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Unemployment and Employment Programs Available to Workers from Alabama, Louisiana, and Mississippi Affected by Hurricane Katrina

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Summary

A variety of unemployment and employment programs are available to unemployed workers in three of the states affected by Hurricane Katrina: Alabama, Louisiana, and Mississippi.

Unemployment Compensation (UC)/Unemployment Insurance (UI) benefits and Disaster Unemployment Assistance (DUA) benefits are currently available to unemployed workers in these states. State unemployment taxes on employers pay for regular UC benefits. DUA benefits are federally funded through the Federal Emergency Management Agency (FEMA) and administered by the Department of Labor (DOL) through each state's UC agency. A contact list is provided for current or evacuated residents in order for them to apply for available unemployment benefits. Another income support program that may become available to workers is the Extended Benefit (EB) program. Currently the EB program is active in Louisiana. This report also briefly summarizes the most recent Temporary Extension of Unemployment Compensation (TEUC) program. *As of this writing, there is no TEUC program available to workers affected by Hurricane Katrina.* The EB and TEUC programs would provide extensions to UC benefits (although not to DUA benefits) if triggered or activated.

Affected workers may be eligible for employment and job training programs authorized under the Workforce Investment Act (WIA). These programs include National Emergency Grants (NEG), which fund disaster relief employment, and adult and dislocated worker training. These programs are administered by DOL.

On September 23, 2005, the President signed P.L. 109-72, the Flexibility for Displaced Workers Act into law. On October 20, 2005, the President signed P.L. 109-91, the QI, TMA, and Abstinence Programs Extension and Hurricane Katrina Unemployment Relief Act of 2005. On March 6, 2006, Congress enacted P.L. 109-176, the Katrina Emergency Assistance Act of 2006. Section 2 of this law extended DUA benefits for persons eligible under the Robert T. Stafford Disaster Relief and Emergency Assistance Act by reason of Hurricane Katrina for an additional 13 weeks. This report briefly describes this and other relevant legislation introduced in the 109th Congress, including S. 1637, the Katrina Emergency Relief Act; H.R. 3774, the Emergency Unemployment Compensation Act of 2005; H.R. 3952, the Emergency Health Care Relief Act of 2005, S. 1716, the Emergency Health Care Relief Act of 2005; S. 1718, the Hurricane Katrina Employment and Training Assistance Act; S. 1765 and S. 1766, the Louisiana Katrina Reconstruction Acts; S. 1777, the Katrina Emergency Assistance Act of 2005; S. 1925, the Rebuild with Respect Act; H.R. 4197, the Hurricane Katrina Recovery, Reclamation, Restoration, Reconstruction and Reunion Act of 2005; H.R. 5392, to amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act; and, S. 3030, to extend the period for unemployment compensation under the Katrina Emergency Assistance Act of 2006.

Contents

Unemployment Programs	1
Workers Who Are Unemployed for Reasons Directly Attributable to the Natural Disaster Caused by Hurricane Katrina	1
Unemployment Compensation (UC)	2
Eligibility	2
Benefit Determination and Duration	3
Disaster Unemployment Assistance (DUA)	3
Disaster Unemployment Assistance Eligibility Clarification	4
Benefit Determination and Duration	5
How Do Individuals File for UC and DUA Benefits?	6
Workers Who Were Unemployed Before the Natural Disaster or Who Become Unemployed for Reasons Not Directly Attributable to the Natural Disaster	6
Are These Workers Eligible for DUA?	6
Potential Extensions to UC that May Aid Workers in the Affected Areas ..	7
Federal-State Extended Benefit (EB) Program	7
Federal Temporary Extended Unemployment Compensation (TEUC) Program	7
Status of Affected States' Accounts in the Unemployment Trust Fund (UTF)	8
Procedures for Paying UC Benefits When a State UTF Account Has No Funds	9
Employment Programs	9
Employment and Job Training Programs for Affected Workers	9
Disaster Relief Employment	10
Priority	11
Earnings and Hours Limitations	11
Special Rules for NEGS Related to Hurricane Katrina	11
Adult and Dislocated Worker Training	11
Priority	11
Services	12
Waivers	13
Information on Obtaining Employment and Job Training Assistance	13
Legislative Developments for the 109 th Congress	14

List of Tables

Table 1. Contact Information for Unemployment Insurance and Disaster Unemployment Assistance	2
Table 2. Unemployment Benefits for Affected Workers	6
Table 3. April 30, 2006, State Trust Fund Balances	8

Unemployment and Employment Programs Available to Workers from Alabama, Louisiana, and Mississippi Affected by Hurricane Katrina

This report examines unemployment and employment programs available to workers affected by Hurricane Katrina in Alabama, Louisiana, and Mississippi. For information on assistance provided by the Department of Labor (DOL) for workers affected by Hurricane Katrina, see [http://www.doleta.gov/Katrina/eta_default.cfm].

Unemployment Programs

Workers Who Are Unemployed for Reasons Directly Attributable to the Natural Disaster Caused by Hurricane Katrina

Workers who become unemployed for reasons directly attributable to the natural disaster caused by Hurricane Katrina have two major sources of income support based on their work history: Unemployment Compensation (UC) and Disaster Unemployment Assistance (DUA).

