

# Alabama Seeks to Tie Unemployment Benefits to State Unemployment Rate

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In May 21, 2019, Alabama Governor Kay Ivey signed [Act 2019-204](#). This legislation, introduced initially in the Alabama Senate, links an employee's maximum weekly unemployment benefits and their duration to the state's unemployment rate.

Currently, if an employee loses his or her job "through no fault of their own," the employee is typically eligible for 26 weeks of unemployment benefits. Under the new law, the maximum number of weeks allowed will vary depending on the state's unemployment rate—with more weeks of eligibility available as the unemployment rate goes up. However, the new limit caps benefits after 20 weeks unless workers participate in specific training programs, which could extend benefits an additional 5 weeks. Proponents argue that the law will help both the unemployed in times when finding a job is harder and employers that pay into the state's Unemployment Compensation Trust Fund, because it is projected to save them an estimated \$45 million annually when the unemployment rate is low.

In addition to changing the number of weeks of eligibility, the new law will increase the weekly benefit by \$10. Alabama currently provides among the lowest weekly benefit amount in the entire nation, ranking third from the bottom. In the Southeast, the \$10 bump to \$275 will make the benefit in Alabama equal to that in Florida and Tennessee, and keep it ahead of Mississippi (\$235). Of course, Alabama pales in comparison to some northern states, such as Massachusetts (\$742) and Minnesota (\$683).

How will it work? The act will take effect January 1, 2020, and provide for 14 weeks of unemployment benefits if Alabama's unemployment rate is at or below 6.5 percent. Each .5 percent increase above that average unemployment rate will boost the number of eligible weeks, up to a maximum of 20. For example, a state unemployment rate of 8 percent would warrant 17 weeks of unemployment benefits for any eligible individual. So, if the state unemployment rate stays at 3.8 percent through January 1, 2020, eligible individuals would be entitled to 14 weeks of unemployment benefits at a maximum weekly rate of \$275.

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