

QUESTION & ANSWER

THE UNEMPLOYMENT INSURANCE MODERNIZATION ACT: FILLING THE GAPS IN THE UNEMPLOYMENT SAFETY NET WHILE STIMULATING THE ECONOMY

1. What is the Unemployment Insurance Modernization Act?

The Unemployment Insurance Modernization Act (UIMA) is part of the economic recovery bill (the American Recovery and Reinvestment Act of 2009) which was signed into law by President Obama on February 17, 2009. It provides substantial financial incentives for the states (\$7 billion) to close the major gaps in the unemployment program that deny benefits to large numbers of hard-working families. In addition, the measure provides \$500 million in necessary funding for state agencies to better serve the record numbers of workers now applying for unemployment benefits and seeking to navigate today's challenging job market. (See Table 1 for the state funding amounts).

2. What are the most serious gaps in the unemployment program and which workers are helped most by the UIMA?

Today, only 37 percent of unemployed workers collect state unemployment benefits, due in large part to the failure of the program to adapt to the changing workforce. Compared to 1935, when the program was created in response to the Great Depression, far more low-wage, part-time and women workers now participate in the labor market, and many more workers finding themselves long-term unemployed due to globalization and the loss of manufacturing jobs. The UIMA responds to these new realities by rewarding states that adopt innovative and successful eligibility reforms, thus providing benefits to more than 500,000 workers a year who are now falling through the cracks of the unemployment program.

3. What are the specific policy reforms that qualify for incentive funding under the UIMA?

A state qualifies for one-third of its UIMA funding if it has in place a policy called the "alternative base period," which counts an individual's recent earnings when needed for the worker to qualify for benefits. Over 40% of workers who fail to qualify for benefits because of insufficient earnings (whose earnings average just \$9.00/hour) end up collecting benefits with the help of the alternative base period.

To qualify for the remaining two-thirds of the UIMA incentive funding, the states have the option of providing benefits in at least two of the following four situations: 1) part-time workers who are denied state benefits because they are required to seek full-time work; 2) individuals who leave work for specific compelling family reasons, including domestic violence; 3) workers with dependent family members who qualify for state benefits but whose benefits should be increased to help care for their dependents; or 4) permanently laid-off workers who require extra unemployment benefits to participate in training. (See Table 2 for the individual state law provisions).

For further information, as well as model legislation, pertaining to these reforms, see *Implementing the Model Provisions of the Unemployment Insurance Modernization Act in the States*, which can be found on NELP's website (click [here](#) for the document).

4. How much will the UIMA incentive funding help states to quickly enact the model reforms?

Over the past decade, more than half the states have adopted the sound reforms that qualify for incentive funding under the UIMA. During recessions, states are most likely to seek improvements to their unemployment program. Thus, the UIMA is now especially well positioned to build on the recent state interest and momentum to reform the program. Under the UIMA, 19 states would automatically qualify for all or part of their share of the UIMA incentive funding (totaling about \$1.6 billion). The average state will collect enough in federal incentive funds to pay for about seven years of new benefits covered by the UIMA. (See Tables 3 and 4 for the state cost estimates).

5. If a state qualifies for all or part of its UIMA incentive funding, does it have to spend the funds on the new benefits?

No, the federal funding is deposited into the state's unemployment insurance trust fund, which means it can be used to pay for any unemployment benefits, not just the new reforms provided for in the UIMA. In addition, the states are permitted by the federal law to spend their UIMA incentive funds to help pay for administration of the state unemployment programs provided the state first passes legislation authorizing it to do so.

6. How long do the states have to expand their unemployment insurance policies to qualify for the UIMA incentive funding, and what's the process to apply for the funding from the U.S. Department of Labor?