The UC system, funded by both federal and state payroll taxes, pays benefits to covered workers who become involuntarily unemployed for economic reasons and meet state-established eligibility rules. The UC system generally does not provide UC benefits to the self-employed, to those who are unable to work, or to those who do not have a recent earnings history. However, when the President declares a major disaster, workers who would typically be ineligible for UC may be eligible for Disaster Unemployment Assistance (DUA).

A worker may not receive UC benefits at the same time as receiving DUA benefits. Workers who qualify for UC benefits receive them for the duration of weeks that they are entitled to under state UC laws. Workers who do not qualify for UC benefits may be eligible for DUA benefits for 26 weeks. However, if a worker qualifies for less than 26 weeks of UC benefits, the worker may qualify for DUA benefits for the remaining weeks *if the worker is unemployed for reasons directly attributable to the natural disaster*. For most victims of the Hurricane Katrina disaster, P.L. 109-176, the Katrina Emergency Assistance Act of 2006 extends the DUA benefits for an additional 13 weeks, for a total of 39 weeks of potential benefits. Workers who exhausted the UC benefits, but received less than a total of 39 weeks, would receive DUA benefits for as many weeks as necessary to reach a total of 39 weeks of (UC and DUA) benefits.

Table 1 provides a contact list for current or evacuated residents to aid in applying for available benefits. *Evacuees may file either through their own state's system or apply through the unemployment system in the state to which they evacuated.* Information for filing for benefits and office locations may be obtained by calling the DOL's toll-free number at 1-877-872-5627. The DOL website has links to each state's agency at [<http://www.workforcesecurity.doleta.gov/map.asp>].

Table 1. Contact Information for Unemployment Insurance and Disaster Unemployment Assistance

	Telephone	Website
Alabama	1-866-234-5382	[http://dir.alabama.gov/]
Louisiana	1-866-783-5567 or 1-800-818-7811 (related to Hurricane Katrina only)	[http://www.laworks.net/] or [http://www.ldol.state.la.us/]
Mississippi	1-888-844-3577	[http://mdes.ms.gov/wps/portal/]

Source: The Congressional Research Service (CRS) table compiled from FEMA website at [<http://www.fema.gov/news/disasters.fema?year=2005>] and state unemployment insurance websites.

Unemployment Compensation (UC)

Federal administration of UC is under the U.S. Department of Labor (DOL). The UC system, established by the Social Security Act of 1935 (P.L. 74-271), operates in each state, the District of Columbia, Puerto Rico, and the Virgin Islands. Federal law sets broad rules the 53 state programs must follow and levies a payroll tax on employers under the Federal Unemployment Tax Act (FUTA).

Eligibility. States set most of the specific rules for eligibility, benefits, and financing.¹ States also process the claims and pay the benefits from their respective state accounts in the Unemployment Trust Fund (UTF).

States have developed diverse and complex methods for determining UC eligibility. In general there are three major factors used by states: (1) the amount of recent employment and earnings; (2) demonstrated ability and willingness to seek and accept suitable employment; and (3) certain disqualifications related to a claimant's most recent job separation or job offer refusal.

In order to qualify for benefits, an unemployed person usually must have worked recently for a covered employer for a specified period of time and earned a certain amount of wages. All state laws provide that a claimant must be both able to work and available for work. A claimant must meet these conditions continually to receive

¹ For detailed information on worker requirements and eligibility for each state, see the information provided by the Department of Labor, Employment and Training Administration at [<http://workforcesecurity.doleta.gov/unemploy/laws.asp#StateLaw>].

benefits. States usually disqualify claimants who lost their jobs because of inability to work or unavailability for work; voluntarily quitting without good cause; discharge for job-related misconduct; refusal of suitable work without good cause; or a labor dispute. Louisiana suspended the work search requirements for Hurricane Katrina and Hurricane Rita victims until December 15, 2005.²

Benefit Determination and Duration. Generally, benefits are based on wages in covered work over a 12-month period. In general, the states set weekly benefit amounts as a fraction of the individual's average weekly wage up to some state-determined maximum. The regular state programs usually provide up to 26 weeks of coverage. Many states do not pay UC benefits for the first week of unemployment. This is commonly referred to as the waiting period.

Table 2 reports average weekly benefits for the affected states. The average weekly benefit ranges from approximately \$169 to \$192. Louisiana and Mississippi generally require that the worker be unemployed for one week before becoming eligible for UC benefits. However, the waiting period in Mississippi has been temporarily suspended for persons who are unemployed due to causes attributable to the disaster. There is no waiting period for UC benefits in Alabama.

Disaster Unemployment Assistance (DUA)³

DUA benefits are available only to those individuals who have become unemployed as a direct result of a declared major disaster. Workers who do not qualify for UC benefits may be eligible for DUA benefits for 26 weeks. *Also, if a worker qualified for less than 26 weeks of UC benefits, the worker may qualify for DUA benefits for the remaining weeks if the worker is unemployed for reasons directly attributable to the natural disaster.* A worker may not receive DUA and UC benefits at the same time.

On March 6, 2006, Congress enacted P.L. 109-176, the Katrina Emergency Assistance Act of 2006. Section 2 of this law extended DUA benefits for persons eligible under the Robert T. Stafford Disaster Relief and Emergency Assistance Act by reason of Hurricane Katrina or Hurricane Rita for an additional 13 weeks, for a total of 39 weeks of potential benefits. Workers who exhausted the UC benefits, but received less than a total of 39 weeks, would receive DUA benefits for as many weeks as necessary to reach a total of 39 weeks of (UC and DUA) benefits. This law requires that this extension end on June 3, 2006, for those qualifying for benefits on account of Hurricane Katrina and on June 24, 2006, for those affected by Hurricane Rita. This extension did not apply to any subsequent major disasters.

