



## **ECONOMIC STIMULUS LEGISLATION, H.R. 1**

### **ANALYSIS OF WORKFORCE AND UNEMPLOYMENT INSURANCE PROVISIONS**

#### **HOUSE-SENATE AGREEMENT**

**ENACTMENT DATE: FEBRUARY 16, 2008**

The American Recovery and Reinvestment Act (H.R. 1) increases funding by \$3.95 billion for Workforce Investment Act (WIA) programs and provides new funding for reemployment services and other workforce programs. It also extends Emergency Unemployment Compensation, provides interest-free loans to States, encourages states to enact unemployment insurance (UI) benefit expansions, and provides additional funding for UI administration. The legislation also provides tax incentives and subsidies to assist low income and recently unemployed individuals. The following chart explains each of these provisions as they were enacted by the House and Senate and the final version. It also provides a link to the exact legislative text and an in-depth explanation of each provision.

<b>Legislative Provision</b>	<b>House</b>	<b>Senate</b>	<b>Final Version</b>
<b>WORKFORCE FUNDING INCREASES</b>			
Click on <a href="#">Legislative Text</a> and <a href="#">Congressional Explanation</a> for House-Senate passed Language			
<a href="#">WIA Adult Formula Grants</a>	\$500 million.	\$500 million; explicitly includes supportive services and needs-related payments; provides that priority for intensive and training services shall be given to recipients of public assistance and other low-income individuals.	<b>\$500 million.</b> <ul style="list-style-type: none"> <li>Retains the Senate language to ensure that supportive services and need-related payments are available to support the employment and training needs of priority populations, including recipients of public assistance and other low-income individuals.</li> </ul>
<a href="#">WIA Youth Formula Grants (including summer jobs)</a>	\$1.2 billion; work readiness performance indicator shall be only measure of performance used to assess effectiveness of summer jobs; cannot be used to fund Youth Opportunity Grants; expands age limit for eligibility from 21 to 24.	\$1.2 billion; work readiness performance indicator shall be only measure of performance used to assess effectiveness of summer jobs; cannot be used to fund Youth Opportunity Grants; expands age limit for eligibility from 21 to 24.	<b>\$1.2 billion.</b> <ul style="list-style-type: none"> <li>Applies the work readiness performance indicator to assess effectiveness of summer jobs and expands age of eligibility from 21 to 24.</li> </ul>
<a href="#">WIA Dislocated Worker Formula Grants</a>	\$1 billion.	\$1 billion.	<b>\$1.25 billion</b> <ul style="list-style-type: none"> <li>Conferees urge the Secretary to provide guidance on how states and local workforce areas can establish policies that assure supportive services and needs-related payments that may be necessary for an individual's participation in job training are a part of the dislocated worker service strategy.</li> </ul>
<b>TOTAL, WIA FORMULA GRANTS</b>			<b>\$2.95 billion</b>
<a href="#">WIA Grants-Dislocated Workers National Reserve</a>	\$500 million; only available to eligible entities serving areas of high unemployment or high poverty; applicants must demonstrate that income support, child care, and other supportive services will be provided to participants.	\$200 million.	<b>\$200 million</b> as proposed by the Senate. <ul style="list-style-type: none"> <li>These funds will allow the Secretary to award national emergency grants to respond to plant closings, mass layoffs, and other worker dislocations.</li> </ul>
<a href="#">WIA Grant</a>	\$50 million, available for	\$100 million; funds may be used to	<b>\$50 million</b> as proposed by the House.