States have until October 1, 2011, to apply to the U.S. Secretary of Labor to have their laws certified to establish that they indeed comply with the provisions of the UIMA and therefore qualify for incentive funding. Once the Secretary of Labor certifies the state's application (which will take no longer than 30 days), then the state will receive all its UIMA incentive funding. Significantly, the UIMA allows a state to apply for the UIMA funding once the required state law is passed, even if the state has not immediately started paying benefits. However, the new measure must take effect within a year of when it was signed into law. The UIMA is also clear that the state laws may not sunset or only take effect temporarily. Such laws will not qualify for UIMA incentive funds.

7. How does the UIMA help to stimulate an economic recovery?

Unemployment benefits go a long way to stimulate the economy, providing \$2.15 in economic growth for every dollar in benefits spent by workers and their families on housing, groceries and other basic necessities. The workers benefiting most from the UIMA – low-wage, women, part-time and the long-term unemployed – are also those most likely to spend their benefits on basic necessities. Thus, the UIMA will foster both lasting positive reforms and boost the nation's economy to help prevent a more prolonged and deep recession.

State Distributions Under the Unemployment Insurance Modernization Act
February 2009

State	Does the State have an Alternative Base Period (ABP)?	Allotment in Millions			UIMA Administrative Allocation (in Millions)
		One-third UIMA Incentive Payment for the ABP	Two-thirds UIMA Incentive Payment	Total Share of the \$7 billion UIMA Distribution	
Alabama		\$33.5	\$66.9	\$100.5	\$7.2
Alaska		\$5.2	\$10.4	\$15.6	\$1.1
Arizona		\$50.0	\$100.0	\$150.1	\$10.7
Arkansas		\$20.0	\$40.0	\$60.0	\$4.3
California		\$279.3	\$558.6	\$838.7	\$59.9
Colorado		\$42.5	\$84.9	\$127.5	\$9.1
Connecticut	Yes	\$29.2	\$58.5	\$87.8	\$6.3
Delaware		\$7.3	\$14.6	\$21.9	\$1.6
District of Columbia	Yes	\$9.2	\$18.4	\$27.6	\$2.0
Florida		\$148.0	\$295.9	\$444.3	\$31.7
Georgia	Yes	\$73.4	\$146.7	\$220.3	\$15.7
Hawaii	Yes	\$10.2	\$20.3	\$30.5	\$2.2
Idaho		\$10.8	\$21.5	\$32.3	\$2.3
Illinois	Yes	\$100.3	\$200.6	\$301.2	\$21.5
Indiana		\$49.5	\$98.9	\$148.5	\$10.6
Iowa		\$23.6	\$47.2	\$70.8	\$5.1
Kansas		\$23.0	\$46.0	\$69.0	\$4.9
Kentucky		\$30.0	\$60.1	\$90.2	\$6.4
Louisiana		\$32.8	\$65.5	\$98.4	\$7.0
Maine	Yes	\$9.4	\$18.8	\$28.2	\$2.0
Maryland		\$42.2	\$84.4	\$126.8	\$9.1
Massachusetts	Yes	\$54.2	\$108.4	\$162.7	\$11.6
Michigan	Yes	\$69.4	\$138.7	\$208.3	\$14.9
Minnesota	(Partial ABP)	\$43.3	\$86.6	\$130.1	\$9.3
Mississippi		\$18.7	\$37.4	\$56.1	\$4.0
Missouri		\$44.4	\$88.8	\$133.3	\$9.5
Montana		\$6.5	\$13.0	\$19.5	\$1.4
Nebraska		\$14.5	\$29.0	\$43.6	\$3.1
Nevada		\$25.6	\$51.2	\$76.9	\$5.5
New Hampshire	Yes	\$10.5	\$20.9	\$31.4	\$2.2
New Jersey	Yes	\$68.9	\$137.7	\$206.8	\$14.8
New Mexico	Yes	\$13.0	\$26.0	\$39.0	\$2.8
New York	Yes	\$137.4	\$274.9	\$412.7	\$29.5
North Carolina	Yes	\$68.3	\$136.6	\$205.1	\$14.6
North Dakota		\$4.9	\$9.7	\$14.6	\$1.0
Ohio	Yes	\$88.1	\$176.2	\$264.5	\$18.9
Oklahoma	(Capped Funding)	\$25.3	\$50.5	\$75.9	\$5.4
Oregon		\$28.5	\$57.0	\$85.6	\$6.1
Pennsylvania		\$91.0	\$182.0	\$273.3	\$19.5
Puerto Rico		\$13.7	\$27.4	\$41.2	\$2.9
Rhode Island	Yes	\$7.8	\$15.7	\$23.5	\$1.7
South Carolina		\$32.5	\$64.9	\$97.5	\$7.0
South Dakota		\$5.9	\$11.7	\$17.6	\$1.3
Tennessee		\$47.2	\$94.4	\$141.8	\$10.1
Texas		\$185.0	\$370.1	\$555.7	\$39.7
Utah		\$20.3	\$40.6	\$61.0	\$4.4
Vermont	Yes	\$4.6	\$9.3	\$13.9	\$1.0
Virgin Islands		\$0.7	\$1.3	\$2.0	\$0.1
Virginia	Yes	\$62.8	\$125.5	\$188.5	\$13.5
Washington	Yes	\$48.8	\$97.6	\$146.6	\$10.5
West Virginia		\$11.1	\$22.1	\$33.2	\$2.4
Wisconsin	Yes	\$44.6	\$89.2	\$133.9	\$9.6
Wyoming		\$4.7	\$9.5	\$14.2	\$1.0
Total	19	\$2,331.1	\$4,662.1	\$7,000	\$500

