



# **American Jobs Act**

Philadelphia Region 2 UI Directors  
September 13, 2011

# Workforce and UI Components

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- Extension of EUC and Full Federal Funding for EB
- Mandatory RES/REA services for EUC recipients
- Reemployment NOW Initiative
- Work Sharing
- Pathways Back to Work
  - Subsidized Employment
  - Summer Youth
  - Grant Program
- Tax Credit Programs for Employers Hiring Long Term Unemployed and Veterans

# Emergency Unemployment Compensation (EUC)

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- Extends current EUC structure through January 3, 2013.
- No changes to current tier structure.
- Phase out extended through June 8, 2013.

# Federal Funding of Shareable Extended Benefits (EB)

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- Extends 100% Federal funding of shareable EB through January 4, 2013.
- Phase out extended through June 11, 2013.
- Extends matching of first week of EB for states with no waiting week through June 9, 2013.
- Extends special provision enabling state to stay on EB longer (the 3-year “look-back”) through December 31, 2012.

# Reemployment Services and Reemployment & Eligibility Assessments

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- As a condition of operating the EUC program, states must offer RES/REA services to all new EUC recipients and EUC recipients moving to a new tier of EUC benefits.
- Amount appropriated is the amount determined necessary to fund at \$200 per individual served.
- Funding amount will vary depending on number of eligible claims filed by new EUC claimants and those EUC claimants commencing an additional tier of benefits.

# Reemployment NOW Program

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- Provides state flexibility to implement innovative reemployment strategies.
- Appropriates \$4 billion to give states flexibility to test new ways to reemploy EUC claimants and, in some cases, EUC exhaustees.
- Provides for formula based allotment (2/3 based on the relative number of unemployed and 1/3 based on the relative number of long-term unemployed).
- States must submit state plan for use of the funds.
- Provides for re-allotment of funds not being utilized.

# Reemployment NOW Program

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- Optional programs to implement include:
  - Bridge to Work (work-based experience);
  - Wage Insurance;
  - Enhanced Reemployment Strategies;
  - Self Employment Assistance; and
  - Additional innovative programs approved by the Secretary.

# Reemployment NOW Program

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- Provides for rigorous evaluations to assess each of the reemployment strategies included in the Reemployment Now initiative.
- The Secretary may establish additional requirements, including reporting requirements on employment outcomes, as the Secretary determines to be necessary to ensure fiscal integrity, effective monitoring, and appropriate and prompt implementation of the activities under this Act.

# Bridge to Work

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- Provides eligible individuals with short-term work experience placements with an eligible employer.
- This is an employment program NOT a job training program.
- Participants receive EUC benefits and may also receive augmented wages to ensure they are receiving wages which meet the minimum wage and that comply with the Fair Labor Standards Act of 1938.

# Bridge to Work

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- Eligible individuals may participate in the program for up to:
  - 8 weeks; and
  - Up to 35 hours in each week.
- States must ensure that participating individuals' are covered by a workers' compensation program.

# Bridge to Work

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- Employers must meet the specific criteria as established in guidance by the Secretary of Labor.
- Employers may not:
  - Be a Federal, State, or local government entity;
  - Engage an eligible individual in work activities under any employer's grant, contract, or subcontract with a Federal, State, or local government entity, except with regard to work activities under any employer's supply contract or subcontract;
  - Be delinquent with any taxes or employer contributions or with respect to any related reporting requirements; and
  - Fail to abide by program requirements.

# Bridge to Work

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- An employer shall not use a program participant to displace (including partial displacement, such as reduction in the hours of non-overtime work, wages, or employment benefits) any currently employed employee
- An eligible employer may not participate in the program for more than 24 weeks if the employer has not made an offer of suitable long-term employment to any individual who has completed such program.

# Bridge to Work

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- Reemployment NOW funds may be used to:
  - “Top off” benefit amount to equate to minimum wage;
  - Pay workers’ compensation insurance premiums to cover all individuals participating in the program;
  - Provide supportive services, such as transportation, child care, and dependent care, that would enable individuals to participate in the program;
  - Pay for the administration and oversight of the program;
  - Fulfill additional program requirements included in the approved State plan.

# Bridge to Work

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- An employer shall not permit a program participant to perform work activities related to any job for which:
  - Any other individual is on layoff from the same or any substantially equivalent job;
  - The employer has terminated the employment of any employee or otherwise reduced the workforce of the employer with the intention of filling or partially filling the vacancy by a program participant;
  - There is a strike or lock out at the worksite that is the participant's place of employment; and
  - The job is created in a manner that will infringe in any way upon the promotional opportunities of currently employed individuals.