<b>Legislative Provision</b>	<b>House</b>	<b>Senate</b>	<b>Final Version</b>
<a href="#"><u>YouthBuild</u></a>	obligation through June 2010.	serve individuals who have dropped out of high school and enrolled in an alternative school if part of a sequential service strategy.	<ul style="list-style-type: none"> <li>• These funds, for program years 2008 and 2009 may be used to serve individuals who have dropped out of high school and re-enrolled in an alternative school, if that re-enrollment is part of a sequential service strategy.</li> </ul>
<a href="#"><u>WIA Competitive Grants -- Worker Training and Placement in High Growth Industries</u></a>	\$750 million, of which \$500 million is designated for worker training in energy efficiency and renewable energy industries. Priority for the balance of funds is given to projects in the health care field.	\$250 million. Priority given to grants in the energy efficiency, clean energy and health care sectors.	<p><b>\$750 million as proposed by the House for a program of competitive grants for worker training and placement in high growth and emerging industry sectors.</b></p> <ul style="list-style-type: none"> <li>• Within this amount provided, \$500 million is designated for worker training in energy efficiency and renewable energy industries as described in the Green Jobs Act of 2007.</li> <li>• Priority for the balance of funds is given to projects that prepare workers for careers in the health care sector.</li> <li>• These funds are available through June 30, 2010, provided that a local board may award a contract to an institution of higher education or other eligible training provider if the local board determines that it would facilitate the training of multiple individuals in high-demand occupations.</li> </ul>
<b>TOTAL, WIA GRANTS</b>			<b>\$1 billion</b>
<a href="#"><u>Community Service Employment for Older Americans</u></a>	\$120 million.	\$120 million.	<b>\$120 million.</b>
<a href="#"><u>State Unemployment Insurance and Employment Service Operations</u></a>	\$500 million, of which \$250 million is to be used to provide reemployment services to unemployment insurance claimants.	\$400 million, of which \$250 million is to be used to provide reemployment services to unemployment insurance claimants.	<p><b>\$400 million.</b></p> <ul style="list-style-type: none"> <li>• \$250 million is designated for reemployment services to connect unemployment insurance claimants to employment and training opportunities that will facilitate their reentry to employment.</li> </ul>
<a href="#"><u>Job Corps</u></a>	\$300 million.	\$160 million.	<b>\$250 million</b> to support construction of residential facilities serving at-risk youth.

<b>Legislative Provision</b>	<b>House</b>	<b>Senate</b>	<b>Final Version</b>
<h2 style="margin: 0;">UNEMPLOYMENT INSURANCE PROVISIONS</h2> <p style="margin: 0;">Click on <a href="#">Legislative Text</a> and <a href="#">Congressional Explanation</a> for House-Senate passed Language</p>			
<a href="#">Extension of Emergency Unemployment Compensation Program (EUC)</a>	Extends end date to December 31, 2009 with phase out ending on May 31, 2010.	Same provision.	Identical provisions. Extends benefits through the week ending on or before December 31, 2009. No benefits would be payable for any week beginning after May 31, 2010. The extension is financed through federal general revenue and not through FUTA funds. <b>Estimated Cost: \$26.96 billion.</b>
<a href="#">Benefit Year Modification</a>	No provision.	No provision.	Temporarily alters Federal-State funding ratios by allowing States to disregard benefit year determinations until the week ending on or before June 1, 2010.
<a href="#">Increase in Unemployment Compensation Benefits</a>	Increases weekly benefit amount by \$25.	Same provision.	Identical provisions. <b>Estimated Cost: \$8.8 billion.</b>
<ul style="list-style-type: none"> <li><i>Limitation</i></li> </ul>	State may not modify <u>method</u> of computing state compensation resulting in the average weekly benefit amount (WBA) being less than the average WBA on December 31, 2008.	Same provision.	Identical provisions.
<ul style="list-style-type: none"> <li><i>Programs Included</i></li> </ul>	Regular UC, EB, and programs administered by states under agreements with the Secretary (EUC08, UCFE, UCX, DUA, and TRA).	Same provision.	Identical provisions.
<ul style="list-style-type: none"> <li><i>Funding</i></li> </ul>	Benefits and administrative expenses paid from General Revenue.	Same provision.	Identical provisions.
<ul style="list-style-type: none"> <li><i>End Date</i></li> </ul>	Weeks of unemployment ending before January 1, 2010 with phase out ending June 30, 2010.	Same provision.	Identical provisions.
<a href="#">Temporary Assistance for</a>	No provision.	Temporarily waives interest payments and the accrual of interest on advances	Accepts the Senate bill. <b>Estimated Cost: \$1.1 billion</b>

