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Unemployment Insurance: Legislative Issues in the 113th Congress

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Summary

The 113th Congress continues to face numerous issues related to unemployment insurance programs: Unemployment Compensation (UC), the temporary, now-expired Emergency Unemployment Compensation (EUC08), and Extended Benefits (EB). With the national unemployment rate decreasing but still high, the interest in extended unemployment benefits continues at elevated levels.

P.L. 112-240 extended the authorization for the EUC08 program until the week ending on or before January 1, 2014 (December 28, 2013, for most states). In addition, P.L. 112-240 extended the 100% federal financing of the EB program through December 31, 2013. Congress continues to consider whether to extend the authorization for these expired key temporary unemployment insurance provisions.

This report provides a brief overview of the three unemployment insurance programs—UC, EUC08 (expired), and EB—that may provide benefits to eligible unemployed workers. It contains a brief explanation of how the EUC08 program, as well as some other UC-related payments, began to experience reductions in benefits as a result of the sequester order contained within the Budget Control Act of 2011 (P.L. 112-25).

This report also includes descriptions of enacted and proposed unemployment insurance (UI) legislation in the 113th Congress, organized by the following categories:

- Extension of federal UI provisions (H.R. 2821, H.R. 3546, H.R. 3773, H.R. 3813, H.R. 3824, H.R. 3885, H.R. 3936, H.R. 3979, H.R. 4415, H.R. 4431, H.R. 4550, H.R. 4970, H.R. 5352, S. 1747, S. 1797, S. 1845, S.Amdt. 2631, S.Amdt. 2714, S. 1931, S. 2077, S. 2097, S. 2148, S. 2149, and S. 2532)
- Exemption of UI benefits from the sequester (H.R. 2177)
- UI program integrity (P.L. 113-67, H.R. 3205, H.R. 2826, H.R. 3447, S. 1870, and S. 1876)
- Short-Time Compensation (STC) (H.R. 5583 and S. 2906)
- Concurrent receipt of Social Security Disability Insurance (SSDI) and UI benefits (H.R. 1502, H.R. 3885, S.Amdt. 2631, S. 1099, S. 1931, and S. 2097)
- UI income restrictions (S. 18, H.R. 2448, H.R. 3979, H.R. 4415, H.R. 4550, H.R. 4970, S.Amdt. 2714, S. 2097, S. 2148, S. 2149, and S. 2532)
- UI vouchers and demonstration projects (H.R. 51, H.R. 3864, H.R. 4550, H.R. 5352, and S. 2870)
- Job training and education (H.R. 1530, H.R. 3979, S. 2097, S. 2148, and S. 2149)
- Drug testing (H.R. 1172, H.R. 1277, H.R. 3454, and H.R. 4310)
- Aid for Hurricane Sandy states (S. 803)
- Proposals to aid in the rehiring of UI beneficiaries and exhaustees (H.R. 188, H.R. 1617, H.R. 2821, H.R. 2889, H.R. 3453, H.R. 3726, H.R. 3781, H.R. 4033, H.R. 4550, and H.R. 5352)

- Domestic violence (H.R. 1229)
- President's Budget Proposal for FY2015

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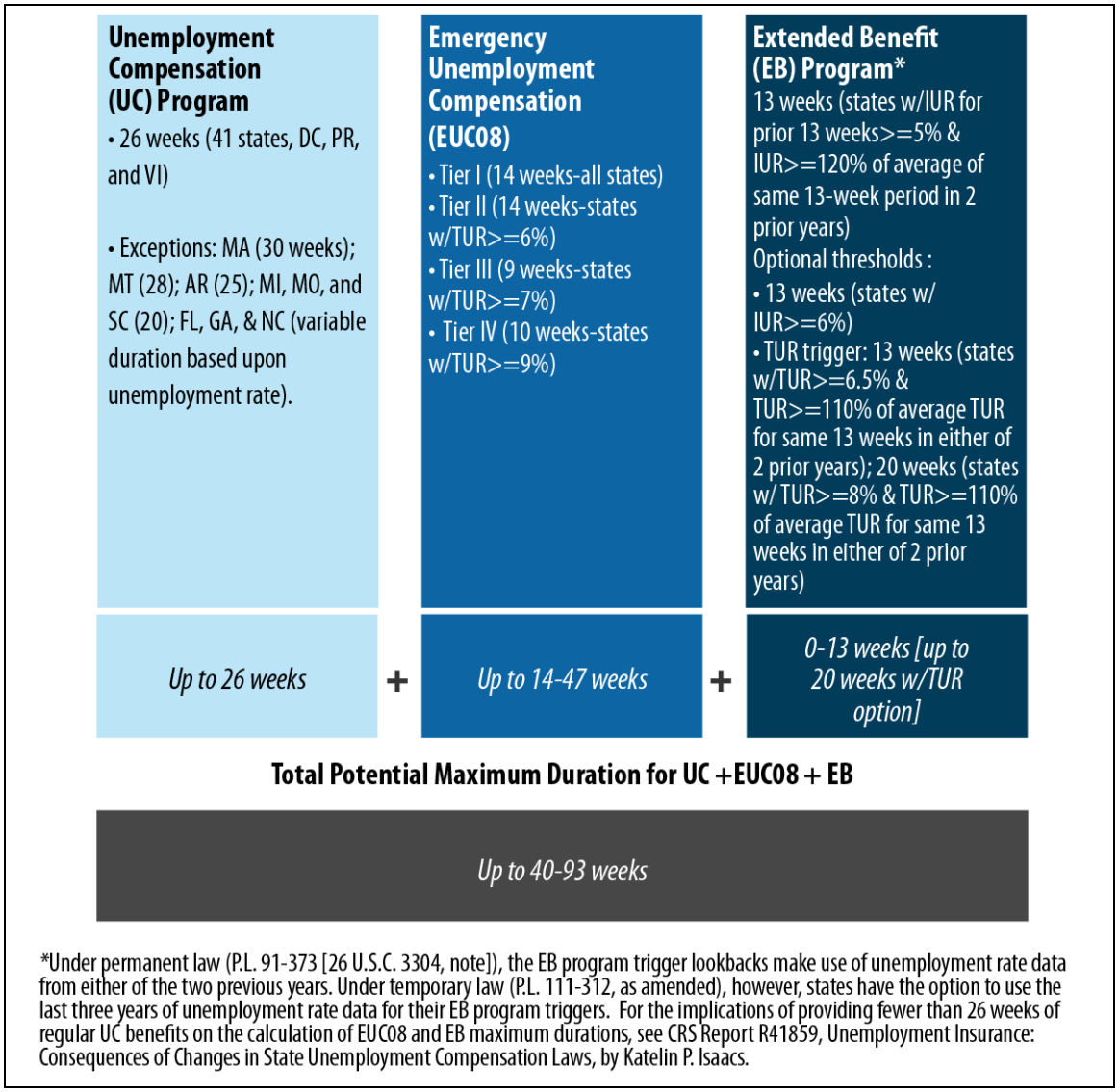
The unemployment insurance (UI) system has two primary objectives: (1) to provide temporary, partial wage replacement for involuntarily unemployed workers and (2) to stabilize the economy during recessions. In support of these goals, several UI programs provide benefits for eligible unemployed workers.

Overview of Unemployment Insurance Programs

In general, when eligible workers lose their jobs, the joint federal-state Unemployment Compensation (UC) program may provide up to 26 weeks of income support through the payment of regular UC benefits. UC benefits may be extended for up to 13 or 20 weeks by the Extended Benefit (EB) program if certain economic situations exist within the state.[1] Previously, up to 47 weeks by the temporarily authorized Emergency Unemployment Compensation (EUC08) program were available. (EUC08 benefits expired on December 28, 2013, and are no longer authorized.) **Figure 1** depicts the sequence of unemployment benefits that were available until December 28, 2013. Currently, only the UC and EB programs are authorized, although no state is in an active EB period.

