



Why Extended UI Benefits were Turned Off Prematurely for Workers in 33 States

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SUMMARY

In some states, up to 30% of people receiving unemployment insurance benefits are losing access to state Extended Benefits because of how unemployment levels are currently measured. UI benefits are automatically extended when particular unemployment rates reach certain thresholds. However, one of the relevant rates does not count people who are receiving UI benefits from extension programs, it can move in the opposite direction of more commonly accepted measures of unemployment. This means Extended Benefits can "trigger off" when they are needed most. This Policy Brief explains how these automatic benefit extensions work, and uses data from the U.S. Department of Labor to quantify the impact of the design of the Extended Benefit program for UI claimants during the COVID-19 pandemic and in other downturns.

Key Research Findings

- The Extended Benefits (EB) program automatically extends how long a person can claim Unemployment Insurance (UI) benefits when the share of workers claiming regular UI benefits reaches a certain level. However, a key measure of unemployment used by EB does not count individuals receiving benefits through extension programs such as Pandemic Emergency Unemployment Compensation (PEUC) or EB. Thus, when a large share of unemployed workers transition from regular UI to extension programs, EB can mechanically trigger off, even if the total number of UI claimants remains unchanged or is increasing.
- Since the fall of 2020, this has resulted in the termination of EB extensions in 33 states and territories despite elevated or even increasing long-term unemployment. In such circumstances, benefit extensions help to avoid the documented adverse impacts of long-term unemployment and benefit exhaustion. Across all affected states and territories, there were more than 300,000 Americans collecting EB benefits before the program turned off prematurely.
- States that have already been substantially impacted by the early turn-off of EB include **Alabama, Maryland, Minnesota, Ohio, South Carolina, and Virginia**. In some of these states, 20-30% of claimants were receiving UI benefits through the EB program when it was turned off.
- The following states may also trigger off of EB soon: **California, Massachusetts, New Mexico, Nevada, and New York**. All of these states have seen recent weeks in 2021 in which greater than 30% of their claimants collected benefits under EB.
- While several unique aspects of the COVID-19 crisis have exacerbated the issue--including high rates of

long-term unemployment, higher propensity for the unemployed to claim benefits, and a high utilization of extended benefit programs – this design issue hinders the ability of the UI program to respond to any severe downturn. This is because in major recessions, a temporary initial rise in job destruction is often followed by a period of low job creation, leading to rising long-term unemployment and a transition to Extended Benefits.

- The potential for EB to trigger off in other severe downturns (despite a high total number of people claiming UI in a given state) is also highlighted by the termination of California’s Extended Benefits at the end of the Great Recession that is documented in this brief.

Introduction

During the COVID-19 crisis, two forms of benefits extensions have allowed unemployed workers in California and other states to claim unemployment beyond the standard 26 weeks. A special extension program created in the CARES Act of 2020, PEUC, originally provided 13 weeks (which Congress increased to 24 on December 27th, 2020, and then to 53 on March 11th, 2021).¹ Claimants who first exhaust their 26 weeks of regular benefits, then their 13-24 weeks under PEUC, have been eligible for an additional 13 to 20 weeks of unemployment insurance benefits, called Federal-State Extended Benefits (EB).^{2,3}

While the duration of the PEUC extension is decided by Congress and currently set to expire in early September 2021, the EB program is designed to automatically “trigger” on in each state during times of unusually high unemployment in that state, when additional relief and stimulus is most needed, and to trigger off when the labor market has recovered. Due to a modification to this trigger made during the Reagan administration in 1980,⁴ Extended Benefits in many states have already triggered off, despite a large number of workers still relying on these benefits. This report explains how these triggers work, why their design has a bigger impact during the current crisis, provides a conservative estimate of how many people have been affected by this issue in certain states, and proposes a remedy to the problem.

1. The Problem in One Graph

This section provides an illustrative example of the counter-intuitive way that EB triggers have worked during the past year and how it has harmed workers experiencing long-term unemployment. One particular state – Minnesota, depicted in [Figure 1](#) – is chosen for brevity. In the case of Minnesota, a large number of UI claimants stopped receiving Extended Benefits because of these triggers. This occurred during a period of elevated levels of long-term unemployment, which is the opposite of what an automatic stabilizer should do. A more nuanced explanation of how the triggers work and a more detailed analysis of how EB functioned in other states during the COVID-19 pandemic as well as the Great Recession will be explained in detail in the next sections.

On May 3, 2020, the U.S. Department of Labor (DOL) announced that due to a period of unusually high unemployment in Minnesota, additional weeks of UI benefits would automatically be made available to claimants in that state. The state’s “Extended Benefit” period was triggered on automatically because the share of the state’s labor force claiming UI benefits – called its Insured Unemployment Rate (IUR) – had exceeded 5%. During 2020, all but one other US state also triggered on Extended Benefits.⁵

As long-term unemployment worsened during the pandemic, more workers began to make use of these extended benefits, as well as those extensions available by Congress under PEUC. But counter-intuitively, DOL does not count claimants paid under extensions as contributing to the state’s IUR. Thus, while the share of the state’s population that reported unemployment to the state’s UI system was holding relatively steady, the share that was collecting non-extension benefits was falling rapidly, leading to a fall in the IUR.

As a result, on December 13th, 2020, DOL announced that due to the change in Minnesota’s IUR, Extended Benefits would trigger off, removing additional weeks of benefits

1. <https://edd.ca.gov/unemployment/pdf/unemployment-benefits-chart.pdf>

2. Not all claimants who are eligible for PEUC benefits meet the monetary eligibility restrictions for receiving Federal-State Extended Benefits.

3. Due to the timing of the roll-out of additional PEUC extensions, in certain cases claimants exhausting EB may be eligible to move back to PEUC.

4. The trigger was modified by the Omnibus Reconciliation Act of 1980, as described in further footnotes.

5. The only state that did not have an Extended Benefit period in 2020 was South Dakota. [Figure A1](#), in the Appendix, shows how many states have had EB periods over the last two decades.

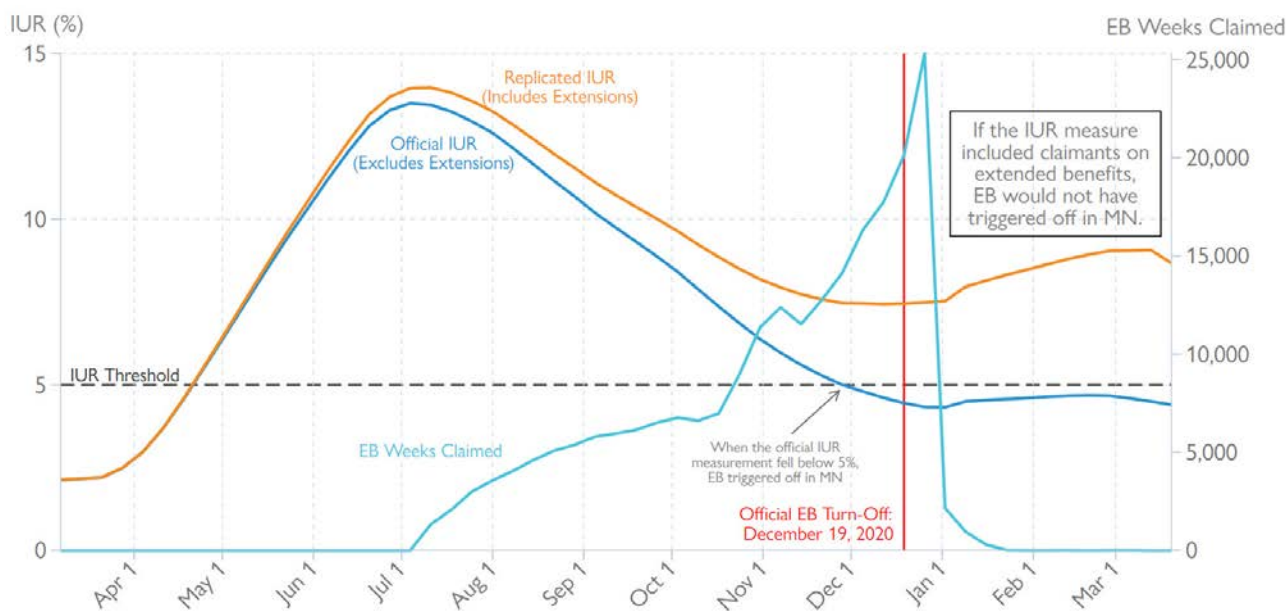
for unemployment after December 19th.⁶ In a different context, the fall in the official measure of the state’s rate of UI claiming might have signaled an economic improvement. But in this case, because the IUR only counts non-extension claimants, this change in fact signaled a growth of long-term unemployment, and therefore if anything it reflected an increased need for UI extensions.