<b>Legislative Provision</b>	<b>House</b>	<b>Senate</b>	<b>Final Version</b>
<a href="#"><u>States with Advances (Interest-Free Loans)</u></a>		to State unemployment funds by amending section 1202(b) of the Social Security Act. The interest payments that come due from the time of enactment until December 31, 2010 would be deemed to have been made by the State. No interest on advances accrue during the period.	
<a href="#"><u>Suspension of Federal Income Tax</u></a>	No provision.	Temporarily suspends federal income tax on the first \$2,400 of unemployment benefits per recipient.	Accepts the Senate bill. <b>Estimated Cost: \$4.74 billion</b>
<a href="#"><u>Special Transfers for Unemployment Compensation Modernization</u></a>			Accepts the House bill. <b>Estimated Cost: \$2.975 billion.</b>
<ul style="list-style-type: none"> <li>• <i>\$7 billion incentive payment distribution</i></li> </ul>	<p>(A) Provides for \$7 billion distribution from the Federal Unemployment Account (FUA) before October 1, 2011.</p> <p>(B) A state's portion is based upon its proportionate share of total Federal Unemployment Tax Act (FUTA) taxes paid.</p> <p>(C) Use is limited to the payment of UC unless state legislature appropriates for administration of state UC law and public employment offices.</p>	Same provision except the period of availability ends October 1, 2010.	Accepts the House distribution formula of October 1, 2011.
<ul style="list-style-type: none"> <li>• <i>Requirement to be certified for state's share</i></li> </ul>	State law must be currently in effect as permanent law and not subject to discontinuation. Provisions in state law that are set to take effect within 12 months of certification are considered to be in effect.	Same provision.	Identical provisions.
<ul style="list-style-type: none"> <li>• <i>Requirement to</i></li> </ul>	State law uses the most recently	Same Provision	Identical provisions.

<b>Legislative Provision</b>	<b>House</b>	<b>Senate</b>	<b>Final Version</b>
<i>receive 1/3 of state's share</i>	completed calendar quarter in either: (1) state's regular base period; or (2) an alternative base period which is applied to individuals who are ineligible under the regular base period.		
<ul style="list-style-type: none"> <li>• <i>Precondition for 2/3 share</i></li> </ul>	Must meet base period requirement before being eligible for remaining 2/3.	Same Provision	Identical provisions.
<ul style="list-style-type: none"> <li>• <i>Requirements to receive remaining 2/3 of state's share</i></li> </ul>	<p>The remaining two-thirds of the incentive payment would be contingent on applicable State law containing at least two of the following four provisions:</p> <p>(a) No denial of UC under State law provisions relating to availability for work, active search for work, or refusal to accept work solely because the individual is seeking only <b>part-time</b> work. States may exclude an individual if the majority of the weeks of work in the individual's base period do not include part-time work. The Labor Secretary would define part-time.</p> <p>(B) No UC disqualification for separation from employment if it is for <b>compelling family reasons</b>. These reasons must include (i) domestic violence, (ii) illness or disability of an immediate family member, and (iii) the need to accompany a spouse to a place from where it is impractical to commute and due to a change in the location of the spouse's employment. The Labor</p>	.	Identical provisions.

<b>Legislative Provision</b>	<b>House</b>	<b>Senate</b>	<b>Final Version</b>
	<p>Secretary would define immediate family member.</p> <p>(C) Weekly UC continues for individuals who have exhausted all rights to regular benefits but are enrolled and making satisfactory progress in a State-approved <b>training program</b> or in a job training program authorized under the Workforce Investment Act of 1998. The benefit must be for a total benefit period of an additional 26 weeks and prepare the individual for entry into a “high-demand” occupation. States would be allowed to not pay UC benefits if the individual is receiving stipends or other training allowances.</p> <p>(D) UC <b>dependents’ allowances</b> are provided to all individuals with a dependent (as defined by State law) at a level equal to at least \$15 per dependent per week. The aggregate limit on dependents’ allowances must be not less than the lesser of \$50 or 50% of the weekly benefit amount for the benefit year.</p>		
<ul style="list-style-type: none"> <li>• <i>Handling of any incentive funds not distributed by September 30, 2011</i></li> </ul>	<p>Revert to FUA.</p>	<p>Same provision.</p>	<p>Identical provisions.</p>
<ul style="list-style-type: none"> <li>• <i>Special \$500 million transfer</i></li> </ul>	<p>-- Provides for transfer of \$500 million from Employment Security</p>	<p>Same provision.</p>	<p>Identical provisions.</p>