[1] For detailed information on each of these programs, see CRS Report RL33362, *Unemployment Insurance: Programs and Benefits*, by Julie M. Whittaker and Katelin P. Isaacs. Certain groups of workers may qualify for income support from additional UI programs, including Trade Adjustment Assistance (TAA), Reemployment Trade Adjustment Assistance (RTAA), and Disaster Unemployment Assistance (DUA). Workers who lose their jobs because of international competition may qualify for income support through the TAA program or the RTAA (for certain workers aged 50 or older). Workers may be eligible to receive DUA benefits if they are not eligible for regular UC and their unemployment may be directly attributed to a declared natural disaster. For more information on the TAA and RTAA programs, see CRS Report R42012, *Trade Adjustment Assistance for Workers*, by Benjamin Collins.

Figure 1. Sequence of Unemployment Benefits: UC, EUC08, and EB Until December 28, 2013



Source: Congressional Research Service.

Notes: Authorization for the EUC08 program expired the week ending on or before January 1, 2014 (i.e., December 28, 2013, or December 29, 2013, in New York State). No EUC08 benefits are available for weeks of unemployment after this expiration date.

Several temporary components of the permanent-law EB program also expired at the end of calendar year 2013. The temporary 100% federal financing of EB ended December 31, 2013 (under permanent law, states finance 50% of EB benefits and the federal government finances 50%). The temporary option for states to use three-year lookbacks as part of their EB triggers also expired the week ending on or before December 31, 2013.

TUR: The Total Unemployment Rate is the ratio of unemployed workers to all workers (employed and unemployed) in the labor market.

Unemployment Compensation Program

The joint federal-state UC program, authorized by the Social Security Act of 1935 (P.L. 74-271), provides unemployment benefits for up to a maximum of 26 weeks.[2] Former U.S. military servicemembers may be eligible for unemployment benefits through the unemployment compensation for ex-servicemembers (UCX) program.[3] The Emergency Unemployment Compensation Act of 1991 (P.L. 102-164) provides that ex-servicemembers be treated the same as other unemployed workers with respect to benefit levels, the waiting period for benefits, and benefit duration.

Although federal laws and regulations provide broad guidelines on UC benefit coverage, eligibility, and benefit determination, the specifics regarding UC benefits are determined by each state. This results in essentially 53 different programs.[4] Generally, UC eligibility is based on attaining qualified wages and employment in covered work over a 12-month period (called a base period) prior to unemployment. All states require a worker to have earned a certain amount of wages or to have worked for a certain period of time (or both) within the base period to be monetarily eligible to receive any UC benefits. The methods states use to determine monetary eligibility vary greatly. Most state benefit formulas replace approximately half of a claimant's average weekly wage up to a weekly maximum.

The UC program is financed by federal taxes under the Federal Unemployment Tax Act (FUTA) and by state payroll taxes under the State Unemployment Tax Acts (SUTA). The 0.6% effective net FUTA tax paid by employers on the first $7,000 of each employee's earnings (no more than $42 per worker per year) funds federal and state administrative costs, loans to insolvent state UC accounts, the federal share (50%) of EB payments, and state employment services.[5]

SUTA taxes on employers are limited by federal law to funding regular UC benefits and the state share (50%) of EB payments. Federal law requires that the state tax be on at least the first $7,000 of each employee's earnings (it may be more) and requires that the maximum state tax rate be at least 5.4%. Federal law also requires the state tax rate to be based on the amount of UC paid to former employees (known as "experience rating"). Within these broad requirements, states have great flexibility in determining the SUTA structure of their state. Generally, the more UC benefits paid out to its former employees, the higher the tax rate of the employer, up to a maximum established by state law. Funds from FUTA and SUTA are deposited in the appropriate accounts within the Unemployment Trust Fund (UTF).

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[2] Arkansas and Illinois provide up to 25 weeks; Michigan, Missouri, and South Carolina provide up to 20 weeks; and the maximum duration of UC in Florida, Georgia, and North Carolina is variable, based on the state unemployment rates. For more details on these states with less than 26 weeks of UC available, see CRS Report R41859, *Unemployment Insurance: Consequences of Changes in State Unemployment Compensation Laws*, by Katelin P. Isaacs. In addition, the maximum UC duration is 28 weeks in Montana and 30 weeks in Massachusetts. Under federal law, when EB benefits are available UC duration is capped at 26 weeks.

[3] For more information on the UCX program, see CRS Report RS22440, *Unemployment Compensation (Insurance) and Military Service*, by Julie M. Whittaker.

[4] The District of Columbia, Puerto Rico, and the Virgin Islands are considered to be states in UC law.

[5] FUTA imposes a 6.0% gross tax rate on the first $7,000 paid annually by employers to each employee. Employers in states with programs approved by the federal government and with no delinquent federal loans may credit 5.4 percentage points against the 6.0% tax rate, making the minimum net federal unemployment tax rate 0.6%. See CRS Report RS22954, *The Unemployment Trust Fund (UTF): State Insolvency and Federal Loans to States*, by Julie M. Whittaker, for details on how delinquent loans affect the net FUTA tax.

Emergency Unemployment Compensation Program (Expired)

On June 30, 2008, President George W. Bush signed the Supplemental Appropriations Act of 2008 (P.L. 110-252), which created a new temporary unemployment insurance program, the EUC08 program. This was the eighth time Congress had created a federal temporary program to extend unemployment compensation during an economic slowdown.[6] State UC agencies administered the EUC08 benefit along with regular UC benefits.

The authorization for this program has been extended multiple times and was authorized through December 28, 2013, for all states except New York (December 29, 2013) and North Carolina. EUC08 benefits have not been available in North Carolina since June 2013.[7]

EUC08 Benefit Ended on December 28, 2013

The EUC08 program was amended 11 times, the final time by P.L. 112-240.[8] The EUC08 benefit amount was equal to the eligible individual's weekly regular UC benefits and included any applicable dependents' allowances. The most recent modifications to the underlying structure of the EUC08 program were made by P.L. 112-96. These modifications included changes to the number of weeks available in each EUC08 tier as well as the state unemployment rates required to have an active tier in that state. These requirements were implemented during 2012 in three separate phases.[9] The following weeks of EUC08 benefits were available in the tiers listed below through December 28, 2013:

- **Tier I** was available in all states, except in North Carolina, with up to 14 weeks of EUC08 benefits provided to eligible individuals.
- **Tier II** was available if the state's total unemployment rate (TUR)[10] was at least 6%, with up to 14 weeks provided to eligible individuals in those states (not available in North Carolina).
- **Tier III** was available if the state's TUR was at least 7% (or an insured unemployment rate, IUR,[11] of at least 4%), with up to 9 weeks provided to eligible individuals in those states (not available in North Carolina).

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[6] The other programs became effective in 1958, 1961, 1972, 1975, 1982, 1991, and 2002. For more details on these programs, see CRS Report RL34340, *Extending Unemployment Compensation Benefits During Recessions*, by Julie M. Whittaker and Katelin P. Isaacs.

[7] For more details on the early termination of EUC08 benefits in North Carolina, see the section in this report on "Impact of Federal "Nonreduction" Rule on State UC Laws" or CRS Report R41859, *Unemployment Insurance: Consequences of Changes in State Unemployment Compensation Laws*, by Katelin P. Isaacs.

[8] The 11 amendments are P.L. 110-449, P.L. 111-5, P.L. 111-92, P.L. 111-118, P.L. 111-144, P.L. 111-157, P.L. 111-205, P.L. 111-312, P.L. 112-78, P.L. 112-96, and P.L. 112-240. Summary details on all of these laws are provided in Table 1 of CRS Report R42444, *Emergency Unemployment Compensation (EUC08): Status of Benefits Prior to Expiration*, by Katelin P. Isaacs and Julie M. Whittaker.

[9] See CRS Report R41662, *Unemployment Insurance: Legislative Issues in the 112th Congress,* for details on how these changes were implemented.

