialized. They may target special groups of workers, be automatically triggered by certain economic conditions, be temporarily created by Congress with a set expiration date, or target typically ineligible workers through a disaster declaration.

UC benefits may be extended at the state level by the permanent Extended Benefit (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 economic conditions in the state. The EB program is funded 50% by the federal government and 50% by the states. A temporary, now-expired unemployment insurance program, the Emergency Unemployment Compensation (EUC08) program, began in July 2008 and ended in December 2013. For details on EUC08, see CRS Report R42444, *Emergency Unemployment Compensation (EUC08): Status of Benefits Prior to Expiration*.

Former civilian federal employees may be eligible for unemployment benefits through the Unemployment Compensation for Federal Employees (UCFE) program. Former U.S. military servicemembers may be eligible for unemployment benefits through the unemployment compensation for ex-servicemembers (UCX) program. The Emergency Unemployment Compensation Act of 1991 (P.L. 102-164) provides that ex-servicemembers be treated the same as other unemployed workers with respect to benefit levels, the waiting period for benefits, and benefit duration. (See CRS Report RS22440, *Unemployment Compensation (Insurance) and Military Service*.)

If an unemployed worker is not eligible to receive UC benefits and the worker's unemployment may be directly attributed to a declared major disaster, that worker may be eligible to receive Disaster Unemployment Assistance (DUA) benefits under the Stafford Act. The federal disaster declaration will include information on whether DUA benefits are available. For information on Disaster Unemployment Assistance, see CRS Report RS22022, *Disaster Unemployment Assistance (DUA)*.

Certain groups of workers who lose their jobs because of international competition may qualify for additional or supplemental support through Trade Adjustment Act (TAA) programs or (for certain workers aged 50 or older) through Reemployment Trade Adjustment Assistance (RTAA). This report does not describe the TAA or RTAA programs. (See CRS Report R44153, *Trade Adjustment Assistance for Workers and the TAA Reauthorization Act of 2015* for information on these programs.)

Within the unemployment insurance system, there are also two programs that provide alternative benefits in lieu of benefits through the UC program: the Short-Time Compensation (STC) or "work sharing" program and the Self-Employment Assistance (SEA) program. For details on STC, see CRS Report R40689, *Compensated Work Sharing Arrangements (Short-Time Compensation) as an Alternative to Layoffs*. For details on SEA, see CRS Report R41253, *The Self-Employment Assistance (SEA) Program*.

For a shorter description of UC, see CRS In Focus IF10336, *The Fundamentals of Unemployment Compensation*. For information on UC issues currently facing the 116th Congress, see CRS Report R45478, *Unemployment Insurance: Legislative Issues in the 116th Congress*.

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Introduction

The federal-state Unemployment Compensation (UC) program provides income support to eligible workers through the payment of UC benefits during a spell of unemployment. UC benefits are available for a maximum duration of up to 26 weeks in most states.¹ Unemployment benefits may be extended for up to 13 or 20 weeks by the Extended Benefit (EB) program under certain state economic conditions.

For information on the temporary, now-expired Emergency Unemployment Compensation (EUC08) program, which provided additional unemployment benefits depending on state economic conditions during the period of July 2008 to December 2013, see CRS Report R42444, *Emergency Unemployment Compensation (EUC08): Status of Benefits Prior to Expiration*.

Certain groups of workers who lose their jobs because of international competition may qualify for income support through Trade Adjustment Act (TAA) programs. Unemployed workers may be eligible to receive Disaster Unemployment Assistance (DUA) benefits if they are not eligible for regular UC and if their unemployment may be directly attributed to a declared major disaster. Former civilian federal employees may be eligible for unemployment benefits through the Unemployment Compensation for Federal Employees (UCFE) program. Former U.S. military servicemembers may be eligible for unemployment benefits through the unemployment compensation for ex-servicemembers (UCX) program. The Emergency Unemployment Compensation Act of 1991 (P.L. 102-164) provides that ex-servicemembers be treated the same as other unemployed workers with respect to benefit levels, the waiting period for benefits, and benefit duration.

This report describes two kinds of unemployment benefits in detail: regular UC and EB. The report explains their basic eligibility requirements, benefits, and financing structures.

Unemployment Compensation

UC is a joint federal-state program financed by federal taxes under the Federal Unemployment Tax Act (FUTA) and by state payroll taxes under the State Unemployment Tax Acts (SUTA). The UC program has a direct impact on almost every business in the United States as most businesses are subject to state and federal unemployment taxes. An estimated \$7.0 billion in federal unemployment taxes and \$38.7 billion in state unemployment taxes will be collected in FY2020. In FY2020, states will spend a projected \$26.5 billion on regular UC benefits. Approximately 146.7 million jobs are covered by the UC program.²

Originally, the intent of the UC program, among other things, was to help counter economic fluctuations such as recessions.³ This intent is reflected in the current UC program's funding and benefit structure. When the economy grows, UC program revenue rises through increased tax revenues while UC program spending falls as fewer workers are unemployed. The effect of collecting more taxes than are spent dampens demand in the economy. This also creates a surplus of funds or a "cushion" of available funds for the UC program to draw upon during a recession.

