More information on the permanent extended benefits (EB) program.
Below are data from (1) the 2000 *Green Book* and (2) from the CRS report "Temporary Programs to Extend Unemployment Compensation".

1. FROM THE 2000 *GREEN BOOK*, pp. 295-96

EXTENDED BENEFITS

The Federal-State Extended Benefits Program is available in every State and provides one-half of a claimant's total State benefits up to 13 weeks in States with an activated
program, for a combined maximum of 39 weeks of regular and extended benefits. Weekly benefit amounts are identical to the regular State UC benefits for each claimant, and Federal funds pay half the cost. The program activates in a State under one of two conditions: (1) if the State's 13-week average insured unemployment rate (IUR) in the most recent 13 weeks is at least 5.0 percent and at least 120 percent of the average of its 13-week IURs in the last 2 years for the same 13-week calendar period; or (2) at State option, if its current 13-week average IUR is at least 6.0 percent. All but 12 State programs have adopted the second, optional condition. The 13-week average IUR is calculated from the ratio of the average number of insured unemployed persons under the regular State programs in the last 13 weeks to the average covered employment in the first four of the last five completed calendar quarters.

In addition to the two automatic triggers, States have the option of electing an alternative trigger authorized by the Unemployment Compensation Amendments of 1992 (Public Law 102- 318). This trigger is based on a 3-month average total unemployment rate (TUR) using seasonally adjusted data. If this TUR average exceeds 6.5 percent and is at least 110 percent of the same measure in either of the prior 2 years, a State can offer 13 weeks of EB. If the average TUR exceeds 8 percent and meets the same 110-percent test, 20 weeks of EB can be offered. Analysis of historical data shows that this TUR trigger would have made EB more widely available in the past than did the IUR trigger. As of July 31, 1997, the TUR trigger had been authorized by seven States (Alaska, Connecticut, Kansas, Oregon, Rhode Island, Vermont, and Washington). As of May 2000, EB is not active in any State.

2. FROM THE CONGRESSIONAL RESEARCH SERVICE REPORT "RL31277 -- Temporary Programs to Extend Unemployment Compensation":

The **permanent EB program** was enacted in 1970. EB provides one-half of regular benefits up to a maximum of 13 weeks, and is financed half from state UC taxes and half from a federal payroll tax...

Description of the UC System

The federal/state system of unemployment compensation (UC) is designed to provide temporary and partial wage replacement to workers who have become involuntarily unemployed. UC also helps stabilize the economy by providing unemployed workers with added purchasing power, which serves as an economic stimulus when unemployment rises. UC pays weekly cash benefits on the basis of involuntary unemployment and past work. UC benefits are not based on financial need. The U.S. Department of Labor (DoL) oversees the UC system, but each state administers its own program. Federal law designates the District of Columbia, Puerto Rico, and the Virgin Islands as "states" for the purposes of the UC program; thus, there are 53 state programs.

While federal law provides the framework for the UC system, each state has significant latitude in designing its program. Each state establishes laws that levy taxes to support regular benefit payments and half of the **permanent extended benefits (EB) program**, set eligibility rules, determine weekly benefit amounts (WBAs), and limit the duration of regular benefits. Federal law establishes the requirements for the approval of state programs, authorizes grants to the states for UC administration, and establishes the Unemployment Trust Fund, a federal fund that accounts for both federal and state program revenues and spending.

The Federal Unemployment Tax Act (FUTA) levies an effective 0.8% tax on private employers on the first $7,000 of wages paid annually to each UC-covered employee. (1) The Unemployment Trust Fund (UTF) accounts for the financial transactions of the UC system. These transactions are recorded in the federal unified budget as outlays and taxes in the UTF. Within the UTF, federal FUTA receipts are credited to three federal accounts: (1) the Extended Unemployment Compensation Account (EUCA), which provides the financing authority for one-half of EB; (2) the Employment Security Administration Account (ESAA), which funds both federal and state administrative costs; and (3) the Federal Unemployment Account (FUA), which funds loans to insolvent state accounts.

