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THE MECHANICS AND IMMEDIATE IMPLICATIONS OF THE DECEMBER 21 CUT-OFF IN THE TEMPORARY EXTENDED UNEMPLOYMENT COMPENSATION PROGRAM

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This memorandum briefly explains the phase-out structure of the Temporary Extended Unemployment Compensation (TEUC) program and its immediate implications for the long-term unemployed and Congress' schedule. The TEUC program was enacted in March 2002 to provide additional weeks of federally-funded unemployment benefits to those who have received all of their regular, state-funded benefits but still have not found a job. The program has been extended twice since then, with the most recent extension now about to end. As the table on the next page indicates, under current law:

- *In all states but one,¹ individuals exhausting their regular benefits prior to December 21 will continue to be eligible for TEUC benefits.* For example, an individual who has received four weeks of TEUC benefits prior to December 21 would be able to receive nine more weeks of benefits.
- *No individuals, however, who exhaust their regular benefits from December 21 onwards will be eligible for TEUC benefits.* So, unless these individuals live in one of the small handful of states that qualify for the federal-state extended benefits program or that have a state additional benefits program, they will be receiving neither a paycheck nor an unemployment check.

A large number of jobless workers will be affected by this cut-off. Between 80,000 and 90,000 jobless workers will be exhausting their regular benefits every week. By the end of January, roughly one-half million people will have exhausted their regular benefits but will not have received any TEUC aid.

The House of Representatives and the Senate are scheduled to be in session during the second week of December. If, at that time, Congress acts to extend the program, and the President signs the legislation into law, then no jobless workers would be harmed.

If Congress does not act then, it is not scheduled to return until January 20. Even if legislation were passed and signed into law that day, hundreds of thousands of jobless workers would be affected by the delay. (The damage would be greater than occurred when a somewhat similar situation unfolded a year ago. Last December, Congress failed to extend TEUC before it expired. However, it returned earlier in January and a law was enacted on January 8 extending the program.)

¹ There is a marginally different cut-off date — December 22 — in New York.

Sequence of Events if the TEUC Program Is Allowed to Expire

December 8, 2003	House in session.
December 9, 2003	Senate in session.
December 20, 2003	Last day an unemployed worker can exhaust regular unemployment benefits and still qualify for TEUC benefits.
December 21, 2003	Unemployed workers who exhaust their regular benefits from this day forward no longer qualify for TEUC.
January 20, 2004	Congress returns.
January 31, 2004	Roughly 500,000 jobless workers will have exhausted their regular benefits but not qualified for TEUC aid.