



HOUSE COMMITTEE ON WAYS & MEANS

CHAIRMAN RICHARD E. NEAL

Unemployment Compensation Provisions in the Families First Coronavirus Response Act

Emergency Funding for States' Unemployment Insurance Administration

The legislation provides \$1 billion in 2020 for emergency grants to states for activities related to processing and paying of unemployment compensation (UC).

Of those resources, \$500 million will be used to provide immediate additional funding to all states for staffing, technology, systems, and other administrative costs, so long as they meet the following basic requirements to ensure access to earned benefits for eligible workers:

- Require employers to provide notification of potential UI eligibility to laid-off workers;
- Ensure that workers have at least two ways (for example, online and by phone) to apply for benefits; and
- Notify applicants when an application is received and being processed, and if the application cannot be processed, provide information to the applicant about how to ensure successful processing.

States will be required to report on the share of eligible individuals who received UI benefits and the state's efforts to ensure access within one year of receiving the funding. The funding will be distributed according to the state's share of taxable wages.

The second \$500 million will be provided to states which experienced at least a 10 percent increase in unemployment since this time last year. Those states will be eligible to receive an additional grant, in the same amount as the initial grant, to assist with costs related to the unemployment spike, and will also be required to take steps to temporarily ease eligibility requirements that might be limiting access to UI during the COVID-19 outbreak, like work search requirements, required waiting periods, and requirements to increase employer UI taxes if they have high layoff rates. Depending on the state, those actions might require changes in state law, or might just require changes in state policy. Many states have already made those changes.

Temporary Assistance for States with Advances

Certain states are having trouble, or will encounter difficulty in the future, paying out state unemployment compensation. The legislation provides states with access to interest-free loans to help cover those benefits through December 31, 2020, if needed.

Full Federal Funding of Extended Unemployment Compensation for a Limited Period

For states that experience an increase of 10 percent or more in their unemployment rate (over the previous year) and comply with all the previously mentioned beneficiary access provisions, the legislation provides 100 percent federal funding for Extended Benefits, which normally require 50 percent of funding to come from states. Extended Benefits are triggered when unemployment is high in a state and provide up to an additional 13-20 weeks after regular UI benefits (usually 26 weeks) are exhausted. The 100 percent federally-funded EB would be in addition to the 13 weeks of federal extended benefits that were later provided in the CARES Act.