[10] The TUR is the ratio of unemployed workers to all workers (employed and unemployed) in the labor market. The TUR is essentially a weekly version of the unemployment rate published by the Bureau of Labor Statistics (BLS) and based on data from the BLS' monthly Current Population Survey.

[11] The IUR is the ratio of UC claimants divided by individuals in UC-covered jobs. The IUR is substantially different from the TUR because it excludes several important groups: self-employed workers, unpaid family workers, workers in (continued...)

- **Tier IV** was available if the state's TUR was at least 9% or the IUR was 5%, with up to 10 weeks provided to eligible individuals in those states (not available in North Carolina).

EUC08 Program Expired

All tiers of EUC08 benefits were temporary and expired in the week ending on or before January 1, 2014. Thus, on December 28, 2013 (December 29, 2013, for New York), the EUC08 program ended. All entitlement to EUC08 benefits is no longer authorized. (There is no grandfathering of any EUC08 benefit.)

Impact of Federal "Nonreduction" Rule on State UC Laws

In response to similar state UC financial stress following prior recessions, states typically reduced the amount of UC benefits paid to individuals through reductions in the maximum benefit amount or through changes in the underlying benefit calculations. Under two temporary provisions in federal law, however, most states were prohibited from enacting legislation that would reduce the average UC benefit amount through changes to benefit calculation from February 2009 through December 2013.[12] One state, North Carolina, implemented new legislation that reduced benefit amounts. As a result, the EUC08 agreement between North Carolina and the Secretary of the U.S. Department of Labor (DOL) terminated early. All tiers of EUC08 ended in North Carolina as of June 29, 2013. No EUC08 benefits have been available in that state since June 30, 2013.

The implementation of this "nonreduction" rule coincided with new state actions that reduced UC benefit duration as an alternative means to decrease total UC benefit payments.[13] As a result, these changes in state UC benefit duration may be a state response to state UC financing shortfall. For more information on the state law changes, see CRS Report R41859, *Unemployment Insurance: Consequences of Changes in State Unemployment Compensation Laws.*

Extended Benefit Program

The EB program was established by the Federal-State Extended Unemployment Compensation Act of 1970 (EUCA), P.L. 91-373 (26 U.S.C. §3304, note). EUCA may extend receipt of

(...continued)

certain not-for-profit organizations, and several other, primarily seasonal, categories of workers. In addition to those unemployed workers whose last jobs were in the excluded employment, the insured unemployed rate excludes the following: those who have exhausted their UC benefits (even if they receive EB or EUC08 benefits); new entrants or reentrants to the labor force; disqualified workers whose unemployment is considered to have resulted from their own actions rather than from economic conditions; and eligible unemployed persons who do not file for benefits.

[12] The current "nonreduction" rule was put into place when P.L. 111-205 amended P.L. 110-252. There was a similar, but programmatically distinct nonreduction rule in P.L. 111-5, as amended, which prevented states from actively changing the method of calculation of the UC weekly benefit amount to pay UC benefit amounts less than what would have been paid under state law prior to December 31, 2008. No states acted to decrease UC benefit amounts between December 31, 2008, and June 2, 2010, when the federal authorization for this earlier nonreduction rule expired.

[13] An exception was made in P.L. 112-96 that maintained the nonreduction rule for the calculation of the regular UC benefit amount, except in the case of state legislation that was enacted before March 1, 2012, but did not take effect before January 1, 2012. The nonreduction rule prohibits states from decreasing average weekly benefit amounts without invalidating their EUC08 federal-state agreements. States that made changes to the regular UC benefit amount prior to March 1, 2012, however, would not invalidate their EUC08 federal-state agreements.

unemployment benefits (extended benefits) at the state level if certain economic situations exist within the state.

The EB program is triggered when a state's insured unemployment rate (IUR) or total unemployment rate (TUR) reaches certain levels. All states must pay up to 13 weeks of EB if the IUR for the previous 13 weeks is at least 5% and is 120% of the average of the rates for the same 13-week period in each of the two previous years. There are two other optional thresholds that states may choose. (States may choose one, two, or none.) If the state has chosen a given option, it would provide the following:

- Option 1: an additional 13 weeks of benefits if the state's IUR is at least 6%, regardless of previous years' averages.
- Option 2: an additional 13 weeks of benefits if the state's TUR is at least 6.5% and is at least 110% of the state's average TUR for the same 13 weeks in either of the previous two years; an additional 20 weeks of benefits if the state's TUR is at least 8% and is at least 110% of the state's average TUR for the same 13 weeks in either of the previous two years.

Each state's IUR and TUR are determined by the state of residence (agent state) of the unemployed worker rather than by the state of employment (liable state). EB benefits are not "grandfathered" when a state triggers "off" the program. When a state triggers "off" of an EB period, all EB benefit payments in the state cease immediately regardless of individual entitlement.[14]

Expired Temporary EB Provisions in P.L. 111-312

P.L. 111-312, as amended (most recently by P.L. 112-240), made some technical changes to certain triggers in the EB program. These changes allowed states to temporarily use lookback calculations based on three years of unemployment rate data (rather than the permanent-law lookback of two years of data) as part of their mandatory IUR and optional TUR triggers if states would otherwise trigger off or not be on a period of EB benefits. Using a two-year versus a three-year EB trigger lookback was an important adjustment at the time of the signing of P.L. 111-312 (December 17, 2010) because many states were likely to trigger off of their EB periods despite high, sustained—but not increasing—unemployment rates. For more information on these state law changes see CRS Report R41859, *Unemployment Insurance: Consequences of Changes in State Unemployment Compensation Laws*. The authorization for the temporary EB trigger modifications expired the week ending on or before December 31, 2013.

The EB benefit amount is equal to the eligible individual's weekly regular UC benefits. Under permanent law, FUTA finances half (50%) of the EB payments and 100% of EB administrative costs. States fund the other half (50%) of EB benefit costs through their SUTA. Beginning on February 17, 2009, P.L. 111-5 (most recently amended by P.L. 112-240) temporarily changed the federal-state funding arrangement for the EB program. The FUTA financed 100% of EB benefits from February 17, 2009, through December 31, 2013. The one exception to the 100% federal financing was for those EB benefits based on work in state and local government employment; those "non-sharable" benefits continued to be 100% financed by the former employers.

[14] EB benefits on interstate claims are limited to two extra weeks unless *both* the agent state (e.g., Texas) and liable state (e.g., Louisiana) are in an EB period.

Unemployment Insurance Benefits and the Sequester

The sequester order required by the Budget Control Act of 2011 (P.L. 112-25) and implemented on March 1, 2013 (after being delayed by P.L. 112-240), affects some but not all types of unemployment insurance expenditures. Regular UC, UCX, and UCFE payments are not subject to the sequester reductions. EB, EUC08, and most forms of administrative funding are subject to the sequester reductions.[15] Please see CRS Report R43133, *The Impact of Sequestration on Unemployment Insurance Benefits: Frequently Asked Questions* for additional information on the impact of sequestration on UI benefits.

FY2013 Sequester of UI Benefits

The FY2013 sequestration reductions applied to the budgetary resources for all of FY2013 (October 1, 2012, through September 30, 2013)—but the actual EB and EUC08 payment reductions were not implemented before the week beginning March 31, 2013. The sequester order for FY2013 required a 5.1% reduction to be applied on all nonexempt nondefense mandatory expenditures. Thus, EUC08 and EB payments were required to be reduced by 10.7% for benefits paid for weeks of unemployment beginning on March 31, 2013, to meet the 5.1% reduction target for FY2013.

The U.S. DOL released guidance on how states should implement the FY2013 sequester reductions to unemployment benefits for FY2013.[16] These reductions began the week beginning on or after March 31, 2013. For states that were not able to implement these reductions by March 31, 2013, the amount of the benefit reduction was actuarially increased to be equivalent to a 10.7% reduction. Not all states implemented the sequestration reductions uniformly across all EUC08 beneficiaries. Several states were unable to implement the preferred method of reduction as outlined by the DOL and opted for an alternative method.[17]

No unemployment benefits already paid to individuals before the state began the sequester reductions were affected.