If instead IUR had also included the long-term unemployed receiving benefits through extension programs, it would have indicated that 7.41% of the state’s labor force was still claiming unemployment, rather than 4.80%. **Figure 3** shows that this extended measure of unemployment (“Replicated IUR with Extensions”) was clearly rising around the time that the automatic extension was triggered off, despite the

fact that the officially reported IUR had fallen below the 5% threshold.

In the final week of EB payments in Minnesota, DOL reported that 25,302 claimants collected EB and then stopped receiving benefits through the EB program (although legally, they would soon become eligible for the PEUC extension passed at the end of 2020). This number can be regarded as an underestimate of the number of Minnesotans affected by the termination of the EB program, as it counts only those who were on it at termination and not those who would have used it in the future had it not been turned off. The case of Minnesota during 2020 is just one of several cases during the COVID-19 crisis in which the design of EB triggers has caused automatic aid to turn off when it is most needed.

FIGURE 1: EB Turned off in Minnesota as the Share of Workers Reporting Unemployment Increased



Notes: This figure shows the divergence between Minnesota’s official Insured Unemployment Rate (IUR) and that which includes workers reporting unemployment but paid through extensions. Had the IUR counted extensions, it would not yet have fallen below the 5% threshold used to determine the state’s EB period. The Official IUR (dark blue) is as reported in Weekly Trigger Reports. The Replicated IUR with Extensions (orange) is based on authors’ calculations to additionally include PEUC and EB weeks claimed. EB Weeks Claimed (light blue, right axis) is reported on AR539, and indicates the number of weeks of benefits that were claimed that week to be paid under the EB program.

6. The timing between when a state’s IUR falls below trigger level and when EB turns off is slightly complex, and can vary slightly across states depending on what day their benefit weeks end on, and should be “2 weeks from the end of the report week in which the claims were filed.” See item E.10.b on page 11: https://wdr.doleta.gov/directives/attach/ETAH/ETHand401_4th_s01.pdf The 4.80 IUR measurement is meant to reflect unemployment in the 13-week period ending November 28, and is based on claims that were paid as of the week ending December 5th. Therefore, December 19th would be two weeks since the reporting week in which the relevant claims were reported.

The remainder of this Policy Brief adds greater context to this problem and its nuances, and is organized as follows. Section 2 examines the motivation for and Section 3 the mechanics of EB triggers. Section 4 then explores a recent nation-wide divergence in the two EB triggers, and Section 5 hones in on how and why Extended Benefit periods have triggered on and off for California. In Section 6, we identify six states – including Minnesota – that have recently had early terminations to their EB period. In Section 7, we focus on six states – including California – that may face similar problems later in 2021. We conclude in Section 8 with a discussion of action Congress could take to avoid this problem in the future.

2. The Motive for Extended Benefit Triggers

The UI program typically provides benefits for up to 26 weeks of unemployment,⁷ but there is widespread agreement that this period should be lengthened during economic downturns, when job opportunities are limited and unemployment spells last longer. Intuitively, when it is more difficult to find jobs, more workers will need income support, and past research has shown that exhausting UI benefits has immediate implications for a range of outcomes, including spending, consumption and the risk of entering poverty. This has been even more true during the COVID-19 pandemic, when childcare needs, the risk of infections, and stay-at-home orders have further reduced job finding.

Historically, Congress has extended benefits in an ad-hoc fashion via temporary programs (such as PEUC). However, this process is notoriously fickle—often resulting in benefit lapses if Congressional action is delayed or because state UI

agencies are not given sufficient time to implement policy changes into aging computer systems.⁸ In contrast, the EB program was designed to extend benefits automatically whenever unemployment rates rise above some pre-specified threshold or “trigger” level, without requiring policymaker action. However, the pandemic has exposed flaws in how these triggers are currently designed, which have led to the removal of automatic aid in many states when their workers are experiencing rising unemployment durations.

3. The Mechanics of Extended Benefit Triggers

There are two types of economic triggers that can cause a state’s Extended Benefits period to turn on or off, depicted graphically in [Figure 2](#). The first trigger, used in all states, is the **Insured Unemployment Rate (IUR) trigger**. The IUR is a measure of the share of the covered labor force that is currently claiming regular unemployment benefits. Importantly, the IUR does not count claimants receiving benefits under an extension program. The IUR was changed in 1980 to no longer count claimants on EB, as part of a package of changes to EB that some scholars have suggested “very nearly disabled the program.”⁹

In all states, when at least 5% of the state’s labor force is claiming regular benefits, EB is triggered on, provided that IUR in the prior years was sufficiently low. The latter provision is called the “IUR lookback” provision.^{10, 11} When the share falls back below 5% (or the lookback provision no longer holds), the IUR trigger turns off, and extended benefits expire.¹² In recessions when unemployment remains elevated the lookback provision is often hard to satisfy, and so many states (a total of 37 as of early April) also have a 6% IUR trigger that

7. Although a small number of state UI programs have different (typically lower) potential benefit durations, and a handful of states (including California) provide shorter potential benefit durations to certain claimants (typically those with limited earnings histories). <https://www.cbpp.org/research/economy/how-many-weeks-of-unemployment-compensation-are-available>

8. As occurred, for example, during the Great Recession when the Emergency Unemployment Compensation program lapsed temporarily on five separate occasions (<https://fas.org/sgp/crs/misc/R42444.pdf>). Similarly, in December 2020, a temporary lapse in the PEUC and PUA programs led approximately 185,000 Californians to exhaust benefits early. Despite these programs being renewed within days of their expiration, these claimants were unable to certify for benefits until March 2021. (https://edd.ca.gov/About_EDD/pdf/news-21-09.pdf)

9. See: Woodbury, Stephen A. 1996. “Emergency Extensions of Unemployment Insurance: A Critical Review and Some New Empirical Findings.” In *Advisory Council on Unemployment Compensation: Background Papers*. Washington, DC: The Council, 1995-1996, Vol. 3, p. [11]-170. <https://research.upjohn.org/cgi/viewcontent.cgi?article=1099&context=bookchapters> See also page 10 here on the Omnibus Reconciliation Act of 1980: <https://fas.org/sgp/crs/misc/RL34340.pdf>

10. The 5% IUR trigger is satisfied if the IUR is at least 120% of the IUR in the same period of the prior two years, averaged over the two years. Accounts by researchers has suggested that the lookback provision, which references the state’s data in the same seasonal period of prior years, arose “primarily due to the costliness and difficulty of seasonally adjusting the weekly claims data for each state.” See: Wenger, J. B., & Walters, M. J. (2006). *Why Triggers Fail (and What to Do about It): An Examination of the Unemployment Insurance Extended Benefits Program*. *Journal of Policy Analysis and Management*, 25(3), 553–575. <https://www.jstor.org/stable/30162741?seq=1>

11. In addition, either IUR trigger requires that “[s]tate extended benefit payments have not been paid for at least 12 weeks including the current report week, so that there will have been at least 13 weeks of nonpayment before the week benefit payments begin.” See page 10: https://wdr.doleta.gov/directives/attach/ETAH/ETHand401_4th_s01.pdf

12. Typically, there is a lag of a few weeks between when the IUR trigger crosses the threshold and the last week of unemployment for which EB can be paid.

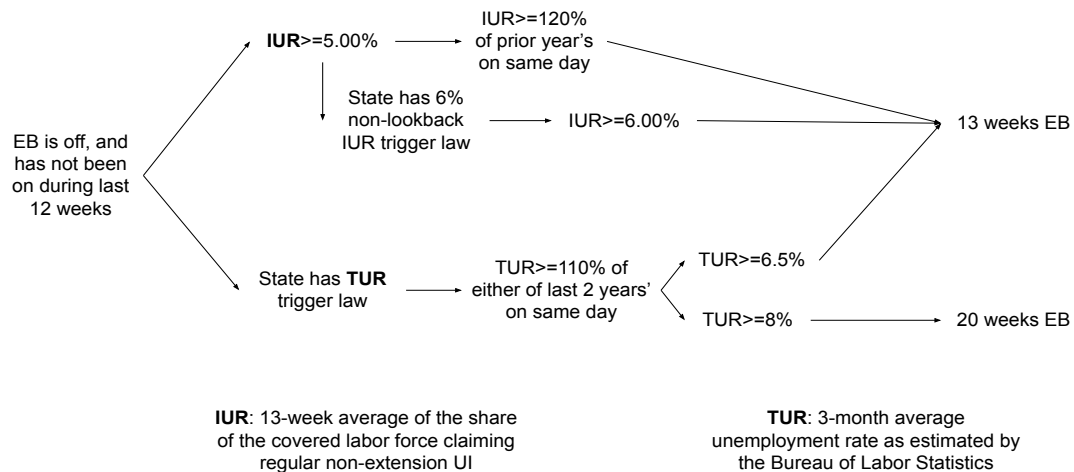
does not rely on the lookback provision.¹³ During the pandemic, the universal 5% threshold can be considered the more relevant trigger because the unprecedented scale of the crisis has tended to satisfy lookback provisions. With either IUR trigger mechanism, the same 13 weeks of EB are provided.

