

Talking Points: Immediate Action Needed to Extend Unemployment Benefits

As many as 1.5 million Americans will face life without a paycheck or unemployment check by the end of 2009. Swift action by Congress to extend unemployment benefits will stimulate the still-weak economy and cushion the blow of unemployment on families and communities across the nation. These talking points are designed to help advocates concerned about jobless workers communicate with Congress during the August recess.

Extended Benefits Attracting Bipartisan Attention in Congress

After very limited attention through July, the issue of extending unemployment benefits has attracted bipartisan attention in Congress. On Fox News, Senator Jim DeMint (R-SC) responded to Representative Charles Rangel's (D-NY) statements about extending benefits by saying that Democrats and Republicans "need to take care of those who are unemployed" and that "we'll definitely support that."

A Nationwide Extension is Needed

NELP is urging Congress to assist record numbers of jobless workers upon its return from Labor Day recess. In summary, NELP supports a package of benefit extensions that would reflect these major elements:

- Pass extension legislation in September immediately upon Congress' return to Washington, D.C.
- Provide additional weeks of benefits to those exhausting extensions in 2009 in all states based upon each state's unemployment levels, and continue these robust benefits through 2010.
- Extend existing federally-financed \$25 weekly benefits supplement and Emergency Unemployment Compensation (EUC) program well into 2010.
- In addition to the further weeks of benefits for all exhaustees in 2009, help long-term jobless workers through added tiers of EUC for high unemployment states rather than relying upon Extended Benefits (EB).

Unemployment Situation

Never in the history of unemployment insurance have more workers been unemployed for such prolonged periods of time. Today's economic situation demands an unprecedented response.

- A total of 5 million Americans have been unemployed for 6 months or more (an all time record since data started being recorded in 1948).
- An all time high 33.8 percent of all unemployed workers have been out of work for 6 months or more.
- An unprecedented 49.8 percent of all jobless workers cannot find jobs within receiving their first six months of UI benefits, up from 37.2 percent only one year ago.
- With nearly 6 jobless workers for every job opening, economists are predicting that unemployment and long-term unemployment will remain high throughout 2010 and even 2011—even if macro-economic growth returns and the official recession ends.

Unemployment Benefits have Blunted the Impact of the Downturn

The package of benefit extensions and other changes in the Recovery Act has helped millions of Americans survive unemployment and boosted our economy. Benefit extensions under the Recovery Act are currently supporting over 3 million workers. These extensions are pumping just shy of \$1 billion each week into the economy. Moreover, since its enactment in late February through the end of July, the additional \$25 per week federal additional unemployment compensation has circulated more than \$5 billion in hard cash to communities across the nation. These figures do not even account for the multiplier effect as unemployment dollars circulate the economy when people spend money on consumer goods.

Congress Needs to Build on the Success of the Recovery Act Now

Today's unemployment situation is much worse than expected at the time the Recovery Act passed, and more assistance is clearly needed. While some benefit extensions will carry over into 2010, for many workers benefit extensions are expiring now.

- NELP predicts that as more than 400,000 Americans will exhaust all of their Emergency Unemployment Compensation or Extended Benefits entitlement by September 30, 2009.
- By December 2009, the numbers losing extensions will grow to nearly 1.5 million workers.
- For jobless workers losing their jobs more recently, Emergency Unemployment Compensation benefits will start phasing out for those exhausting state benefits after the end of 2009.
- In at least 18 of these states, the last extension of benefits will come to a crashing halt on December 31, 2009. That's because 100 percent federal sharing for these extended benefits (EB) ends then, and many newly enacted state laws allowing for payment of these benefits sunset in December.

Timing is Critical – Congress Must Act Now

There is some hesitation and confusion in Washington, D.C. about whether to act on further extensions now, or whether to wait until just before Recovery Act benefits begin to expire in December. NELP believes it is vital for Congress to provide an extension of benefits soon after it returns from Labor Day recess. This early action would provide additional weeks of benefits to hundreds of thousands of workers who have already started exhausting benefits – and will continue to do so through the rest of 2009 - and limit concern and confusion about the phase out of benefit extensions under current law. Acting now will ensure that those workers who have exhausted their extensions will receive urgent help and that timely action is taken to extend EUC into 2010.

Current Proposals in Congress

Two extension bills have been recently introduced in Congress. Representative Jim McDermott has introduced the Emergency Unemployment Compensation Act of 2009, H.R. 3404. The House bill would continue important ARRA benefits including the \$25 per week federal additional compensation, full federal cost sharing for EB, and the existing 33 weeks of EUC, through December 31, 2010 and phasing out by June 2011. In addition, the bill would provide 13 weeks of "further additional emergency unemployment compensation" to those states with a three month average unemployment rate of 9.0 percent or higher. These benefits would become available to those who have exhausted their existing Recovery Act benefits as soon as the bill was enacted into law. Senator Jack Reed introduced a similar package in the Senate (S. 1647). The introduction of these bills by key leaders in Congress is a very important sign that Congress has recognized the compelling need for benefits beyond the Recovery Act, but NELP is urging that Congress goes further than these initial proposals.

