



## Unemployment Insurance and COVID-19

### UI Quick Facts

*Unemployment insurance is a state-federal partnership in which states normally fund the first 26 weeks of benefits out of state trust funds, with federal support for administrative costs. Many aspects of UI are set in state law.*

**Who qualifies normally?** Eligibility varies from state to state, but generally a person will qualify if they are unemployed through no fault of their own and meet the state's requirements for time in the labor force, wages earned, or both.

**Current reciprocity rates:** Varies by state, but the national reciprocity rate is about 0.28, meaning that 27 out of every 100 unemployed persons are receiving UI benefits. The range goes from 0.09 in North Carolina to 0.57 in New Jersey.<sup>1</sup>

**Average benefits:** Varies by state and individual situation, but the national average is \$385.33. Higher average salaries in the base period mean larger average weekly benefits. Lowest average weekly benefit is Puerto Rico at \$162.57, and the highest is Massachusetts at \$545.98.<sup>2</sup>

**Wage replacement and duration:** Varies by state, but all states except Alabama, Arkansas, Florida, Georgia, Idaho, Kansas, Michigan, Missouri, North Carolina, and South Carolina provide at least 26 weeks of benefits, if needed, using a formula that replaces a portion of wages. The national average wage replacement rate for UI is about 40 percent.

### UI in H.R. 6201

H.R. 6201 lays the groundwork for state UI offices to handle the new influx of claims and to expand their UI coverage to as many people as possible who could be eligible under state law. Main provisions include:

- Grants to states totaling \$1 billion and paid out using the same formula we use for regular state UI administrative funding.
  - The first \$500 million would be paid immediately to all states. These grants would come as long as states are doing basic things to ensure claimants can access their earned benefits, like having at least two ways applicants can contact the agency and notifying applicants that their claims are being processed.
  - The second \$500 million would be reserved for states that have at least a 10% increase in unemployment claims, a threshold many states will meet very soon. Each qualifying state would receive an additional grant in the same amount as the first, as long as they use all the flexibility we provide under federal law.
- Interest-free loans to states to help pay state UI benefits through December 31, 2020.
- Technical assistance to states to help set up short-time compensation programs, which allow for partial UI benefits to workers whose employers have an approved program to reduce hours to avoid layoffs or furloughs, if states do not already have them.
- Full federal funding for an additional 26 weeks of extended benefits (EB) for states that experience an increase of 10% or more in unemployment claims over the previous year, comply with beneficiary access provisions, and trigger EB under existing UI law. Normally, this requires a 50% match from states.

<sup>1</sup> <https://oui.doleta.gov/unemploy/Chartbook/a13.asp>

<sup>2</sup> <https://oui.doleta.gov/unemploy/5159report.asp>