

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 11-87—sSB 936

*Labor and Public Employees Committee
Appropriations Committee*

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

SUMMARY: This act increases the availability of unemployment extended benefits (for weeks 79-99 of unemployment) by lengthening, from two to three years, the “look-back period” that is used to determine when extended benefits are available.

Using a two-year look back, access to extended benefits was projected to end sometime this fall. However, using a three-year look-back period will make benefits available through at least the end of 2011. The federal government fully funds these benefits for former private sector employees. Under the act, 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. The act does not otherwise change the eligibility requirements or benefit amounts for individuals applying for extended benefits.

EFFECTIVE DATE: Upon passage

UNEMPLOYMENT EXTENDED BENEFITS

The law provides two methods for determining if extended benefits are available. The first uses the state’s total unemployment rate (TUR), which counts both the unemployed who are eligible to receive benefits and those who are ineligible. The second uses the state’s insured unemployment rate (IUR), which counts only the unemployed who are eligible for benefits. Access to extended benefits ends when none of the criteria for determining its availability can be met.

TUR

Under the TUR method, extended benefits are available when the state’s total unemployment rate is at least 6.5%, as determined by the U.S. secretary of labor, and at least 10% higher than it was at the same time in either of the past two calendar years (a two-year look back). Using a two-year look-back, if the state’s TUR remains around 9% in the coming months the benefits’ availability will end sometime in the fall because unemployment will not be 10% higher than it was at the same point in either of the last two years. Extending the TUR look-back to three years, when unemployment rates were lower, allows the benefits to remain available for a longer period of time.

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IUR

Under the IUR method, extended benefits are available when the state's insured unemployment rate is (a) at least 5% and at least 20% higher than it was at the same time in each of the last two calendar years, or (b) at least 6%. The act also extends the IUR look-back to three years but this will not increase extended benefit availability because this method requires unemployment to be 20% higher in each of the previous years. If unemployment is not 20% higher in each of the past two years, then it will not be 20% higher in each of the past three years.

BACKGROUND

In general, unemployment benefits are grouped in three components:

1. the first 26 weeks, which for private sector employees are funded by employers' unemployment tax contributions to the state's unemployment trust fund, and for state, municipal, or tribal employees are 100% funded on a "pay-as-you-go" basis by the employee's respective state, municipal, or tribal employer;
2. weeks 27-78 of Emergency Unemployment Compensation (EUC), which are entirely funded by the federal government for all unemployed workers; and
3. weeks 79-92 (or 79-99 if unemployment is above 8%) of Extended Benefits (EB), which the federal government has entirely funded for private sector employees since passage of the 2009 American Recovery and Reinvestment Act (stimulus). Prior to the stimulus act, the federal government and states split the cost of extended benefits. State, municipal, and tribal employers fund 100% of EB for their former employees on a pay-as-you-go basis.

The 2010 federal Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act allows states to extend their look-back periods from two to three years to continue qualifying for unemployment extended benefits. The act also continues 100% federal funding for the extended benefits provided to former private sector employees through 2011. However, it does not provide funding for state, municipal, and tribal employers, who must continue to pay 100% of EB costs.

OLR Tracking: LH:JKL:PF:ts