¹ For details on states with less than 26 weeks of UC available, see CRS Report R41859, *Unemployment Insurance: Consequences of Changes in State Unemployment Compensation Laws*.

² Program data cited for FY2020 come from U.S. Department of Labor, *UI Outlook*, Mid Session Review 2020, available at https://oui.doleta.gov/unemploy/pdf/midsession_review_20.pdf (hereafter cited as "*UI Outlook*, Mid Session Review 2020").

³ See, for example, President Franklin Roosevelt's remarks at the signing of the Social Security Act at <http://www.ssa.gov/history/fdrstmts.html#signing>.

In a recession, UC tax revenue falls and UC program spending rises as more workers lose their jobs and receive UC benefits. The increased amount of UC payments to unemployed workers dampens the economic effect of earnings losses by injecting additional funds into the economy.

Authorization

The underlying framework of the UC system is contained in the Social Security Act. Title III of the act authorizes grants to states for the administration of state UC laws, Title IX authorizes the various components of the federal Unemployment Trust Fund (UTF), and Title XII authorizes advances or loans to insolvent state UC programs.

Appropriation and Outlays

The federal government provides funds for federal and state UC program administration, the federal share of EB payments, and federal loans to insolvent state UC programs.⁴ In FY2020, states are projected to receive an estimated \$3.8 billion from the federal government for the administration of their UC programs.⁵

Administration

The U.S. Department of Labor (DOL) administers the federal portion of the UC system, which operates in each state, the District of Columbia, Puerto Rico, and the Virgin Islands. Federal law sets broad rules that the 53 state programs must follow.⁶ These include the broad categories of workers that must be covered by the program, the method for triggering the EB program, the floor on the highest state unemployment tax rate to be imposed on employers (5.4%), and how the states will repay UTF loans. If the states do not follow these rules, their employers may lose a portion of their state unemployment tax credit when their federal income tax is calculated. The federal tax pays for both federal and state administrative costs, the federal share of the EB program, loans to insolvent state UC accounts, and state employment services.⁷

Eligibility for Regular Unemployment Compensation

Broad Federal Guidelines Result in Different State Requirements

Whereas federal laws and regulations provide broad guidelines on UC benefit coverage, eligibility, and benefit determination, the specifics of regular UC benefits are determined by each state. This results in essentially 53 different programs. States determine UC benefit eligibility, payments, and duration through state laws and program regulations.

The UC program generally does not provide UC benefits to the self-employed, those who are unable to work, or those who do not have a recent earnings history. In addition, states usually disqualify claimants who lost their jobs because of inability to work, voluntarily quit without

⁴ When it was authorized, the EUC08 program also was federally funded. For more details on EUC08 financing, see CRS Report R42444, *Emergency Unemployment Compensation (EUC08): Status of Benefits Prior to Expiration*.

⁵ In FY2020, states were not estimated to receive any funding for the federal share of EB payments, as no state was projected to meet the conditions to be in an EB period. *UI Outlook*, Mid Session Review 2020. For information on EB, including how states trigger onto EB, see section on “Extended Benefit Program.”

⁶ The District of Columbia, Puerto Rico, and the Virgin Islands are considered to be states in UC law.

⁷ For more information on job search assistance and approaches for speeding the return to work for UI beneficiaries, see CRS Report R43044, *Expediting the Return to Work: Approaches in the Unemployment Compensation Program*.

good cause, were discharged for job-related misconduct, or refused suitable work without good cause. To receive UC benefits, claimants must be able, available, and actively searching for work. UC claimants generally may not refuse suitable work, as defined under state laws, and maintain their UC eligibility.

In general, 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. The methods states use to determine monetary eligibility, however, vary greatly. Most state benefit formulas replace approximately half of a claimant's average weekly wage up to a weekly maximum.

Base Period

The base period is the time period during which wages earned or hours/weeks worked are examined to determine a worker's monetary entitlement to UC. Almost all states use the first four of the last five completed calendar quarters preceding the filing of the claim as their base period. This may result in a lag of up to five months between the end of the base period and the date a worker becomes unemployed. As a result there are some instances when workers with substantial labor market attachment are ineligible for UC benefits. In particular, recent entrants to the workforce, or re-entrants, may be ineligible under this definition. Federal law allows states to develop expanded definitions of the base period.

