The MISSOURI BUDGET PROJECT

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Creating Opportunities

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15,641 Reasons why the Missouri Legislature Should Take Advantage of the Extended Unemployment Benefits Provisions of the American Recovery and Reinvestment Act of 2009 (ARRA)

More than 15,000 Missourians will exhaust their Emergency Unemployment benefits between April and June of 2009.[1] All of these workers would be eligible for an extended benefit of an additional 13 weeks of unemployment under provisions in the American Recovery & Reinvestment Act of 2009 (ARRA). However, for Missouri to qualify for the extension, the General Assembly must proactively pass legislation.

As unemployment levels in Missouri continue to rise, it is critical that Missouri take advantage of the extended benefit to aid Missouri families who have been most impacted by the recession. Missouri Unemployment increased to 8.3 percent in February of 2009, an increase of 85,000 unemployed Missourians since January of 2008.[2] In addition, many of these workers are facing extended unemployment due to the waning job market.

Background

The Missouri Unemployment Insurance Program currently provides workers with a maximum of twenty-six weeks of unemployment compensation. Due to the Recession, many workers have exhausted the twenty-six weeks of regular unemployment benefits yet have been unable to find employment. As a result, the Congress passed an Emergency Unemployment Benefit in 2008. The Congressional action extended unemployment to workers for twenty additional weeks in all states, and an additional thirteen weeks in states with high unemployment levels.

The American Recovery and Reinvestment Act (ARRA), commonly referred to as the "federal stimulus package" made two <u>temporary</u> changes to Extended Benefits to further enhance the impact of unemployment benefits during the Recession. First, the Congress removed the requirement for a 50 percent state match and shifts the costs of the EB program <u>entirely to the federal government until June of 2010</u>. It also suspended a federal rule that prohibits workers from collecting EB if they have collected Emergency Unemployment for more than a year.

However, in order for the ARRA provisions to take effect, states must proactively adopt legislation that includes a more generous trigger measure for the EB program. This "trigger", referred to as "TUR" is the

[1] National Employment Law Project
[2] US Department of Labor, Bureau of Labor Statistics, Seasonally Adjusted Unemployment Figures.

total unemployment rate as published by the U.S. Bureau of Labor Statistics. Currently, the Insured Unemployment Rate (IUR) is automatically applied to all states. [3]

States that use the current IUR rate to trigger the Extended Benefits program are required to have unemployment rates that exceed 6.5 percent for a three month period. The ARRA allows states to switch to the TUR rate "trigger" that requires that the TUR has increased by 10 percent over a two year period. This rate is more generous.

Impact on Missouri

Missouri is one of fourteen states that have yet to pass the required state legislation to adopt the more generous TUR trigger so that families can qualify for the federally funded extended benefits. More than 15,000 Missourians will exhaust their EUC benefits between April and June of 2009.[4]

Under the TUR trigger:

- 15,641 Missouri workers would be eligible for an additional 13 weeks of extended unemployment benefits;
- The benefits would be paid for entirely from federal funds; there is no state match required.

In addition, model legislation in other states includes provisions that sunset the EB changes when 100% federal cost sharing ends. This protects states from incurring any unexpected financial liability in the future.

Recommendation

Missouri should not overlook this opportunity. There is no cost to the state. Extended benefits will bring federal stimulus dollars where they are most needed: to the pockets of Missouri workers who have been most impacted by the economic crisis.

We encourage the state Legislature to take swift action. Many of Missouri families will exhaust their EUC benefits beginning in April.

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[3] The insured unemployment rate (IUR) is calculated by dividing the total number of workers receiving state unemployment benefits in the past 13 weeks by the total number of employed workers. The state's IUR must be rising and must be 20% higher than it was during the same period in both of the prior two years.
[4] National Employment Law Project