Further Extended Benefits are Vital in All States

When recessions hit, it's critical to recognize the unique economic hardship each state experiences, not just the total or absolute levels of distress relative to other states. For example, in Iowa (a state with a three-month average unemployment rate of 5.7 percent), the number of workers who are running out of state UI benefits without finding work has nearly tripled from just 1,800 per month a year ago to 4,900 currently. In other low unemployment states, like Nebraska, the exhaustion rate for regular state benefits is at an all-time high.

- NELP is urging congress to modify its proposal to add 10-20 weeks of additional extended benefits to all states depending on the state's unemployment rate. These 10-20 weeks would be payable after workers exhaust their current Recovery Act benefits, and the robust packages of assistance would continue into 2010.
- In NELP's proposal states with the lowest unemployment rate would be eligible for 30 weeks of extended benefits (up from the current 20 provided for through the EUC program) and states with the highest unemployment rate (above 11 percent) would be eligible for 73 weeks of benefits (up from 53 weeks available through a combination of the EUC and EB programs).

NELP Proposal: Pay All Extensions through EUC and Avoid EB

The ARRA benefits and current bills to continue them would rely on both the EUC and EB programs for the payment of benefits. NELP proposes paying all of these extensions through a single program—Emergency Unemployment Compensation, a similar approach taken during prior recessions in the 1990s and earlier this decade. Take up rates for EB have badly lagged those for EUC, and this approach would ensure that the greatest numbers of jobless workers receive all extensions to which they are entitled. Here's why:

- **High unemployment states still don't pay EB benefits.** In order to receive full benefits, a state must adopt an optional total unemployment rate trigger – as a result, states like Mississippi (9.3 percent average unemployment rate over the past three months), Maryland (7.1 percent) and Hawaii (7.2 percent) are not paying out any EB benefits.
- **Paying benefits only through EUC would save state and local governments' general revenue funds.** EB rules require that states, localities and Indian tribes must reimburse the federal government for the full cost of EB benefits – unlike the EUC program, which is fully-federally funded and does not require reimbursements from certain employers.
- **States and workers would be freed from unwieldy work search requirements.** EB requires that workers provide tangible evidence of a substantial and significant work search each week. The EB law was set up at a time when most states had in-person appointments at unemployment offices, and collecting such evidence (such as work search logs) was straightforward. Today's call center approach to UI benefits makes it virtually impossible for states to effectively monitor these requirements, and has caused weeks and even months of delays in the delivery of EB checks to eligible workers.

How Many Workers Will Be Impacted in My State?

NELP has produced state-by-state estimates of workers who will exhaust all federal extended benefits by the end of September and the end of December. The estimates are in the attached table.

Take Action Now

NELP encourages advocates, community and union groups, and jobless workers to contact their member of Congress during the August recess. This is an ideal time to relate a message that Congress needs to address the issue of federal extended benefits immediately when comes back into session in September. The new extension should provide additional weeks of benefits to workers in every state starting in 2009 and continuing through 2010. For more information on NELP's proposals or to talk about NELP's extension advocacy, contact Maurice Emsellem (Emsellem@nelp.org) or Judy Conti (jconti@nelp.org).

**Estimated Number of Federal Extension Exhaustions, by State
Through September and December 2009
National Employment Law Project, August 2009**

State	Total Exhaustions through September 2009	Total Exhaustions through December 2009
Alabama	0	37,794
Alaska	2,252	3,700
Arizona	5,142	22,632
Arkansas	5,076	8,273
California	68,713	154,328
Colorado	0	13,853
Connecticut	4,922	11,739
Delaware	0	3,518
District of Columbia	945	3,703
Florida	27,359	114,508
Georgia	13,844	58,887
Hawaii	2,774	5,456
Idaho	3,055	9,395
Illinois	20,266	50,028
Indiana	9,848	50,343
Iowa	19,845	30,914
Kansas	0	3,819
Kentucky	3,814	14,025
Louisiana	0	8,773
Maine	0	4,838
Maryland	15,650	25,681
Massachusetts	0	39,530
Michigan	25,534	62,753
Minnesota	6,776	13,754
Mississippi	12,895	19,109
Missouri	4,091	20,556
Montana	2,814	5,688
Nebraska	9,308	13,849
Nevada	5,041	14,135
New Hampshire	0	1,478
New Jersey	22,355	41,576
New Mexico	0	1,577
New York	0	89,662
North Carolina	15,033	32,171
North Dakota	3,187	4,195
Ohio	11,642	64,545
Oklahoma	0	5,943
Oregon	4,981	11,235
Pennsylvania	19,960	60,910
Puerto Rico	1,537	6,437
Rhode Island	2,489	4,483
South Carolina	13,775	21,852
South Dakota	954	1,543
Tennessee	8,299	32,788
Texas	0	48,596
Utah	10,731	18,226
Vermont	1,172	1,860
Virgin Islands	1,052	1,350
Virginia	0	12,877
Washington	4,628	10,455
West Virginia	0	3,756
Wisconsin	8,834	24,180
Wyoming	2,158	3,900
<i>Total</i>	<i>402,750</i>	<i>1,331,175</i>