² As of Dec. 15, 2005, Louisiana workers receiving unemployment benefits because of Hurricanes Rita and Katrina would have to prove that they are actively searching for work and must file claims weekly. Louisiana executive order KBB2005-34 first suspended the search requirements and there were several extensions.

³ See CRS Report RS22022, *Disaster Unemployment Assistance (DUA)*, by Julie M. Whittaker for more information on this program.

First created in 1970 through P.L. 91-606, DUA benefits are authorized by the Robert T. Stafford Disaster Relief and Emergency Relief Act (the Stafford Act), which authorizes the President to issue a major disaster declaration after state and local government resources have been overwhelmed by a natural catastrophe or “regardless of cause, any fire, flood, or explosion in any part of the United States” (42 U.S.C. 5122(2)). Based on the request of the affected state’s governor, the President may declare that a major disaster exists. The declaration identifies the areas in the state eligible for assistance. The declaration of a major disaster provides the full range of disaster assistance available under the Stafford Act, including, but not limited to, the repair, replacement or reconstruction of public and non-profit facilities, cash grants for the personal needs of victims, housing, and unemployment assistance related to job loss from the disaster.

DUA benefits are federally funded through the Federal Emergency Management Agency (FEMA) and administered by the Department of Labor through each state’s UC agency. The states report amount of DUA benefits that were attributable to the disaster. The Department of Labor transfer funds to the states from the Federal Unemployment Benefit and Allowance (FUBA) account. The Department of Labor is reimbursed for these funds by FEMA.

The DUA regulation defines eligible unemployed workers to include

- the self-employed;
- workers who experience a “week of unemployment” following the date the major disaster began when such unemployment is a direct result of the major disaster;
- workers unable to reach the place of employment as a direct result of the major disaster; workers who were to begin employment and do not have a job or are unable to reach the job as a direct result of the major disaster;
- individuals who have become the breadwinner or major support for a household because the head of the household has died as a direct result of the major disaster; and
- workers who cannot work because of injuries caused as a direct result of the disaster.

Disaster Unemployment Assistance Eligibility Clarification. On November 13, 2001, DOL issued a new interpretive rule clarifying the definition of the phrase “unemployment as a direct result of the major disaster.” DOL issued this clarifying rule because the September 11, 2001 disasters presented a number of exigencies not anticipated by the existing regulations. The action by DOL amended 20 CFR §625.5 by adding a new paragraph (c) to read as follows:

§625.5 Unemployment caused by a major disaster.

(c) Unemployment is a direct result of the major disaster. For the purposes of paragraphs (a)(1) and (b)(1) of this section, a worker’s or self employed individual’s unemployment is a direct result of the major disaster where the unemployment is an immediate result of the major disaster itself, and not the result of a longer chain of events precipitated or exacerbated by the disaster.

Such an individual's unemployment is a direct result of the major disaster if the unemployment resulted from

- physical damage or destruction of the place of employment;
- physical inaccessibility of the place of employment due to its closure by the federal government, in immediate response to the disaster; or
- lack of work, or loss of revenues, provided that, prior to the disaster, the employer, or the business in the case of a self-employed individual, received at least a majority of its revenue or income from an entity that was either damaged or destroyed in the disaster, or an entity closed by the federal government in immediate response to the disaster.

Prior to the construction of this new rule, the phrase “unemployed as a direct result of a major disaster” had never been defined in the regulations. Though DOL issued the new clarifying rule in the wake of the September 11, 2001 disasters, the rule applies to any subsequently declared major disasters. The rule is intended to make clear a distinction between those individuals unemployed as an immediate result of the disaster itself, and those whose unemployment may have been caused by a long chain of events initiated by the disaster. The rule is also intended to exclude those individuals whose unemployment is the result of a general economic decline as an indirect effect of a major disaster.

Benefit Determination and Duration. When a reasonable comparative earnings history can be constructed, DUA benefits are determined in a similar manner to regular state UC benefit rules. For example, self-employed persons would be expected to bring in their tax records to prove a level of earnings for the previous two years. These records would take the place of the employer-reported wage data for the workers that are used in UC benefit determination. Likewise, workers who would otherwise be eligible for UC benefits except for the injuries caused as a direct result of the disaster that make them unavailable for work would receive DUA benefits of an amount equivalent to what they would have received under the UC system if they were not injured and available to work. *In all cases, workers will receive a DUA benefit that is at least half of the average UC benefit for that state and cannot receive more than the maximum UC benefit available in that state.* **Table 2** reports the estimated minimum DUA benefit by state. DUA assistance is available to eligible individuals as long as the major disaster continues, but no longer than 26 weeks after the disaster declaration.

