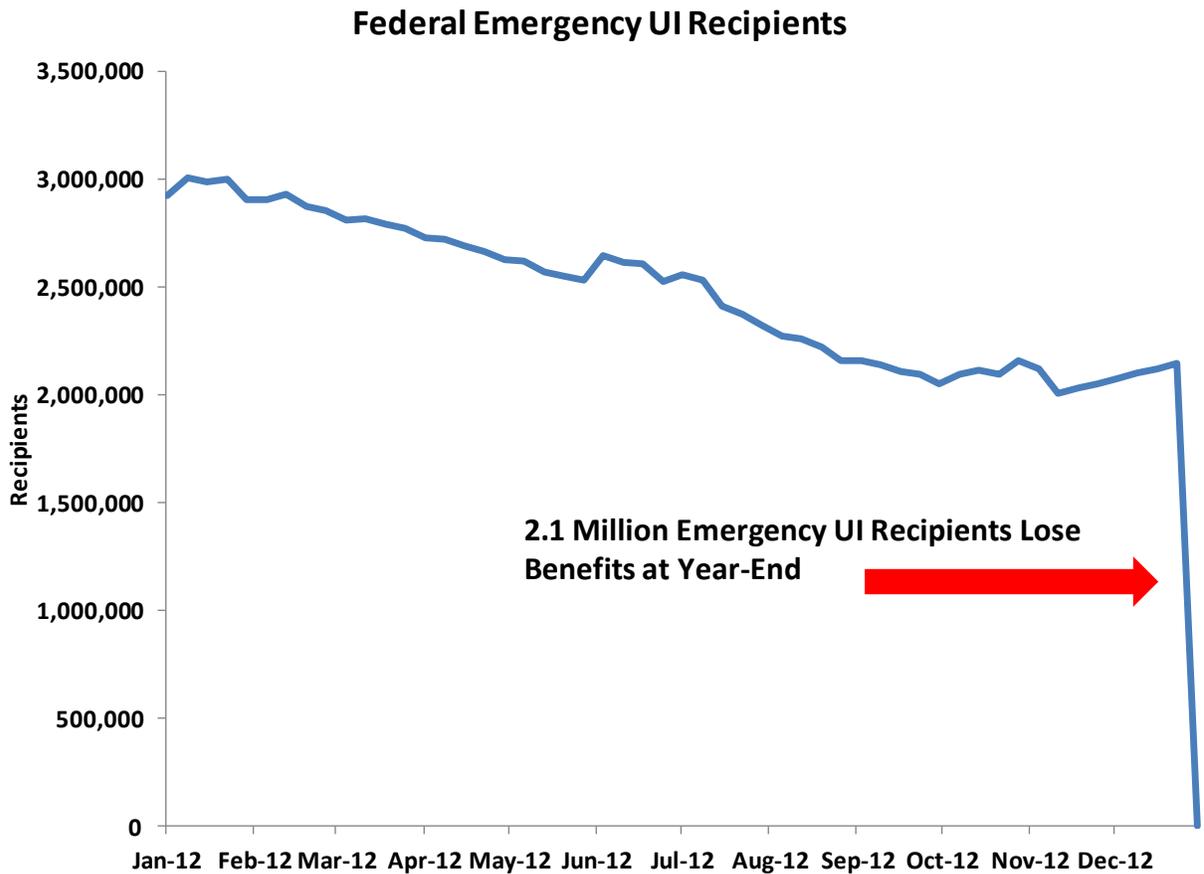


2,147,100 Americans Not Ready to Join Sec. Geithner Off the Fiscal Cliff

By Gordon Gray

According to the Department of Labor, 2,147,100 Americans will abruptly lose Emergency Unemployment Compensation (EUC) benefits at the end of the year – that is roughly 43 percent of all current UI recipients.¹ Unlike previous extensions of federal unemployment compensation benefit programs, the latest extension (P.L.112-96; February 22, 2012) eliminated any phase-out period for beneficiaries.² As a result, over 2 million Americans will immediately experience the effects of going over the fiscal cliff, a proposition that the administration appears willing to allow.



