



NELP

National Employment Law Project

Updated January 30, 2009

The Unemployment Insurance Modernization Act: Filling the Gaps in the Unemployment Safety Net While Stimulating the Economy

1. What is the Unemployment Insurance Modernization Act?

The Unemployment Insurance Modernization Act (UIMA) is bi-partisan federal legislation (H.R.290) that provides substantial financial incentives for the states (\$7 billion) to close the major gaps in the unemployment program that deny benefits to large numbers of hard-working families. In addition, the measure provides \$500 million in necessary funding for state agencies to better serve the record numbers of workers now applying for unemployment benefits and seeking to navigate today's challenging job market.

2. What are the most serious gaps in the unemployment program and which workers are helped most by the UIMA?

Today, only 37 percent of unemployed workers collect unemployment benefits, which is especially low compared to prior recessions. The workforce has changed fundamentally since the program was created in 1935, with far more low-wage, part-time and women workers in the labor market, and many more workers finding themselves long-term unemployed due to globalization and the loss of manufacturing jobs. However, the unemployment insurance program has not kept pace with the realities of today's economy. The UIMA responds to this challenge by rewarding states that adopt innovative and successful reforms, thus providing benefits to more than 500,000 workers a year who are now falling through the cracks of the unemployment program.

3. What are the specific policy reforms that qualify for incentive funding under the UIMA?

A state qualifies for one-third of its UIMA funding if it has in place a policy called the "alternative base period," which counts a worker's recent earnings when needed for them to qualify for benefits. Over 40% of workers who fail to qualify for benefits because of insufficient earnings (whose earnings average just \$9.00/hour) end up collecting benefits with the help of the alternative base period.

To qualify for the remaining two-thirds of the UIMA incentive funding, the states have the option of providing benefits in at least two of the following four situations: 1) part-time workers who are denied state benefits because they are required to seek full-time work; 2) individuals who leave work for compelling family reasons, including domestic violence; 3) workers with dependent family members who qualify for state benefits but whose benefits should be increased to help care for their dependents; or 4) permanently laid off workers who require extra unemployment benefits to participate in training.

4. How much will the UIMA incentive funding help states to quickly enact the model reforms?

Over the past decade, more than half the states have adopted the sound reforms that qualify for incentive funding under the UIMA. During recessions, states are most likely to seek improvements to their unemployment program.

Thus, the UIMA is now especially well positioned to build on the recent state interest and momentum to reform the program. Under the UIMA, 19 states would automatically qualify for about \$1.56 billion in funding based on policies that meet the requirements of the UIMA, thus allowing them to further expand benefits with the new funding. Most of the remaining states would qualify for enough funding to pay for several years of new program improvements.

5. How does the UIMA help to stimulate an economic recovery?

Unemployment benefits go a long way to stimulate the economy, providing \$2.15 in economic growth for every dollar in benefits spent by workers and their families on housing, groceries and other basic necessities. The workers benefiting most from the UIMA – low-wage, women, part-time and the long-term unemployed – are also those most likely to spend their benefits on basic necessities. Thus, the UIMA will foster both lasting positive reforms and boost the nation's economy to help prevent a more prolonged and deep recession.

6. How much support is there for the UIMA in Congress and by President Obama?

The UIMA has already passed the House of Representatives as part of the economic recovery package and it has passed the Senate Finance Committee, with broad bi-partisan support in Congress as well strong support from many of the nation's Governors. When in the Senate, President Obama was an original sponsor of the Senate bill. While campaigning, President Obama consistently cited the economic boost provided by unemployment benefits, and the need for "an expansion of UI eligibility to more workers, including many part-time and non-traditional workers who are currently left out of the program." Obama Campaign Press Release, "Obama Discusses Plan to Help Families, Stimulate the Economy" (April 10, 2008).

The Unemployment Insurance Modernization Act In the News

Michelle Singletary (Columnist), "The Unemployed Could Use a Hand, Too,"
Washington Post (November 13, 2008)

"There's a chance that an economic stimulus package will contain provisions to extend unemployment benefits. However, any measure that is passed should also include provisions to update the eligibility rules for unemployment insurance benefits."

Editorial, "Lame Ducks and Recession Politics,"
New York Times (November 9, 2008)

"As they extend jobless benefits, lawmakers can also revamp the unemployment insurance system, along the lines of the modernization bill passed last year by the House. Fully paid for by reauthorizing an uncontroversial employer surtax, the bill would enable states to provide unemployment benefits to workers who are often ineligible, like part-timers."

"Majority of Jobless in U.S. Don't Get Benefits," *Wall Street Journal* (July 29, 2008)

"A bill that would provide \$7 billion in incentives for states to allow part-time workers to receive benefits and for people's most recent earnings to be counted passed the House in October."

Unemployment Insurance Modernization State Incentive Funding Provisions

January 2009

States	Alternative Base Period	Extended UI While in Training	Part-Time Worker Coverage**	Weekly Dependent Allowance of \$15 ("O" indicates states with less than \$15)	Compelling Family Reasons for Leaving Work***		
					Domestic Violence	Spouse Relocates	Illness and Disability
Alabama							
Alaska				X		X	
Arizona					X	X	X
Arkansas							X
California		X	X		X	X	X
Colorado					X		X
Connecticut	X			X	X		X
Delaware			X		X		
District of Columbia	X		X		X		
Florida							
Georgia	X						
Hawaii	X		X			X	
Idaho							
Illinois	X			O	X		X
Indiana					X	X	
Iowa			X	O			
Kansas			X		X	X	
Kentucky							
Louisiana			X				
Maine	X	X	X	O	X	X	X
Maryland				O			X
Massachusetts	X	18 weeks		X	X		
Michigan	X			O			
Minnesota	(partial ABP)		X		X		
Mississippi							
Missouri							
Montana					X		
Nebraska			X		X	X	X
Nevada						X	
New Hampshire	X		X		X		
New Jersey	X	X	X	O	X		
New Mexico	X		X	X	X		
New York	X	(capped funding)	X		X	X	X
North Carolina	X		X		X		X
North Dakota							
Ohio	X			O			
Oklahoma	(capped funding)				X	X	X
Oregon		X			X	X	X
Pennsylvania			X	O		X	
Rhode Island	X		X	O	X	X	
South Carolina					X		
South Dakota			X		X		
Tennessee							
Texas					X		X
Utah							
Vermont	X		X		X		
Virginia	X						
Washington	X	X			X		X
West Virginia							
Wisconsin	X				X		X
Wyoming			X		X		
Totals	19	5	20	4	29	15	16