Unemployment Insurance Modernization State Incentive Funding Provisions

January 2009

States	Alternative Base Period	Extended UI While in Training	Part-Time Worker Coverage**	Weekly Dependent Allowance of \$15 ("O" indicates states with less than \$15)	Compelling Family Reasons for Leaving Work***		
					Domestic Violence	Spouse Relocates	Illness and Disability
Alabama							
Alaska				X		X	
Arizona					X	X	X
Arkansas							X
California		X	X		X	X	X
Colorado					X		X
Connecticut	X			X	X		X
Delaware			X		X		
District of Columbia	X		X		X		
Florida							
Georgia	X						
Hawaii	X		X			X	
Idaho							
Illinois	X			O	X		X
Indiana					X	X	
Iowa			X	O			
Kansas			X		X	X	
Kentucky							
Louisiana			X				
Maine	X	X	X	O	X	X	X
Maryland				O			X
Massachusetts	X	18 weeks		X	X		
Michigan	X			O			
Minnesota	(partial ABP)		X		X		
Mississippi							
Missouri							
Montana					X		
Nebraska			X		X	X	X
Nevada						X	
New Hampshire	X		X		X		
New Jersey	X	X	X	O	X		
New Mexico	X		X	X	X		
New York	X	(capped funding)	X		X	X	X
North Carolina	X		X		X		X
North Dakota							
Ohio	X			O			
Oklahoma	(capped funding)				X	X	X
Oregon		X			X	X	X
Pennsylvania			X	O		X	
Rhode Island	X		X	O	X	X	
South Carolina					X		
South Dakota			X		X		
Tennessee							
Texas					X		X
Utah							
Vermont	X		X		X		
Virginia	X						
Washington	X	X			X		X
West Virginia							
Wisconsin	X				X		X
Wyoming			X		X		
Totals	19	5	20	4	29	15	16

*Prepared by the National Employment Law Project, this table is based on an analysis of state laws, regulations and decisions.

**State law provisions that require the entire work history to include part-time work are not counted for the purposes of this survey.

***State law provisions that include specific "good cause" exemptions for the categories listed and those exempt "personal" reasons for leaving work are counted for the survey.