States finance their programs and half of the **permanent EB program** with payroll taxes similar to the federal FUTA tax. States impose an unemployment tax on at least the first $7,000 paid annually to each covered employee. (2) Each state deposits its own UC taxes with the U.S. Treasury. There are 53 state accounts within the Unemployment Trust Fund. Each state's account accumulates legal spending authority over time, through credits for state UC tax receipts and interest income. Each state is reimbursed, from its state account, by the federal government for its benefit costs.

Regular UC benefits are designed to assist experienced workers facing short-term, temporary periods of unemployment. Currently, 51 state programs limit the maximum duration for receipt of regular UC benefits to 26 weeks. Only Massachusetts and Washington allow a longer maximum duration of 30 weeks. During periods of economic growth, the duration of regular benefits is usually sufficient, as most UC beneficiaries experience fewer weeks of unemployment than their maximum entitlements for the year. For example, in 1999 the national average duration was 14.2 weeks, compared to a national average duration of 16.5 weeks during 1993 (when the effects of the 1991 recession were reflected in the unemployment data). The national average duration for 2001 was 13.5 weeks. However, during periods of economic decline, people tend to remain unemployed longer because of the greater difficulty in finding new jobs, and a rising proportion of jobless workers exhaust UC benefits without finding new work. For example, in 1993 the national average exhaustion rate for regular UC benefits was 38.4%, compared to 31.3% in 1999. The national average exhaustion rate for 2001 was 32.6%. Thus, programs have been established to increase the number of weeks of assistance during periods of high unemployment.

Extended Benefits (EB). The **permanent EB program** was enacted with the passage of the Federal-State Extended Unemployment compensation Act of 1970 (P.L. 91-373). As originally enacted, the EB program contained both national and state-level triggers. The program was activated nationally when the national seasonally adjusted insured unemployment rate (IUR) (9) was 4.5% or higher for at least 3 consecutive months. EB could be activated in a specific state if its IUR for the preceding 13 weeks was at least 4% and this quarterly average was at least 120% of the corresponding average of the previous 2 years. The national trigger was eliminated in 1981 with passage of the Omnibus Budget Reconciliation Act of 1981 (OBRA 81). The permanent EB program provides one-half of regular benefits up to a maximum of 13 weeks, and is financed half from state UC taxes and half from FUTA taxes. The Federal-State Extended Benefits Act of 1970 also provided for additional FUTA revenue by raising the taxable wage base, for the first time in the UC system's history, from $3,000 to $4,000, and by raising the net FUTA tax rate from 0.4% to 0.5%.

The Omnibus Reconciliation Act of 1980 (OBRA 80, P.L. 96-499), established a federal job search requirement for EB claimants, established rules denying EB benefits to claimants who refused certain classes of work, and provided a federal definition of "suitable work." The Omnibus Reconciliation Act of 1981 (OBRA 81, P.L. 97-35), signed into law August 13, 1981, established more restrictive criteria for activating EB. OBRA 81 eliminated the national trigger, making EB available only in states with high IURs; raised the state trigger level to a 13-week average IUR of at least 5% and 120% of the average IUR for the corresponding weeks in the past 2 years; allowed, at state option, for EB to be activated when the state's IUR is at least 6%, regardless of the average IUR in the past 2 years; and changed the way the IUR was calculated, excluding EB claimants from the measure (thus reducing IURs). (10) OBRA 81 also established a federal minimum requirement for work history by requiring EB claimants to have worked at least 20 full weeks, or earned equivalent wages, in a recent period prior to becoming unemployed.

In 1992, P.L. 102-182 added an optional EB trigger that uses a state's total unemployment rate (TUR) to determine its eligibility to activate EB. The TUR measures the level of unemployment using survey data rather than the administrative UC claims data upon which the IUR depends. The TUR is the ratio of the number of people who have lost jobs and are seeking work to the number of people who are in the civilian work force. Currently, nine states have adopted the optional TUR trigger (Alaska, Connecticut, Kansas, New Hampshire, North Carolina, Oregon, Rhode Island, Vermont, and Washington).