The second type of EB trigger is the **Total Unemployment Rate (TUR) trigger**. The TUR is derived from monthly surveys of the number of unemployed people conducted by the Current Population Survey (CPS) run by the Bureau of Labor Statistics. The TUR trigger is optional and before the crisis only 10 states had it. Currently, half of all states have adopted it.¹⁴ If a state adopts a TUR law, there is only one system of thresholds that it can adopt. The TUR trigger has three levels: Off, TUR Light, and TUR Heavy.¹⁵ A state

can move from “Off” to “TUR Light” when TUR reaches at least 6.5%, and can move to “TUR Heavy” when TUR rises above 8%. Both TUR Light and TUR Heavy turn Extended Benefits “on,” with the difference between the two being that TUR Light provides 13 weeks of extended benefits (the same amount as the IUR trigger), whereas TUR Heavy provides 20 weeks of benefits.¹⁶ Because TUR Heavy provides more weeks of benefits, it supersedes TUR Light or either IUR-based trigger in instances when multiple triggers are satisfied.

Although TUR and IUR are in principle trying to measure similar quantities – both might loosely be called unemployment rates – TUR typically tends to be higher than IUR because many unemployed workers do not claim unemployment benefits, either for reasons of eligibility or otherwise.

FIGURE 2: Pathways for EB to Trigger on



Notes: This graphic depicts the ways in which an EB period can trigger on for a state. Possible scenarios in which IUR and TUR do not satisfy the EB trigger conditions are not illustrated.

13. The decision of whether to use only the federal 6% IUR threshold or adopt the additional 5% IUR threshold with a lookback provision rests on state legislatures. As of March 14, 2021, the following states are listed as not having the optional 6% IUR trigger: Delaware, Florida, Georgia, Iowa, Kentucky, Michigan, New Hampshire, North Dakota, South Dakota, Utah, Washington, and Wyoming. https://oui.doleta.gov/unemploy/trigger/2021/trig_031421.html

14. See Figure A2, in the Appendix. As of March 2021, about half have TUR trigger laws, including California.

15. In some states, the period we refer to as TUR Heavy is termed High Unemployment Period, or HUP.

16. Both TUR triggers also have “lookback” provisions stipulating the TUR must exceed 110% of either of the prior two years. During most of the Great Recession period, the lookback period was extended to 3 years. For further information on TUR triggers, see Appendix 2 here https://geoffreyschnorr.com/pdf/ui_worker_productivity_oct2020.pdf as well as https://oui.doleta.gov/unemploy/pdf/uilaws_extended.pdf. The requirement that EB cannot trigger on again if it was recently triggered on and off also applies to the TUR trigger.

4. The Nation-Wide Divergence Among TUR, IUR, and Extension Claimants

During the COVID-19 crisis, two major national trends led to a more important role of the IUR trigger in determining EB periods. The first trend is that a much larger share of unemployed workers claimed UI benefits than in prior recessions (known as the UI reciprocity rate), leading to higher levels of IUR and hence more frequent turn-on of EB through the IUR trigger.¹⁷ While an increased rate of UI reciprocity means that more jobless workers are accessing aid, the fact that IUR can trigger off despite a high overall number of people claiming UI is now hurting workers. The second relevant trend has been that during the COVID-19 crisis a large share of unemployed individuals (particularly those who began claiming benefits at the beginning of the crisis) have remained unemployed long-term, and thus have transitioned from Regular UI programs to extension programs.¹⁸ Hence, even as regular UI claims captured by IUR started to fall, a large number of individuals were still depending on EB.

The broad implications of these trends for IUR, and its lack of accounting for Extended Benefits, can be seen graphically at the national level in [Figure 3](#). Panels A and B show national measures of IUR and TUR, as well as our newly-constructed measure of IUR -- modified to include extension claimants -- for the Great Recession and the COVID-19 crisis, respectively.¹⁹

The figures make several key points:

- During the peak of the COVID-19 crisis and into the fall, IUR had closed the gap with TUR due to rising reciprocity rates. This has led EB to trigger on in many states via the IUR trigger, particularly in states that did not have TUR triggers.
- In the fall of 2020, as claimants moved to extension programs, IUR began falling much more rapidly than TUR. This has led to EB triggering off in several states without a TUR trigger.

- If people receiving extended unemployment benefits are included, then IUR remains slightly above TUR, meaning that even UI claimants in states without a TUR trigger or those in which TUR has now fallen too low to sustain EB would in many cases be able to continue to benefit from EB if the IUR included extensions.
- Considering the COVID-19 crisis and the Great Recession together, it is apparent that counting claimants on extensions in the IUR matters the most during recessionary periods, when long-term unemployment and use of extended benefits increases.

These national trends can also be put in the context of the rise in UI reciprocity rates during recessions by plotting the ratio between IUR and TUR, shown in Panels C and D of [Figure 3](#). If one takes TUR to be the more inclusive measure of unemployment, the ratio of the two measures signals how far IUR is from capturing the full extent of joblessness. In the context of EB triggers, the higher this ratio is, the more likely EB is kept on by the IUR trigger rather than TUR trigger. This is even the case if IUR is smaller than TUR, because TUR thresholds are higher (see Section 3). At certain recent times, the ratio of IUR to TUR has exceeded 1, and would still exceed 1 if extensions were counted - this is a reflection of the high rate of UI receipt among the unemployed and the fact that TUR itself does not necessarily count all those eligible for UI, especially during the COVID-19 crisis.^{20,21} These figures suggest that including claimants receiving extended benefits in the IUR would increase the duration that extended benefits would be available to claimants. The need to receive benefits for longer durations has been particularly pronounced during the COVID-19 crisis.

17. CPL's February Data Point shows that UI reciprocity in CA rose to 90% in the second half of 2020, though [Forsythe \(2021\)](#) estimates a lower rate nationwide during the pandemic. See also [NELP \(2017\)](#) and [Congdon and Vroman \(2021\)](#).

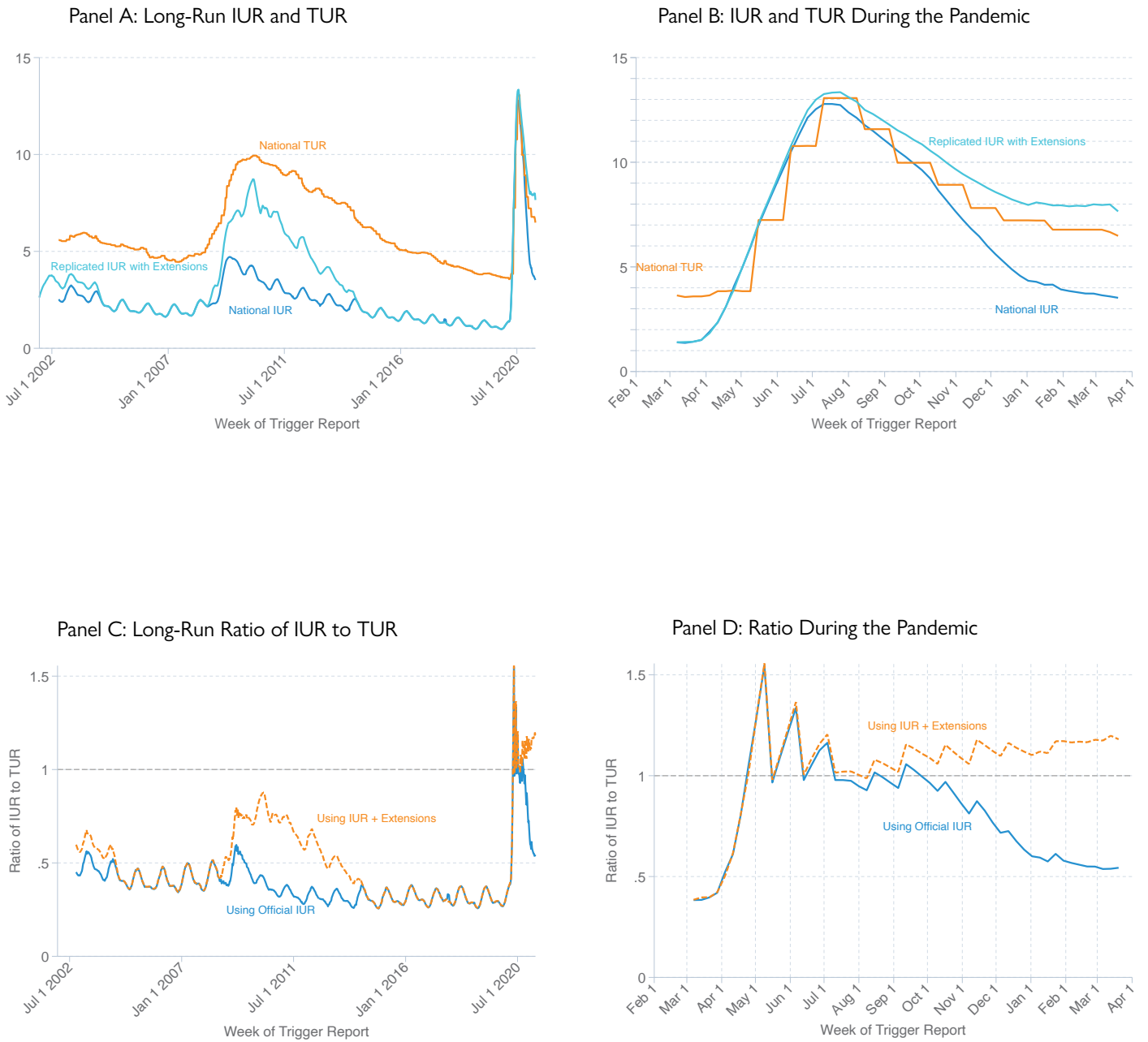
18. CPL's March report found more than half of all CA UI claimants during the crisis had claimed more than 6 months of benefits.