Workers Benefiting from Unemployment Insurance Modernization Act Reforms

February 2009

States	Alternative Base Period		Part-Time Worker Coverage		Family Reasons for Leaving Work		Totals	
	Workers Benefiting	Benefits Paid (in millions)	Workers Benefiting	Benefits Paid (in millions)	Workers Benefiting	Benefits Paid (in millions)	Workers Benefiting	Benefits Paid (in millions)
Alabama	12,715	\$13.0	5,500	\$4.3	1,359	\$2.4	19,574	\$19.7
Alaska	3,006	\$4.1	2,044	\$2.2	284	\$0.7	5,334	\$7.0
Arizona	7,026	\$10.2	4,221	\$4.7	0	\$0.0	11,247	\$14.9
Arkansas	1,917	\$3.1	2,275	\$2.8	380	\$1.1	4,572	\$6.9
California	64,500	\$152.2	0	\$0.0	0	\$0.0	64,500	\$152.2
Colorado	955	\$2.0	2,318	\$3.7	1,062	\$5.2	4,335	\$10.8
Connecticut	0	\$0.0	4,935	\$9.2	478	\$2.6	5,413	\$11.9
Delaware	219	\$0.5	0	\$0.0	166	\$0.6	385	\$1.0
District of Columbia	0	\$0.0	0	\$0.0	150	\$0.7	150	\$0.7
Florida	27,229	\$45.2	6,294	\$8.0	6,393	\$18.3	39,916	\$71.5
Georgia	0	\$0.0	6,630	\$7.0	2,175	\$5.2	8,805	\$12.2
Hawaii	0	\$0.0	0	\$0.0	114	\$0.5	114	\$0.5
Idaho	408	\$0.6	3,056	\$3.3	532	\$1.3	3,996	\$5.2
Illinois	0	\$0.0	10,620	\$20.5	1,493	\$6.5	12,112	\$26.9
Indiana	13,754	\$24.5	9,171	\$12.5	798	\$2.5	23,723	\$39.5
Iowa	4,535	\$7.7	0	\$0.0	1,272	\$3.7	5,807	\$11.4
Kansas	6,573	\$13.5	0	\$0.0	242	\$0.9	6,815	\$14.4
Kentucky	6,823	\$11.8	5,867	\$7.8	1,466	\$5.24	14,156	\$24.8
Louisiana	10,458	\$12.3	0	\$0.0	1,432	\$4.5	11,890	\$16.8
Maine	0	\$0.0	0	\$0.0	0	\$0.0	0	\$0.0
Maryland	11,467	\$22.4	5,924	\$8.9	2,384	\$8.2	19,775	\$39.5
Massachusetts	0	\$0.0	7,430	\$17.9	1,007	\$5.5	8,437	\$23.4
Michigan	0	\$0.0	22,311	\$35.2	4,035	\$14.2	26,346	\$49.4
Minnesota	3,692	\$9.0	0	\$0.0	918	\$3.9	4,610	\$12.9
Mississippi	4,542	\$5.8	2,563	\$2.5	1,258	\$2.8	8,363	\$11.1
Missouri	19,615	\$29.7	7,439	\$8.6	3,174	\$8.3	30,229	\$46.7
Montana	797	\$1.2	1,137	\$1.3	314	\$0.8	2,248	\$3.4
Nebraska	1,254	\$1.9	0	\$0.0	0	\$0.0	1,254	\$1.9
Nevada	925	\$1.6	2,817	\$3.8	395	\$1.2	4,137	\$6.7
New Hampshire	0	\$0.0	1,333	\$1.5	319	\$0.8	1,651	\$2.3
New Jersey	0	\$0.0	0	\$0.0	0	\$0.0	0	\$0.0
New Mexico	0	\$0.0	0	\$0.0	0	\$0.0	0	\$0.0
New York	0	\$0.0	0	\$0.0	0	\$0.0	0	\$0.0
North Carolina	0	\$0.0	0	\$0.0	1,069	\$3.1	1,069	\$3.1
North Dakota	416	\$0.6	951	\$1.0	190	\$0.5	1,557	\$2.1
Ohio	0	\$0.0	17,230	\$26.7	2,536	\$9.2	19,766	\$35.9
Oklahoma	0	\$0.0	1,271	\$1.6	0	\$0.0	1,271	\$1.6
Oregon	6,681	\$12.8	7,429	\$10.9	0	\$0.0	14,111	\$23.7
Pennsylvania	28,472	\$68.3	0	\$0.0	1,966	\$8.2	30,438	\$76.4
Rhode Island	0	\$0.0	0	\$0.0	114	\$0.5	114	\$0.5
South Carolina	11,122	\$16.2	4,463	\$5.0	1,070	\$2.7	16,655	\$23.9
South Dakota	898	\$1.1	0	\$0.0	122	\$0.3	1,020	\$1.4
Tennessee	4,792	\$6.9	6,593	\$7.2	1,426	\$3.5	12,811	\$17.6
Texas	28,749	\$53.2	13,888	\$19.7	2,555	\$8.2	45,192	\$81.1
Utah	1,179	\$2.1	2,147	\$3.0	403	\$1.3	3,728	\$6.4
Vermont	0	\$0.0	0	\$0.0	228	\$0.7	228	\$0.7
Virginia	0	\$0.0	6,867	\$8.1	845	\$2.3	7,712	\$10.3
Washington	0	\$0.0	9,296	\$15.4	1,199	\$4.6	10,495	\$20.0
West Virginia	512	\$0.8	1,850	\$2.3	513	\$1.4	2,876	\$4.6
Wisconsin	0	\$0.0	12,519	\$15.9	1,509	\$4.3	14,028	\$20.2
Wyoming	835	\$1.2	0	\$0.0	103	\$0.3	937	\$1.5
Totals	286,066	\$535.5	198,389	\$282.5	49,448	\$158.7	533,902	\$976.6