A list of states' base periods can be found at <https://oui.doleta.gov/unemploy/pdf/uilawcompar/2019/monetary.pdf> in Table 3-2.

Alternative Base Period

More than two-thirds of states allow the use of an alternative base period (ABP) for workers failing to qualify under the regular base period. For example, if the worker fails to qualify using wages and employment in the first four of the last five completed calendar quarters, then the state might use wages and employment in the last four completed calendar quarters.

Extended Base Period

Many states allow workers who have no wages in the current base period to use older wages and employment under certain conditions. These conditions typically involve illness or injury. For example, a worker who was injured on the job and who has collected workers' compensation benefits may use wages and employment preceding the date of the worker's injury to establish eligibility.

Base Period Provisions in the 2009 Stimulus Package⁸

The 2009 stimulus package (P.L. 111-5) provided up to \$7 billion to states as an incentive to make changes to their unemployment programs. States had to apply for these funds by August 22, 2011, and no payment could occur after September 30, 2011. A total of \$4.4 billion of the \$7 billion fund was distributed to states. By law, the remaining \$2.6 billion became unrestricted funds within the Federal Unemployment Account of the UTF.

One-third of a state's share of this amount was contingent on state law allowing use of a base period that included the most recently completed calendar quarter before the start of the benefit year for the purpose of determining UC eligibility. The remaining two-thirds of a state's share of

⁸ The 2009 stimulus package (P.L. 111-5) was the most recent federal law to make changes to the base periods in states.

the \$7 billion was contingent on qualifying for the first one-third payment (by adopting an alternative base period definition), plus adopting two of four additional provisions.⁹

Qualifying Wages or Employment

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 that states use to determine monetary eligibility vary greatly.

Multiple of High-Quarter Wages. Under this method, workers must earn a certain dollar amount in the quarter with the highest earnings of their base period. Workers must also earn total base-period wages that are a multiple—typically 1.5—of the high-quarter wages. For example, if a worker earns \$5,000 in the high quarter, the worker must earn at least another \$2,500 in the rest of the base period. States require earnings in more than one quarter to minimize the likelihood that workers with earnings in only one quarter receive benefits. Although the worker might be monetarily eligible based upon the earnings accrued in one quarter, these “multiple of high quarter wages” states do not deem those workers to be substantially attached to the labor market.

Multiple of Weekly Benefit Amount. Under this method, the state first computes the worker’s weekly benefit amount. The worker must have earned a multiple—often 40—of this amount during the base period. For example, if a worker’s weekly benefit amount equals \$100, then the worker will need base period earnings of 40 times \$100, or \$4,000, before any UC would be paid. Most states also require wages in at least two quarters. Some states have weighted schedules that require varying multiples for varying weekly benefits. Some states allow a reduced weekly benefit amount to meet the multiple requirement.

Flat Qualifying Amount. States using this method require a certain dollar amount of total wages to be earned during the base period. This method is used by most states with an annual-wage requirement for determining the weekly benefit and by some states with a high-quarter wage/weekly benefit requirement.

Weeks/Hours of Employment. Under this method, the worker must have worked a certain number of weeks/hours at a certain weekly/hourly wage.

Data Collection Considerations

The wide variation seen in state UC program laws and regulations also exists among the states’ data collections. All states collect information on earnings by quarter for each worker. A handful of states collect information on the number of weeks worked during the base period. Even fewer states collect information on the numbers of hours worked during a quarter. As a result, most states use information on quarters worked, quarterly earnings, and cumulative earnings in determining eligibility and the amount of benefit.¹⁰ It does not appear that any state uses both hours of work and weeks of work in the base period calculation.

⁹ For more information on unemployment modernization provisions in the American Recovery and Reinvestment Act of 2009 (P.L. 111-5), please see CRS Report R40368, *Unemployment Insurance Provisions in the American Recovery and Reinvestment Act of 2009*.

¹⁰ The U.S. DOL 2017 *Comparison of State Unemployment Insurance Laws* reports that the following states used the measure of “weeks” in determination of eligibility or benefit amount: New Jersey, Ohio, and Pennsylvania. Only Washington appears to use the number of hours worked in eligibility or benefit determination. (See Tables 3-3 and 3-5 available at <https://workforcesecurity.doleta.gov/unemploy/pdf/uilawcompar/2017/monetary.pdf>.)

Determination and Duration of Regular Unemployment Compensation

Generally, benefits are based on wages for covered work over a 12-month period (the “base period” or “alternative base period,” described above). Most state benefit formulas replace half of a claimant’s average weekly wage up to a weekly maximum. All states disregard some earnings during unemployment as an incentive to take short-term or part-time work while searching for a permanent position. Generally, the worker’s UC payment equals the difference between the weekly benefit amount and earnings.