<b>Legislative Provision</b>	<b>House</b>	<b>Senate</b>	<b>Final Version</b>
<i>for administration</i>	<p>Administration Account (ESAA) in FY 2009.</p> <p>-- Use limited to the (1) administration of incentive provisions; (2) outreach to individuals who may now be eligible for UC benefits; (3) improvement of UC benefit and tax operations; (4) and staff-assisted reemployment services to UC claimants.</p> <p>-- Allocated to the states based upon the state's proportionate share of total FUTA taxes paid.</p>		

<b>Legislative Provision</b>	<b>House</b>	<b>Senate</b>	<b>Final Version</b>
<b>OTHER PROVISIONS OF INTEREST</b>			
<b>COBRA Premium Subsidy</b> <a href="#">(Legislative Text, Explanation)</a>	Provides 65% subsidy for 12 months.	Provides 50% subsidy for 12 months; gives employers more time to administer subsidy; allows COBRA-eligible individuals to change coverage options.	Provides a 65% subsidy for COBRA continuation premiums for up to 9 months for workers who have been involuntarily terminated and workers' families. <b>Estimated cost: \$24.7 billion.</b>
<b>Work Opportunity Tax Credit (WOTC) for Veterans and Disconnected Youth</b> <a href="#">(Legislative Text, Explanation)</a>	Expands WOTC to veterans discharged from active duty between 2008 and 2010 and disconnected youth.	Expands WOTC to Veterans released from active duty between 2001 and 2010 and disconnected youth.	Expands WOTC to (1) unemployed veterans and (2) disconnected youth. Veterans qualify if they were discharged during the five-year period prior to hiring and received unemployment compensation for more than four weeks during the year before being hired. An individual qualifies as a disconnected youth if they are between the ages of 16 and 25 and have not been regularly employed or attended school in the past 6 months. <b>Estimated Cost: \$231 million.</b>
<b>Earned Income Tax Credit (EITC) Expansion,</b> <a href="#">(Legislative Text, Explanation)</a>	Temporarily increase the earned income tax credit for working families to forty-five percent (45%)	Temporarily increase the earned income tax credit for working families to forty-five percent (45%).	The bill would temporarily increase the earned income tax credit for working families to forty-five percent (45%) of the family's first \$12,570 of earned income for families with three or more children and would increase the beginning point of the phase-out range for all married couples filing a joint return. <b>Estimated Cost: \$4.663 billion.</b>
<b>Expansion, Trade Adjustment Assistance Program</b>	No provision.	Significantly expands current Trade Adjustment Assistance Program.	Significantly expands current Trade Adjustment Assistance Programs in the following manner: <ul style="list-style-type: none"> <li>• Extends TAA to trade-affected services sector workers and workers affected by offshoring or outsourcing to all countries, including China or India.</li> <li>• Increases training funds available to states by 160% to \$575 million per fiscal year; creates a new TAA program for trade-affected communities;</li> <li>• Allows for automatic TAA eligibility for workers suffering from import surges and unfair trade;</li> </ul>

<b>Legislative Provision</b>	<b>House</b>	<b>Senate</b>	<b>Final Version</b>
			<ul style="list-style-type: none"> <li data-bbox="1333 235 1911 289">• Makes training, healthcare and reemployment TAA benefits more accessible and flexible.</li> </ul> <p data-bbox="1333 321 1669 349"><b>Estimated Cost: \$1.6 billion.</b></p>