Estimated Years of Benefit Reforms Paid for with UIMA Incentive Funds

February 2009

State	Total Share of the \$7 billion UIMA Distribution (in millions)	Estimated Number of Years Reform Benefits are Covered under Full UIMA House Bill Provisions
Alabama	\$100.5	5.1
Alaska	\$15.6	2.2
Arizona	\$150.1	10.1
Arkansas	\$60.0	8.7
California	\$838.7	5.5
Colorado	\$127.5	11.8
Connecticut	\$87.8	7.4
Delaware	\$21.9	21.9
District of Columbia	\$27.6	39.4
Florida	\$444.3	6.2
Georgia	\$220.3	18.1
Hawaii	\$30.5	61.0
Idaho	\$32.3	6.2
Illinois	\$301.2	11.2
Indiana	\$148.5	3.8
Iowa	\$70.8	6.2
Kansas	\$69.0	4.8
Kentucky	\$90.2	4.2
Louisiana	\$98.4	5.9
Maine	\$28.2	Full Funding
Maryland	\$126.8	3.2
Massachusetts	\$162.7	7.0
Michigan	\$208.3	4.2
Minnesota	\$130.1	10.1
Mississippi	\$56.1	5.1
Missouri	\$133.3	2.9
Montana	\$19.5	5.7
Nebraska	\$43.6	22.9
Nevada	\$76.9	11.5
New Hampshire	\$31.4	13.7
New Jersey	\$206.8	Full Funding
New Mexico	\$39.0	Full Funding
New York	\$412.7	Full Funding
North Carolina	\$205.1	66.2
North Dakota	\$14.6	7.0
Ohio	\$264.5	7.4
Oklahoma	\$75.9	47.4
Oregon	\$85.6	3.6
Pennsylvania	\$273.3	3.6
Rhode Island	\$23.5	47.0
South Carolina	\$97.5	4.1
South Dakota	\$17.6	12.6
Tennessee	\$141.8	8.1
Texas	\$555.7	6.9
Utah	\$61.0	9.5
Vermont	\$13.9	19.9
Virginia	\$188.5	18.3
Washington	\$146.6	7.3
West Virginia	\$33.2	7.2
Wisconsin	\$133.9	6.6
Wyoming	\$14.2	9.5

States (including D.C.) that Receive Funding for:	
Over 3 Years	49 states
Over 5 Years	41 states
Median	7.3 years