19. The national data are obtained by aggregating over states. While there is no practical significance to these national aggregates series -- only state-level data can trigger on EB for each state -- the trends in the national aggregates are useful illustrations of why including people on extended benefit programs would dramatically change how triggers perform.

20. One reason this ratio could exceed 1 is that TUR does not capture the full scale of job losses due to worker transitions out of the labor force and substantial under-counting of unemployed workers on temporary layoffs. For example, see [recent comments](#) by Federal Reserve Chair Powell pertaining to how "published unemployment rates during COVID have dramatically understated the deterioration in the labor market." Other possible explanations for higher reciprocity rates include expanded eligibility for UI (e.g., the suspension of search requirements) and potential effects of added benefits on take-up among the eligible.

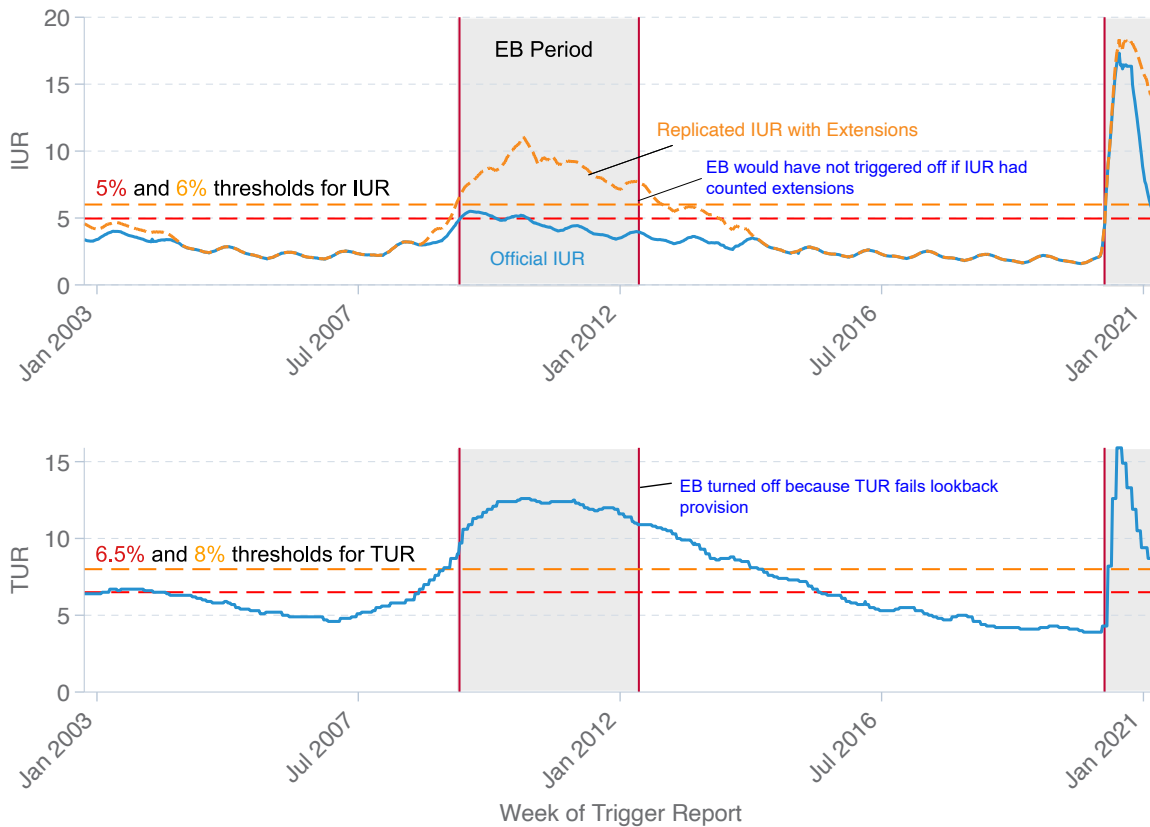
21. To aid comparability over time, our replicated IUR does not include UI claimants under the newly created Pandemic Unemployment Assistance (PUA) program. [Figure A2](#), in the Appendix, shows a similar exercise when PUA claimants are additionally included in the IUR calculation. If PUA claimants were also counted as insured unemployed, the IUR for the past six months would have been twice as high as the BLS estimate of total unemployment.

FIGURE 3: IUR and TUR, National Averages



Notes: The national IUR and TUR are constructed as employment-weighted averages across US states and territories. The Official IUR and TUR are derived from Weekly Trigger Reports. The Replicated IUR with Extensions is based on authors' calculations to additionally include PEUC and EB weeks claimed, as well as EUC08 during the Great Recession. The series begin on October 5 2002 because that is the first date for which the trigger notices are available in digital form from DOL.

FIGURE 4: Trigger data for California, 2002-Present



Notes: For Panel A, data is from DOL Trigger Notices. The series begins on October 5 2002 because that is the first date for which the trigger notices are available in digital form from DOL. The Replicated IUR with Extensions (orange) is based on authors' calculations to additionally include PEUC and EB weeks claimed, as well as EUC08 during the Great Recession. Horizontal dashed lines indicate EB trigger thresholds.

5. Recent Extended Benefits Periods in California

To better illustrate how the IUR and TUR triggers work at the state level, Figure 4 shows California's IUR and TUR over a nearly two-decade span, which includes two periods during which Extended Benefits were triggered on.

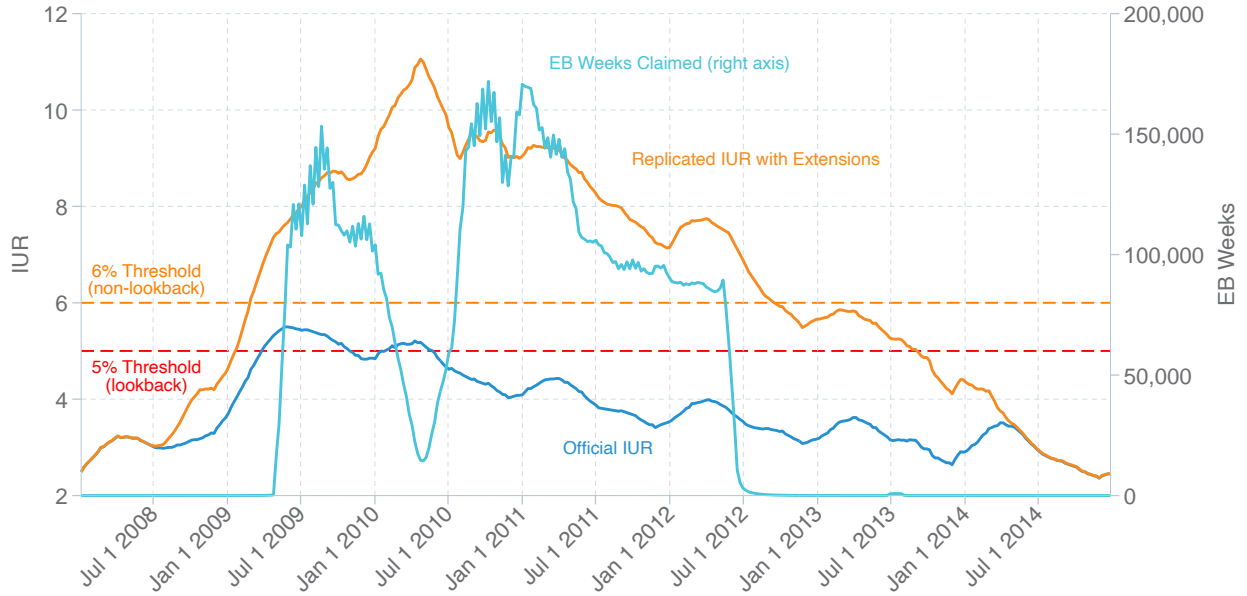
In May 2012, towards the end of the Great Recession, nearly 100,000 Californians stopped receiving benefits through EB because the IUR trigger doesn't count people receiving UI under extension programs. Panel A of Figure 5 zooms in on this divergence during the Great Recession. If IUR had included UI claimants on extended benefits, then EB likely would not have triggered off until September of that year. If current unemployment trends continue, California could see a similar termination of EB in the summer of 2021.