# Wage Insurance

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- Modeled after ATAA program
- Targets workers over 50 accepting full time jobs from a new employer and earn less than \$50,000
- Wage insurance provides subsidy to claimants accepting a job with lower wages than their prior job
- Wage insurance duration is capped at 2 years.
- Amount of the total subsidy is up to the state.
- Wage insurance benefits may not exceed 50 percent of the difference between:
  - wages received by the worker at the time of separation; and
  - the wages received by the worker for reemployment.

# Enhanced Reemployment Strategies

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- A State may use a portion of its Reemployment NOW funds to provide a program of enhanced reemployment services to EUC claimants.
- The program shall provide reemployment services to EUC claimants and EUC exhaustees that are more intensive than the reemployment services provided by the State prior to the receipt of the Reemployment NOW funds.

# Self-Employment Assistance

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- State EUC Agreements may provide for the provision of Self-Employment Assistance (SEA) allowances in lieu of EUC.
- State enrollment in the SEA program is limited to 1 percent of total EUC recipients.
- To participate in the SEA program the state agency must have a reasonable expectation that the individual has at least 26 weeks of EUC eligibility.
- States must collaborate with Small Business Administration Centers to provide to secure training for participants.

# Innovative Programs

## Approved by the Secretary

- States may seek approval from the Secretary of Labor to use Reemployment NOW funds to implement other innovative reemployment strategies other than those explicitly provided as part of Reemployment NOW.
- Strategies must:
  - Provide either a direct benefit or service to EUC claimants;
  - Not result in a reduction in the duration or amount of EUC payable to the individual;
  - Not include a reduction in the duration, amount of or eligibility for regular compensation or extended benefits; and
  - Shall not be used to displace (including a partial displacement, such as a reduction in the hours of non-overtime work, wages, or employment benefits) any currently employed employee.

# Work Sharing

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- Also known as Short Time Compensation
- Provides unemployment benefits to employees whose hours are reduced in lieu of a lay-off
- Employer participation voluntary
- Employers must maintain health and retirement benefits for employees
- Employers submit a plan with agreement of the union if employees have union representation

# Work Sharing

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- Temporary 100% Federal funding for three years if states enact a permanent program meeting certain criteria
- Temporary Federal program for states without STC legislation for two years
  - Employer pays 50% and 50% Federally financed
  - States can take advantage of 100% Federal funding for permanent program for remaining portion of 3 year period
- Both program limit benefits to 26 weeks

# Pathways Back to Work

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- \$2 Billion for subsidized employment programs for unemployed low income adults
- \$1.5 Billion for summer and year round employment programs
- \$1.5 Billion for competitive grants for innovative work-based reemployment strategies or work and education strategies

# Subsidized Employment Programs

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- Formula funded through States
- Funds may flow through either the workforce agency or the TANF agency within the state
- Governors may further target the funds to different populations of unemployed low income adults, such as individuals with disabilities or individuals that have exhausted all UI benefits
- May be used for subsidized employment with public and private sector employers

# Youth Services

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- Formula funded through States
- Implemented by Local Workforce Boards
- May be used for both summer jobs programs and year round programs
- Eligible youth are age 16 – 24
- Priority given to out-of-school youth who are drop outs or youth with high school diplomas/GEDs that are unemployed or underemployed

# Funding Formula for Subsidized Employment and Youth Programs

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- One-third of the state's relative share of total unemployed in areas of substantial unemployment,
- One-third of the state's relative share of excess unemployed, and
- One-third of the state's relative share of economically disadvantaged adults and youth.

# Competitive Grant Program

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- Eligible entities include Local Elected Officials in partnership with Local Workforce Boards or Federally Recognized Tribes
- Partnerships with employers, labor-management partnerships, Adult Basic Education, post secondary education institutions and others are strongly encouraged
- Funds are for work-based strategies and education and work strategies for adults and youth that promote hiring, reemployment, and retention

# Tax Credits

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- Bonus credit of up to \$4,000 for firms that hire the long term unemployed – available to private sector firms, tax exempt entities, and public universities
- Returning Heroes Tax Credit of up to \$5,600 for hiring unemployed veterans who have been looking for a job for more than six months

# Next Steps

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- Briefings for Congress and Stakeholders
- Transmittal of legislative language to Congress
- Consideration by Congress and New Debt Ceiling Super Committee