Table 2. Unemployment Benefits for Affected Workers

State	Weekly maximum UC benefit and weekly DUA benefit	Average weekly UC benefit as of week ending July 31, 2005	Weekly minimum UC benefit	Estimated minimum DUA benefit	Minimum eligibility weeks of UC benefit	One-week UC waiting period?
Alabama	\$220	\$181	\$45	\$91	15	No
Louisiana	\$258	\$192	\$10	\$96	21	Yes
Mississippi	\$210	\$169	\$30	\$84	13	Yes ^a

Source: CRS table compiled from Department of Labor, Employment and Training Administration sources. Average weekly benefit information is from monthly and weekly program information published at [<http://www.ows.doleta.gov/unemploy/claimssum.asp>]. The estimated DUA benefit are derived from weekly UC benefit averages. Minimum duration and waiting period information are from *Comparison of State Unemployment Laws 2005*, available at [<http://www.ows.doleta.gov/unemploy/uilawcompar/2005/comparison2005.asp>]. Maximum and minimum UC benefit information from *Significant Provisions of State Unemployment Insurance Laws' July 2005*, at [<http://workforcesecurity.doleta.gov/unemploy/sigprojul2005.asp>].

a. Suspended for those affected by the Hurricane Katrina disaster.

How Do Individuals File for UC and DUA Benefits?

An individual may file for UC and DUA benefits at the nearest unemployment office or in some states through the internet or by telephone. *Evacuees may file either through their own state's system or apply through the unemployment system in the state to which they evacuated.* **Table 1** lists this contact information.

Workers Who Were Unemployed Before the Natural Disaster or Who Become Unemployed for Reasons Not Directly Attributable to the Natural Disaster

Workers who were unemployed before the disaster will receive the UC benefits to which they are legally entitled. If they had to relocate due to the disaster or have not received their UC benefit, they should contact their state's UC offices for information on how to have their benefits redirected. Contact information is listed in **Table 1**.

Are These Workers Eligible for DUA? No, these workers are not eligible for DUA benefits. DUA benefits are available only to those individuals who have become unemployed as a direct result of a declared major disaster.

Potential Extensions to UC that May Aid Workers in the Affected Areas

There is one program that may extend eligibility for UC benefits beyond the current duration of 26 weeks: the federal-state Extended Benefit (EB) program. Historically, there have been times when the federal government created a Federal Temporary Extended Unemployment Compensation (TEUC) program. *As of this writing no TEUC program exists.* The EB and TEUC programs would provide extensions to UC benefits (although not to DUA benefits) if triggered or activated.

Federal-State Extended Benefit (EB) Program. The EB program provides for additional weeks of UC benefits up to a maximum of 13 weeks during periods of high unemployment, and up to a maximum of 20 weeks in certain states with extremely high unemployment. EB benefits are funded half (50%) by the federal government through its account for that purpose in the Unemployment Trust Fund (UTF) while states fund the other half (50%) through their state accounts in the UTF.

The EB program is triggered when a state's insured unemployment rate (IUR)⁴ or total unemployment rate (TUR)⁵ reaches certain levels. Each state's IUR and TUR are determined by the state of residence (agent state) of the unemployed worker rather than by the state of employment (liable state). All three states have opted for the mandatory trigger: the IUR for the previous 13 weeks must be at least 5% *and* is 120% of the average of the IUR for the same 12-week period in each of the two previous years. When the IUR for a month is at or greater than 5%, the EB program will be triggered at that time given that the IUR would be more than 250% of the IUR for the two previous years. As of October 28, 2005, the EB program has triggered for Louisiana.

EB benefits on interstate claims are limited to two extra weeks unless both the agent state (e.g., Texas) and liable state (i.e., Alabama, Louisiana, or Mississippi) are both in an EB period.

Federal Temporary Extended Unemployment Compensation (TEUC) Program. Congress acted five times — in 1971, 1974, 1982, 1991, and 2002 — to establish a temporary program of extended UC benefits. None of these programs was in response to a disaster declaration. *There is no current TEUC program as of this writing.*

Most recently, the Temporary Extended Unemployment Compensation (TEUC) Program⁶ was enacted on March 9, 2002, as part of the Job Creation and Worker Assistance Act of 2002 (P.L. 107-147). The TEUC program provided up to 13 weeks of federally funded benefits for unemployed workers who had exhausted their regular

⁴ The IUR is the ratio of UC claimants divided by individuals in UC covered jobs.

⁵ The TUR is the ratio of unemployed workers to all workers in the labor market.

⁶ For more information on this program, see CRS Report RS21397, *Unemployment Benefits: Temporary Extended Unemployment Compensation (TEUC) Program*, by Celinda Franco.

UC benefits. In addition, up to an additional 13 weeks were provided in certain high unemployment states that had an IUR of 4% or higher and met certain other criteria (TEUC-X). P.L. 107-147 also provided for a one-time \$8 billion distribution to states known as Reed Act funds. TEUC benefits were payable to individuals who, in addition to meeting other applicable state UC law provisions:

- (1) filed an initial claim that was in effect during or after the week of March 15, 2001;
- (2) exhausted regular benefits or had no benefit rights due to the expiration of a benefit year ending during or after the week of March 15, 2001;
- (3) had no rights to regular or extended benefits under any state or federal law; and
- (4) were not receiving benefits under Canadian law.

In addition, individuals must also have had 20 weeks of full-time work, or the equivalent in wages, in their base periods. These temporary benefits ended on December 28, 2002. However, the 108th Congress extended the TEUC program twice (P.L. 108-18 and P.L. 108-26). Thus, TEUC eligibility was possible through the week ending before December 31, 2003, and TEUC benefits were paid through the week of April 3, 2004.