On March 28, 2009, DOL announced that EB would trigger on in California via TUR. Because California's TUR stood at 9.7 percent, 20 weeks of EB were made available. California's EB period came to an end about 3 years later, in May of 2012, when the TUR stood at 10.9 percent because the lookback provision of the TUR was no longer satisfied.²² IUR was at 3.89 percent, well below the 6% threshold that would have been required to keep EB on without an IUR lookback provision. However, if one had included the workers receiving benefits through extension programs in the week that EB triggered off, approximately 7.56% of Californians were still receiving unemployment compensation. This alternative estimate is close to double the official 3.89% IUR, and would have been well above the non-lookback 6% threshold required to keep EB on. Our calculations suggest that this more robust measure of IUR would have stayed above that 6% threshold until roughly September of 2012.

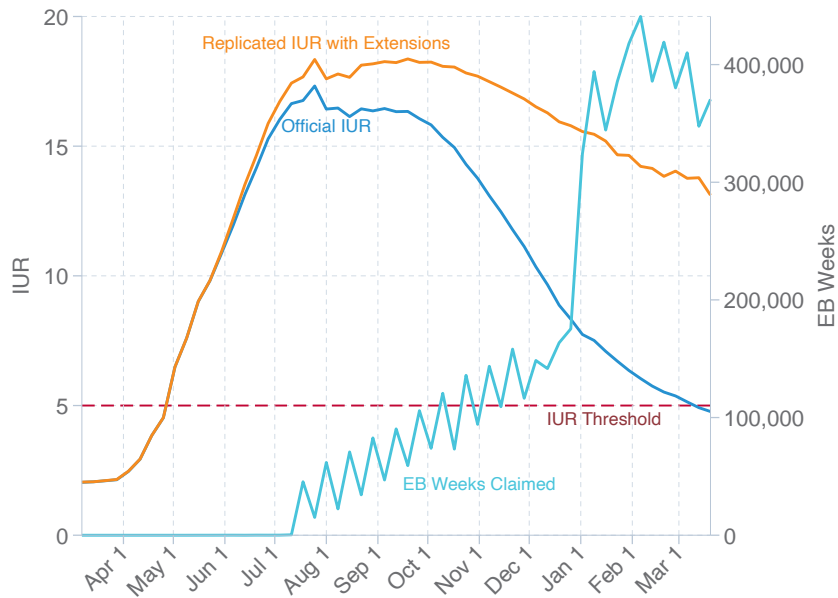
22. Although the TUR lookback period is currently two years, during much of the Great Recession period it was extended to three years.

FIGURE 5: Divergence in California's IUR During the Great Recession and the COVID-19 Crisis

Panel A: During the Great Recession, 100,000 Californians fell off of EB when the program triggered off in May of 2012



Panel B: Currently, 400,000 Californians are receiving EB benefits, yet the program may soon trigger off



Notes: For Panel A, data is from DOL Trigger Notices. The series begins on October 5 2002 because that is the first date for which the trigger notices are available in digital form from DOL. The Replicated IUR with Extensions (orange) is based on authors' calculations to additionally include PEUC and EB weeks claimed, as well as EUC08 during the Great Recession. Horizontal dashed lines indicate EB trigger thresholds. For this figure only, EB Weeks Claimed is shown as a five-week moving average.

The second Extended Benefit period seen in [Figure 4](#) for California was announced on May 10th, 2020, and is still ongoing as of the publication of this Policy Brief. The IUR trigger was originally used to turn on Extended Benefits, but the actual trigger in force has since switched between IUR and TUR as sources of federal funding for unemployment benefits based on the TUR trigger have been made available for certain periods. This federal funding has prompted several rounds of passages and repeals of TUR trigger laws by several state legislatures. Currently, California has a TUR trigger law in place and makes available 20 extra weeks of benefits via TUR Heavy.

Although California currently satisfies the TUR Heavy trigger, if current unemployment trends continue, it is likely that TUR will soon fall below the trigger threshold. As of December 20th, 2020, the TUR has fallen within 1 percentage point of the TUR Heavy threshold. Once the TUR in the state drops below 8%, the number of weeks of EB available to claimants will drop from 20 to 13. According to the March 2021 UCLA Anderson forecast, California’s unemployment rate is currently projected to fall below 6.5% near the middle of 2021.²³ Once California’s TUR drops below 6.5%, California’s EB status will be determined by its IUR.

To understand what will happen once California is unable to trigger EB via either TUR threshold, [Figure 5](#) zooms in on the official IUR for California since March of 2020. The IUR, based on a moving-average of non-extension claimants, has fallen drastically since October 2020, and is now nearing the 5% threshold. After crossing this threshold, California will trigger off of Extended Benefits, based on its IUR. Importantly, the rapidly falling IUR reported for California neglects the hundreds of thousands of unemployed Californians still receiving UI through PEUC and EB extensions. Whereas the official IUR indicates just under 5% of Californians are receiving UI benefits – not high enough to satisfy even the lower 5% trigger level – about 14% of Californians are receiving UI benefits when including those paid through extensions.²⁴ Given the large number of long-term unemployed, a broader measure of unemployment, such as our replicated IUR that includes extensions payments, better captures current labor market conditions.

It is worth mentioning that even broader measures of labor market conditions are available. For example, [Figure A4](#), in the Appendix, shows how high the Insured Unemployment Rate in California would be if PUA claimants had also been counted. By this measure, insured unemployment would have peaked at nearly 40%, and would currently stand at 22%, dwarfing either IUR cutoff of 5% or 6%.

6. In Many States, Automatic Extensions Have Turned Off Despite Historically Elevated Levels of Claims

Whereas California currently provides 20 weeks of EB via the TUR trigger, claimants in other states have not been so fortunate. ([Figure A1](#), in the Appendix, shows that only 25 states currently have TUR options in law.)

The case of Minnesota was already highlighted at the beginning of this report, and illustrated in [Figure 1](#). [Figure 6](#) illustrates six examples, including Minnesota, in which EB triggered off sooner than it otherwise would have if extensions had been included in the IUR calculation. Like Minnesota, other states in which EB turned off while total claims were not declining include Maryland, South Carolina, and Ohio. In Alabama and Virginia, the difference

TABLE 1: Selected States in Which EB Has Turned Off

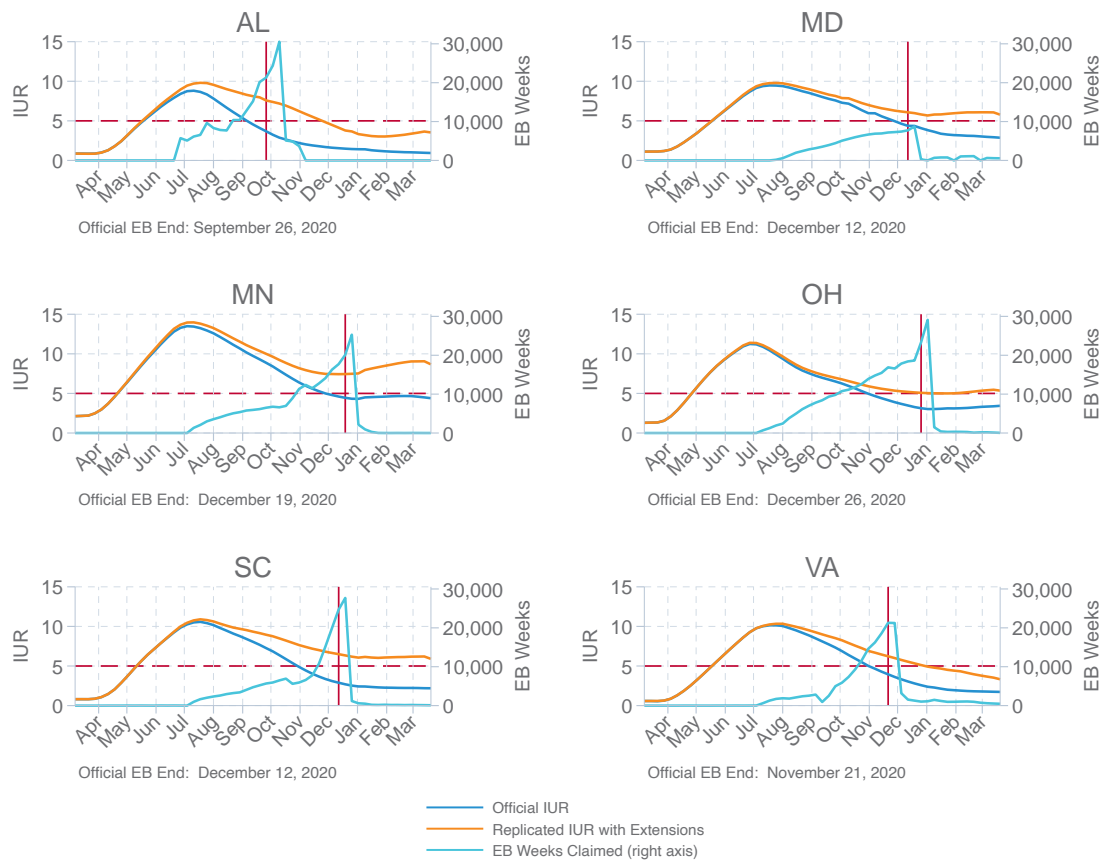
STATE	DATE REPORTED	% OF CLAIMANTS PAID THROUGH E.B.
Alabama	Sept 26, 2020	29.4
Maryland	December 19, 2020	6.0
Minnesota	December 26, 2020	10.8
Ohio	January 2, 2021	10.6
South Carolina	December 19, 2020	23.8
Virginia	November 28, 2020	12.3

