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Extended Benefits Fact Sheet

Key Takeaway: In response to long-term unemployment and the fiscal challenges facing states due to the recession, the American Recovery Reinvestment Act that passed on February 17, 2009, provides states with additional federal dollars to fund unemployment insurance (UI) benefits for the long-term unemployed. Through the Extended Benefits (EB) program, long-term unemployed workers can receive an additional 13-20 weeks of UI benefits. Eligible EB payments made through the end of 2009 are fully funded by the federal government. Mississippi has the option of changing its laws to allow the EB formula threshold to be reached more quickly than if it continues to use its existing formula threshold which has not been reached. Unlike the Unemployment Insurance Modernization Act, state law changes made to the EB program can include a repealer to coincide with the end of full federal funding. According to the National Employment Law Project EB could help an estimated 16,490 workers.

Key Facts on Extended Benefits

What are Extended Benefits?

EB, a permanent federal program, was established in 1970 and provides 13-20 weeks of extended UI benefits to states experiencing high levels of unemployment. States must “trigger on” to the EB program based on a formula that takes into account that state’s rising unemployment rate.

Does Mississippi currently qualify for EB? Why not?

No. The current formula Mississippi has in place is called the “insured unemployment rate” (IUR). The IUR is a threshold that many states do not meet even during severe recessions. This is especially true in states like Mississippi that have low UI reciprocity rates. Because the IUR measures the number of people receiving state UI payments as a percentage of all the people covered by the program, states that have a lower number of people covered by the program are less likely to reach the IUR threshold. Mississippi’s IUR is currently not high enough to “trigger on” to EB.

What does Mississippi need to do to realize EB opportunities provided by ARRA?

EB could go into effect immediately for workers if Mississippi changes its formula for the EB trigger from the IUR to an optional trigger formula called the “total unemployment rate” (TUR). In 1992, states were given the option of triggering on to EB using TUR, which takes into account the standard monthly unemployment rate published by the Bureau of Labor. If Mississippi enacted the TUR trigger, eligible workers would qualify for 13-20 weeks of EB. ARRA temporarily shifts 100% of the eligible EB cost to the federal government from the enactment of ARRA through the end of 2009.

How can Mississippi maximize the impact of the federal EB dollars without committing state funds?

To maximize the impact of the federal EB dollars, Mississippi would need change its laws and include a provision to make the change retroactive to the week beginning February 22, 2009 – the first full week following the enactment of ARRA. To address concerns about the long-term financial impact of EB, Mississippi can sunset the initiating legislation to coincide with the end of the full federal funding.