Status of Affected States' Accounts in the Unemployment Trust Fund (UTF)

State unemployment taxes on employers (held in state accounts within the Unemployment Trust Fund (UTF)) pay for regular UC benefits and half of EB benefits. Federal unemployment taxes on employers held in the federal accounts with the UTF pay for administration of the state program, half of the EB program and all TEUC benefits. DUA benefits are federally funded through the FEMA program and administered by the Department of Labor through each state's UC agency. *All three states have positive balances in their UTF state accounts and have not borrowed federal UTF funds as of this writing.*

Table 3. April 30, 2006, State Trust Fund Balances
(\$ in millions)

State	Trust Fund Balance
Alabama	\$365.8
Louisiana	\$283.0
Mississippi	\$686.1

Source: CRS table compiled from information from the Department of the Treasury, Bureau of Public Debt, at [<http://www.publicdebt.treas.gov/dfi/dfiutprep.htm>].

Note: Includes Reed Act Funds and include UTF transfer required by P.L. 109-91. P.L. 109-91 transferred \$500 million from Federal Unemployment Account to the state accounts of Alabama (\$15 million), Louisiana (\$400 million), and Mississippi (\$85 million).

Procedures for Paying UC Benefits When a State UTF Account Has No Funds. The U.S. Department of the Treasury can write checks for a state unemployment account provided that legal spending authority exists for such spending.⁷ That is, the state unemployment account has a positive balance. During some recessions, current taxes and reserve balances were insufficient to cover expenditures for UC benefits. Therefore, some state unemployment accounts required “loans.” Like all other transactions of the UTF, these are book account transactions that involve no exchange of cash. The loans are additional credits to a state unemployment account. Subsequent repayment of these loans reduces the credits in the state unemployment accounts. The state unemployment accounts can borrow from the Federal Unemployment Account (FUA). The principal of the loan is repaid by reducing federal tax credits for state unemployment taxes and placing those increased revenues into the FUA. The state cannot pay the interest on such loans using the state unemployment account but must pay the interest through state general revenues or other measures. *As noted above, as of this writing, all three states have positive balances in their state UTF accounts.*

Federal law also authorizes appropriations if balances in the federal accounts are insufficient to cover their expenditures. For example, if the states’ borrowing needs exceed the available FUA balance, Congress is authorized to appropriate additional spending authority to cover the amount needed. *Such appropriations require discretionary action by Congress and the President.*

Employment Programs

Employment and Job Training Programs for Affected Workers

Workers affected by Hurricane Katrina may be eligible for a variety of employment and job training programs. These programs are authorized by the Workforce Investment Act of 1998 (WIA), P.L. 105-220 (29 U.S.C. 2811 et seq.).⁸

Workers affected by Hurricane Katrina may be eligible for the dislocated worker and adult programs in WIA.⁹ In general, these workers receive core, intensive and training services. Funds are appropriated separately for the two programs. For

⁷ For more information on the Unemployment Trust Fund (UTF), see CRS Report RS22077, *Unemployment Compensation (UC) and the Unemployment Trust Fund (UTF): Funding UC Benefits*, by Christine Scott and Julie M. Whittaker.

⁸ WIA authorizes employment, training, and related services through a variety of programs. All WIA programs operate on a July 1 to June 30 program year, i.e., appropriations for FY2005 are for Program Year 2005, which is from July 1, 2005, through June 30, 2006. The authorization for WIA programs expired on Sept. 30, 2003; however, Congress has continued to fund the programs through annual appropriations.

⁹ “Adults” are individuals 18 years of age and older, and “dislocated workers” are generally characterized as workers with an established work history who have lost their jobs and who are not likely to find new jobs in their former industries or occupations.

FY2005, \$1.5 billion was appropriated for the dislocated worker program and \$896.6 million was appropriated for the adult program. Of the funds appropriated for the dislocated worker program, approximately 80% are for formula grants to states and 20% are for the Dislocated Worker National Reserve. All of the funds appropriated for the adult program are for formula grants to states.

Workers in states affected by the Hurricane disaster may be eligible for temporary jobs through disaster relief employment (funded through the Dislocated Worker National Reserve). For FY2005, \$157.8 million was appropriated for the Dislocated Worker National Reserve,¹⁰ consisting primarily of the National Emergency Grants (NEG).¹¹ NEGs provide supplemental dislocated worker funds to state workforce agencies and local workforce investment boards (WIB) in order to provide training and related services to dislocated workers affected by significant dislocation events, such as unexpected company layoffs of 50 or more workers and multiple small dislocations that affect a community, that cannot be met with the formula allotments. One specific use of NEG funds is for disaster relief employment.

Disaster Relief Employment

The purpose of disaster relief employment is to create temporary jobs for clean-up, restoration, and humanitarian assistance to communities that have been affected by a disaster. Jobs are limited to public and private non-profit agencies. States may apply for funds for disaster relief employment¹² once the Federal Emergency Management Agency (FEMA) has declared a disaster area eligible for public assistance.