Notes: To calculate the percent of claimants paid through EB, we first calculated the total number of claimants of non-extension regular UI, PEUC, and EB in each state in each week. We then calculated the percentage of each state-week total that stemmed from EB, and noted the highest value from 2020 to present and its corresponding date, which in most cases was shortly before EB turned off.

23. California’s unemployment rate for Q2 is projected at 7.1%, whereas Q3 is projected at 6.1%. UCLA Anderson Forecast, March 2021. <https://www.anderson.ucla.edu/centers/ucla-anderson-forecast>

24 Our [March Analysis](#) reported that nearly 1 in 5 workers in California were receiving benefits in February. The share of the (pre-crisis) labor force receiving regular UI benefits was 13.1% ([Table 5](#)), and was 19.0% counting both regular UI and PUA ([Table A2](#)).

FIGURE 6: Selected States in Which EB Has Turned Off



Notes: The Official IUR (dark blue) is as reported in Weekly Trigger Reports. EB Weeks Claimed (light blue) is reported on AR539. The Replicated IUR with Extensions (orange) is based on authors' calculations to additionally include PEUC and EB weeks claimed.

was less drastic but the counting of extensions would have incrementally postponed the dates when EB triggered off. Although it is difficult to count how many claimants would have relied on EB to extend their claim's duration had EB not turned off, Table 1 offers some context on the relative size of EB while it was on in each state. In Alabama, nearly 30% of the state's weekly UI claimants were claiming benefits under the EB program before EB turned off. On the other hand, in Maryland, only 6% of the state's claimants were claiming through EB.

While these counts of EB claimants may provide some context on the scope of the program, available data are not granular enough for us to produce a more precise count of how many workers have exhausted all benefits due to this issue with EB. These numbers may under-count the number of people impacted by the early termination of EB in the sense that they only count workers who had been on EB near the program's end in each state, and not those who would

use it in the future if it were still available. On the other hand, it is possible that for some workers on EB, the impact of the early termination may be minimal if additional rounds of PEUC extensions are able to make up the difference in lost potential benefit duration.

A similar analysis can be applied to all 53 states and territories. As of March 28, 2021, we find 32 states and territories have experienced a premature termination of EB during the crisis. Table 2 provides an estimate of the number of weeks of EB that these 32 states and territories lost. Summing across all affected jurisdictions, at least 314,841 claimants had used the EB program at some point before it had turned off. Again, we consider this number to be a lower bound on the number of claimants in some way impacted by the early termination of EB, but due to the additional rounds of PEUC extensions, we do not know how many of these claimants have already exhausted all sources of UI benefits. The Supplementary State-Level Appendix provides additional detail on the situation in each state and territory.

TABLE 2: State-Level Impacts of IUR Design

Includes states with EB cut short due to IUR excluding Extension Payments

	State	Weeks of EB Lost to IUR Design	Number of EB Claimants	Share of Claimants on EB	Still growing?
1	Alabama	11	30,547	29%	0
2	South Carolina	15	27,687	24%	1
3	Puerto Rico	1	29,246	21%	1
4	Mississippi	14	8,306	16%	1
5	Washington	2	27,923	16%	1
6	North Carolina	5	29,554	14%	1
7	Oregon	5	21,582	13%	1
8	Virginia	8	21,297	12%	0
9	Minnesota	14	25,302	11%	1
10	Ohio	13	29,113	11%	1
11	Arkansas	5	3,883	10%	0
12	Maine	7	2,388	9%	0
13	Iowa	6	5,300	8%	0
14	Wisconsin	3	10,805	7%	0
15	Arizona	16	10,389	7%	0
16	Maryland	15	8,733	6%	1
17	Delaware	11	1,482	6%	1
18	Vermont	14	1,117	5%	1
19	Wyoming	2	478	5%	0
20	Montana	6	929	5%	0
21	Missouri	4	4,613	4%	0
22	Louisiana	9	5,075	4%	1
23	Utah	2	1,116	3%	0
24	Tennessee	5	3,394	3%	0
25	North Dakota	4	389	3%	0
26	Indiana	6	3,069	2%	0
27	New Hampshire	3	500	2%	0
28	Idaho	2	232	1%	0
29	Nebraska	1	231	1%	0
30	Hawaii	3	124	1%	1
31	West Virginia	15	37	0%	1
32	Oklahoma	15	-	0%	1

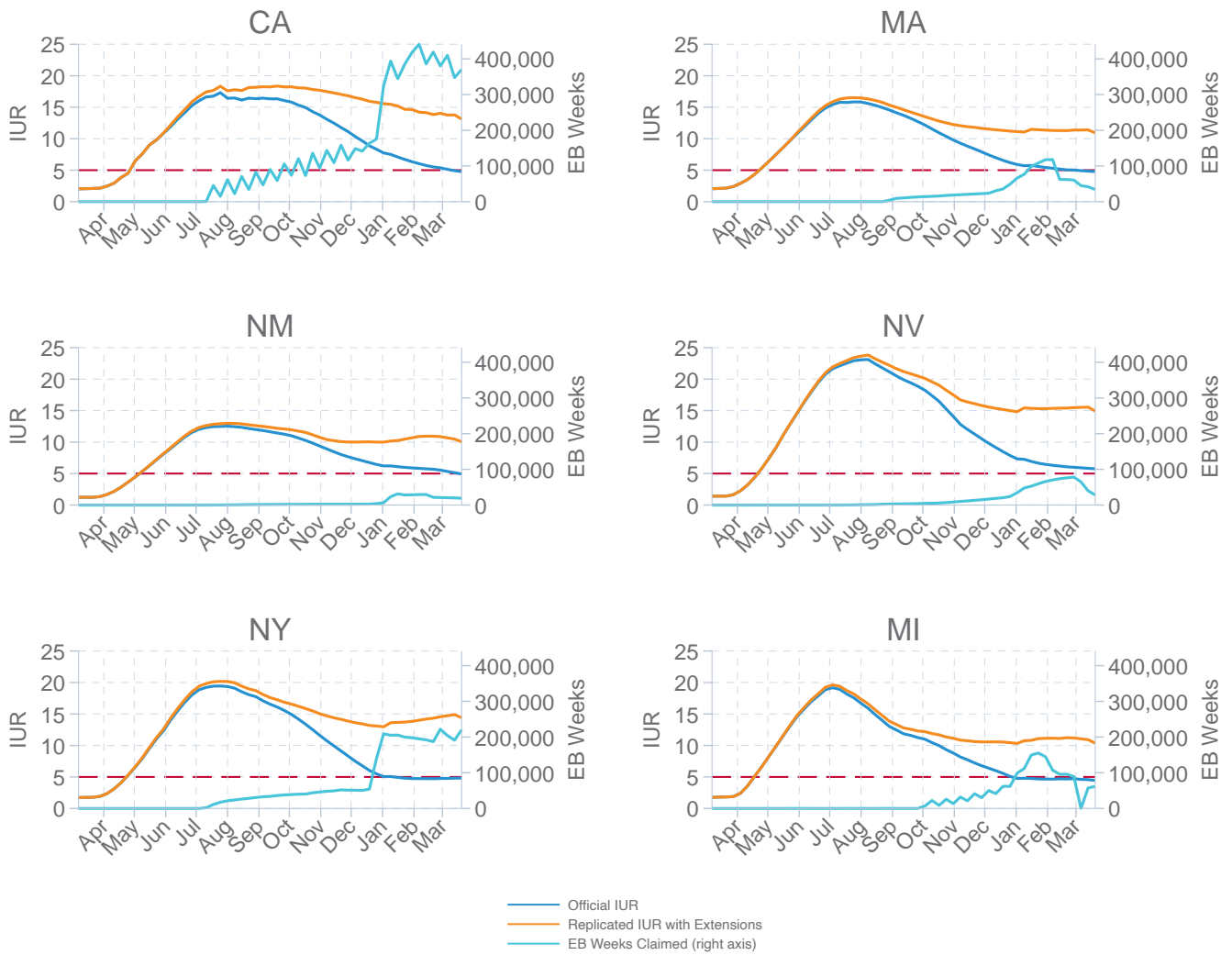
Table is sorted by the share of claimants on EB when EB triggered off. An asterisk (*) indicates that the number of days lost to the IUR issue is still growing, because IUR would still be above the trigger threshold as of March 28th, 2021 if it included UI claimants paid through extensions. Number and share of claimants on EB in each state are constructed by taking the maximum weekly values within a month of the official turn-off date. Michigan is slated to trigger off on April 17, 2021.

