

SERVICE BULLETIN



Emergency Unemployment Compensation Benefits Ready for President's Signature

TO: All Clients
FROM: Page Hudson
RE: Emergency Unemployment Compensation Benefits
DATE: June 27, 2008

Both houses of Congress have agreed to provisions that will grant additional unemployment benefits to individuals who have exhausted their regular benefits. The President is expected to sign HR 2642, containing these provisions, next week.

Attached (scroll down) is a brief summary of the main features of the legislation, as provided by Doug Holmes of UWC-Strategic Services on Unemployment and Workers' Compensation.

Please note that the proposed emergency benefits will not be charged to employers' regular unemployment tax accounts and will not directly affect your tax rates. However, the emergency benefits can be a disincentive to search for work. An individual who is close to exhausting his/her regular unemployment benefits will be rewarded with emergency benefits by not searching for a job. In this way, the emergency benefits are expected to increase regular benefit payouts, which will in fact affect tax rates. Nevertheless, Congress has determined that on balance the legislation is desirable.

If there are any questions please contact us.



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From: Doug Holmes [mailto:holmesd@uwcstrategy.org]

Sent: Friday, June 27, 2008 7:38 AM

To: Doug Holmes

Subject: Federal UI Extended Benefits Enacted

The US Senate last night concurred in the final round of amendments from the House and enacted the domestic spending provisions of the War supplemental appropriations bill, HR 2642. The bill is expected to be signed by President Bush next week. The primary UI related features of the enactment include:

- 1) **emergency unemployment compensation benefits available to individuals who have exhausted regular unemployment compensation under state law in all states for up to 13 times the individual's average weekly benefit amount for the benefit year or 50 percent of the total amount of regular compensation payable to the individual during the individual's benefit year, whichever is less.** (Note: this means that if individuals qualify for fewer weeks of regular state benefits they will only be eligible for 50 percent of that amount e.g. an individual qualifying for 20 weeks of state benefits would only receive 50 percent of that amount in the new federal extension;
- 2) **a reach back provision that will make individuals who exhausted regular state unemployment compensation benefits on or after May 1, 2007 and on or before March 31, 2009 eligible for the federal emergency benefits;**
- 3) **to be eligible, individuals must have exhausted all rights to regular state compensation and have had 20 weeks of full time insured employment or the equivalent in insured wages;**
- 4) **no payments of federal emergency benefits would be made for any week beginning after June 30, 2009.**

The bill as enacted represented a compromise from earlier proposals by congressional democrats for up to 13 weeks of benefits in all states **and** an additional up to 13 weeks in high unemployment states without the "20 weeks of work" requirement.

The overall cost of the UI extension provisions, with future offsets, is projected by the Congressional Budget Office (CBO) to increase net federal outlays by \$8.2 billion over 10 years. However, it should be noted that the additional outlays from the federal extended unemployment compensation account for 2008 and 2009 are projected to be \$12.5 billion.

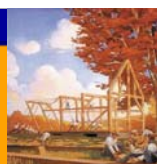
Please note also, that the \$110 million in additional appropriations for UI workload continues to be included in the bill. If you have any questions about the specifics of the legislation as enacted please do not hesitate to contact me.

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President
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