



TEXAS LEGISLATURE MUST ACT TO EXTEND UI BENEFITS FOR 70,000 TEXANS—PAID FOR ENTIRELY BY FEDS

With rising unemployment and continued job loss, more Texans are rely on unemployment insurance to meet basic needs, including groceries, rent, utilities, and other necessities. As of May 5, more than 353,000 Texans were receiving unemployment benefits, *more than triple the number of Texans receiving UI benefits a year ago*. Currently pending in House Calendars, SB 1569 strengthens our UI system to protect unemployed Texans and qualifies Texas for \$555 million in federal funding through the American Recovery and Reinvestment Act (ARRA) for our UI Trust Fund. But the Legislature has overlooked an entirely separate pot of money in the ARRA that is equally important. About 70,000 Texans are expected to exhaust their federal Emergency Unemployment Compensation (EUC) beginning in July. The ARRA will pick up the 100 percent of the costs to extend UI for these Texans, delivering more than \$250 million in federal funds into the Texas economy without any state costs. In order to qualify, Texas must change its extended benefits statutory trigger to activate the program; the change can expire when the full federal funding phases out in 2010. With only a few weeks remaining in the session, the Legislature must act quickly and prudently to ensure that 70,000 Texans keep their UI in this extremely difficult job market. SB 1569, as the only viable UI legislation relating to the Recovery Act, can be amended to make the statutory changes.

- **More than 353,000 Texans receive unemployment benefits, *more than triple the number of Texans receiving UI benefits a year ago*.**
- **Up to 70,000 Texans will exhaust their federal Emergency Unemployment Compensation (EUC) in the latter half of 2009.**
- **The Legislature must make a quick and temporary change to our Extended Benefits triggers to pull down over \$250 million in federal funds.**
- **The changes needed to prevent Texans from losing their lifeline require neither state revenue nor costs to employers or businesses.**

Tens of Thousands of Texans will Exhaust EUC This Summer

Up to 70,000 Texans are expected to exhaust their federal Emergency Unemployment Compensation (EUC) in the latter half of 2009, beginning in July. Congress established the EUC program in July 2008 in response to rising unemployment and millions of laid-off workers exhausting their 26-week state unemployment insurance (UI) benefits. Under EUC—a completely federally funded benefit—states with relatively high unemployment (more than six percent unemployment) became eligible for 33 weeks (Tier II), while states with relatively lower unemployment were eligible for 20 weeks (Tier I).

While initially qualifying as a Tier I state, Texas—because of rising unemployment—qualified for Tier II status on April 12, enabling long-term unemployed Texans an additional 13 weeks of EUC. The first significant wave of Texans exhausting their EUC benefits will begin in July, with additional Texans exhausting their EUC each week afterwards. For more information, see <http://www.twc.state.tx.us/ui/bnfts/eucqa.pdf>.

To see how many Texas would be cut off UI benefits by Texas county and House District, see: <http://tinyurl.com/olegod>.

The Extended Benefits Trigger

Typically, the costs of state Extended Benefits are shared 50-50 between the states and the federal government. However, the Recovery Act included two significant, yet temporary provisions relating to Extended Benefits. The ARRA:

- Picks up the entire cost of state EB through end of 2009;
- Extends eligibility to all individuals exhausting EUC benefits during an EB high-unemployment period.

As of April 19, Texas now qualifies for this provision under the Optional Total Unemployment Rate (TUR) trigger, because our unemployment rate exceeded 6.5 percent from January-March, according to an EB Trigger Notice from the U.S. Department of Labor. (For more information, see http://www.ows.doleta.gov/unemploy/trigger/2009/trig_041909.html.) However, under current state law, unemployed Texans do not qualify for these federally-funded Extended Benefits. To qualify for EB, Texas must make at least a temporary change to its EB statute and “trigger on” to the TUR provision. *This trigger provision can expire at the end of Calendar Year 2009, when the full federal funding begins to phase out.*

Currently, 25 states (plus D.C. and Puerto Rico) have already triggered their EB provisions, either through pre-existing criteria or legislation passed this year.

The following table illustrates the sequence and timing of state UI benefits, EUC, and federally-funded Extended Benefits for individuals laid off at different time periods in 2008. Unemployed Texans will begin to exhaust their EUC in late June or early July, and waves of Texans will continue to exhaust their benefits throughout the rest of 2009.

State and Federal Unemployment Insurance Benefits Duration, 2008-2009

UI Eligibility Duration (26 weeks)	Emergency Unemployment Compensation (33 weeks)	Extended Benefit Period (13 weeks)
May-October 2008	November 2008-June 2009	July-September 2009
July-December 2008	January-August 2009	September-November 2009
Estimated Total Texans Exhausting EUC in 2009 ~ 70,000		

Source: Center for Public Policy Priorities Analysis; National Employment Law Project Data, May 2009

Will the Legislature Cut Off Texans This Summer?

The Legislature must act to prevent 70,000 Texans from losing their unemployment insurance benefits. The needed changes require neither state revenue nor costs to employers or businesses. Texas has a small window of opportunity to take advantage of these important federal changes, and time is running out. The Legislature must act quickly and prudently to prevent tens of thousands of Texans from losing their lifeline during very tough times.

Number of Texans Exhausting Emergency Unemployment Compensation *This Year* Unless the Legislature Acts:

Harris County:	11,154
Dallas County:	10,649
Tarrant County:	5,874
Bexar County:	3,618
Collin County:	2,223
Fort Bend County:	1,420
Denton County:	1,353

Information for all Texas House Districts is available at: <http://tinyurl.com/olegod>.