



Update: November 2009

Unemployment Bulletin

Extension of Federal Unemployment Benefits Enacted

Situation

President Obama signed HR 3548, the Worker, Homeownership, and Business Assistance Act of 2009, into law on Friday, November 6, 2009. The legislation provides for additional weeks of federally funded unemployment benefits.

What Employers Need to Know

The federal unemployment benefits extension program, known as Emergency Unemployment Compensation (EUC), originally went into effect in July 2008 and was later extended in November 2008. The EUC program provided for up to 20 weeks of additional benefits in all states (Tier I) and up to an additional 13 weeks in high unemployment states (Tier II).

The newly enacted legislation modifies Tier II benefits and establishes Tier III and Tier IV of EUC. Originally, Tier II allowed for up to 13 weeks of EUC in some states, but now will provide up to 14 weeks of benefits in all states – it basically adds 1 additional week to this level of EUC. Tier III provides for up to 13 weeks of federal extended benefits in states with a total unemployment rate (TUR) of at least 6.0% or an insured unemployment rate (IUR) of at least 4.0%. Tier IV provides up to 6 additional weeks of EUC in states with a TUR of at least 8.5% TUR or an IUR of at least 6.0%.

All EUC benefits are being federally funded from general revenue, meaning no employer (tax contributing or reimbursing) will be directly liable for the extensions. However, HR 3548 extends the 0.2% FUTA surtax, set to expire at the end of 2009, through 2010 and for the first 6 months of 2011 as an offset to the general revenue funding of the EUC extensions.

HR 3548 does not extend the effective date of the EUC program. It is still set to expire December 31, 2009, so EUC claims would need to be filed by the end of this year for benefit entitlement under any of the tiers. EUC claims established by the end of 2009 will continue to be paid until May 30, 2010. In addition, the new EUC extensions are only authorized for weeks subsequent to HR 3548 being enacted; there are no provisions in the new law for retroactive EUC weeks.



Note: The federal EUC legislation is separate from state extended benefits (EB) provisions contained in all state unemployment laws. Thirty-nine states are paying EB, subsequent to any federal EUC entitlements. Arkansas, Hawaii, Iowa, Louisiana, Maryland, Mississippi, Montana, Nebraska, North Dakota, Oklahoma, South Dakota and Utah have not currently triggered on state extended benefits.

What You Can Expect

Although individuals could technically collect up to 99 weeks of unemployment payments, taking into account regular benefits (up to 26 weeks), federal EUC (up to 53 weeks for all tiers) and state EB (up to 20 weeks), realistically the number of payments weeks will likely fall somewhere in the middle.

Industry officials anticipate Congress will propose more unemployment insurance (UI) amendments, since many of the Recovery Act provisions regarding the UI program are set to expire at the end of 2009. TALX will continue to monitor and report on any developments.