Highlights of Unemployment Insurance (UI) Conference Agreements on H.R. 3630

Program Reforms: Allows Drug Testing and Pro-Employment "Waivers" for the First Time in UI Program History

Drug Testing

- Overturns a 1960s-era Department of Labor ban on States' screening and testing UI applicants for illegal drugs.
- Permits all States to screen (and, if individuals are screened as likely to be using illegal drugs, test) any UI applicants who either (1) lost their job because of drug use, or (2) are seeking a job that generally requires a drug test. (According to a 2006 survey by the Society for Human Resource Management, 84 percent of employers required new hires to pass drug screenings.)

Waivers and State Flexibility

- Creates new cost-neutral "waiver" authority, permitting States unprecedented flexibility in how they can use UI benefit funds for promoting the type of pro-work reforms in UI that led to successful welfare reforms in the 1990s.
- Allows up to 10 States to use UI funds to test Georgia Works-type programs, in which unemployed individuals are placed in training positions or real jobs, with the unemployment benefits used to support them and their wages.
- Allows States that have enacted or are considering UI benefit reductions to continue to receive future Federal extended benefit funds, overcoming the current "nonreduction rule" that has forced States to raise taxes to improve solvency.

Job Search

- For the first time, creates national job search requirements for everyone collecting State and Federal UI benefits, from the first through the last week of benefits.

Reemployment Assessments for the Long-Term Unemployed and Other Assistance

- Requires reemployment eligibility assessments (REAs) for every long-term unemployed person who begins collecting Federal UI benefits, to determine what services and activities they need to return to work. Provides States almost $1 billion in new, time-limited funds to assist the long-term unemployed, partially unemployed and self-employed.

Overpayment Recovery and Program Integrity

- Requires States to reduce current State and Federal UI benefit checks to recover prior overpayments of State and Federal UI benefits, in order to more quickly and effectively recover the current $12 billion in annual UI overpayments. States must use rules for recovering Federal overpayment dollars that are just as aggressive as States use to recover their own overpayments.
- Requires data exchange standards, designed to improve the accuracy and administration of UI benefits.

Weeks of Benefits: Cuts 30 Weeks of Total Benefits in the Average State – from 93 Weeks Today to 63 Weeks in September 2012

- Reduces by 30 weeks the maximum number of weeks of all UI benefits payable in States with average unemployment rates through the steps below. As a result, for a State with today's average unemployment rate of 8.3%, maximum weeks would fall from 93 weeks today to 63 weeks in September 2012 and later. In September and later, only individuals in States with an unemployment rate above 9% would be eligible to receive more than 63 weeks of all benefits, and in those States the maximum number of weeks would fall from 99 today to 73.

    - Effectively eliminates up to 20 weeks of Federal benefits currently payable (under the Extended Benefits or EB program) by maintaining the current “3-year lookback” as even the President has proposed.
    - Further reduces Federal UI benefits by six weeks in September 2012 by shrinking the Emergency Unemployment Compensation (EUC) program from its current 53-week maximum to a new maximum of 47 weeks.
    - Also reduces the number of States in which greater amounts of Federal benefits are payable by raising the unemployment rate thresholds for the EUC program in the summer and fall of 2012.
- Extends Federal unemployment programs at these reduced levels through December 2012, with a hard cutoff on December 31, 2012 (meaning there would be no “phaseout” and no further benefits payable after December 2012).

Cost: $30 Billion –Fully Paid for by Other Savings in the Legislation

- Firmly establishes that Federal unemployment benefit extensions must be paid for through spending cuts.
- In contrast, in prior extension laws covering 2008 through 2011 Democrats added nearly $200 billion to our nation’s debt by extending an unprecedented level of unemployment benefits.
- The agreement offsets all unemployment program spending through:
    - Spectrum Auctions, which spur innovation, investment and job creation in the high-tech field.
    - Requiring new civilian federal employees and Members of Congress to contribute more towards their defined benefit pension programs.

Maximum Weeks of UI Benefits under
Current Law, President's Proposal, and Conference Agreement on
H.R. 3630 in September through December 2012

Unemployment Rate (States)	**Current Law**	**Conference Agreement (September 2012)**	**Conference Agreement vs. Current Law**
Under 6% *(7 States currently: ND, NE, SD, NH, VT, IA, WY)*	60	40	-20 weeks
6.0-6.4% *(4 States currently: MN, OK, VI, VA)*	73	54	-19 weeks
6.5-6.9% *(6 States currently: KS, UT, HI, NM, LA, MD)*	86	54	-32 weeks
7.0-7.9% *(7 States currently: MA, ME, MT, AK, WI, DE, PA)*	86	63	-23 weeks
8.0-8.4% (U.S. AVERAGE) *(7 States currently: AR, CO, NY, WV, TX, MO, CT)*	**93**	**63**	**-30 weeks**
8.5-8.9% *(5 States currently: OH, ID, AL, AZ, WA)*	99	63	-36 weeks
9% and above *(17 States currently: IN, NJ, TN, OR, KY, GA, IL, MI, SC, FL, NC, MS, RI, DC, CA, NV, PR)*	99	73	-26 weeks

Note: There are 53 "States" in the UI system, counting DC, PR and USVI.