TABLE 3: Percentage of Claimants Paid through EB at Peak, States in Figure 7

STATE	DATE REPORTED	% OF CLAIMANTS PAID THROUGH E.B.
California	March 20, 2021	35.4
Massachusetts	February 6, 2021	30.2
Michigan	January 16, 2021	31.8
New Mexico	March 20, 2021	39.1
Nevada	February 27, 2021	37.8
New York	March 20, 2021	36.1

Notes: To calculate the percent of claimants paid through EB, we first calculated the total number of claimants of non-extension regular UI, PEUC, and EB in each state in each week. We then calculated the percentage of each state-week total that stemmed from EB, and noted the highest value from 2020 to present and its corresponding date. To calculate the percent of claimants paid through EB, we first calculated the total number of claimants of non-extension regular UI, PEUC, and EB in each state in each week. We then calculated the percentage of each state-week total that stemmed from EB, and noted the highest value from 2020 to present and its corresponding date, which in most cases was shortly before EB turned off.

FIGURE 7: Selected States in Which the Official IUR is Close to Trigger Level



Notes: The Official IUR (dark blue) is as reported in Weekly Trigger Reports. EB Weeks Claimed (light blue) is reported on AR539. The Replicated IUR with Extensions (orange) is based on authors' calculations to additionally include PEUC and EB weeks claimed. As of March 28th, 2021, all six of these states have adopted the optional TUR trigger for EB. The relevant TUR series for each state is shown in [Figure 8](#).

FIGURE 8: TUR for States at Risk of Triggering off IUR



Notes: Orange horizontal lines denote 8% TUR and red horizontal lines denote 6.5% TUR. The TUR series shown is scraped from public DOL weekly trigger notices, which reflect average seasonally adjusted TUR for the 3-month period.

7. Many Large States Face Falling IUR's Amid Steady Levels of Extension Claims

The spectre of falling IURs amid steady or rising levels of extension claims looms large over several states whose residents are currently benefiting from EB. [Figure 7](#) shows six states in which the IUR is close to the 5% threshold, despite the fact that in each case more than 10% of the state's population is still collecting UI benefits when extensions are included. To understand the likelihood that each of these states will be able to maintain EB via the TUR trigger, [Figure 8](#) plots TUR for the same set of states.

California, with a current TUR of 8.7% and 400,000 weekly EB beneficiaries (totaling about \$140M of benefits per week) as of mid-March, is an example of a state that will likely be able to keep EB available for some time through use of the TUR trigger. So long as TUR remains above 6.5% in California, the fact that California's official IUR is dipping near 5% as almost 15% of Californians are collecting regular UI benefits should not have a practical impact on the availability of Extended Benefits. (The TUR Heavy trigger supersedes the IUR trigger, see Section 3.)

However, the IUR measures for Massachusetts, New Mexico, Nevada, New York, and Michigan are also falling close to the 5% threshold due to the transitions of claimants to extension programs. All of these states currently have TUR laws, but in some cases TUR is not high enough to keep EB on. In the case of Michigan, DOL announced in the March 28th, 2021 weekly trigger report that the state would trigger off EB on April 17th, 2021. Michigan's most recent TUR fell to 6.4%, just barely missing the TUR light threshold of 6.5%. At 4.5%, Michigan's IUR is too low to keep EB on via the IUR trigger, although our calculations suggest that 10.3% of workers in Michigan are still claiming regular UI benefits (including extensions); in fact, this measure has improved little since November.

Similar to [Table 1](#), [Table 3](#) aims to provide some context on the impact of EB triggering off in each state shown in [Figure 7](#). Each of the six states had a recent week in 2021 in which at least 30% of its claimants were paid through EB. As with [Table 1](#), we caution that these estimates should likely be interpreted as under-estimates of the number of claimants that could be affected by the termination of EB because they do not attempt to quantify the number of current claimants who have not yet been transitioned to EB, but would if it does not turn off.

8. Congress Could Re-Define IUR

This Policy Brief has shown that the current design of the Extended Benefit (EB) program of the UI system can turn off benefits when a substantial amount of workers depend on Extended Benefits. This occurs because one of the triggers for EB does not count workers receiving extended benefits, and hence can overstate improvements in labor market conditions. This has occurred in 32 states during the COVID-19 crisis, affecting over 300,000 claims. In the Brief, we discuss six cases in more detail – Alabama, Maryland, Minnesota, Ohio, South Carolina, and Virginia – where Extended Benefits were unavailable to tens of thousands of long-term unemployed workers.

The primary implication stemming from our analysis is that Congress should consider swiftly passing legislation to include extension claimants in IUR. Such a reform would update the EB program to be more effective at automatically providing additional benefits in times of need. Although the situation in the labor market during the COVID-19 pandemic has revealed weaknesses in the design of the IUR trigger, we have shown that California was also affected during the end of the Great Recession. Reforming the IUR trigger to include long-term unemployed workers would make EB a more robust system for automatic stabilization, not only during the pandemic and economic crises but also for future recessions.

While our present analysis has focused primarily on the IUR measurement issue during the pandemic, future work should investigate other aspects of the EB system that might also benefit from a more comprehensive set of UI reforms. Additional scrutiny might be given to whether the lookback provisions for the IUR and TUR triggers have satisfied their intended purposes, or whether alternative measures to adjust for seasonal disturbances would be better suited to the purpose. There may also be scope to expand the maximum duration of EB beyond 20 weeks when certain conditions are automatically met, as well as the potential to tie benefit-level supplements to automatic economic triggers.

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Sources

The data in this report come from the following sources. All datasets were downloaded on March 28, 2021.

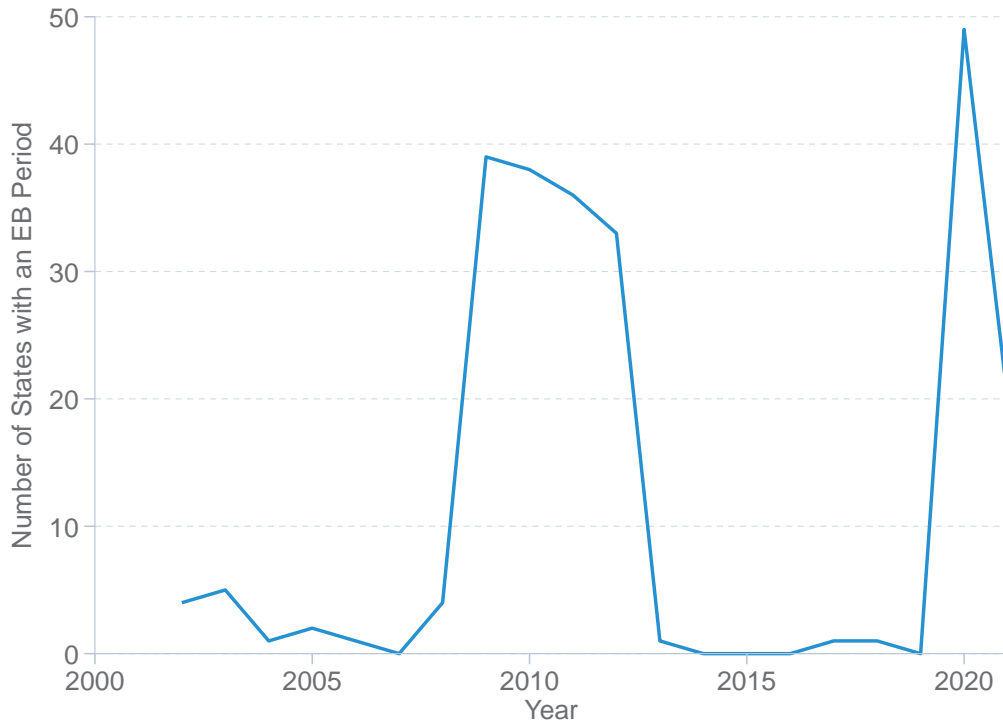
- DOL weekly trigger notices, which contain official measurements of IUR, TUR, and Extend Benefits periods. This information was scraped from pages which can be accessed from here: https://oui.doleta.gov/unemploy/claims_arch.asp.
- DOL AR539, which contains information on weeks claimed for regular state claims as well as for EB. This was obtained from the [DOL Data Downloads page](#).
- DOL AR5159, which contains information on payments for various extension programs other than EB. This was obtained from the [DOL Data Downloads page](#).
- The “Weekly Pandemic Claims Data” table, which contains weekly PEUC continuing claims, was obtained from the [DOL UI Data Dashboard](#).

