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## **OLR Bill Analysis**

### **sSB 936**

#### ***AN ACT EXTENDING THE LOOK-BACK PERIOD TO DETERMINE ELIGIBILITY FOR UNEMPLOYMENT COMPENSATION EXTENDED BENEFITS.***

#### **SUMMARY:**

This bill broadens the circumstances under which an unemployed person can access unemployment extended benefits. It does this by lengthening the “look back period,” from two years to three years, that is used to determine the benefit’s availability. Doing so will allow unemployment compensation claimants to continue to receive extended benefits that are fully funded by the federal government past week 78 of their unemployment. The extended look back period will remain in effect until December 31, 2011 or as long as the federal government continues to allow the extension and provide 100% funding for it, whichever is longer.

Under current law, extended benefits are available when the state’s unemployment rate is (1) above 6.5%, as determined by the U.S. Secretary of Labor, and (2) at least 10% higher than it was at the same time during at least one of the past two calendar years (a two-year “look back”). The benefits are not available unless both conditions are met. Presently, if unemployment remains around 9% in the coming months the benefit’s availability will end sometime in the summer because unemployment will not be 10% higher than it was at the same point in either of the last two years. Extending the look back to three years, when unemployment rates were lower, will make it possible for the benefits to remain available for a longer period of time.

However, the bill does not correspondingly incorporate the three-year look back into the current law’s provisions for determining when the benefit is no longer available. Thus, the benefit could simultaneously be available, using the bill’s three-year look back, and

not available, using current law's two-year look back.

The bill does not otherwise change the eligibility requirements or benefit amounts for individuals applying for extended benefits.

EFFECTIVE DATE: Upon passage

## **BACKGROUND**

The federal Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act passed in December 2010 allows states to extend their look-back periods from two to three years in order to continue qualifying for unemployment extended benefits. The act also provides 100% federal funding for the extended benefits through 2011.

In general, unemployment benefits come in three components:

1. the first 26 weeks, which are funded by employers' unemployment tax contributions to the state's unemployment trust fund;
2. weeks 27-78 of Emergency Unemployment Compensation (EUC), which are entirely funded by the federal government; and
3. weeks 79-92 (or 79-99 if unemployment is above 8%) of Extended Benefits (EB), which have been funded entirely by the federal government since passage of the American Recovery and Reinvestment Act (stimulus) of 2009. Prior to the stimulus act the federal government and states split the cost of extended benefits.

## **COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 11 Nay 0 (03/01/2011)