In cases where a significant number of individuals have been temporarily employed and there are not sufficient formula funds to provide needed assistance to transition them to permanent employment, states may request approval to use unneeded disaster project funds to provide employment assistance, such as job training, or they may request additional NEG funds. Typically, NEG funds are awarded incrementally. The initial increment is to enable a project to achieve full enrollment and subsequent funding increments are based on a demonstrated need for funds. Between August 31, 2005, and September 6, 2005, the Secretary of Labor awarded four NEGs totaling \$191.1 million to Alabama, Mississippi, Louisiana, and Texas. A total of \$62.1 million was initially released.¹³ In addition, the Secretary of Labor awarded \$3.0 million to Arkansas to assist Hurricane Katrina evacuees on approximately September 20.

¹⁰ This amount reflects the total amount appropriated for the National Reserve, i.e., \$282.8 million, less \$125 million reserved for Community-Based Job Training Grants.

¹¹ Other uses of the National Reserve include assistance to outlying areas (e.g., American Samoa and the Virgin Islands), technical assistance to states not meeting dislocated worker performance measures, and dislocated worker demonstration projects.

¹² States are the only eligible applicants for disaster relief employment funds; local WIBS may not apply.

¹³ See [http://www.doleta.gov/Katrina/eta_default.cfm] for information on these NEGs and related news releases.

Priority. Priority for disaster relief employment is given to individuals who have been dislocated, either temporarily or permanently, as a result of the disaster. Other dislocated workers and long-term unemployed individuals are also eligible.

Earnings and Hours Limitations. An individual may generally earn up to \$12,000, excluding the cost of fringe benefits, and be employed for up to six months or 1,040 hours, whichever is longer. An individual may earn the full \$12,000 in less than six months or 1,040 hours by working in a higher skilled position for which a higher hourly wage is paid. In addition to employment, individuals may also receive supportive services, such as costs of transportation and child care. States may request higher salary limits for some positions, and they may request modification to their grant application to extend employment beyond six months if a longer clean-up period is justified.

Special Rules for NEGS Related to Hurricane Katrina. On September 23, 2005, the President signed P.L. 109-72, the Flexibility for Displaced Workers Act. Under this act, DOL may fund WIA disaster relief employment grants projects outside the Hurricane Katrina disaster area that assist individuals who have relocated from states in which the Hurricane Katrina disaster was declared. In addition to workers currently eligible under WIA, the act allows two new types of workers to be eligible for WIA: (1) workers who were unemployed at the time of the disaster and (2) workers lacking an employment history. These workers are eligible for disaster relief employment and other assistance, including needs-related payments. In addition to disaster relief employment, funds can be used for general public sector employment for six months. DOL will be able to extend the six month duration of disaster relief employment for up to an additional six months due to extraordinary circumstances.¹⁴

Adult and Dislocated Worker Training

At least 85% of the funds allocated to the states for adult training must be allotted to local WIBs based on a statutory formula. Of the funds allocated to states for dislocated worker training, at least 60% must be allocated to local WIBs based on a formula prescribed by the governor.¹⁵ WIBs operate the programs at the local level. There are three levels of services, provided sequentially, available through the adult and dislocated worker funding streams: core, intensive, and training services. Individuals receive these services through a coordinated service delivery system called the “one-stop” system. Each one-stop system in a local area must include at least one physical center, which may be supplemented by affiliated sites.

Priority. If funds for the adult programs are limited, as determined by the local area, priority for intensive and training services must be given to recipients of public assistance and other low-income individuals. Of special interest to those workers

¹⁴ For information on DOL policy guidance on the use of NEG funds to support disaster relief employment and assistance for individuals impacted by Hurricane Katrina, see [http://wdr.doleta.gov/directives/attach/TEGL16-03_Change3.pdf].

¹⁵ For allocations for each state’s formula grants for adult and dislocated worker activities, see [<http://www.doleta.gov/budget/statfund.cfm>].

dislocated by Hurricane Katrina, a person who qualifies as homeless under subsections (a) and (c) of Section 103 of the McKinney-Vento Act (P.L. 100-77) is automatically considered to be a low-income person. Under these subsections a homeless person is

an individual who lacks a fixed, regular, and adequate nighttime residence; and a person who has a nighttime residence that is a supervised publicly or privately operated shelter designed to provide living accommodations; an institution that provides a temporary residence for individuals intended to be institutionalized; or a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings. A homeless individual does not include any individual imprisoned or otherwise detained pursuant to an Act of the Congress or a state law.¹⁶

Services. There are three levels of services associated with adult and dislocated worker programs. Core services are the first level of services. They are available to all adults and dislocated workers. (There is, however, no entitlement to any WIA service.) Core services include outreach, intake, and orientation to services available under the one-stop system; job search and placement assistance; labor market information that identifies job vacancies, skills necessary for occupations in demand, and employment trends; initial assessment of skills and needs; information on available services and programs; and follow-up services to assist in job retention.

Intensive services are the second level of services. They are available to (1) unemployed adults who have received at least one core service, are unable to obtain employment through core services, and need intensive services to obtain employment; and (2) employed adults who have received at least one core service and need intensive services to obtain or retain employment that leads to self-sufficiency. There is no federally required minimum time period for participation in core services before receiving intensive services. Intensive services include comprehensive assessments, development of individual employment plans, group and individual counseling, case management, and short-term prevocational services.

Training services are the third level of services. They are available to adults who have received at least one intensive service; have been unable to obtain or retain employment through such services; have the skills and qualifications to successfully participate in a selected training program; select training programs that are directly linked to employment opportunities in the local area and are unable to obtain other grant assistance, including Pell Grants;¹⁷ or need assistance above the levels provided by such other grants.

