

## How Federal Unemployment Insurance (UI) Extensions Work

**Extending unemployment benefits during recessions.** State unemployment insurance (UI) programs typically offer up to 26 weeks of benefits to workers who lose their jobs involuntarily. Historically, whenever the national unemployment rate has increased substantially, Congress has enacted a program of federally funded benefits that extends the number of weeks available to workers who have not found new employment. There have been eight such federal extension programs since 1958.

**Program Expires November 30<sup>th</sup>.** The federal extension programs described below are scheduled to expire on November 30, 2010. Unless Congress acts, states will be forced to cut off unemployment benefits to more than a million workers per month throughout the coming winter. Yet after the elections, Congress doesn't return to session until November 15<sup>th</sup>, leaving only a limited window of time to continue the program before the Thanksgiving holiday. When authority for both these programs expired last June, it took Congress seven weeks to enact reauthorizing legislation. During those seven weeks, more than 2 million unemployed Americans and their families saw their unemployment benefits cut off.

**Emergency Unemployment Compensation (EUC).** The EUC program began in July 2008 when the national unemployment rate was 5.8 percent. The program originally provided 13 weeks of additional federal UI benefits, but as the recession deepened and the national unemployment rate rose dramatically, a series of legislative enactments in 2008 and 2009 (including the Recovery Act) increased the maximum number of weeks of EUC benefits. Today, the national unemployment rate is 9.6 percent and the EUC program provides 34 to 53 weeks of federally funded UI benefits. The program is divided into four tiers, which are available to states based on their unemployment rates:

- **Tier I** (20 weeks): Available in all states
- **Tier II** (14 weeks): Available in all states
- **Tier III** (13 weeks): Available in 47 states with a 3-month average unemployment rate of 6.0 percent or higher (as well as the District of Columbia and Puerto Rico).
- **Tier IV** (6 weeks): Available in 26 states with a 3-month average unemployment rate of 8.5 percent or higher (as well as the District of Columbia and Puerto Rico).

Approximately **4.1 million** unemployed workers are currently receiving EUC benefits.

**Extended Benefits (EB).** Thirty-five (35) states (as well as the District of Columbia and Puerto Rico) are currently operating a program known as Extended Benefits (EB) that provides an additional 13-20

weeks of UI benefits beyond the EUC program. Benefits under the EB program are normally funded 50/50 by the federal government and the state. However, restrictions under prior law had limited the number of states paying Extended Benefits in previous recessions. Under the Recovery Act, Congress authorized full federal funding of the EB program. When that authority expires on November 30<sup>th</sup>, most states will stop operating their EB programs. Approximately **1 million** unemployed workers are currently receiving Extended Benefits.