

# **Congress Must Extend Temporary Unemployment Insurance Programs Now**

*The Emergency Unemployment Compensation Continuation Act would, for the next three months (through February 2011), extend the temporary Federal extended benefits program and prevent reduced access to the permanent Extended Benefits program. Without an extension, these programs will begin to shut down after November 27th.*

## **Nearly 2 Million Americans Will Lose Unemployment Benefits by the End of the Holidays if Congress Does Not Act.**

- According to the Department of Labor, 1.98 million workers nationwide will lose benefits by January 1, 2011.
- By the end of February 2011, over 4.4 million workers will lose benefits.

## **Economists Agree that Terminating the Emergency UI benefits Programs Now Would Seriously Damage the Economy.**

- A Department of Labor analysis by economist Wayne Vroman found that UI benefits boost economic activity by two dollars for every dollar spent in 2009, reducing the fall in Gross Domestic Product (GDP) by 18.3% (\$175 billion) in 2009.
- Goldman Sachs has estimated that if the extensions were allowed to expire it would reduce economic growth by half a percentage point.
- Nomura Securities International has estimated that allowing the extensions to expire would reduce GDP by \$14.1 billion, or almost half a percentage point of growth (annualized).

## **Unemployed Workers Have No Incentive to Remain Unemployed.**

- Average weekly unemployment insurance benefits (\$303) are barely 70% of the poverty line for a family of four, and on average replace less than 50% of a worker's prior earnings.
- With 5 jobseekers for every 1 opening, workers are unemployed because there simply are not yet enough jobs. In other words, even if every job opening were filled by an unemployed worker, over 11 million workers would remain unemployed.

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- The nonpartisan, independent Congressional Budget Office (CBO) found that “Research suggests that the effect of recent extensions of [UI] benefits on the duration of unemployment for [recipients] was rather small” and that “The extensions of UI benefits enacted in the past few years encouraged some people to stay in the labor force,” rather than leaving it.

## **UI Benefits Increase Employment and Keep Workers from Dropping Out of the Labor Force.**

- A just-released analysis by CBO found that, contrary to the claims of many conservatives, “the extensions of unemployment insurance benefits in the past few years increased both employment and participation in the labor force over what they would otherwise have been in 2009.”
- A just-released Department of Labor analysis found that at the low-point of the recession, additional economic activity resulting from UI benefits kept 1.8 million Americans from losing their jobs.

## **Congress has Never Terminated Federally-funded Jobless Benefits when the Unemployment Rate was Anywhere Close to this High.**

- Since the UI system’s founding 75 years ago, Congress has never terminated an emergency unemployment program when the unemployment rate was above 7.4%.
- Following the 2001 Bush Recession, the Republican-controlled Congress maintained temporary Federal UI programs until the unemployment rate fell to 5.8%.
- Should the current temporary program be allowed to expire at the end of November, it would be shorter than temporary programs enacted for the 1990-1991, 1980/1981-1982, and 1973-1975 recessions.

## **UI Benefits have Dramatically Reduced Poverty and Provided Economic Security to Millions of Middle Class American Families.**

- UI benefits kept an estimated 3.3 million Americans out of poverty in 2009; without these benefits, the increase in poverty from 2008 to 2009 would have been nearly twice as high—6.9 million rather than 3.6 million.
- Almost 1 million children were kept out of poverty in 2009 by UI benefits.