UC benefits are available for up to 26 weeks in most states—current exceptions include

- up to 30 weeks in Massachusetts (if local economic conditions are met);
- up to 28 weeks in Montana;¹¹
- up to 20 weeks in Michigan, Missouri, and South Carolina;
- up to 16 weeks in Arkansas;
- up to 12-20 weeks in North Carolina, depending on the state unemployment rate;
- up to 12-23 weeks in Florida, depending on the state unemployment rate;
- up to 14-20 weeks in Georgia, depending on the state unemployment rate;
- up to 14-20 weeks in Alabama, depending on the state unemployment rate (effective January 1, 2020);
- up to 16-26 weeks in Kansas, depending on the state unemployment rate; and
- up to 20-26 weeks in Idaho, depending on the state unemployment rate.¹²

In August 2019, approximately 1.6 million unemployed workers received regular state UC benefits in a week and the 12-month average weekly UC benefit was \$364.

Table 1 lists the minimum and maximum UC benefit amounts for each state. Weekly maximums as of July 2019 ranged from \$190 (Puerto Rico) to \$795 (Massachusetts) and, in states that provide dependents’ allowances, up to \$1,192 (Massachusetts). Among individuals receiving benefits, the average regular UC benefit duration in August 2019 was 15.0 weeks.

¹¹ When EB benefits are available in Massachusetts, the maximum duration of UC benefits is capped at 26 weeks. When EB benefits are available in Montana, the total duration of UC and EB is capped at either 39 weeks (26 + 13) or 46 weeks (26 + 20).

¹² For more details on states with reduced maximum durations in their UC programs, see CRS Report R41859, *Unemployment Insurance: Consequences of Changes in State Unemployment Compensation Laws*.

Table 1. State Unemployment Compensation Benefit Amounts, July 2019
(in dollars)

	Minimum Weekly UC Benefit Amount	Minimum If Dependents' Allowance^a	Maximum Weekly UC Benefit Amount^b	Maximum If Dependents' Allowance^a
Alabama	45	—	265	—
Alaska	56	128	370	442
Arizona	172	—	240	—
Arkansas	81	—	451	—
California	40	—	450	—
Colorado	25	—	561 or 618 ^c	—
Connecticut	15	30	631	706
Delaware	20	—	400	—
District of Columbia	50	—	432	—
Florida	32	—	275	—
Georgia	55	—	365	—
Hawaii	5	—	630	—
Idaho	72	—	432	—
Illinois	51	77	471	648
Indiana	37	—	390	—
Iowa	72	87	481	591
Kansas	122	—	488	—
Kentucky	39	—	552	—
Louisiana	10	—	247	—
Maine	77	115	445	667
Maryland	50	90	430	—
Massachusetts	45	67	795	1,192
Michigan	150	180	362	—
Minnesota	28	—	462	717
Mississippi	30	—	235	—
Missouri	35	—	320	—
Montana	163	—	552	—
Nebraska	70	—	426	—
Nevada	16	—	469	—
New Hampshire	32	—	427	—
New Jersey	103	118	696	—
New Mexico	82	123	442	492
New York	100	—	450	—
North Carolina	15	—	350	—

	Minimum Weekly UC Benefit Amount	Minimum If Dependents' Allowance ^a	Maximum Weekly UC Benefit Amount ^b	Maximum If Dependents' Allowance ^a
North Dakota	43	—	618	—
Ohio	130	—	443	598
Oklahoma	16	—	520	—
Oregon	151	—	648	—
Pennsylvania	68	76	561	569
Puerto Rico	33	—	190	—
Rhode Island	53	103	586	732
South Carolina	42	—	326	—
South Dakota	28	—	414	—
Tennessee	30	—	275	—
Texas	68	—	507	—
Utah	31	—	560	—
Vermont	72	—	513	—
Virginia	60	—	378	—
Virgin Islands	33	—	552	—
Washington	188	—	790	—
West Virginia	24	—	424	—
Wisconsin	54	—	370	—
Wyoming	36	—	508	—

Source: Congressional Research Service (CRS) table compiled from *Significant Provisions of State Unemployment Insurance Laws, July 2019*, U.S. Department of Labor, Employment and Training Administration, at <https://oui.doleta.gov/unemploy/content/sigpros/2010-2019/July2019.pdf>.

- a. The figures for minimum and maximum benefits include dependents' allowances for the maximum number of dependents.
- b. If a state has dependents' allowances and only one amount is given, the maximum is the same with or without the allowance.
- c. The lower amount (561) is based on calculating the benefit amount using "High Quarter Wages" method. The higher amount (618) is based on calculating the benefit amount using total the "Base Period Wages" method.

