Answers from the United States of America

1. **What means of improving the economic security of the unemployed are used in your country?**

   The United States has an unemployment insurance program for those unemployed through no fault of their own. The system was initiated in 1935 under the Social Security Act. The federal-state unemployment compensation program was created, where both the Federal government and States finance the program through unemployment insurance taxes. The purpose of the program is to help those who have lost their jobs because of employer cutbacks, while at the same time to counter negative impacts shaping the national economy, especially in times of recession. The program is for those individuals who have lost their employment through no fault of their own. It is not for those who quit or are entering or reentering the labor force.

   The United States also has the Employment and Training Administration (ETA), which provides high quality job training, as well as information on the employment/labor market. This administration works through the State and local workforce development programs. The ETA has six regional offices throughout the country in major metropolitan cities. There is also a career service program sponsored by the Department of Labor and the ETA called CareerOneStop. The purpose of the program is to help individuals to receive unemployment benefits, seek employment, and provide other job related tips.

2. **Have you got a social security system regarding unemployment?**

   Yes, the United States does have an unemployment insurance program (see above, first paragraph). As stated, it is a federal-state joint program. Additionally, if regular State benefits have been completely exhausted, there is the Emergency Unemployment Compensation program, which is 100% federally funded. The Program was created in 2008 and has been extended to January 3, 2012.¹

3. **Is this social system mandatory?**

   Yes, the federal unemployment insurance tax is mandatory.

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4. **Who pays contributions to this social security system?**

Unemployment insurance benefits are financed by each individual State’s unemployment insurance tax rates upon employers, as well as federal taxes. Generally, employers must pay both the state and Federal taxes if: (1) they pay wages to employees totaling $1,500, or more, in any quarter of a calendar year; or, (2) they had at least one employee during any day of a week during 20 weeks in a calendar year, regardless of whether or not the weeks were consecutive. Yet, this is all dependent upon the state law. The federal taxes are then collected and paid to the State workforce agencies. The State tax also goes to the workforce agencies.²

5. **How high are these contributions?**

FUTA authorizes the Internal Revenue Service to collect a federal employer tax to fund the State agencies. The tax rate is 6.2% of taxable wages and the taxable wage base is the first $7,000 paid in wages to each employee during a calendar year. Employers who pay the state unemployment tax on a timely basis, will receive an offset credit of up to 5.4% regardless of the rate of tax they pay the state. Therefore, the net FUTA tax rate is generally 0.8% (6.2% - 5.4%), for a maximum FUTA tax of $56.00 per employee, per year (.008 X $7,000. = $56.00).³

6. **What are the conditions for entitlement to unemployment benefits?**

To be eligible to receive unemployment insurance, unemployment must be of no fault of the claimant. Further, the individual must meet the State requirements for wages earned or meet the base period. For most States, this is usually the first four out of the last five completed calendar quarters prior to the time that the claim is filed. Additionally, if there are other State requirements, the claimant must also meet those. Examples:

- Have received enough wages during the base period to establish a claim.
- Be totally or partially unemployed.
- Be unemployed through no fault of his/her own.
- Be physically able to work.
- Be available for work, which means to be ready and willing to immediately accept work.
- Be actively looking for work.
- Meet eligibility requirements each week benefits are claimed.

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³ Id.
• Be approved for training before training benefits can be paid.  

Furthermore, to maintain eligibility the claimant must file weekly or bi-weekly claims, and must report any job offers or refusals of work during the week. If directed the claimant must report to his/her local Unemployment Insurance Claims Office or One-Stop/Employment Service Office on the day and time scheduled.  

7. **How high are unemployment benefits?**  

Unemployment benefits are based on a percentage of an individual’s earnings over a recent 52-week period – up to the State maximum. The benefits can be paid for up to a maximum of 26 weeks in the majority of States, unless the claimant meets the State’s eligibility for extended benefits, which are available during times of high unemployment.  

An example of the regular minimum and maximum payments in one State is $138 and $583 per week.  

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6 Id.  