

## **LAW REVIEW 1264**

**June 2012**

### **UCX Payments for Unemployed Veterans**

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#### **1.8—Relationship between USERRA and other Laws/Policies**

##### **Q: What is UCX?**

**A:** UCX is the abbreviation for Unemployment Compensation for Ex-Servicemembers. Here is a link to a United States Department of Labor (DOL) explanation: <http://www.workforcesecurity.dolata.gov/unemploy/ucx.asp>.

The state workforce agencies administer UCX, just as they administer unemployment insurance (UI) generally. The difference is that the uniformed service (not a civilian employer) is considered to be the “base employer.” The states bill the DOL. The DOL then bills the Department of Defense (DOD) for UCX payments made to persons who have left active duty in the Army, Navy, Marine Corps, or Air Force.<sup>[1]</sup> In Fiscal Year 2011, the cost to DOD for UCX was approximately \$1 Billion. This cost will likely soar as the Army and Marine Corps are drawn down during a slow economy.<sup>[2]</sup>

##### **Q: Does UCX apply to members of the National Guard and Reserve who were called to active duty or who volunteered for active duty?**

**A:** Yes, but almost half of the expense for UCX is for persons leaving regular active duty after the initial active duty period (usually 3-5 years).

**Q: Joe Smith enlisted in the Air Force and entered active duty in June 2008. He remained on active duty for four years and left active duty in June 2012. He had a fine record in the Air Force, and he was offered the opportunity to reenlist, but he chose not to do so. UI payments generally go to persons who lose their jobs through no fault of their own, not to persons who voluntarily quit their jobs. Since Joe Smith had the opportunity to reenlist and chose not to do so, he should not qualify for UCX, right?**

**A:** Wrong. A person who has left active duty under honorable conditions is eligible for UCX, without regard to whether the person had the opportunity or did not have the opportunity to reenlist.

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<sup>[1]</sup> DOL bills the Department of Homeland Security for Coast Guard veterans, the Department of Health and Human Services for persons who have left active service in the Public Health Service commissioned corps, and the Department of Commerce for persons who have left the commissioned corps of the National Oceanic & Atmospheric Administration.

[2] Employer Support of the Guard and Reserve (ESGR) is a DOD organization, founded in 1972 that seeks to gain and maintain the support of civilian employers for the men and women of the National Guard and Reserve. The ESGR budget (part of the DOD budget) has been cut from \$24 million to \$20 million. This may be an example of "penny wise and pound foolish." If ESGR can help individuals who leave active duty to find civilian jobs more quickly, it could reduce DOD outlays for UCX, far in excess of the ESGR budget.