

Changes to Unemployment Compensation Benefits Frequently Asked Questions

Governor Ted Strickland signed an agreement to adopt several provisions of the federal American Recovery and Reinvestment Act (also known as the Economic Stimulus Package) that affect unemployment compensation (UC) benefits for eligible Ohioans. Ohio's UC benefits will be impacted as follows:

Extension of Emergency Unemployment Compensation (EUC) Program

The last date for establishing eligibility for federally funded EUC benefits has been extended from March 2009 to December 2009. If an individual has a remaining balance of EUC benefits at that time, he/she may continue to collect benefits until May 2010. [Click here](#) to view Frequently Asked Questions about this federal extension.

Increase in Unemployment Compensation Benefits

ODJFS reprogrammed Ohio's UC benefit system to increase the weekly benefit payment by \$25. This increase is known as Federal Additional Compensation (FAC), and the first week for which it may be paid is February 22-28, 2009.

Who is eligible? The \$25 FAC is payable to any individual who is eligible for any of the following benefit programs: Regular Unemployment Compensation (UC), Unemployment Compensation for Federal Employees (UCFE) or Ex-Service members (UCX), Emergency Unemployment Compensation (EUC), Extended Benefits (EB), Trade Readjustment Allowances (TRA), and Disaster Unemployment Assistance (DUA).

If an individual is eligible for at least a one dollar (\$1) of UC benefits (gross) for the week, the \$25 FAC is payable. This is true even if the net payment is reduced to \$0 by an offset and/or intercept (e.g., offset for repayment of overpayment or intercept for child support payment).

Who is NOT eligible? If an individual is not eligible for UC payment due to the mandatory waiting week, a penalty week due to fraud, if a week is disallowed for any other reason, or if disqualifying income reduces the UC payment to \$0, the individual is not entitled to FAC.

What action is required of eligible individuals? None. No application is required.

When will the first payments be released? On May 8, 2009, eligible individuals began receiving retroactive FAC payments, to the earliest payable week. Ongoing FAC payments will be made as continued weeks of unemployment benefits are claimed.

NOTE: Federal taxes will be withheld from FAC payments if the individual has chosen the option to have taxes withheld from his/her UC benefit payments.

How long will this increased amount be in effect? Individuals who established UC claims (had approved applications for regular UC benefits) before December 26, 2009, may receive FAC through the week of July 3, 2010. However, individuals who established new UC claims on or after December 27, 2009, will not be entitled to the FAC payment.

Temporary Suspension of Federal Income Tax

For tax year 2009 only, the first \$2,400 paid in unemployment benefits is not subject to federal income tax. Amounts above \$2,400 remain taxable.

Are federal taxes normally withheld? When an individual applies for UC benefits, he/she may elect to have federal taxes withheld from unemployment compensation benefits at the rate of 10 percent.

What effect will this temporary suspension have on current unemployment benefits?

None. States are to continue to (1) withhold federal income tax if previously requested by the individual, and (2) report 2009 UC payments on Form 1099.

When will this adjustment be made? The adjustment will be made when the individual files his/her 2009 federal tax forms.

Does the Internal Revenue Service (IRS) offer information about this tax exemption?

Try the following IRS website: <http://www.irs.gov/individuals/index.html>