UC Benefit Financing: Unemployment Taxes on Employers

UC benefits are financed through employer taxes.¹³ The federal taxes on employers are under the authority of the Federal Unemployment Tax Act (FUTA), and the state taxes are under the authority given by the State Unemployment Tax Acts (SUTA). These taxes are deposited in the appropriate accounts within the Unemployment Trust Fund (UTF).

Federal Unemployment Tax Act¹⁴

The net FUTA tax rate on employers in states with UC programs that are in compliance with all federal rules is 0.6% on the first \$7,000 of each worker's earnings per year. The FUTA tax rate for employers is 6.0% on the first \$7,000 of each worker's earnings, but a 5.4% credit against the federal FUTA tax is available to employers in states with complying UC programs, bringing the net FUTA tax down to 0.6%.¹⁵ The 0.6% FUTA tax funds both federal and state administrative costs as well as the federal share of the EB program, loans to insolvent state UC accounts, and state employment services. Federal law defines which jobs a state UC program must cover, provides rules concerning state borrowing from the UTF, and provides broad guidelines concerning benefit eligibility, in order for the state's employers to avoid paying the maximum FUTA tax rate (6.0%) on the first \$7,000 of each employee's annual pay. The U.S. DOL projects that \$6.4 billion in FUTA taxes will be collected in FY2020.¹⁶

Federal law requires that a state must cover jobs in firms that pay at least \$1,500 in wages during any calendar quarter or employ at least one worker in each of 20 weeks in the current or prior year. The FUTA tax is not paid by government or nonprofit employers, but state programs must cover government workers and all workers in nonprofits that employ at least four workers in each of 20 weeks in the current or prior year.¹⁷

Congress first passed a temporary FUTA surtax in 1976 and since 1983 the surtax had been applied as 0.2% on the first \$7,000 of employee wages for a net total FUTA tax rate of 0.8%. P.L. 111-92 was the last law to extend the authorization of the FUTA surtax (through June 2011). Since July 1, 2011, the authorization of the 0.2% FUTA surtax has lapsed.

State Unemployment Tax Acts

States levy their own payroll taxes (SUTA taxes) on employers to fund regular UC benefits and the state share of the EB program. The state unemployment tax rate on an employer is "experience rated" in all states, that is, the SUTA 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. The experience rating is

¹³ For a more detailed description of UC financing, see CRS Report RS22077, *Unemployment Compensation (UC) and the Unemployment Trust Fund (UTF): Funding UC Benefits*.

¹⁴ For a more thorough overview of FUTA, see CRS Report R44527, *Unemployment Compensation: The Fundamentals of the Federal Unemployment Tax (FUTA)*.

¹⁵ In tax year 2017, California and the Virgin Islands had a state tax credit reduction of 2.1% applied to the calculation of the Federal Unemployment Tax Act (FUTA) tax. For more details, see CRS Report RS22954, *The Unemployment Trust Fund (UTF): State Insolvency and Federal Loans to States*. (Credit reductions for tax year 2018 will be determined as of November 10, 2018.)

¹⁶ *UI Outlook*, Mid Session Review 2020.

¹⁷ Employers that are required to provide unemployment insurance coverage but are not required to pay the FUTA tax generally reimburse state governments for the benefit payments related to their workers. The federal government reimburses states for expenditures related to federal workers.

intended to ensure an equitable distribution of UC program taxes among employers in relationship to their use of the UC program, and to encourage a stable workforce. State ceilings on taxable wages in July 2019 ranged from the \$7,000 FUTA federal ceiling (5 states) to \$52,700 (Washington). The minimum SUTA rates ranged from 0.00% (16 states) to 2.4% (Pennsylvania) in tax year 2019. Maximum SUTA rates ranged from 5.4% (14 states) to 11.00% (Pennsylvania) in tax year 2019. A projected \$38.7 billion in SUTA taxes will be collected in FY2020.¹⁸

State UC revenue is deposited in the U.S. Treasury. These deposits are counted as federal revenue in the budget. State accounts within the UTF are credited for this revenue. The U.S. Treasury reimburses states from the appropriate UTF state accounts for their benefit payments. These payments do not require an annual appropriation, but the reimbursements do count as federal budget outlays.