The Unemployment Insurance System

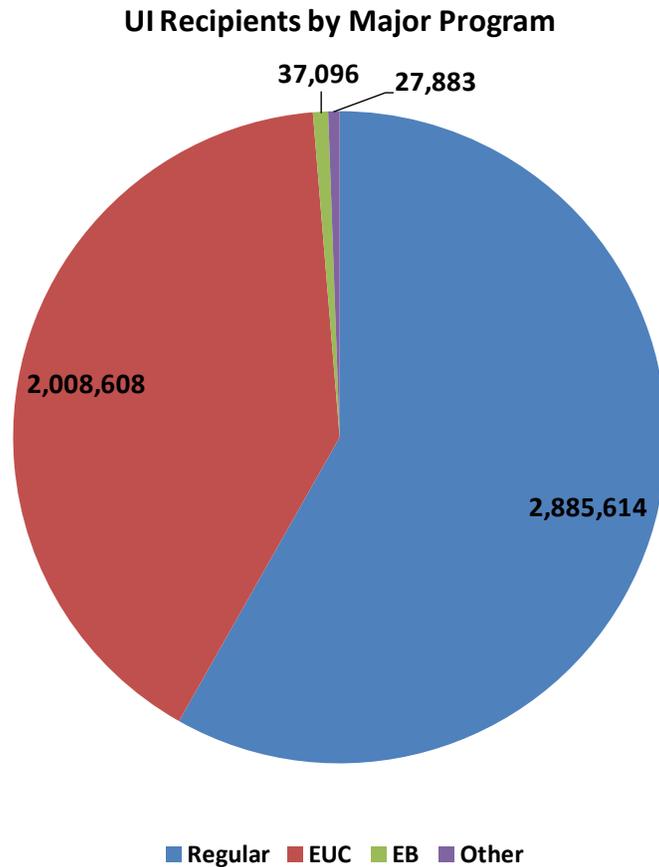
Under current law, the Unemployment Insurance system is comprised of multiple stages of unemployment assistance. According to the latest data, 4,959,201 Americans were receiving benefits from one of these stages of assistance.³ The three largest unemployment insurance programs by participation are the regular Unemployment Insurance (UI) program, the federal Emergency

¹ http://ows.doleta.gov/unemploy/docs/12-29-12_euc_cutoff_110712_web.xls

² http://wdr.doleta.gov/directives/attach/UIPL/uipl_4_10_change9_acc.pdf

³ <http://www.workforcesecurity.doleta.gov/unemploy/docs/persons.xls>

Unemployment Compensation program (EUC08, or just EUC), and the Federal-State Extended Benefits (EB).



Regular Unemployment Insurance (UI) program

The regular UI program is a state-federal partnership. Federal law sets major guidelines for program requirements; however, individual states design and administer their individual programs. According to the Department of Labor, most states currently pay beneficiaries for a maximum of 26 weeks, although Massachusetts and under certain conditions Washington (WA) pay 30 weeks. This program also includes compensation for individuals recently separated from the Armed Services and other federal positions. Benefit payments are financed by state levies, principally on employers. According to the latest data, 2,885,614 individuals (58 percent of current recipients of unemployment compensation) were receiving benefits through this system.

Unemployment Compensation program (EUC08, or EUC)

The Emergency Unemployment Compensation program (EUC08) was created on June 30, 2008, when then-President Bush signed the Supplemental Appropriations Act of 2008 (P.L. 110-252) into law. This law created what is the eighth federal temporary program that extended unemployment compensation

during economic distress, according to the Congressional Research Service. The program has subsequently been extended in some form 11 times.⁴