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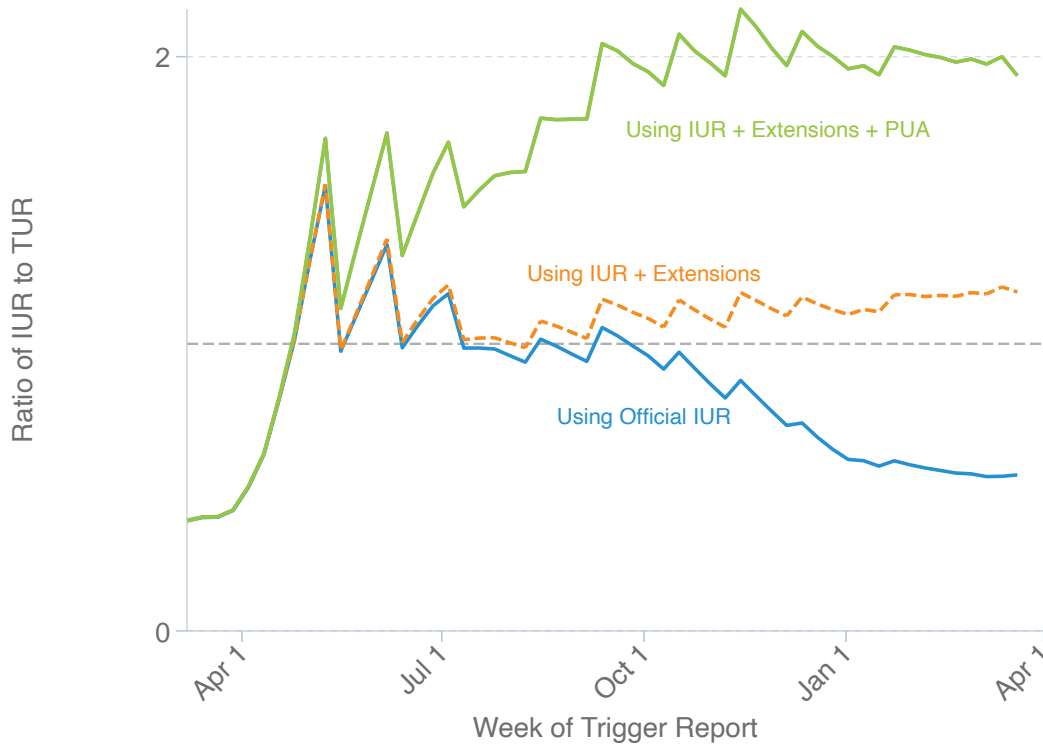
Supplementary Appendix

FIGURE A1: Number of States with an EB Period, By Year



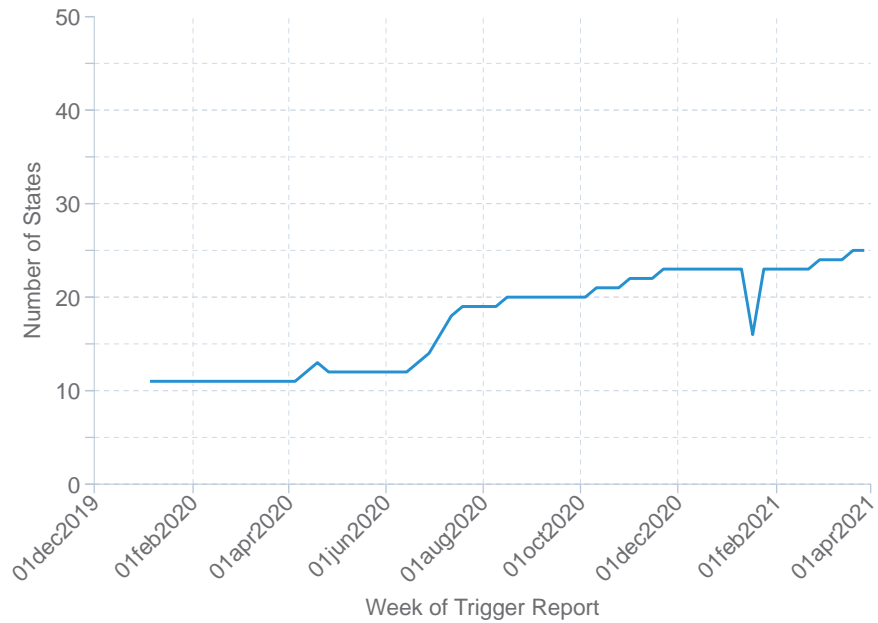
Notes: A state is classified as having an EB period in a year if there was at least one week in which a trigger report listed it as either on by IUR or on by TUR. Data is from weekly trigger reports.

FIGURE A2: National Ratio of IUR to TUR when Extensions and PUA are Included



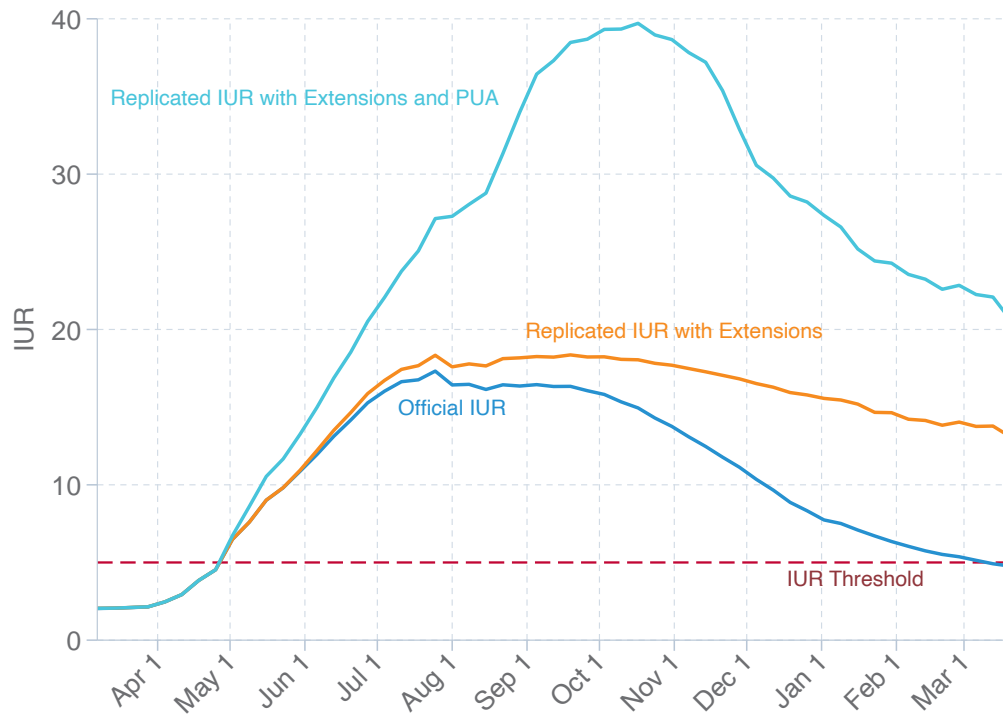
Notes: The national IUR and TUR are constructed as employment-weighted averages across US states and territories. The Official IUR and TUR are derived from Weekly Trigger Reports. The Replicated IUR with Extensions is based on authors' calculations to additionally include PEUC and EB weeks claimed, as well as EUC08 during the Great Recession.

FIGURE A3: Number of States with TUR Trigger in Law (reported by DOL)



Notes: Data is from DOL weekly trigger reports..

FIGURE A4: Replicated IUR with PUA for California



Notes: The Official IUR (dark blue) is as reported in Weekly Trigger Reports. The Replicated IUR with Extensions (orange) is based on authors' calculations to additionally include PEUC and EB weeks claimed, and the light blue series adds to this by also including PUA claimants.