

UNEMPLOYMENT INSURANCE

*Helping those Struggling in the Obama Economy & Protecting Taxpayers
By Reforming and Reducing the Overexpansion of Unemployment Insurance*

OVERVIEW

The Middle Class Tax Relief & Job Creation Act bill permanently reforms unemployment insurance (UI) and reduces the current maximum weeks of benefits from 99 to 59 weeks by ending expansions signed into law by President Obama. Unlike previous extensions of UI in recent years, which added \$180 billion to the federal debt, this bill is fully paid for with spending cuts and costs \$10 billion less than President Obama's plan.

REFORM UI

The legislation includes permanent reforms, most previously approved by the Committee on Ways and Means that:

- Require all State and Federal UI recipients to (1) search for work, (2) be in GED programs if they have not finished high school (with commonsense exceptions such as for older workers), and (3) participate in reemployment services to help them get back to work.
- Give States greater flexibility through federal waivers so States may innovate and operate better reemployment programs instead of just writing UI checks. These waivers are similar to those that led to successful pro-work Republican welfare reforms in the 1990s.
- Allow States to screen and test UI applicants for drugs by overturning a 1960s-era Labor Department interpretation of Federal law.
- Implement new data standardization processes to crack down on waste, fraud, and abuse as well as require States to reduce *current* UI benefits to recover *past* UI overpayments.

REDUCE UI

The legislation reduces the maximum benefits from 99 weeks to 59 weeks by mid-2012. This level reflects more “normal” levels – up to 52 or 59 total weeks of UI have often been paid after recessions since the 1970s.

- *Step 1*: Immediately ends 20 weeks of benefits by eliminating two “tiers” of Federal Emergency Unemployment Compensation (EUC).
- *Step 2*: Phases out another 20 weeks by mid-2012 by adopting the President's own “look back” proposal that determines if a State's unemployment rate is “high and rising.” This would effectively shut down Federal Extended Benefits (EB), which were expanded in Democrats' failed stimulus program, in all but a small handful of states.

BY THE NUMBERS

- **Polling supports fewer weeks:** When asked, [46 percent](#) of those polled said they prefer limiting the number of weeks available to a range between 26 weeks and 99 weeks.
- **Record highs:** Currently about 3.5 million people collect Federal UI benefits. The peak was in mid-2009 at 6.6 million people. In 1982, the peak was 4.2 million. The 99 weeks of total UI checks available today is the most ever offered and has already lasted 42 months – the longest period in history.