FY2014 Sequester of UI Benefits

In FY2014, the sequestration order required a 7.2% reduction in all nonexempt nondefense mandatory expenditures.

[15] Please see CRS Report R42050, *Budget "Sequestration" and Selected Program Exemptions and Special Rules*, coordinated by Karen Spar, for a detailed discussion of the sequester order.

[16] See pages 5 and 6 of UIPL 13-13, http://wdr.doleta.gov/directives/attach/UIPL/UIPL_13_013_Acc.pdf.

[17] National Association of State Workforce Agencies, *NASWA Survey Shows Majority of States Have Implemented EUC08 Sequestration Cuts*, June 14, 2013, http://www.naswa.org/assets/utilities/serve.cfm?gid=073c1905-b9cf-4e89-b09e-ed1ce21fb5ac.

EUC08: FY2014 Sequestration

The FY2014 sequestration order required that EUC08 expenditures be reduced by 7.2% for EUC08 benefits paid for weeks of unemployment beginning on October 6, 2013 (ending December 28, 2013, when EUC08 authorization expired). According to its guidance, the DOL will work with states individually to assist them in administering the FY2014 sequester of EUC08:

> Due to the extraordinary programming challenges states experienced during sequestration implementation for FY 2013, and the additional challenges presented by the further changes necessary for sequestration implementation for FY 2014, the Department has reached out to states with various options that may be used in order to achieve the required FY 2014 sequestration savings. Letters have been sent to each state approving the implementation strategy agreed upon by the Department and the states in advance of further specific guidance in this UIPL [Unemployment Insurance Program Letter].[18]

EB: FY2014 Sequestration

The federal share of EB benefits would have been reduced by 7.2% for any benefits paid for weeks of unemployment beginning on October 6, 2013, and ending September 27, 2014. For the entire period, no state had an active EB program.

FY2015 Sequester of UI Benefits

In FY2015, the sequestration order requires a 7.3% reduction in all nonexempt nondefense mandatory expenditures.

EB: FY2015 Sequestration

In FY2015, the sequestration order requires that EB expenditures be reduced by 7.3% (only on the federal share of EB benefits) for weeks of unemployment beginning on October 4, 2014, through September 26, 2015.

Alleviating State Unemployment Compensation Stress

Eleven states and the Virgin Islands owed a cumulative $13.9 billion to the federal accounts within the UTF as of October 28, 2014.[19] The American Recovery and Reinvestment Act of 2009 (ARRA; P.L. 111-5) temporarily stopped the accrual of interest charges on these state UC loans and deemed any interest payments due during that time as having been paid through December

[18] Employment and Training Administration, U.S. Department of Labor, *Unemployment Insurance Program Letter (UIPL)*, No. 30-13, Washington, DC, September 27, 2013, http://wdr.doleta.gov/directives/attach/UIPL/UIPL_30_13_Acc.pdf.

[19] Bureau of Public Debt, U.S. Treasury Department, *Title XII Advance Activities Schedule*, Washington, DC, accessed on October 30, 2014, http://www.treasurydirect.gov/govt/reports/tfmp/tfmp_advactivitiessched.htm.

31, 2010. Since January 1, 2011, interest charges again began to accrue and interest payments must be made. For calendar year 2013, employers in 13 states and the Virgin Islands faced an increased net FUTA because the state UC program had borrowed funds from the federal UTF loan account for two consecutive years.[20]

President's Budget Proposal for FY2015

The President's Budget Proposal for FY2015[21] attempts to address some of these state and federal financing concerns. The proposal includes extending the suspension of interest accrual for 2014 and 2015 as well as temporarily suspending net FUTA tax increases (because of outstanding state loans) for the same period.

The proposal would increase the FUTA taxable wage base from $7,000 to $15,000 in 2017 while increasing the FUTA tax rate from 0.6% to 0.8% for 2015 and then decreasing the FUTA tax rate from 0.80% to 0.38% in 2017. Beginning in 2017, the FUTA tax base would be indexed to wage growth. Under federal law, the taxable wage base for SUTA taxes in states must be at least the taxable wage base for FUTA. Therefore, the proposed increase in the FUTA taxable wage in the President's Budget Proposal would have the effect of requiring states to have a SUTA taxable wage base of at least $15,000 in 2017, which would then be indexed to wage growth.

The FY2015 President's Budget Proposal also includes various UC program measures:

1. Additional funding for Reemployment and Eligibility Assessments (REAs)[22]
2. Funding ($2 billion) to encourage states to adopt Bridge to Work programs, which would allow individuals to continue receiving unemployment benefits while participating in a short-term work placement and would also support other strategies for getting UC claimants back to work more quickly
3. Reduction of an individual's Social Security Disability Insurance (SSDI) benefit in any month in which that person also receives an unemployment benefit

In addition, the President's Budget Proposal would provide $4 billion in mandatory funding to support partnerships between businesses and education and training providers to train approximately 1 million long-term unemployed workers for new jobs.

Enacted Legislation in the 113th Congress

Unemployment Insurance Integrity Provision in P.L. 113-67

P.L. 113-67, the Bipartisan Budget Act of 2013, was signed by the President on December 26, 2013. P.L. 113-67 included a provision that requires states (one year after the unemployment

[20] See CRS Report RS22954, *The Unemployment Trust Fund (UTF): State Insolvency and Federal Loans to States*, by Julie M. Whittaker, for more information on the interest calculation and the net FUTA increases in some states.

[21] The proposal is accessible at http://www.dol.gov/dol/budget/2015/PDF/CBJ-2015-V1-10.pdf.

[22] Under this proposal, REA funding would be $158 million for FY2015, which would be an increase of approximately $78 million from the previous fiscal year.

benefit overpayment debt was finally determined to be due) to recover any remaining state overpayments through reduced federal income tax refunds.

Legislative Proposals in the 113th Congress

Extension of Federal UI Provisions

Numerous proposals have been introduced in the 113th Congress to further extend some or all of the now-expired temporary federal provisions of UI law: the authorization of EUC08, the 100% federal financing of EB, the authorization for states to use a three-year lookback for state EB triggers, temporary railroad UI benefits, and funds for Reemployment Services and Reemployment and Eligibility Assessment Activities (RES/REAs). Additionally, some of these extension proposals also waive the nonreduction rule for states that had legislatively lowered their weekly UC benefit amount calculation. **Table 1** provides summary details of these proposals.

H.R. 3979

On April 7, 2014, the Senate passed a version of H.R. 3979, the Emergency Unemployment Compensation Act of 2014, which includes an extension of various federal UI provisions. Among other provisions, H.R. 3979 would retroactively extend EUC08 authorization—and maintain the EUC08 tier structure that had been available prior to the program's expiration in December 2013—for five months (i.e., through May 2014).

In addition, H.R. 3979 would also

- extend the expired EB provisions for five months;
- extend the expired railroad UI provisions for five months;
- reauthorize the funding for RES/REAs and change the timing of RES/REAs requirements;[23]
- provide an exception to the nonreduction rule associated with EUC08 prior to its expiration;
- prohibit any individual reporting more than $1 million in adjusted gross income (AGI) in the preceding year from receiving EUC08 benefits; and
- make the same decreases in expenditures and increases in revenues to offset the cost of the proposed UI extensions as are found in S. 2148 and S. 2149.[24]

Both H.R. 4415 and Title I of H.R. 4550 contain identical language to H.R. 3979.[25]

[23] Like S. 2148 and S. 2149, H.R. 3979 would alter the timing of RES/REAs to them when an individual enters tier I of EUC08 and, if applicable, again when the individual enters tier III of EUC08.

[24] For a full description of these provisions, see section on "Additional UI Extension Proposals."

