

Extending Unemployment Benefits: Helping American Families and Strengthening the Economy

Without Congressional action, hundreds of thousands of workers will run out of unemployment benefits by the end of September. While the pace of job loss has declined dramatically in recent months, the U.S. has shed over 6.9 million jobs since the beginning of the recession in 2007.

Passage of H.R. 3548, the *Unemployment Compensation Extension Act of 2009* will immediately benefit an estimated 314,000 workers projected to exhaust all available unemployment benefits by the end of September. Additional workers may become eligible as their State's unemployment rate rises.

Unemployment Compensation Extension Act of 2009 (HR 3548)

- HR 3548 would amend the current Emergency Unemployment Compensation (EUC) program to provide up to another 13 weeks of extended unemployment benefits in high unemployment States (bringing the total amount of potential EUC benefits to 46 weeks).
- High unemployment States are defined as those having a seasonally-adjusted, three-month average total unemployment rate (TUR) of 8.5 percent, or a 13-week insured unemployment rate (IUR) above 6 percent. As of now, these high unemployment States are: AL, AZ, CA, DC, FL, GA, ID, IL, IN, KY, MA, ME, MI, MS, MO, NV, NJ, NC, NY, OH, OR, PA, PR, RI, SC, TN, WA, WI & WV.
- **Over 300,000 jobless workers who reside in these high unemployment States are projected to run out of unemployment compensation by the end of September** (and a total of over one million workers are projected to exhaust existing benefits before the end of the year). Benefits provided under H.R. 3548 would help workers who have lost their jobs through no fault of their own buy necessities for their families (increasing consumer demand), as well as continue their mortgage payments (reducing foreclosures).
- Additional unemployed workers outside of these high-unemployment States also may qualify for more weeks of benefits this year because:
 1. their State is close to meeting the 8.5% total unemployment rate (TUR) threshold in the bill (e.g. Alaska at 8.3%, Delaware at 8.2%, Minnesota at 8.2%) and another month of data might push the State's rate to the required level;

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2. their State is close to meeting the 8% TUR required under the permanent-law Extended Benefits (EB) program for 7 weeks of additional benefits (e.g. Connecticut at 7.9%, Colorado at 7.6% and Texas at 7.8%);
 3. their State adopts the trigger to draw down 100% federally-funded EB benefits (e.g. Arkansas, Hawaii, Iowa, Louisiana, Maryland, Mississippi, Montana, Oklahoma, Puerto Rico, and South Carolina are now eligible for an additional 7-20 weeks of EB if the States adopt the necessary trigger, a step already taken by 37 States); or
 4. their State newly meets the 6% TUR requirement for additional benefits under the Emergency Unemployment Compensation (EUC) program.
- This legislation would NOT add to the deficit because its cost would be completely offset by:
 1. Extending for one year a federal unemployment tax (FUTA surtax) that has been in place for over 30 years and which President Bush proposed extending in his last budget (the tax costs employers \$14 per year, per employee).
 2. Requiring that current reporting on newly hired employees include the date work started to reduce UI overpayments (as proposed by both Bush and Obama budgets).
 - The current phase-out of the EUC program and other American Recovery and Reinvestment Act provisions for unemployed workers will remain in place, allowing Congress more time to determine the ultimate duration of the program.
 - The Congressional Budget Office estimates the bill would provide about \$1.4 billion in extended unemployment benefits over the next few months.

Unemployment Continues to Rise as the Economy Continues to Shed Jobs

While the pace of job loss has declined dramatically in recent months, the economy:

- Has shed over 6.9 million jobs since the beginning of the recession.
- Over the last 12 months, the number of unemployed Americans has increased by nearly 5.4 million.

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- There are **over six unemployed workers for each job opening** and the number of unemployed workers unemployed for more than six months (5 million) is at an all-time high, accounting for one-third of all unemployed workers.
- In October, there were over 14.9 million unemployed workers, keeping the unemployment rate at a 26-year high of 9.7 percent.

Extending Benefits is Effective Economic Stimulus

- Moody's Economy.com estimates that every dollar of unemployment benefits provides \$1.64 in economic stimulus.
- The Congressional Budget Office found that unemployment benefits are one of the most cost-efficient and fastest-acting forms of economic stimulus.