Table 2. State Unemployment Taxes: Taxable Wage Base and Rates, July 2019

State	2019 Wages Subject to Tax (\$)	2019 Minimum State Unemployment Tax (%) ^a	2019 Maximum State Unemployment Tax (%) ^a
Alabama	8,000	0.65	6.80
Alaska	39,900	1.50	5.90
Arizona	7,000	0.04	11.8
Arkansas	10,000	0.10	6.00
California	7,000	1.50	6.20
Colorado	13,100	0.62	8.15
Connecticut	15,000	0.50	5.40
Delaware	16,500	0.10	8.00
DC	9,000	1.60	7.00
Florida	7,000	0.10	5.40
Georgia	9,500	0.03	8.10
Hawaii	46,800	0.00	5.60
Idaho	40,000	0.24	5.40
Illinois	12,960	0.48	6.88
Indiana	9,500	0.50	7.40
Iowa	30,600	0.00	7.50
Kansas	14,000	0.00	7.10
Kentucky	10,500	0.30	9.00
Louisiana	7,700	0.09	6.00
Maine	12,000	0.00	5.40
Maryland	8,500	0.30	7.50
Massachusetts	15,000	0.94	14.37
Michigan	9,000	0.00	6.30
Minnesota	34,000	0.10	9.00

¹⁸ *UI Outlook*, Mid Session Review 2020.

State	2019 Wages Subject to Tax (\$)	2019 Minimum State Unemployment Tax (%) ^a	2019 Maximum State Unemployment Tax (%) ^a
Mississippi	14,000	0.00	5.40
Missouri	12,000	0.00	5.40
Montana	33,000	0.00	6.12
Nebraska	9,000	0.00	5.40
Nevada	31,200	0.25	5.40
New Hampshire	14,000	0.10	7.50
New Jersey	34,400	0.50	5.40
New Mexico	24,800	0.33	5.40
New York	11,400	0.00	7.20
North Carolina	24,300	0.06	5.76
North Dakota	36,400	0.15	9.75
Ohio	9,500	0.30	9.20
Oklahoma	18,100	0.10	5.50
Oregon	40,600	0.90	5.40
Pennsylvania	10,000	2.39	11.03
Puerto Rico	7,000	1.40	5.40
Rhode Island	23,600 ^b	1.10	9.70
South Carolina	14,000	0.06	5.46
South Dakota	15,000	0.00	9.35
Tennessee	7,000	0.01	10.00
Texas	9,000	0.00	6.00
Utah	35,300	0.00	7.00
Vermont	15,600	0.80	6.50
Virginia	8,000	0.10	6.20
Virgin Islands	26,500	1.50	6.00
Washington	52,700	0.00	5.40
West Virginia	12,000	1.50	7.50
Wisconsin	14,000	0.00	10.70
Wyoming	25,400	0.00	8.50

Source: CRS table compiled from *Significant Provisions of State Unemployment Insurance Laws, July 2019*, U.S. Department of Labor, Employment and Training Administration, at <https://oui.doleta.gov/unemploy/content/sigpros/2010-2019/July2019.pdf>.

- a. Tax rates apply only to experience-rated employers; states apply different rates to new employers. These rates reflect tax year 2019.
- b. Applies to most employers. For employers subject to the highest SUTA tax rates (i.e., in the highest tax group), however, the taxable wage base is \$25,100.

Table 3 lists the total revenue and outlays associated with the UC program from FY2004 through FY2020 (estimated).

In general, during economic expansions, FUTA and SUTA revenue collections will exceed UC outlays. During economic recessions, revenues generally will be less than UC outlays. For example, UTF outlays significantly exceeded trust fund revenue in FY2004, and again from FY2008 through FY2013. From FY2005 through FY2007, UC revenue exceeded total UC outlays. Beginning in FY2014, revenue again exceeded outlays, including DOL's estimate for FY2019.

Table 3. Revenue and Expenditures Associated with Unemployment Compensation, FY2005-FY2020

(in billions of dollars)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 ^a
UC Revenue, Total	41.8	43.0	41.0	39.4	37.8	44.7	55.9	64.8	54.5	52.5	48.0	47.5	44.4	43.2	43.2	45.7
Federal Unemployment Tax (FUTA)	6.7	7.1	7.3	7.2	6.7	6.4	6.6	5.4	5.5	5.5	5.8	6.0	6.0	6.8	6.9	7.0
State Unemployment Taxes (SUTA)	35.1	35.9	33.7	32.2	31.1	38.3	49.3	59.4	49.0	47	42.2	41.5	38.4	36.4	36.3	38.7
UC Outlays, Total^b	32.6	31.5	32.7	43.0	119.7	156.4	113.5	90.4	66.5	41.9	32.6	32.3	30.5	28.3	27.2	27.1
Regular Benefits (UC)	31.2	30.2	31.4	38.1	75.3	63.0	48.5	44.3	39.6	35.9	31.7	31.5	29.8	27.6	26.5	26.5
Extended Benefits (EB)	^c	0.02	0.02	0.02	4.1	8.0	11.9	4.9	0.11	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emergency Unemployment Compensation (EUC08)	—	—	—	3.6	32.7	72.1	52.7	39.6	25.4	4.8	0.0	0.0	0.0	0.0	0.0	0.0
Federal Additional Compensation (FAC) ^d	—	—	—	—	6.5	11.7	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UCFE/UCX ^e	0.8	0.8	0.7	0.7	1.0	1.3	1.6	1.4	1.1	0.9	0.8	0.6	0.4	0.4	0.4	0.5
Trade Benefits	0.6	0.5	0.6	0.6	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.2
Administrative Costs	3.8	3.9	3.7	3.9	4.3	5.5	5.0	4.9	4.8	4.4	4.0	3.9	4.0	3.8	3.6	3.8

