



NATIONAL CONFERENCE *of* STATE LEGISLATURES

The Forum for America's Ideas

American Recovery and Reinvestment Act: Understanding the Unemployment Provisions

A Dialogue with the U.S. Department of Labor

March 16, 2009

QUESTIONS AND ANSWERS

On March 16, 2009, members of the NCSL Labor and Economic Development Committee held a conference call with staff from the U.S. Department of Labor, Office of Workforce Security regarding the unemployment provisions in the American Recovery and Reinvestment Act. Below are the questions asked by state legislators and legislative staff and the answers provided by the team at the U.S. Department of Labor.

Q: If a state legislature repeals unemployment insurance modernization legislation does it risk losing money made available in the ARRA?

No. The money will not need to be paid back. We think it is legitimate for a state legislature to revisit this or any other provision of the stimulus several years from now. However, we are considering requiring an additional assurance in the state's application that the legislature and the executive branch will not seek to repeal modernization legislation in the near future.

Statement from Sen. Max Baucus, Chairman, Senate Finance Committee:

<http://www.finance.senate.gov/press/Bpress/2009press/prb030909.pdf>

Q. If a state chooses to adopt changes in their law for the ABP and remaining 2/3 and receives certification from the Secretary. Does the law provide for the federal government to recoup the funds if after a few years the state subsequently repeal or sunset the modernization changes? *(this question was asked and answered after the conference call)

The Department of Labor is in the process of clearing a change to Unemployment Insurance Program Letter 14-09 that will respond to the ABP and 2/3 provisions. This should be available by March 18th or 19th at the latest.

Q: Does the state legislature need to appropriate the money that a state receives as part of the \$500 million in administrative funding in the ARRA?

The federal legislation does not include such a requirement. However, this does not supersede any state laws that require federal funds to be appropriated by the state legislature.

Q: Must a state only use money received for enacting UI modernization legislation for the payment of benefits or can this money also be used for administrative purpose?

If a state receives a UI modernization payment, the default is that the money is immediately available for the payment of benefits. However, a state legislature has the ability to appropriate the money for UI administrative purposes.

Q: Can a state pro-rate benefits between those seeking part-time and full-time work and still be eligible for the UI modernization payment?

No. A state cannot deny or reduce benefits based on a person seeking part-time work. That person must receive benefits based on their base period.

Q: What is the timeline for the unemployment provisions in the stimulus? What funding has been distributed, etc.?

\$500 million in administrative money has been allocated, distributed and is in the states' trust fund. As far as the \$7 billion for UI modernization, we've received two applications [New Jersey and Connecticut]. The last date a state can submit an application for either the 1/3 or 2/3 of the modernization money is August 22, 2011. The extension of 100% federally funded Emergency Unemployment Compensation (EUC) is in effect now and the end date is December 31, 2009. The waiving of interest rates is in effect, now. The \$25 per week being added to UI payments is in also effect, now and close to 40 states will be paying out the extra \$25 benefit by the end of this week.