[25] Title II of H.R. 4550 contains another set of provisions entitled "Provisions Relating to Job Creation." One proposal within Title II contains language identical to H.R. 51 with regard to the treatment of employment assistance voucher programs. See the section on "Vouchers/Demonstration Projects" for details. The other proposals in Title II do not directly relate to the UI program.

Additional UI Extension Proposals

Besides H.R. 3979, H.R. 4415, and H.R. 4550, many of the other extension bills propose retroactively reauthorizing the expired federal UI provisions for one additional year through December 2014 (H.R. 3546, H.R. 3773, H.R. 3885, S. 1747, and S. 1797). H.R. 2821, however, would retroactively extend the expired provisions for an additional two years (i.e., through December 2015). A number of other bills would retroactively extend the expired provisions for less than a year:

- S.Amdt. 2631 proposes a retroactive extension of 10.5 months through mid-November 2014;
- H.R. 3936 and S. 2077 propose a retroactive, six-month extension through June 2014;
- S. 2097, S. 2148, and S. 2149 propose a retroactive, five-month extension through May 2014; and
- H.R. 3813, H.R. 3824, S.Amdt. 2714, S. 1845, and S. 1931 propose a retroactive, three-month extension through March 2014.

In addition, two bills, H.R. 4970 and S. 2532, would reauthorize the temporary federal provisions for five months from the time of enactment without any retroactive benefits.

Most of the additional proposed UI extension legislation would maintain the EUC08 tier structure that had been available prior to the program's expiration in December 2013. H.R. 3885, however, would only extend tier I of EUC08 with a maximum duration of up to 14 weeks. S.Amdt. 2631 and S. 1931 would reauthorize all four tiers of EUC08, but reduce the duration of the first two tiers to be up to 6 weeks each (i.e., for a total maximum duration of up to 31 weeks from all four tiers of EUC08). In addition, H.R. 4431 would introduce a gradual reduction of the weekly benefit amount if EUC08 benefits were reauthorized.[26]

There is additional variation among these proposals in terms of the other UI provisions:

- All of these bills—except for H.R. 3773—would reauthorize the temporary EB and railroad UI provisions.[27]
- Most of these bills—except for H.R. 3773, H.R. 3813, and H.R. 3885—would reauthorize the funding for RES/REAs.
- Most of these bills—except for H.R. 2821, H.R. 3546, H.R. 3773, S. 1747, and S. 1797—propose exceptions to the nonreduction rule associated with EUC08 prior to its expiration.
- Several of these bills contain offset provisions related to the concurrent receipt of UI and Social Security Disability Insurance (SSDI) payments (H.R. 3885, S.Amdt. 2631, S. 1931, and S. 2097).[28]

[26] The proposal contained within H.R. 4431 does not extend the authorization of EUC08 benefits.

[27] For more information on the now-expired, temporary extension of extended railroad UI benefits, see CRS Report RS22350, *Railroad Retirement Board: Retirement, Survivor, Disability, Unemployment, and Sickness Benefits*, by Scott D. Szymendera.

[28] For additional information on this type of proposal, see the "Concurrent Receipt of SSDI and UI Benefits" section.

- Two bills—S.Amdt. 2714 and S. 2097—would prohibit any individual reporting more than $1 million in AGI in the preceding year from receiving from receiving federal unemployment compensation, including EB and EUC08 payments.
- H.R. 3979, H.R. 4415, H.R. 4550, H.R. 4970, S. 2148, S. 2149, and S. 2532 would prohibit any individual reporting more than $1 million in AGI in the preceding year from receiving EUC08 benefits.[29]
- Several of these bills propose changes to REAs:
  - S. 2097 would amend REAs to include an assessment of the reason for unemployment and allow states the option to require that a EUC08 claimant participate in job training program or community service if job training is not appropriate. In addition, it would enact changes to work search and suitable work requirements and disqualifications to conform to EB requirements (rather than UC requirements).
  - S. 2148, S. 2149, S. 2532, and H.R. 4970 would change the timing of REAs to require that REAs and employment services are available when an individual enters tier I of EUC08 and, if applicable, again when the individual enters tier III of EUC08.
- Several of these proposals include decreases in expenditures or increases in revenues to offset the cost of the proposed UI extensions:
  - H.R. 4970, S.Amdt. 2714, S. 2097, S. 2148, S. 2149, and S. 2532 would extend the changes that the Moving Ahead for Progress in the 21st Century Act (MAP-21; P.L. 112-141) made to the discount rates that are used by defined benefit (DB) pension plans for four additional years.[30] The bills would allow the sponsors of DB pension plans to contribute less to their pension plans, which would increase plans sponsors' taxable income.
  - S. 2077 proposes to offset the cost of its provisions with previously enacted Farm bill savings found in P.L. 113-79.
  - H.R. 4970, S. 2097, S. 2148, S. 2149, and S. 2532 include an extension of certain customs user fees.
  - S. 2148 and S. 2149 would allow the sponsors of single-employer and multiemployer DB pension plans to prepay the annual flat-rate, per participant premium paid to the Pension Benefit Guaranty Corporation (PBGC).[31]

[29] The legislative text of the "millionaires" proposal in S. 2149 provides a technical correction to the text of S. 2148. S. 2149 clarifies that no federal funds may be used to administer this proposal; however, federal funds may be used elsewhere in the administration of EUC08. This technical correction is also found in H.R. 3979, H.R. 4415, H.R. 4550, H.R. 4970, and S. 2532.

[30] For more information on the DB pension changes under MAP-21 (P.L. 112-141), see CRS Report 95-118, *Pension Benefit Guaranty Corporation (PBGC): A Primer*, by John J. Topoleski.

[31] For more information on PBGC premiums, see CRS Report 95-118, *Pension Benefit Guaranty Corporation (PBGC): A Primer*, by John J. Topoleski.

Administrative Concerns Related to Proposals to Extend Federal UI Provisions

On March 19, 2014, the National Association of State Workforce Agencies (NASWA), an organization of state UI administrators and other employment services stakeholders,[32] provided a letter and fact sheet to Senate Majority Leader Reid and Senate Minority Leader McConnell outlining state administrative concerns related to a potential extension of UI.[33] In particular, these March 2014 NASWA documents responded to the UI provisions in S. 2148.

NASWA highlighted a number of key administrative challenges for states raised by S. 2148, including

- older state UI computer systems (average age of 25) that make rapid EUC08 program changes difficult to administer;
- potential difficulty in administering the work search requirement retroactively for all weeks of backdated claims;
- potential difficulty in administering the proposal to prohibit any individual reporting more than $1 million in AGI in the preceding year from receiving federal unemployment compensation (since UI benefits are not currently means-tested and state UI administrators do not currently collect tax information on UI claimants); and
- lack of clarity in legislation regarding prohibition on using federal funds to administer EUC08 claims.

In sum, NASWA stated that—faced with the administrative challenges that S. 2148, if enacted, would entail—some states might choose to terminate their EUC08 agreements with DOL:

> The requirements in S. 2148 would cause considerable delays in the implementation of the program and increased administrative issues and costs. Some states have indicated they might decide such changes are not feasible in the short time available, and therefore would consider not signing the U.S. Department of Labor's agreement to operate the program.[34]

On March 21, 2014, U.S. Labor Secretary Thomas Perez wrote a letter to Senate Majority Leader Reid and Senate Minority Leader McConnell responding to the administrative concerns raised by NASWA.[35] In this letter, Secretary Perez maintains that NASWA's concerns can be addressed and overcome:

> I am confident that there are workable solutions for all of the concerns raised by NASWA. From the Great Recession to the present, the Congress has worked in a bipartisan fashion to enact twelve different expansions or extensions to the EUC program. A number of the extensions included changes to the program that were as or more complex than those included in the current bill. The Department of Labor has consistently worked with states to

[32] More information about NASWA is available at http://www.naswa.org/about/index.cfm?action=home.

[33] National Association of State Workforce Agencies, *NASWA Letter to Senate Majority and Minority Leaders on Emergency Unemployment Compensation Extension Act of 2014*, March 19, 2013, http://www.naswa.org/assets/utilities/serve.cfm?gid=56E2EB2D-5A38-4EF1-9835-9C3CCEA39B53.