Source: U.S. Department of Labor, *UI Outlook*, January 2005-February 2019, and updates.

a. Estimated for FY2020.

b. Outlay rows may not sum to total due to rounding error.

c. Less than \$5 million.

d. The FAC was a temporary, federally funded, \$25 weekly additional benefit for individuals who were receiving regular UC, EB, EUC08, Trade Adjustment Assistance (TAA), and Disaster Unemployment Assistance (DUA) benefits. The FAC was first authorized under the American Recovery and Reinvestment Act of 2009 (P.L. 111-5, signed February 17, 2009, also known as ARRA or the 2009 stimulus package). The FAC expired on June 2, 2010.

e. UC benefits for civilian federal employees (UCFE) and former military servicemembers (UCX).

Outstanding Loans from the Federal Unemployment Account

If a state trust fund account becomes insolvent, a state may borrow federal funds.¹⁹ DOL maintains a list of all states with loans and includes the loan amounts.²⁰ States are charged interest on loans that are not repaid by the end of the fiscal year in which they were obtained.²¹

Extended Benefit Program

The EB program was established by the Federal-State Extended Unemployment Compensation Act of 1970 (EUCA), P.L. 91-373 (26 U.S.C. 3304, note). EUCA may extend receipt of unemployment benefits (Extended Benefits) at the state level if certain economic situations exist within the state.

The EB program is triggered when a state's insured unemployment rate (IUR)²² or total unemployment rate (TUR)²³ reaches certain levels. All states must pay up to 13 weeks of EB if the IUR for the previous 13 weeks is at least 5% and is 120% of the average of the rates for the same 13-week period in each of the two previous years. There are two other optional thresholds that states may choose. (States may choose one, two, or none.) If the state has chosen a given option, they would provide the following:

- Option 1: an additional 13 weeks of benefits if the state's IUR is at least 6%, regardless of previous years' averages.
- Option 2: an additional 13 weeks of benefits if the state's TUR is at least 6.5% and is at least 110% of the state's average TUR for the same 13 weeks in either of the previous two years; an additional 20 weeks of benefits if the TUR is at least 8% and is at least 110% of the state's average TUR for the same 13 weeks in either of the previous two years.²⁴

¹⁹ For detailed information on loans to the states within the UTF, see CRS Report RS22954, *The Unemployment Trust Fund (UTF): State Insolvency and Federal Loans to States*.

²⁰ See <https://workforcesecurity.doleta.gov/unemploy/budget.asp>.

²¹ The American Recovery and Reinvestment Act of 2009 (P.L. 111-5; the 2009 stimulus package) temporarily waived interest payments, and no interest accrued on interest payments that came due from the time the stimulus package was enacted (February 17, 2009) until December 31, 2010. Although states did not pay interest during this period, they were still required to repay the principal on the underlying loans according to the schedule provided in federal law.

²² The insured unemployment rate (IUR) is the ratio of UC claimants divided by individuals in UC-covered jobs. The IUR is different from the total unemployment rate (TUR) because it excludes several important groups: self-employed workers, unpaid family workers, workers in certain not-for-profit organizations, and several other, primarily seasonal, categories of workers. In addition to those unemployed workers whose last jobs were in the excluded employment, the insured unemployed rate excludes the following: those who have exhausted their UC benefits (even if they receive EB benefits); new entrants or reentrants to the labor force; disqualified workers whose unemployment is considered to have resulted from their own actions rather than from economic conditions; and eligible unemployed persons who do not file for benefits.

²³ The TUR is the ratio of unemployed workers to all workers (employed and unemployed) in the labor market. The TUR is essentially a weekly version of the unemployment rate published by the Bureau of Labor Statistics (BLS) and based on data from the BLS's monthly Current Population Survey.

