

The Emergency Unemployment Compensation Extension Act

Extended Unemployment Benefits

➤ *Assisting the Unemployed as They Look for Work* –

The bill would continue the current federal unemployment programs for jobless workers through 2012 (extending the Emergency Unemployment Compensation Program and improvements to the Extended Benefits Program). Without this extension of the federal unemployment programs, Americans who have lost their jobs through no fault of their own will begin losing their unemployment benefits in January. By mid-February, 2.1 million will have their benefits cut off, and by the end of 2012 over 6.1 million will lose their unemployment benefits.

Costs of extending unemployment benefits about \$45.25 billion.

Unemployment Insurance Solvency

➤ *Temporary Interest Relief for Insolvent States* –

The measure would temporarily provide interest relief to the states with outstanding loans to the Federal Unemployment Trust Funds on the condition that they maintain their recent level of assistance to the unemployed.

➤ *Temporary Tax Relief for Employers in Insolvent States*

This bill would prevent automatic higher federal unemployment taxes for one year for employers in states with outstanding loans to the Federal Unemployment Trust Funds on the condition that they maintain their recent level of assistance to the unemployed.

➤ *Interest Rate Boost for Solvent States*

States with solvent UI programs would receive a solvency bonus through a higher interest rate on their trust fund reserves.

Total cost of all solvency provisions about \$7 billion.

Section Summaries

Section 101 – One-Year Extension of Federal Unemployment Programs. The legislation would continue the Emergency Unemployment Compensation (EUC) program and 100% Federal funding for the Extended Benefits (EB) program through 2012.

Section 102 – Continued Benefits in States with Prolonged Unemployment. The bill would allow States with high unemployment to provide benefits under the EB program even if their unemployment rate is not higher than in the recent past. States would be permitted by “statute, regulation, or other issuance having the force and effect of law” to suspend the current look-back requirement under the EB program.

Section 103 – Extended Benefits for Railroad Workers. The measure would continue the authority to provide extended unemployment benefits to workers covered under the Railroad Unemployment Insurance Act.

Section 201 – Interest Relief for Insolvent States. The legislation would eliminate the requirement that States pay interest on outstanding Federal unemployment loans for FY 2012 (due 9/30/12) if a State enters into an agreement (under section 203) to maintain the amount, duration and access to regular, State-funded unemployment benefits.

Section 202 – Tax Relief for Employers in Insolvent States. The bill would eliminate automatic tax increases under the Federal Unemployment Tax Act (FUTA) that are due in January 2012 (for tax year 2011) from employers in States with outstanding UI loans to the Federal government. This tax relief would be conditioned on a State entering into an agreement under section 203.

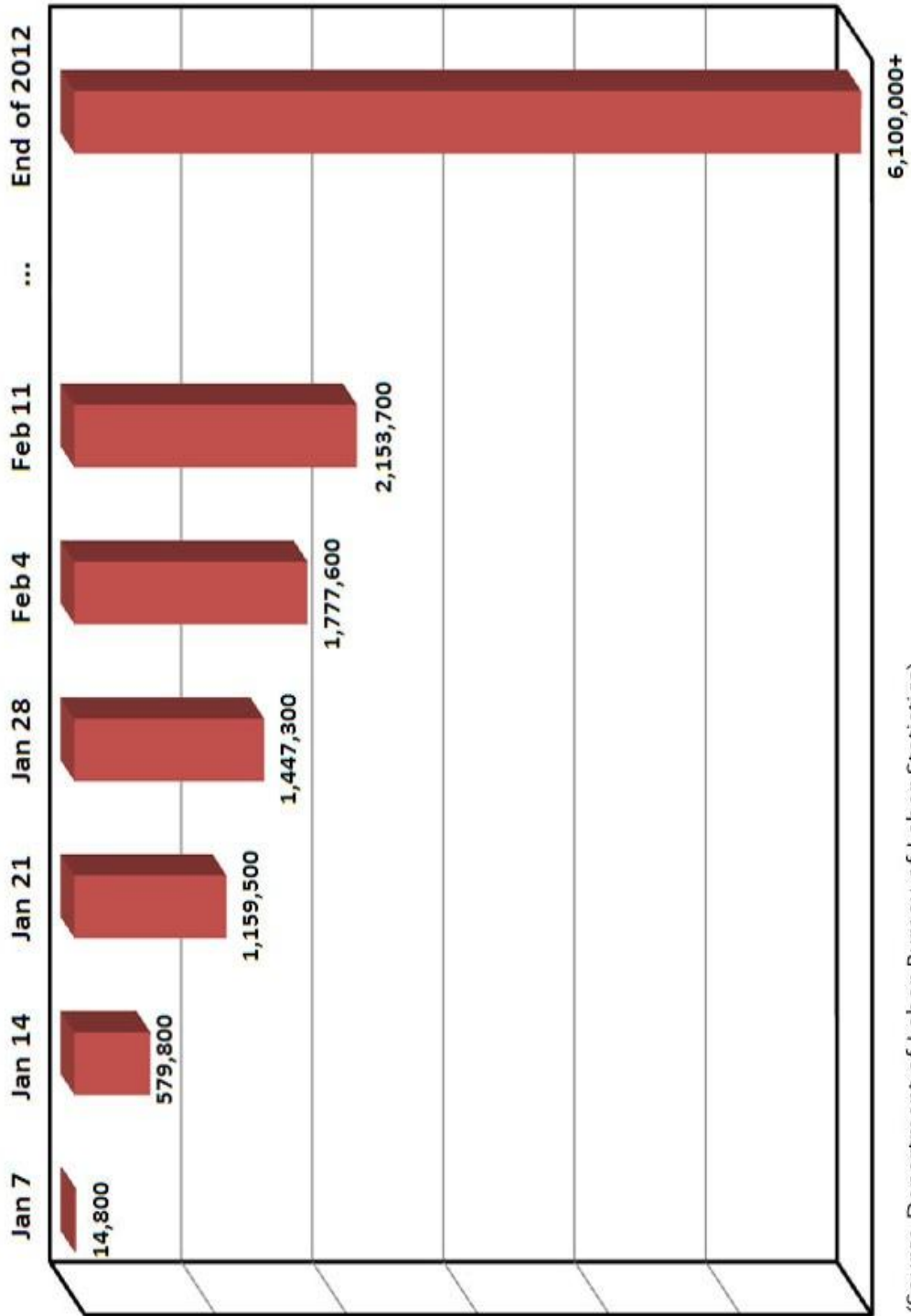
Section 203 – State Agreements for Assistance. The legislation would require States to enter into agreements to be eligible for assistance under sections 201 and 202. During the period of such an agreement, a State may not alter the method of determining eligibility for, or calculating the amount or duration of, regular unemployment benefits.

Section 204 – Solvency Bonus. The bill would provide any State *without* an outstanding Federal loan an additional 2 percentage points on the interest paid on their unemployment trust fund balances in 2012.

By End of 2012 Over 6.1 Million Americans Will Stop Receiving

Federal Unemployment Insurance

Over 2.1 million will lose benefits in the first six weeks of 2012



(Source Department of Labor Bureau of Labor Statistics)