[34] Ibid., p. 1.

[35] Letter from Thomas Perez, U.S. Department of Labor Secretary, to Senate Majority Leader Reid and Senate Minority Leader McConnell, March 21, 2014, http://www.scribd.com/doc/213774550/PerezLetter.

> implement these extensions in an effective, collaborative and prompt fashion, and will do so again.[36]

For instance, to address NASWA's specific concern regarding the lack clarity in the legislation prohibiting the use federal funds to administer EUC08 claims, Secretary Perez suggested a "technical amendment without changing the substance of the agreement that is the foundation of the bill." S. 2149, S. 2532, H.R. 3979, H.R. 4415, H.R. 4550, and H.R. 4970 incorporate this type of technical correction.

On May 7, 2014, Secretary Perez wrote a similar letter to House Speaker Boehner.[37]

[36] Ibid., p. 1.

[37] Letter from Thomas Perez, U.S. Department of Labor Secretary, to House Speaker John Boehner, May 7, 2014, http://www.dol.gov/dol/media/pdf/20140507-boehner.pdf.

Table 1. Proposals to Extend Emergency Unemployment Compensation (EUC08) and Other Federal Unemployment Insurance (UI) Provisions

Proposal	EUC08 Extension	EUC08 Tier Structure	Total EUC08 Weeks Available	Additional UI Provisions
H.R. 2821	January 2014-December 2015	Maintains tier structure that had been available through December 2013. Tier 1: 14 weeks Tier 2: 14 weeks Tier 3: 9 weeks Tier 4: 10 weeks	47 weeks	Extension of Extended (EB) provisions Extension of Railroad UI Extends funding for Reemployment Services and Reemployment and Eligibility Assessment Activities (RES/REAs) See the section "Additional UI Provisions in the American Jobs Act of 2013 (H.R. 2821)" for more UI-related provisions
H.R. 3546, S. 1747, and S. 1797[a]	January -December 2014	Maintains 2013 tier structure	47 weeks	Extension of EB provisions Extension of Railroad UI Extends funding for RES/REAs
H.R. 3773	January-December 2014	Maintains 2013 tier structure	47 weeks	None
H.R. 3813[b]	January-March 2014	Maintains 2013 tier structure	47 weeks	Nonreduction rule waiver:[c] 12/01/2013 Extension of EB provisions Extension of Railroad UI
H.R. 3885[b]	January-December 2014	Tier 1: 14 weeks	14 weeks	Nonreduction rule waiver:[c] 12/01/2013 Extension of EB provisions Extension of Railroad UI Amends Labor Secretary's authority (but no additional funds) to conduct and fund RES/REAs Would require that for any month of entitlement to any UI (e.g., UC, EB, or EUC08), an individual would be deemed to have engaged in substantial gainful activity (SGA) and so be disqualified from receiving Social Security Disability Insurance (SSDI) benefits after a certain period has elapsed
H.R. 3936	January-June 2014	Maintains 2013 tier structure	47 weeks	Nonreduction rule waiver:[c] 12/01/2013 Extension of EB provisions Extension of Railroad UI Extends funding for RES/REAs

Proposal	EUC08 Extension	EUC08 Tier Structure	Total EUC08 Weeks Available	Additional UI Provisions
S. 1845, H.R. 3824	January-March 2014	Maintains 2013 tier structure	47 weeks	Nonreduction rule waiver:[c] 12/01/2013 (S. 1845), 12/29/2013 (H.R. 3824) Extension of EB provisions Extension of Railroad UI Extends funding for RES/REAs
S.Amdt. 2631[b] (Tabled on February 4, 2014)	January-mid-November 2014	Tier 1: 6 weeks Tier 2: 6 weeks Tier 3: 9 weeks Tier 4: 10 weeks	31 weeks	Nonreduction rule waiver:[c] 12/01/2013 Extension of EB provisions Extension of Railroad UI Extends funding for RES/REAs UI payments offset SSDI payment
S.Amdt. 2714[b]	January-March 2014	Maintains 2013 tier structure	47 weeks	Nonreduction rule waiver:[c] 12/01/2013 Extension of EB provisions Extension of Railroad UI Extends funding for RES/REAs Prohibits EUC08 and EB receipt for those with adjusted gross income (AGI) of more than $1 million for federal income tax purposes in the previous year
S. 1931[b]	January-March 2014	Tier 1: 6 weeks Tier 2: 6 weeks Tier 3: 9 weeks Tier 4: 10 weeks	31 weeks	Nonreduction rule waiver:[c] 12/01/2013 Extension of EB provisions Extension of Railroad UI Extends funding for RES/REAs UI payments offset SSDI payment except if based upon employment while participating in the Ticket to Work and Self-Sufficiency Program
S. 2077	January-June 2014	Maintains 2013 tier structure	47 weeks	Nonreduction rule waiver:[c] 12/01/2013 Extension of EB provisions Extension of Railroad UI Extends funding for RES/REAs

Proposal	EUC08 Extension	EUC08 Tier Structure	Total EUC08 Weeks Available	Additional UI Provisions
S. 2097	January-May 2014	Maintains 2013 tier structure	47 weeks	Nonreduction rule waiver:[c] 12/01/2013 Extension of EB provisions Extension of Railroad UI Extends funding for RES/REAs Amends REAs to include assessment of reason for unemployment and to allow states the option to require that an EUC08 claimant participate in job training program or community service if job training is not appropriate Changes work search and suitable work requirements/disqualifications to conform with EB requirements (rather than UC requirements) Requires DOL to prepare report on consolidation of duplicative federal job training programs and activities (within 3 months of enactment) Prohibits EUC08 and EB receipt for those with AGI of more than $1 million for federal income tax purposes in the previous year UI payments offset SSDI payment except if based upon employment while participating in the Ticket to Work and Self-Sufficiency Program or Trial Work Period
S. 2148, S. 2149,[d] H.R. 3979[b, d], H.R. 4415[b, d], H.R. 4550[b, d]	January-May 2014	Maintains 2013 tier structure	47 weeks	Nonreduction rule waiver:[c] 12/01/2013 Extension of EB provisions Extension of Railroad UI Extends funding for RES/REAs Amends REAs to require that assessments and employment services be available when an individual enters tier I of EUC08 and, if applicable, again when the individual enters tier III of EUC08 Requires the Government Accountability Office (GAO) to study suitable work requirements and provide congressional briefing (within 3 months of enactment) Prohibits EUC08 receipt for those with AGI of more than $1 million for federal income tax purposes in the previous year

Proposal	EUC08 Extension	EUC08 Tier Structure	Total EUC08 Weeks Available	Additional UI Provisions
H.R. 4970[b, d], S. 2532[b, d]	Date of enactment until 5-months after enactment (no retroactive benefits)	Maintains 2013 tier structure	47 weeks	Nonreduction rule waiver:[c] 6/30/2014 Extension of EB provisions Extension of Railroad UI Extends funding for RES/REAs Amends REAs to require that assessments and employment services be available when an individual enters tier I of EUC08 and, if applicable, again when the individual enters tier III of EUC08 Requires the Government Accountability Office (GAO) to study suitable work requirements and provide congressional briefing (within 3 months of enactment) Prohibits EUC08 receipt for those with AGI of more than $1 million for federal income tax purposes in the previous year.

Source: Congressional Research Service.

a. S. 1797 would allow states whose federal-state EUC08 agreement was terminated in 2013 (only North Carolina had its agreement terminated) under the nonreduction rule to sign a new agreement.

b. In addition to the items listed here, the proposal contains other measures not described in this table.

c. Nonreduction rule waiver: the proposal would allow any state that had legislatively lowered its weekly UC benefit calculation before date listed, to not be in violation of the "nonreduction" rule required by the federal-state EUC08 agreements. P.L. 110-252, as amended by P.L. 111-205, prohibits states from enacting legislation that would reduce UC benefit amounts through changes to benefit calculation through December 2013. For details, see the section "Impact of Federal "Nonreduction" Rule on State UC Laws."

d. The "millionaires" proposals (except for S. 2148) include a technical correction that clarifiy that no federal funds may be used to administer this proposal; however, federal funds may be used elsewhere in the administration of EUC08.