²⁴ P.L. 111-312 made some technical changes to certain triggers in the EB program. P.L. 111-312, as amended, allowed states to temporarily use lookback calculations based on three years of unemployment rate data (rather than the permanent-law lookback of two years of data) as part of their mandatory IUR and optional TUR triggers if states would have otherwise triggered off or not been on a period of EB benefits. Using a two-year vs. a three-year EB trigger lookback was an important adjustment because some states were likely to trigger off of their EB periods despite high, sustained—but not increasing—unemployment rates. This temporary option to use three-year EB trigger lookbacks

Each state's IUR and TUR are determined by the state of residence (agent state) of the unemployed worker rather than by the state of employment (liable state). EB benefits are not "grandfathered" when a state triggers "off" the program. When a state triggers "off" of an EB period, all EB benefit payments in the state cease immediately regardless of individual entitlement.²⁵

For current information on states that have EB available, see the U.S. DOL EB trigger notices, which are available at https://workforcesecurity.doleta.gov/unemploy/claims_arch.asp.²⁶

How an Extended Benefit Period Is Activated (and Deactivated)

The timing of when an EB period is activated depends on whether the trigger is based on the state's IUR or TUR.

- If EB is activated based upon the IUR (triggers "on"), the EB period is immediately in effect. Few states trigger on to EB using an IUR based measure.
- If EB is activated based upon the TUR, the activation is subject to a different requirement. By law, a state triggering on to an EB period based upon a TUR based trigger will begin to offer those benefits on the third week after the first week for which there is a state "on" indicator.²⁷

The analogous rules apply for deactivating an EB period.

- If an EB period is deactivated based upon the state failing to meet IUR based trigger requirements (triggers "off"), the EB period is immediately ended.
- If an EB period triggers off based upon a state failing to meet TUR based trigger requirements, the EB period will end on the third week after the first week for which there is a state "off" indicator.²⁸

Special Rule

By federal law, no EB period shall last for a period of less than 13 consecutive weeks, and no EB period may begin before the 14th week after the close of a prior EB period with respect to such state.²⁹

The Department of Labor produces trigger notices indicating which states qualify for EB benefits—as well as EUC08 benefits when the program was authorized—and provides the beginning and ending dates of payable periods for each qualifying state. The trigger notices covering state eligibility for these programs can be found at https://workforcesecurity.doleta.gov/unemploy/claims_arch.asp. The IUR statistics change weekly, as they are based upon weekly

expired on or before the week of December 31, 2013.

²⁵ EB benefits on interstate claims are limited to two extra weeks unless both the agent state (e.g., Texas) and liable state (e.g., Louisiana) are in an EB period.

²⁶ As of the date of this publication, EB was activated in two states: Alaska and the U.S. Virgin Islands. See U.S. DOL EB trigger notice for February 15, 2018, accessible at https://workforcesecurity.doleta.gov/unemploy/trigger/2018/trig_022518.html.

²⁷ Section 203(a)(1) of P.L. 91-373, as amended.

²⁸ Section 203(a)(2) of P.L. 91-373, as amended.

²⁹ Section 203(b) of P.L. 91-373, as amended.

programmatic data. The TUR statistics change monthly, as they are based upon monthly Local Area Unemployment Statistics (LAUS) data.³⁰

Additional Eligibility Requirements for EB

The EB program imposes additional federal restrictions on individual eligibility for benefits beyond the state requirements for regular UC. The EB program requires that a worker make a “systematic and sustained” work search. Furthermore, the worker may not receive benefits if he or she refused an offer of “suitable” work, which is defined as “any work within such individual’s capabilities.” In addition, P.L. 97-35, among other items, amended the EUCA to require that claimants work at least 20 weeks of full-time insured employment or equivalent in insured wages during their base period.

Methods for Determining 20 Weeks of Full-Time Insured Employment

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 federal law (Section 202(a)(5) of the EUCA) and regulation (20 C.F.R. 615.4(b)). In practice, states that require any of these three methods for receipt of regular UC benefits *and* do not allow for exceptions to those requirements do not need to establish that the worker meets the 20 weeks of full-time insured employment. The three methods are listed below:

- 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.

The underlying reasoning behind the requirements seems to be the following:

- Because there are 13 weeks in a quarter, 1.5 times the high-quarter wage is roughly equivalent to 1.5 times 13 weeks of wages or about 20 weeks of wages. (Many states require high quarterly earnings of under \$2,000, which works out to less than \$4/hour under full-time assumptions. This is less than the federal minimum wage of \$7.25/hour.)
- Similarly, because the weekly benefit amount is roughly equivalent to half the average weekly wage, 40 times the weekly benefit amount is roughly equivalent to 20 weeks of wages.

³⁰ The release schedule for LAUS data may be found at <http://www.bls.gov/lau/lausched.htm>.

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