There is no federally required minimum time period for participation in intensive services before receiving training services, although the period of time spent in intensive services should be sufficient to prepare the individual for training or employment. Training includes occupational skills training, on-the-job training, entrepreneurial training, skill upgrading, job readiness training, and adult education

¹⁶ 42 U.S.C. 11302.

¹⁷ Pell Grants provide federal student aid for postsecondary education.

and literacy activities in conjunction with other training. Training services are to be provided primarily through individual training accounts. The purpose of individual training accounts is to provide individuals with the opportunity to choose training courses and providers. States may enter into agreements, on a reciprocal basis, to permit eligible providers of training services in a state to accept individual training accounts provided in another state. The one-stop operator is responsible for arranging payment to the training provider.

Supportive Services. Local areas can decide whether or not to provide supportive services, such as transportation and child care. If they do provide them, they would be available to individuals who are participating in core, intensive, or training services, and who were unable to obtain them through other programs.

Waivers. Under WIA Section 189(i)(4), the Secretary of Labor may, at the request of the Governor, waive for a state or a local area various statutory and regulatory WIA provisions. On September, 15, 2005, DOL issued a training and employment guidance letter on WIA, “Waiver Flexibility for Hurricane Katrina Recovery.” This letter provides a specific list of WIA provisions for which states affected by the Hurricane may want to request waivers. Some of the WIA provisions have been waived in the past and some are new provisions that could be waived under existing statutory waiver authority. The training and employment guidance letter can be found at [<http://wdr.doleta.gov/directives/attach/TEGL5-05.pdf>].

Information on Obtaining Employment and Job Training Assistance

Access to information on disaster relief employment is available from one-stop centers. At the one-stop centers, any individual also may obtain services, such as job search and placement assistance, determination of eligibility for WIA training, and information regarding filing claims for unemployment compensation. To find the location of one-stop centers, see America’s Service Locator website at [<http://www.servicelocator.org/>]. For specific information on the status of one-stop centers located in areas affected by Hurricane Katrina, see [http://www.servicelocator.org/hurricane_katrina_info.htm].

To further assist workers and employers affected by Hurricane Katrina, DOL has established a job bank to assist:

- individuals seeking new, full-time employment either in their home state or in a new state;
- individuals wishing to assist in the clean-up and rebuilding efforts through temporary employment; and,
- employers who want to list jobs supporting hurricane recovery efforts or want to hire workers impacted by the hurricane.

The “Katrina and Rita Recovery Job Connection Site” can be found online at [<http://www.jobsearch.org/hurricanejobs>].

Legislative Developments for the 109th Congress

On September 23, 2005, the President signed P.L. 109-72, the Flexibility for Displaced Workers Act.¹⁸ For information on this act, see the “Disaster Relief Employment” section of this report.

On October 20, 2005, the President signed P.L. 109-91, the QI, TMA, and Abstinence Programs Extension and Hurricane Katrina Unemployment Relief Act of 2005. Under this act, Section 201 creates a special Unemployment Trust Fund transfer from the Federal Unemployment Account (FUA) for FY2006 to the state UTF accounts of Alabama (\$15 million), Louisiana (\$400 million), and Mississippi (\$85 million). Section 202 allows administrative funds received by any state to be used to assist in the administration of claims for compensation on behalf of any other state if a major disaster was declared with respect to such other state or any area within such other State under the Robert T. Stafford Disaster Relief and Emergency Assistance Act by reason of Hurricane Katrina.

On March 6, 2006, Congress enacted P.L. 109-176, the Katrina Emergency Assistance Act of 2006. Section 2 of this law extended DUA benefits for persons eligible under the Robert T. Stafford Disaster Relief and Emergency Assistance Act by reason of Hurricane Katrina or Hurricane Rita for an additional 13 weeks.

As of this writing, the following bills have also been introduced.

- S. 1637, the Katrina Emergency Relief Act of 2005, would redefine DUA benefit eligibility to include any individual who is unemployed as a result of the Hurricane Katrina disaster regardless of whether the individual was employed at a location within the declared disaster area. The bill would also allow workers to receive DUA benefits regardless of whether they were eligible to receive (or had exhausted) UC benefits. The bill would extend the availability period of DUA benefits to 52 weeks. The bill also requires that the DUA benefit be no less than the average UC benefit of the state.
- H.R. 3774, the Emergency Unemployment Compensation Act of 2005, would increase the amount of state determined regular UC benefits to include the greater of (a) 25% or (b) \$100. This bill would create 13 weeks of extended UC benefits for those workers who exhaust their UC benefits upon or after the week of August 28, 2005. The bill would pay for the additional 25% or \$100 of regular UC benefits and for the temporary extension of UC benefits through funds in the federal extended unemployment compensation account

¹⁸ H.R. 3761 was passed by the House on Sept. 20, 2005, and by the Senate on Sept. 21, 2005. S. 1718, the Hurricane Katrina Employment and Assistance Act, introduced Sept. 19, 2005, is similar to H.R. 376. S. 1718, but not H.R. 3761, would have prohibited an entity from denying employment to an affected worker because of a worker’s inability to provide documentation of eligibility at the time of application for employment on account of the effects of Hurricane Katrina.

