

## **NELP's Analysis of the Shortcomings of the Disaster Unemployment Assistance Program and Policy Recommendations for Reform**

### **Significant Limitations on Disaster Unemployment Assistance (DUA)**

#### **Shortcomings of DUA Include:**

- DUA will not cover anyone eligible for basic UI benefits. This means that thousands of workers unemployed as a result of the recent disasters will draw UI benefits, requiring their employers to pay higher UI payroll taxes and that state UI trust funds will pay the costs of these benefits." This could have a serious impact, especially in New York State where the state's trust fund reserves are already quite low and UI claims are now rising significantly.
- DUA benefits are reduced by many kinds of other wage loss insurance or compensation, including pensions and disability benefits and insurance payments.
- DUA eligibility is restricted to those affected only as a "direct result" of a disaster. Hotel workers laid off in uptown Manhattan or airline workers laid off in Texas will not be eligible for DUA. These "secondary" workers are unemployed because of the recent disaster, but their unemployment is not covered under current DUA rules.
- Undocumented workers cannot get UI benefits and will not get DUA benefits. Hundreds, if not thousands of undocumented workers were impacted by the recent disasters. They paid taxes on their wages, and employers made payroll tax payments on their wages, but they will not get benefits under current rules.

### **Reforming the DUA Program**

The devastating human and economic impact of the September 11<sup>th</sup> tragedy have highlighted the significant limitations of the DUA program. In fact, before the 1988 Amendments that Congress enacted to the DUA program, DUA provided much broader coverage. For example, before 1988, DUA benefits could last as long as 52 weeks. Even more significantly, the DUA program did not require the states to bear the burden of covering those workers who lost their jobs as a result of a disaster under their state UI programs.

Given these and other major limitations, federal legislation should be enacted to strengthen the impact of the DUA program as follows:

- DUA benefits should be made available without respect to UI eligibility, relieving employers and state UI trust funds of benefit costs related to disasters.
- An option should exist to extend DUA benefits beyond the current maximum of 26 weeks.
- Like the North American Free Trade Agreement Transitional Assistance Allowances (NAFTA-TAA) program that offers supplemental unemployment insurance and training for those hurt by "free trade," the DUA program should be expanded to cover secondary

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workers (i.e., those workers impacted by the subsequent economic effects of the disaster) outside the immediate location of disasters.

- Only offset wages and remuneration from work or self-employment against DUA benefits.
- Waive or suspend rules prohibiting undocumented workers from getting UI or DUA.

At the state level as well, certain reforms can be enacted to address some of the gaps in the DUA program. For example, at least one state (Indiana) has enacted legislation allowing workers who lost their jobs as a result of a disaster to collect an additional 13 weeks of benefits when they exhaust their UI or DUA benefits. Other states, including Minnesota and North Carolina, have waived their standard one-week waiting period for those workers who qualify for either UI or DUA (by Executive Order, the Governor of New York waived the state's one-week waiting period for those workers applying for UI and DUA in the disaster area).