Unemployment Insurance: Emergency Benefits Extended

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On July 2, 1992, both Houses of Congress passed H.R. 5260; on July 3 (the day before the Federal Emergency Unemployment Compensation program was due to expire) the President signed into law the Unemployment Compensation Amendments of 1992 (P.L. 102-318).

Without the enactment of this new legislation, unemployed workers who had exhausted their regular benefits after July 4 would no longer have been eligible for continued benefit payments under the emergency program.

Unemployed workers who qualified for up to 26 or 33 weeks of benefits under the earlier temporary programs will continue to be eligible for the duration of benefits specified in those programs. For new claims filed on or after June 14, 1992, the new law provides 20 or 26 weeks of emergency benefits. The longer duration (26 weeks) is available in States with higher rates of unemployment. Public Law 102-318 is retroactive to June 13, 1992 (when the maximum duration of emergency benefits for new claimants dropped to a total of 13 or 20 weeks), and expires on March 6, 1993. This legislation also modifies the permanent Federal-State Extended Benefits program.

Prior Emergency Unemployment Compensation Legislation

The Federal Emergency Unemployment Compensation program (P.L. 102-164, as amended) was first enacted in November 1991 and provided 13 or 20 additional weeks of emergency benefits. It was further amended in February 1992 (P.L. 102-244) to provide 26 or 33 weeks of additional benefits for most workers who exhausted their regular State benefits of 26 weeks between March 1991 and June 14, 1992. Under the Emergency Unemployment Compensation program, workers in States with an adjusted insured unemployment rate of at least 5 percent or a total unemployment rate of at least 9 percent were eligible for an additional 33 weeks of benefits (for a total of 59 weeks). In all other States, workers were eligible for 26 weeks of additional benefits (for a total of 52 weeks).[1]

Public Law 102-318

The new legislation extends the Emergency Unemployment Compensation program until March 6, 1993. For new claims filed after June 13, 1992, workers who exhaust their regular unemployment compensation benefits (generally after 26 weeks) can receive up to 26 additional weeks of benefits (for a total of 52 weeks) in States where the adjusted insured unemployment rate is at least 5 percent or the total unemployment rate is at least 9 percent. Workers in all other States can receive up to 20 weeks of additional benefits (for a total of 46 weeks). This number of weeks of benefits would be continued as long as the seasonally adjusted national unemployment rate (7.5 percent as of September 1992) remains at 7 percent or higher. However, if for 2 consecutive months the national unemployment rate falls below 7 percent, the additional benefits would be reduced to 15 and 10 weeks. The number of weeks of additional benefits would be further reduced (to 13 and 7 weeks) if for 2 consecutive months the unemployment rate falls below 6.8 percent. The new legislation expires March 6, 1993, and no new emergency claims can be filed after that date. Also, no emergency payments can be made after June 19, 1993.

For the week of October 18, 1992, the 8 jurisdictions that qualified for 26 weeks of emergency unemployment compensation benefits under P.L. 102-318 were: Alaska, California, Connecticut, Michigan, New Jersey, Puerto Rico, Rhode Island, and West Virginia. All other jurisdictions (including the District of Columbia and the Virgin Islands) qualify for 20 additional weeks of benefits.

Modifications of Extended Benefits Program

The new legislation modifies the permanent Federal-State Extended Benefits program to provide more effective protection on an ongoing basis.

Unemployed workers in most States are paid up to 26 weeks of regular unemployment benefits. In States with high insured unemployment rates, the Extended Benefits program pays up to 13 weeks of additional benefits to workers who have exhausted their regular State benefits. This program is activated in a State when its insured unemployment rate over a 13-week period is at least 5 percent and 20 percent higher than the average for the corresponding period in the prior 2 years, or (at State option) the insured unemployment rate is at least 6 percent. Twelve States have not adopted the 6-percent option. The program is financed equally by Federal and State funds.

Public Law 102-318 provides States the option of adopting an additional formula for triggering the permanent Extended Benefits program. Effective March 7, 1993, States have the

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option of amending their laws to use alternative total unemployment rate triggers, in addition to the current insured unemployment rate triggers. Under this option, extended benefits would be paid when: (1) the State's seasonally adjusted total unemployment rate for the most recent 3 months is at least 6.5 percent, and (2) that rate is at least 110 percent of the State average total unemployment rate in the corresponding 3-month period in either of the 2 preceding years.

States triggering on to the employment benefits program under other triggers would provide the regular 26 weeks of unemployment benefits, in addition to 13 weeks of extended benefits (which is the same number of weeks of benefits provided previously). In addition, States that have chosen the total unemployment rate option will also amend their State laws to add an additional 7 weeks of extended benefits (for a total of 20 weeks) where the total unemployment rate is at least 8 percent and is 110 percent of the State's total unemployment rate for the same 3 months in either of the 2 preceding years.

The new law suspends Federal extended benefit suitable work, job search, and re-employment requirements from March 6, 1993, until January 1, 1995. It requires the Federal Advisory Council on Unemployment Compensation to study and make recommendations to the tax-writing Committees of Congress on whether or not the suspended provisions should be repealed or revised. A report is due prior to February 1, 1994.

The permanent changes provided in P.L. 102-318 may reduce the need in future recessions for Congress to adopt emergency programs to provide additional weeks of benefits. The existing formula, tied to insured rates of unemployment, had triggered extended benefits in a limited number of States during the current recession, leading to congressional action that resulted in enactment of the Emergency Unemployment Compensation program.

Other Provisions of Public Law 102-318

Eligible railroad workers may continue to claim benefits through the life span of the Emergency Unemployment Compensation program.

Public Law 102-318 extends by 1 year the grace period for Federal unemployment penalty taxes on employers in States with overdue unemployment fund loans from the Federal Government if the State amended its unemployment insurance law in 1992 or 1993 to increase estimated revenues by at least 25 percent in the first year after enactment of the State legislation.

The new legislation clarifies present law to ensure that States may continue short-time compensation provisions under their unemployment insurance programs. Under these provisions, States may pay pro-rata benefits to individuals who are working less than full time because their employers have a State-approved plan that provides for a reduction in work hours for employees rather than temporary layoffs. Also, eligible employees may participate in employer-sponsored training programs to enhance their job skills if such programs have been approved by their respective State agencies.

Financing

Initially, benefits under the emergency unemployment compensation program were funded from the Extended Unemployment Compensation Account of the Unemployment Trust Fund. Benefits under P.L. 102-318 are financed from general revenues.

To finance P.L. 102-318, Congress took the following actions: (1) accelerated the estimated tax liability for large corporations; (2) provided tax withholding for pension plan distributions that are not rolled over to another pension plan, annuity, or to an Individual Retirement Account; and (3) delayed through the end of 1996 expiration of the phaseout of personal exemptions for higher income individuals.

Note

[1] For a more extensive explanation of P.L. 102-164, as amended, and P.L. 102-244, see, "Unemployment Insurance: Recent Legislation," *Social Security Bulletin*, Spring 1992, pp. 47-50.