



President Signs Economic Stimulus Legislation

What's New

President Obama signed the American Recovery and Reinvestment Act (ARRA) into law on February 17, 2009. The historic \$787 billion piece of legislation contains a number of unemployment insurance (UI) provisions aimed at not only increasing benefits, but increasing the number of benefit-eligible workers.

What You Need to Know

Important UI provisions contained in the newly enacted bill are as follows:

Emergency Unemployment Compensation (EUC) Extension - provides for continuation of the EUC program initially implemented in July 2008 and then extended in November 2008. This latest extension continues EUC through December 31, 2009. The EUC program continues to be 100% federally funded, meaning there is no cost to reimbursing or tax contributing employers.

UI Benefits Increase - provides for an additional \$25 to be added to a person's weekly unemployment benefit amount through 2009. Employers will bear no costs for this provision, as these additional benefits will be 100% funded from federal general revenue.

UI Modernization – makes one-time funding available to states as incentive to implement reforms to expand benefit eligibility to persons not typically covered. States will get a portion of \$7 billion, if they have enacted or will enact an “alternate base period” – the earnings period used to establish a UI claim - as well as two of four other benefit expansions: 1) part-time worker eligibility; 2) compelling family reason quit eligibility; 3) benefits for dislocated workers in approved training; and 4) dependent allowances. The incentive funding is meant to cover states' administrative costs associated with the expansions. Each state will need to determine whether or not employers will be charged for benefits paid under the new provisions.

What You Can Expect

The U.S. Department of Labor is currently developing guidance for the states, relative to the economic recovery package. Business groups have voiced concerns that ARRA provisions significantly alter some fundamental elements of the unemployment insurance program, but it will ultimately be up to individual state legislatures and UI agencies to decide how the changes will be carried out and to what extent employers may see increased unemployment costs.

Additional TALX bulletins will be forthcoming as more details become known.