



Committee on Ways and Means Democrats

**Representative Sandy Levin - Ranking Member
December 3, 2013**

End of Federal UI Threatens Veterans, Children

Unless Congress Acts, Federal Unemployment Benefits Will Vanish at the End of the Year

Federally-funded unemployment benefits will shutoff on December 28th unless Congress extends the Emergency Unemployment Compensation (EUC) program. An earlier report highlighted the primary effects of this expiration, including 1.3 million people losing their unemployment benefits a few days after Christmas. This report reviews more specific impacts, including terminating assistance for former Armed Services personnel and for families with children.

Over 20,000 Recent Veterans Will Lose Benefits If EUC Expires

When individuals are separated from military service under honorable conditions and are searching for work, they are eligible for unemployment benefits under the Unemployment Compensation for Ex-Service members

(UCX) program. Benefit amounts, number of weeks of benefits, and other eligibility criteria for UCX are the same as regular, state-provided benefits in the state in which individuals file their UCX claim. When former members of the Armed Services exhaust their UCX benefit, they are entitled to move into the EUC program, just like individuals exhausting regular UI benefits.

There are nearly 21,000 former military personnel who have made this transition and who are currently receiving EUC benefits. Additionally, roughly another 3,000 of these UCX recipients transition into the EUC program every month. Allowing the EUC program to expire would therefore cut off unemployment benefits to over 20,000 former military personnel at the end of December, and deny benefits to thousands more next year.

Millions of Children Will Be Hurt By Expiration of EUC Program

According to a Congressional Research Service (CRS) review of Census data, nearly 5.5 million children lived in families receiving unemployment insurance in 2012. 446,000 of these children were kept out of poverty by their family's receipt of UI.

There is not an exact count of how many of these minors were in households receiving federal UI benefits, as opposed to state unemployment compensation. However, on average through 2012, just over 40 percent of all UI claims were for EUC beneficiaries. This suggests that over two million children benefited directly from federal unemployment benefits last year. Allowing the EUC program to expire in December will therefore cut the income available to feed, clothe and house up to two million children, and could potentially push hundreds of thousands of these children into poverty.

Expiration of EUC Would Lead to Record Low Rate of Coverage for Unemployed Americans

For the 2nd quarter of 2013 (the most recent data from the Department of Labor), 41 percent of the unemployed for whom UI taxes were paid during their employment received UI benefits, including federally-funded EUC benefits.

In the absence of the EUC program, only 24 percent of the unemployed would have received unemployment benefits, the lowest UI reciprocity rate for Americans looking for work in over 50 years. Thus, allowing the EUC program to expire would leave about three-quarters of unemployed Americans without any form of unemployment compensation.

Conclusion

Allowing the EUC program to expire at the end of December will cut off unemployment benefits to Americans who have recently served in our nation's Armed Forces, it will cut income to families raising children, and it will drive unemployment insurance coverage rates for Americans looking for work to record low levels. Congress must act quickly to extend this critically important program.