

# UNEMPLOYMENT INSURANCE AMENDMENTS

By Scott Hannigan

**S**everal major amendments to state and federal unemployment insurance laws became effective in September. These amendments include revisions to the extended benefits (EB) "trigger" rate (which determines when additional benefit payments are paid), the enactment of a new federal supplemental compensation (FSC) program, and the enactment of a new supplemental state benefits (SSB) program.

## ALASKA TRIGGERS OFF EB

Extended benefits are payable to claimants who have exhausted their state unemployment insurance (UI) during periods of high unemployment as determined by a state's insured unemployment rate (IUR). (See page 3). Previous state law provided for the payment of up to 13 additional weeks of benefits when the state's IUR equaled or exceeded 5% or equaled or exceeded 120% of the prior two year average and equaled or exceeded 4%. The rates under the new law have been raised to 6% and 5%, respectively. When these rates are equaled or exceeded, extended benefits are available to claimants during a period of at least 13 weeks or longer provided the rates remain equal to or above the established levels. Conversely, when the insured unemployment rate drops below those levels, extended benefits cannot be paid in the state for a minimum of 13 weeks or longer if the rate remains low.

This change in the EB trigger rate has caused Alaska to "trigger off" extended benefits for the first time since 1975. When the EB amendment became effective on September 26, 1982, Alaska's IUR was 5.19%; less than the 6% required. For a period of 13 weeks beginning October 24, 1982,<sup>1/</sup> EB will be unavailable to Alaska's UI claimants. Since the historical IUR trend in Alaska has always shown an advancing rate in late

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<sup>1/</sup> Although the trigger "off" occurred on 9/26/82, a four week period of payments is allowed by law to phase out EB. This makes effective date the week ending 10/24/82.

October or early November, there is little doubt that EB will "trigger on" again after this 13 week period (probably sooner, but the law requires a minimum 13 week "off" period).

### **EB ELIGIBILITY CHANGES AND STATE SUPPLEMENTAL BENEFITS**

A major eligibility change was also added to the EB amendments. To qualify for extended benefits an individual must have earned total base period wages that equal or exceed 40 times the weekly benefit amount. Because this requirement could potentially deny EB payments to approximately 3.4% of Alaskan low income claimants otherwise eligible, the Alaska legislature enacted the state supplemental benefit program. The SSB program pays benefits under the same conditions, requirements, amounts and weeks as the extended benefit program. When EB is "triggered off", SSB will also be unavailable.

### **FEDERAL SUPPLEMENTAL COMPENSATION**

The growing concern in the U.S. Congress over the magnitude of the national unemployment rate (the highest since the 1930's depression) led to the enactment of the federal supplemental compensation program as part of the Tax Equity and Fiscal Responsibility Act of 1982 (Public Law 97-248).

The FSC program provides for the payment of 6, 8, or 10 weeks of unemployment benefits depending on the economic condition of the individual states. A minimum of six weeks is payable in all states; eight weeks in states with an IUR equal to or exceeding 3.5%; and ten weeks in those states "triggered on" EB on or after June 18, 1982. Claimants in Alaska are eligible for ten weeks. To be eligible for FSC an individual must meet the following criteria:

1. Exhausted all rights to regular compensation under state law.
2. Have no rights to any other compensation under state or federal law (including EB).
3. Have base period earnings that equal or exceed 40 times the weekly benefit amount.

4. Have had no disqualification imposed for voluntary leaving, discharge for misconduct, or refusing suitable employment.
5. Register with the state Job Service.
6. Actively seek work (and provide the state agency with tangible evidence of sustained work search).
7. Have a benefit year that ended after June 1, 1982 or must have been entitled to receive extended benefits after June 1, 1982 and have a benefit year that ended no more than two years before the filing of an initial FSC claim.

Benefit amounts paid under FSC are the same as those paid under the regular state UI program. All other provisions of the state law prevail. The FSC program is a temporary program which began with the week of September 12, 1982 and will expire the week of March 31, 1983. (EDITOR'S NOTE: Please refer specific eligibility questions to your nearest Job Service office.)

### **THE INSURED UNEMPLOYMENT RATE (IUR)**

The insured unemployment rate (IUR) is a statistical indicator of the amount of unemployment occurring in jobs covered by a state's unemployment insurance laws. Only those persons collecting regular state UI are included in this indicator. The IUR should not be confused with the total unemployment rate (TUR) that is mentioned elsewhere in the publication. The TUR measures civilian labor force unemployment which includes more than workers covered by UI laws or collecting UI benefits. The TUR is based on a nationwide survey of households and is consistent from state to state. Alaska's IUR is not comparable to other state IURs. Such factors as UI eligibility requirements and amounts and duration of benefits affect the IUR. These factors are legislated in each individual state. Many claimants eligible for benefits in Alaska would not be eligible in other states. A combination of these internal factors precludes comparing IURs from state to state.

Alaska's IUR has almost always exceeded the IUR of all other states. The consistently high IUR in Alaska does not necessarily indicate an economy worse off than all other states. Alaska is very dependent on seasonal employment and also has liberal

UI coverage. Winter weather closes down a more substantial number of jobs in Alaska than in many areas. However, many states do not pay benefits to seasonal workers while Alaska does.