(EUCA) within the UTF. The bill would also pay for state determined regular UC benefits attributable to loss of employment due to Hurricane Katrina through funds in the FUA. Workers must have held employment or resided in an area that is within a qualified state and for which the President has declared a major disaster under the Stafford Act as a result of Hurricane Katrina.

- S. 1716, the Emergency Health Care Relief Act of 2005, as well as a similar bill, H.R. 3952, (with same title), would create a Temporary Extended Unemployment Compensation program for workers in the affected states of Alabama, Louisiana, and Mississippi, among other things. The lesser of 100% of regular UC benefits or an additional 13 weeks of UC benefits would be available to workers who exhaust their UC benefits after August 27, 2005, and before August 27, 2006.¹⁹ The bill would provide TEUC benefits through funds from the EUCA. It would also provide administrative costs associated with the TEUC program through funds in the employment security administration account (ESAA). These funds would not be required to be repaid.
- S. 1765 and S. 1766, the Louisiana Katrina Reconstruction Acts, are identical bills that, among other things, would create 13 weeks of extended UC benefits for those Louisiana workers who exhaust their UC benefits upon or after August 28, 2005. The lesser of 100% of regular UC benefits or an additional 13 weeks of UC benefits would be available to these workers.²⁰ The bills would provide TEUC benefits through funds from the EUCA. The bills also provide for a special Reed Act²¹ transfer of up to \$500,000 to the Louisiana state account in the UTF to ensure that it does not become insolvent. The special Reed Act transfer would be used for either regular UC benefits or for additional compensation upon the exhaustion of any TEUC benefits for individuals eligible for regular UC benefits. Louisiana would also be able to use the special Reed Act transfer to fund UC benefits for workers who would not be covered under Louisiana UC statutes. These workers may include individuals who are seeking, or available for, only part-time (and not full-time) work or those workers who would be eligible for regular UC benefits under an alternative base period.

¹⁹ In each of the designated states, the minimum number of weeks of UC eligibility is at least 13 weeks. Thus, all workers who qualify for the TEUC program described in the bill should receive the maximum of 13 weeks of extended benefits.

²⁰ In Louisiana the minimum number of weeks of UC eligibility is at least 13 weeks. Thus, all workers who qualify for the TEUC program described in the bills should receive the maximum of 13 weeks of extended benefits.

²¹ For more information on the Reed Act, see CRS Report RS22006, *The Unemployment Trust Fund and Reed Act Distributions*, by Julie M. Whittaker.

- S. 1777, the Katrina Emergency Assistance Act of 2005, would extend the availability period of DUA benefits to a total of 39 weeks. The bill also would require that the DUA benefit be no less than half of the national average UC benefit.
- S. 1925, the Rebuild with Respect Act, would extend the DUA benefit for up to an additional 26 weeks for workers who are eligible for DUA benefits based on the Hurricane Katrina or Rita disasters. The minimum DUA benefit for these workers would be the average state UC benefit. The bill temporarily adds the greater of 25% or \$100 to the state determined UC benefit. The bill would temporarily extend UC benefits for 26 additional weeks to workers who exhaust their UC benefits on or after August 27, 2005. The bill would reimburse the state for the cost of the additional (25% or \$100) UC benefits as well as all extended UC benefits. The bill would also pay for state determined regular UC benefits attributable to loss of employment due to Hurricane Katrina or Rita. Otherwise, the eligibility for these programs extends to workers in Alabama, Florida, Louisiana, and Mississippi.
- H.R. 3975, the Hurricane Regulatory Relief Act of 2005, would permit the governor in a state in which a Gulf hurricane disaster occurred or to which significant numbers of individuals affected by a Gulf disaster have relocated to submit a request to DOL to transfer funds from the employment service program authorized under the Wagner-Peyser Act to the youth, adult, and dislocated worker programs authorized under WIA and vice versa. The bill would also permit the governor in such state to submit a request on behalf of a local workforce investment board to transfer up to 100% of the funds allocated to the local board for the WIA youth, adult and dislocated worker programs among any of them. These provisions would apply only for program year 2005 (i.e., July 1, 2005 through June 30, 2006).
- H.R. 3976, the Worker Recovery Act of 2005, would amend the Workforce Investment Act to provide workers recovery accounts of up to \$5,000 to meet the employment and training needs of individuals affected by Hurricane Katrina or Hurricane Rita.²²
- H.R. 4197, the Hurricane Katrina Recovery, Reclamation, Restoration, Reconstruction and Reunion Act of 2005, would temporarily add the greater of 25% or \$100 to the state determined UC benefit. The bill would temporarily extend UC benefits for 26 additional weeks to workers who exhaust their UC benefits on or after August 27, 2005. The bill would reimburse the state for the cost of the additional (25% or \$100) UC benefits as well as all

²² For more on these accounts, see CRS Report RL31825, *Personal Reemployment Accounts: Results from Bonus Experiments*, by Linda Levine and Ann Lordeman.

extended UC benefits. The bill would also pay for state determined regular UC benefits attributable to loss of employment due to Hurricane Katrina. Workers must have held employment or resided in an area that is within a qualified state and for which the President has declared a major disaster under the Stafford Act as a result of Hurricane Katrina.

- Both H.R. 5392 and S. 3030 would extend DUA benefits for Hurricanes Katrina and Rita victims for an addition 13 weeks, for a total of 52 weeks.