*Prepared by the National Employment Law Project, this table is based on an analysis of state laws, regulations and decisions.

**State law provisions that require the entire work history to include part-time work are not counted for the purposes of this survey.

***State law provisions that include specific "good cause" exemptions for the categories listed and those exempt "personal" reasons for leaving work are counted for the survey.

**Estimated State Distributions Under the Unemployment Insurance Modernization Act
January 2009 (in thousands)**

Estimated Allotment					
State	Does the State have an Alternative Base Period (ABP)?	One-third UIMA Incentive Payment for the ABP	Two-thirds UIMA Incentive Payment	Total Share of the \$7 billion UIMA Distribution	UIMA Administrative Allocation
Alabama		\$33,491	\$66,982	\$100,473	\$7,177
Alaska		\$5,206	\$10,413	\$15,619	\$1,116
Arizona		\$50,032	\$100,065	\$150,097	\$10,721
Arkansas		\$19,990	\$39,980	\$59,969	\$4,284
California		\$279,560	\$559,120	\$838,680	\$59,906
Colorado		\$42,490	\$84,980	\$127,470	\$9,105
Connecticut	Yes	\$29,270	\$58,541	\$87,811	\$6,272
Delaware		\$7,289	\$14,579	\$21,868	\$1,562
District of Columbia	Yes	\$9,211	\$18,422	\$27,633	\$1,974
Florida		\$148,092	\$296,184	\$444,276	\$31,734
Georgia	Yes	\$73,429	\$146,857	\$220,286	\$15,735
Hawaii	Yes	\$10,176	\$20,351	\$30,527	\$2,180
Idaho		\$10,754	\$21,507	\$32,261	\$2,304
Illinois	Yes	\$100,384	\$200,767	\$301,151	\$21,511
Indiana		\$49,499	\$98,999	\$148,498	\$10,607
Iowa		\$23,605	\$47,210	\$70,814	\$5,058
Kansas		\$22,990	\$45,980	\$68,970	\$4,926
Kentucky		\$30,059	\$60,117	\$90,176	\$6,441
Louisiana		\$32,795	\$65,590	\$98,385	\$7,028
Maine	Yes	\$9,410	\$18,821	\$28,231	\$2,017
Maryland		\$42,250	\$84,500	\$126,750	\$9,054
Massachusetts	Yes	\$54,228	\$108,456	\$162,683	\$11,620
Michigan	Yes	\$69,428	\$138,855	\$208,283	\$14,877
Minnesota	(Partial ABP)	\$43,355	\$86,709	\$130,064	\$9,290
Mississippi		\$18,712	\$37,424	\$56,137	\$4,010
Missouri		\$44,436	\$88,872	\$133,308	\$9,522
Montana		\$6,509	\$13,017	\$19,526	\$1,395
Nebraska		\$14,542	\$29,084	\$43,626	\$3,116
Nevada		\$25,646	\$51,292	\$76,937	\$5,496
New Hampshire	Yes	\$10,467	\$20,934	\$31,401	\$2,243
New Jersey	Yes	\$68,941	\$137,882	\$206,823	\$14,773
New Mexico	Yes	\$13,008	\$26,015	\$39,023	\$2,787
New York	Yes	\$137,581	\$275,161	\$412,742	\$29,482
North Carolina	Yes	\$68,355	\$136,709	\$205,064	\$14,647
North Dakota		\$4,851	\$9,701	\$14,552	\$1,039
Ohio	Yes	\$88,170	\$176,339	\$264,509	\$18,893
Oklahoma	(Capped Funding)	\$25,295	\$50,591	\$75,886	\$5,420
Oregon		\$28,525	\$57,050	\$85,575	\$6,112
Pennsylvania		\$91,100	\$182,200	\$273,299	\$19,521
Puerto Rico		\$13,749	\$27,499	\$41,248	\$2,946
Rhode Island	Yes	\$7,820	\$15,640	\$23,461	\$1,676
South Carolina		\$32,486	\$64,973	\$97,459	\$6,961
South Dakota		\$5,883	\$11,765	\$17,648	\$1,261
Tennessee		\$47,269	\$94,539	\$141,808	\$10,129
Texas		\$185,224	\$370,448	\$555,671	\$39,691
Utah		\$20,332	\$40,665	\$60,997	\$4,357
Vermont	Yes	\$4,639	\$9,279	\$13,918	\$994
Virginia	Yes	\$62,818	\$125,635	\$188,453	\$13,461
Virgin Islands		\$668	\$1,335	\$2,003	\$143
Washington	Yes	\$48,865	\$97,729	\$146,594	\$10,471
West Virginia		\$11,059	\$22,118	\$33,177	\$2,370
Wisconsin	Yes	\$44,645	\$89,289	\$133,934	\$9,567
Wyoming		\$4,748	\$9,497	\$14,245	\$1,018
Total	19	\$2,333,333	\$4,666,667	\$7,000,000	\$500,000

