

# **HELPING UNEMPLOYED WORKERS KEEP THEIR HOMES**

## **A New Tool to Project Availability of Unemployment Benefits**

### **Public/Private Partnerships Making a Difference**

To help unemployed workers keep their homes, the Department of Labor is currently partnering with the Federal Reserve Bank, the Department of Treasury, Fannie Mae, Freddie Mac, and the HOPE NOW Alliance, a private sector, broad-based group whose mission is to maximize homeownership while minimizing foreclosures and to keep Americans in their homes. Recent work has focused on how to specifically help individuals who have become unemployed as a result of the economic downturn, many of whom are now receiving unemployment benefits.

### **American Recovery and Reinvestment Act: New Options**

As a result of new programs created by the American Recovery and Reinvestment Act, such as the Making Home Affordable's Home Affordable Modification Program (HAMP), new loan modification options are available for borrowers. These programs have specific guidelines on how to treat a borrower's income, including unemployment income, for purposes of modifying an individual's mortgage loan. Under HAMP, for example, the servicer is to determine that the unemployment income will continue for at least nine (9) months. For more information regarding HAMP, visit: <https://www.hmpadmin.com/portal/index.html>.

### **Treating Unemployment Benefits as an Income Source**

Previously, it was a challenge for individuals receiving unemployment benefits to demonstrate projected income for a nine (9) month period. In normal economic times, most UI beneficiaries only receive up to twenty-six (26) weeks of benefits under the regular Unemployment Insurance (UI) program, or about six-and-a-half months of income. As a result of the economic downturn, Congress passed new provisions for extending and expanding UI benefits. Depending on the level of unemployment in a state, the potential length of benefits an individual can receive is now seventy-nine (79) weeks, or about 20 months. Differing state UI laws and unemployment levels, as well as the individual claimant's circumstances, may mean the potential length of benefits for a specific individual is lower than 79 weeks.

Below is a breakdown of the current unemployment insurance programs that make up the 79 week total.

- The regular UI program's maximum weeks of entitlement is generally 26 weeks.
- The Extended Unemployment Compensation (EUC) program has a maximum of either up to 20 or up to 33 weeks depending upon the unemployment rate in the state. Congress is currently considering further extensions of benefits under this program for high unemployment states.
- The Extended Benefit program has a maximum of up to 13 or 20 weeks depending upon the unemployment rate in the state and the state law governing the EB program.

## **A New Tool for Mortgage Companies and Servicers**

To support mortgage companies participating in HAMP better understand the unemployment benefits an individual may receive under the three different programs, the Department of Labor has developed an on-line tool to support projecting potential eligibility for unemployment benefits over time. Using the information from the unemployment claimant's monetary determination letter received from the state in which the individual filed for benefits, the new tool, named the **Unemployment Benefit Estimation Tool**, can be used by mortgage companies, servicers, investors, as well as other stakeholders, in estimating an individual's potential UI benefits and the potential duration for receiving benefits. It is important to note that eligibility for unemployment benefits must be determined on a week to week basis. Therefore, the tool projects potential benefits for an individual.

Individuals applying for unemployment benefits receive a monetary determination letter from the state in which they reside which identifies the amount of unemployment benefits they are eligible to receive and the effective date of the claim. The new on-line tool uses the information provided in the monetary determination letter and the state of residence to calculate individual specific information on projected unemployment insurance benefits that will include:

- Potential total weeks of UI eligibility for all currently funded unemployment insurance programs, except Trade Readjustment Allowance benefits (see below);
- The effective date and the potential ending date of the claim;
- The individual's weekly benefit amount; and,
- The total potential benefit dollars to be paid for an individual over the full life of their claim (includes regular UI, Emergency Unemployment Compensation (EUC), and any Extended Benefits (EB) available in the state).

The **Unemployment Benefit Estimation Tool** is easy to use and can be found at [www.doleta.gov/unemploy](http://www.doleta.gov/unemploy) in the "Quick Links" section under "Other Resources."

## **Other Services and Benefits for UI Claimants**

### ➤ **One-Stop Career Centers**

In addition to receiving unemployment benefits, UI claimants are referred to One-Stop Career Centers (these have different names in different locations around the country) for employment and training services to help them become reemployed. Services include career information and guidance, skills assessments, job search assistance, technology literacy, referrals to jobs, and training to gain both basic and occupational skills to help individuals return successfully to the labor market. For more information on services available through One-Stop Career Centers and to find One-Stop locations, ETA's Worker Reemployment Portal provides easy to access information at: <http://www.careeronestop.org/ReEmployment/>.

### ➤ **Trade Adjustment Assistance/Trade Readjustment Allowance Benefits**

Some unemployed workers may be eligible for benefits and services under the Trade Adjustment Assistance (TAA) program because they are unemployed as a result of foreign trade. Under the TAA program, individuals may be entitled to additional income support called a Trade

Readjustment Allowance (TRA), similar to unemployment insurance, if they are participating in an approved training program. The TRA weekly benefit amount is generally the same amount as the UI amount.

Trade Readjustment Allowances (TRA) are available to provide income support to individuals while they are participating in full time training. TRA benefits are defined in two (2) categories: Basic TRA and Additional TRA. Each category has its own set of eligibility requirements.

- Basic TRA is payable if the worker is enrolled or participating in TAA training, has completed such training, or has obtained a waiver of such training requirement.
- Additional TRA is payable only if the worker is participating in TAA approved training.

In general, certified workers may be eligible for 104 weeks of income support (up to 130 weeks if remedial education is required), usually broken out as follows:

- Up to 26 weeks of state unemployment insurance (UI) compensation,
- Followed by 26 weeks of basic TRA, and
- Up to 52 weeks of additional TRA to assist the worker in completing a TAA training program.
- Certified workers who must undergo remedial education as a part of their training plan may be eligible for up to 26 weeks additional weeks of additional TRA for any weeks the individual must undergo remedial education. The worker is eligible for one week of these 26 weeks for each week that the worker's participation in remedial education extends their training program.

Lenders and others should ask individuals if they are eligible for these benefits. Individuals eligible for TRA benefits will receive a separate monetary determination for TRA entitlement. Individuals will not receive both UI and TRA at the same time. A TRA monetary determination indicates the potential of additional benefits once all UI entitlement is exhausted or in lieu of UI in some cases. States have different policies and may not take a TRA claim or issue a TRA monetary determination until individuals have exhausted their UI entitlement. Similar to the regular unemployment program, eligibility is determined on a weekly basis. Benefit receipt is subject to individuals meeting the individual state's eligibility criteria.