Additional UI Provisions in the American Jobs Act of 2013 (H.R. 2821)

In addition to the two-year extension of federal UI provisions discussed in the previous section, Title III ("Assistance for the Unemployed and Pathways Back to Work") of H.R. 2821 includes several provisions relating to unemployment insurance.

Reemployment NOW Program and Funding Opportunities

H.R. 2821 would establish a "Reemployment NOW" program with $4 billion in federal appropriations. The $4 billion in funds would be allotted to the states based on a two-part formula: (1) two-thirds would be distributed to the states based upon the state share of the U.S. total number of unemployed persons and (2) one-third would be distributed to the states based on the state share of the long-term unemployed (measured as unemployment spells of at least 27 weeks). Up to 1% of the funds would be available for program administration and evaluation. To receive a Reemployment NOW allotment, a state would have to submit a plan to DOL describing the activities it would perform to reemploy eligible individuals, among other requirements (such as performance measures).

Reemployment NOW funds would be available for several allowable programs uses:[38]

- The "Bridge to Work" program, which would allow individuals to continue to receive EUC08 benefits as wages for work performed in a short-term work experience placement.
- Wage insurance, which would authorize states to provide an income supplement to EUC08 claimants who secure reemployment at a lower wage than their separated employment.
- Enhanced reemployment services, which would allow states to use funds to provide EUC08 claimants and individuals who have exhausted all entitlements to EUC08 benefits with reemployment services that are more intensive than any reemployment services provided by the states previously (for instance, one-on-one assessments, counseling, or case management).
- Start-up of Self-Employment Assistance (SEA) state programs, which would authorize states to use funds for any administrative costs associated with the start-up of SEA agreements.
- Additional innovative programs, which would allow states to use funds for programs other than the programs described above. These programs would be required to facilitate the reemployment of EUC08 claimants, among other requirements.

[38] For additional details on these Reemployment NOW allowable programs uses, see the summary of UI provisions in the President's American Jobs Act of 2011/S. 1549/H.R. 12/S. 1660 in the 112th Congress, which is available in CRS Report R41662, *Unemployment Insurance: Legislative Issues in the 112th Congress*, by Julie M. Whittaker and Katelin P. Isaacs, and CRS Report R42033, *American Jobs Act: Provisions for Hiring Targeted Groups, Preventing Layoffs, and for Unemployed and Low-Income Workers*, coordinated by Karen Spar. These proposals in the 112th Congress contain UI provisions similar to H.R. 2821.

Short-Time Compensation Programs ("Worksharing")

H.R. 2821 would provide temporary 100% federal financing for up three years and six months after enactment for short-time compensation (STC) benefits in states with existing STC programs. States without existing STC programs would be allowed to enter into an agreement with DOL for up to two years and three months after enactment and receive federal reimbursement for administrative expenses, as well as temporary federal financing of 50% of STC payments to individuals, with employers paying the other 50% of STC costs. If a state enters into an agreement with the Secretary of Labor and then subsequently enacts a law providing for STC, that state would then be eligible to receive 100% federal financing.

H.R. 2821 would also award grants of up to $700 million total to eligible states, with one-third of each state's grant available for implementation and improved administration purposes and two-thirds of each state's grant available for program promotion and enrollment of employers. This proposal would also provide $1.5 million for DOL to submit a report to Congress and the President, within four years of enactment, on the implementation of this provision.

These provisions are similar to the STC provisions[39] enacted in P.L. 112-96.

Long-Term Unemployed Work Opportunity Credits

H.R. 2821 would add a targeted group for purposes of the Work Opportunity Tax Credit (WOTC) for individuals who have been unemployed for six months or more during the one-year period prior to being hired. For those long-term unemployed who are hired and remain on a firm's payroll at least 400 hours, an employer would be able to claim a non-refundable income tax credit of 40% of the first $10,000 in wages paid during the worker's first year of employment. For eligible hires who remain employed for 120 hours to 399 hours, the credit rate would be 25%. Under certain circumstances, tax-exempt employers may claim the credit for hiring long-term unemployed individuals.

Exempting UI Benefits from the Sequester

H.R. 2177, the Unemployment Restoration Act, would make both EB and EUC08 exempt from sequestration. This exemption would be retroactive and would continue through FY2021. Any reduction of UI payments that occurred because of the sequester order would be paid back retroactively.

Integrity Proposals

H.R. 3205, the Promoting Adoption and Legal Guardianship for Children in Foster Care Act; S. 1870, the Supporting At-Risk Children Act; and S. 1876 also include proposals similar to the UI integrity provision enacted via P.L. 113-67. The proposals in H.R. 3205, S. 1870, and S. 1876 would also require states (after two years since the state unemployment benefit overpayment

[39] For details of the STC temporary provisions, see discussion of P.L. 112-96 in CRS Report R40689, *Compensated Work Sharing Arrangements (Short-Time Compensation) as an Alternative to Layoffs*, by Julie M. Whittaker.

occurred) to recover any remaining state overpayments through reduced federal income tax refunds.

H.R. 2826, the Permanently Ending Receipt by Prisoners Act, would require states to use the Prisoner Update Processing System (PUPS) data compiled by the Social Security Administration.[40] States would use PUPS data to confirm that an individual is not confined in a jail, prison, or other penal institution or correctional facility. Any individual who is incarcerated would not be eligible for regular UC benefits because the individual would not be available for work.

H.R. 3447, the Furloughed Federal Employee Double Dip Elimination Act, would clarify that if a federal employee were to receive back pay for a period during which he or she had been furloughed due to a lapse in federal appropriations, the federal employee would have to repay any unemployment compensation for that period.

Short-Time Compensation

The Layoff Prevention Extension Act of 2014 (H.R. 5583 and S. 2906) would extend several of the STC provisions[41] in the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96). The 100% federal cost sharing provisions of approved STC programs would be extended for an additional year until August 2016. Similarly the STC grants for implementation or improved administration of an STC program or to promote and enroll employers in an STC program if state STC law conforms to the federal STC definition would be available for an additional year until December 2015.

Concurrent Receipt of SSDI and UI Benefits[42]

H.R. 1502, the Social Security Disability Insurance and Unemployment Benefits Double Dip Elimination Act, would require that for any month that an individual is entitled to UC, EB, EUC08 or Trade Adjustment Assistance (TAA), he or she shall be deemed to have engaged in substantial gainful activity (SGA) and so be disqualified from receiving Social Security Disability Insurance (SSDI) benefits after a certain period has elapsed. H.R. 3885, the GROWTH Act, has a similar provision among its many proposals.

S. 1099, the Reducing Overlapping Payments Act, would require that for any month that an individual receives UC, no SSDI benefits would be paid.

S.Amdt. 2631, among its many provisions, would require that any UI benefit paid to an individual during a month offset any SSDI payment for that month.

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[40] PUPS data contain the individual's name, Social Security number, date of birth, sex, date of conviction, date of confinement, release date, inmate status code, and such other information as may be supplied or acquired during the benefit suspension or reinstatement process.

[41] For details of the STC temporary provisions, see discussion of P.L. 112-96 in CRS Report R40689, *Compensated Work Sharing Arrangements (Short-Time Compensation) as an Alternative to Layoffs*, by Julie M. Whittaker.

[42] For an overview of concurrent receipt of SSDI and UI benefits, see CRS Report R43471, *Concurrent Receipt of Social Security Disability Insurance (SSDI) and Unemployment Insurance (UI): Background and Legislative Proposals in the 113th Congress*, by William R. Morton.