At present, the EUC08 program provides up to 14 weeks of benefits in every state, and up to 33 additional weeks in states with “high unemployment” (for a maximum of 47 weeks) through 4 tiers of eligibility. Tiers II, III, and IV are available to individuals in states with progressively higher total unemployment rates (TUR) of 6, 7 and 9 percent; providing compensation for 14, 9, and 10 additional weeks (33 total), respectively.⁵ The program is financed entirely by the federal government.⁶ According to the Department of Labor: “Under current law, no EUC08 First, Second, Third, or Fourth-Tier payments may be made for any week of unemployment ending after January 2, 2013. (In most states, this means the week ending December 29, 2012, will be the final payable week of EUC08.)” Accordingly, even if a recipient would otherwise be eligible for remaining benefits in a tier, their benefits will cease at the end of the year. These beneficiaries are distributed through the 50 states, as well as Puerto Rico, the District of Columbia, and the U.S. Virgin Islands. As additional tiers of benefits are available depending on certain thresholds of state unemployment levels, states with higher numbers of EUC recipients reflect both higher populations as well as the state labor environment. The states that will see the largest numbers of individuals losing benefits (absent a change in law) in January are California, New York, New Jersey, Pennsylvania, and Georgia.

Recipients Losing EUC Benefits in January by State											
State	Recipients	State	Recipients	State	Recipients	State	Recipients	State	Recipients	State	Recipients
AK	7,100	FL	113,900	LA	12,600	NC	77,100	OK	7,500	UT	4,100
AL	15,600	GA	114,800	MA	50,100	ND	400	OR	32,400	VA	15,800
AR	12,000	HI	5,500	MD	33,700	NE	3,900	PA	115,300	VI	400
AZ	27,900	IA	7,900	ME	6,400	NH	2,400	PR	30,200	VT	1,300
CA	362,800	ID	6,100	MI	92,900	NJ	119,600	RI	8,700	WA	45,300
CO	25,800	IL	88,800	MN	16,000	NM	7,300	SC	30,000	WI	43,300
CT	33,600	IN	34,600	MO	32,400	NV	23,200	SD	500	WV	8,700
DC	5,800	KS	9,800	MS	22,100	NY	204,100	TN	31,900	WY	1,200
DE	4,800	KY	24,000	MT	3,600	OH	51,500	TX	110,400	Total	2,147,100

The Department of Labor has estimated that 2,147,100 (approximate 43 percent of recipients) will lose EUC benefits in January unless benefits are extended.⁷ This figure is higher than the number of beneficiaries as of the latest data: 2,008,608.

Extended Benefits (EB)

The federal-state extended benefits program by the Federal-State Extended Unemployment Compensation Act of 1970 (EUCA). Under the Act, when the insured unemployment rate in a state

⁴ Whittaker, Julie M and Katelin P. Isaacs, “Unemployment Insurance: Programs and Benefits,” Congressional Research Service, September 19, 2012

⁵ http://www.ows.doleta.gov/unemploy/pdf/KeyDates_Table.pdf

⁶ <http://ows.doleta.gov/unemploy/pdf/partnership.pdf>

⁷ http://ows.doleta.gov/unemploy/docs/12-29-12_euc_cutoff_110712_web.xls

reaches a certain threshold, states must provide additional state UI benefits. Typically, the EB program is jointly financed. Under current law, the federal government will pay 100 percent of most EB benefit costs for weeks of unemployment beginning after February 17, 2009, through December 31, 2012. Extended Benefits were only available in New York during the week ending November 17, but no state currently meets the criteria for eligibility under this program.⁸ As of November 17, 37,096 people (1 percent) received benefits under this program.

Additional Programs

Additional programs are also available for certain eligible populations. These programs include additional state programs, alternative and work-sharing programs, as well as trade and disaster-related unemployment compensation. Collectively, 27,883 (1 percent) individuals received benefits under these programs.

Conclusion

Recent reports have suggested that the executive branch may exercise certain administrative authorities to mitigate or otherwise spare individuals from the impact of the fiscal cliff in the near term, such as through the use of IRS withholding tables that assume current tax policy is in place. However, current law does not appear to provide for any mitigation to the 2.1 million individuals who will lose, virtually overnight, unemployment compensation they were receiving during the holidays. As such, when public officials such as Secretary Geithner state with confidence that the administration is prepared to go over the fiscal cliff, they must do so with the full knowledge that they will be taking over 2 million Americans with them.

⁸ http://oui.doleta.gov/unemploy/claims_arch.asp