Among many other provisions, S. 1931, the Responsible Unemployment Compensation Extension Act of 2014, and S. 2097, the Responsible Unemployment Compensation Extension Act of 2014, would both require UI payments to offset SSDI payments except if based upon employment while participating in the Ticket to Work and Self-Sufficiency Program.[43]

Income Restrictions ("Millionaires")

Four proposals in the 113th Congress would prohibit any individual reporting more than $1 million in adjusted gross income (AGI) in the preceding year from receiving federal unemployment compensation, including EB and EUC08 payments:[44]

- S. 18 (Section 401),
- H.R. 2448,
- S.Amdt. 2714 (Section 7), and
- S. 2097 (Section 9).

Several additional proposals contain provisions that would prohibit any individual reporting more than $1 million in AGI in the preceding year from receiving any EUC08 payments:[45]

- S. 2148 (Section 7),
- S. 2149 (Section 7),
- S. 2532 (Section 7),
- H.R. 3979 (Section 7),
- H.R. 4415(Section 7),
- H.R. 4550 (Section106), and
- H.R. 4970 (Section 7).

Vouchers/Demonstration Projects

H.R. 51, the Hire Just One Act of 2013, and Section 201 of H.R. 4550 would create an employment assistance voucher program and would allow states to use UC funds to pay for the vouchers. Instead of paying UC directly to the unemployed worker, if an eligible individual is issued an employment assistance voucher and is hired by a participating employer, the employer would receive a subsidy from the state for the wages paid to the employee. The individual must

[43] See CRS Report R41934, *Ticket to Work and Self-Sufficiency Program: Overview and Current Issues*, by William R. Morton.

[44] See CRS Report R42643, *Receipt of Unemployment Insurance by Higher-Income Unemployed Workers ("Millionaires")*, by Katelin P. Isaacs and Julie M. Whittaker, for implications of imposing income limitations on UC benefit receipt.

[45] In S. 2149 and H.R. 3979, the legislative text of the "millionaires" proposal provides a technical correction to S. 2148. S. 2149 and H.R. 3979 both clarify that the prohibition on use of federal funds only applies in the administration of the specific "millionaires" proposal (rather than administration of EUC08 as a whole).

have been unemployed for at least six months and would otherwise be eligible for UC, EB, or EUC08 and must have been profiled as likely to exhaust UC benefits.

H.R. 3864, the Flexibility to Promote Reemployment Act, and S. 2870, the On the Job Training Act, would make a number of changes to the state UC demonstration projects created by the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96).[46] For instance, the bills would expand the existing authority for state UC demonstration projects by authorizing 10 states per year to conduct approved demonstration projects (the current authority is only for 10 states total) and extending the time period that state demonstration projects may be approved by DOL by two years until December 31, 2017. They would also revise state UC demonstration project requirements, including removing a requirement that any direct disbursements paid to employers for hiring UC claimants not exceed an individual's UC weekly benefit amount and requiring that DOL approve state applications for UC demonstration projects based on the order of receipt. Additionally, the bills would transfer the responsibility for state UC demonstration project impact evaluation from states, as under current law, to DOL and require a specific procedure for termination of state UC demonstration project by DOL.

Job Training and Education

H.R. 1530, the Opportunity KNOCKs Act, would require that states allow UC beneficiaries to participate in a Workforce Investment Act (WIA) authorized job training program and remain eligible for benefits. If the UC beneficiary has been profiled to exhaust regular benefits the individual may be enrolled in any coursework necessary to attain a recognized postsecondary credential.

S. 2097 would require EUC08 claimants undergo an assessment for the cause of continued unemployment and allow states the option to require EUC08 claimants participate in job training programs or community services if job training is not appropriate.

S. 2148, S. 2149, and H.R. 3979 would change the timing of REAs for EUC08 claimants so that REAs and employment services would be available, at the minimum, when an individual enters tier I of EUC08 as well as again when the individual enters tier III of EUC08, if applicable.

Drug Testing[47]

H.R. 1172 would create a new federal requirement that individuals be deemed ineligible for UC benefits based on previous employment from which they were separated due to an employment-related drug or alcohol offense. The bill would deny benefits to anyone who (1) is discharged from employment for alcohol/drug use; (2) is in possession of controlled substance at place of employment; (3) refuses drug testing by employer; or (4) tests positive on employer drug test for illegal or controlled substances. This proposal would require states to amend their state UC laws.

[46] For more details on these state UC demonstration projects, as currently authorized under 42 U.S.C. §505, see CRS Report R41662, *Unemployment Insurance: Legislative Issues in the 112th Congress*, by Julie M. Whittaker and Katelin P. Isaacs.

[47] See CRS Report R42326, *Constitutional Analysis of Suspicionless Drug Testing Requirements for the Receipt of Governmental Benefits*, by David H. Carpenter, for information on what types of drug testing may have constitutionally imposed restrictions.

H.R. 1277, the Accountability in Unemployment Act of 2013, would create a new federal requirement for states to drug test all UC claimants as a condition of benefit eligibility. If an individual tests positive for certain controlled substances (in the absence of a valid prescription or as otherwise authorized under a state's laws), he or she would be required to retake a drug test after a 30-day period and test negative in order to be eligible for UC benefits.

H.R. 3454, the Ensuring Quality in the Unemployment Insurance Program act, would require states to assess each UC applicant for substance abuse for each benefit year. The screening instrument would be approved by the Director of the National Institutes of Health and designed to determine whether an individual has a high risk of substance abuse. If the applicant is determined to be "high risk," the applicant would have to test negative for controlled substances within one week after the results of such assessment.

H.R. 4310, the Ready to Work Act, would provide DOL with a deadline of one year after enactment to issue a final rule with regard to the drug testing provisions in the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96). The drug testing provisions in P.L. 112-96 permit states to drug test UI claimants if (1) the claimant was discharged from employment for illegal use of drugs or (2) the claimant is only available for suitable work in an occupation that regularly conducts drug testing. States may deny UI benefits to claimants whose drug tests yield a positive result. The regulation deadline proposed in this bill refers to the identification of occupations in which drug testing is regularly conducted.

Aid for Hurricane Sandy States

S. 803, Superstorm Sandy Unemployment Relief Act of 2013, would have allowed 13 additional weeks of Disaster Unemployment Assistance (DUA) for unemployment as a result of the disaster declaration made for Hurricane Sandy after October 20, 2012, to make such assistance available for 39 weeks after the date of the declaration (currently limited to 26 weeks). In addition, the bill would have reimbursed states 100% of the amount UC paid under state law to affected individuals in each affected state or any area within it. Payments would have been available until July 28, 2013.

Rehiring UI Beneficiaries and Exhaustees

Several proposals have attempted to target the rehiring of workers who have exhausted unemployment benefits. In addition to the measures described above in the "Additional UI Provisions in the American Jobs Act of 2013 (H.R. 2821)" section, H.R. 188, H.R. 1617, and H.R. 2889 give priority to those workers who have exhausted regular UC benefits.

H.R. 3453 would extend the priority treatment tax treatment in P.L. 112-56 (Work Opportunity Tax Credits, WOTC, now expired) for employers who hire veterans who have exhausted unemployment benefits or are otherwise long-term unemployed for an additional two years, until March 31, 2016.

H.R. 3726, the Long-Term Unemployed Hiring Incentive Act, would similarly extend priority to all workers who had exhausted regular unemployment benefits for three additional years, until December 31, 2016.

H.R. 3781, the American Unemployed Worker Investment Act of 2013, would similarly extend priority to any worker who is receiving any state or federal unemployment benefit at the time of hire for the two years following enactment of the bill.

H.R. 4033, the American Worker Mobility Act of 2014, would provide a UC exhaustee with up to $10,000 in relocation expenses to begin a new job or to move to an area where the unemployment rate is at least two percentage points lower than the worker's current location.

Domestic Violence

H.R. 1229, the Security and Financial Empowerment Act, would require states to consider an individual who quit a job as a result of domestic or sexual violence to be eligible for UC benefits.

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