



From the National Employment Law Project

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More Americans Cut Off as Congress Sacrifices Jobless Aid and Economic Stimulus in Jobs Bill

Washington, DC – Since last December, Congress has made a series of ill-advised and deeply flawed choices handling the jobs crisis, the National Employment Law Project said today. On two occasions this week alone, Congress failed to move a jobs bill critical to the economic recovery and the millions of Americans out of work.

“In the last three weeks, Congress has let over 900,000 workers run out of jobless benefits, jeopardized health care for hundreds of thousands relying on the COBRA subsidy, and is now allowing a crucial \$25 per week federal supplement to unemployment checks to phase out. The mantra of many is about cutting spending; well they have cut spending – the spending of the unemployed,” said Christine Owens, Executive Director of the National Employment Law Project.

“Lawmakers have a choice between investing in job growth or giving into platitudes about deficits that cut stimulus designed to keep the economy moving in the right direction. Sadly, platitudes and election year posturing are winning. Congress is throwing a wrench in the recovery as it chips away at the safety net and yet preserves and attempts to strengthen loopholes for the wealthy. The choices Congress is making are outrageous and unacceptable,” Owens said.

A summary of recent delays and cuts in H.R. 4213, the American Jobs and Closing Tax Loopholes Act, includes:

- **Benefits Expiration.** The window to renew jobless benefits expired at the end of May – the fourth time this year Congress has failed to meet an extension deadline and left jobless workers and state agencies dangling. As a result, since the beginning of June, over 900,000 workers have run out of jobless benefits, and by next week that number will hit 1.2 million.

Additionally, as a result of the lapsed extension deadline, thousands of workers collecting unemployment checks under the 13-20 week Extended Benefits program are being cut off in the middle of their claims, unable to finish out their current tier of benefits.

- **COBRA Elimination.** More than 2 million workers have benefited from the 65% subsidy to continue health care through COBRA – but the House has chosen to eliminate it and many in the Senate are threatening to follow suit. NELP estimates that 144,000 individuals per month will lose out on the subsidy due to the discontinuation. For these workers, health coverage will be nearly impossible to afford and as each month passes, more unemployed people will become uninsured.

- \$25/Week Cut in Unemployment Checks. The Senate's proposal to phase out the Federal Additional Compensation (FAC) passed under last year's stimulus package will reduce unemployment benefits by roughly \$100 per month and effectively remove \$6 billion in crucial stimulus to communities throughout the country. Ending this stimulus could result in thousands of job losses before the year's end, and in many Southern states in particular, where jobless benefits are extremely low, it means over a 10% cut in benefit checks for the unemployed. This week NELP issued a HYPERLINK "<http://www.nelp.org/page/-/UI/2010/NELP.FAC.Summary.pdf?nocdn=1>" state-by-state summary of what the \$25 per week means for the unemployed, and the Economic Policy Institute estimates that failure to continue FAC could result in job loss of up to 60,000.

Meanwhile, at the same time it is slashing vitally needed aid for jobless workers and their communities, Congress is choosing to preserve part of a major loophole that favors wealthy investment fund managers. Under the latest bill, one-quarter of the income of investment fund managers will still be taxed at the low 15% capital gains rate – lower than most working Americans pay – rather than the 35% income tax rate for the highest earners.

“Congress has become so concerned about reining in future deficits that it's cutting spending by the unemployed and threatening to cut the heart out of the recovery. Many may shrug at the dollar amount, but eliminating the \$25 weekly supplement will take away the basics from needy families – medicine, shelter, food – and sap consumer spending. That Congress would make these cuts while unemployment is still sky-high is a real betrayal of hard-working Americans,” said Owens. “The American people don't support these choices,” she added.

In the face of deficit concerns, a recent poll available at <http://www.nelp.org/page/-/UI/NELPSurveyResultsJune2010.pdf> found that Americans overwhelmingly support the continuation of health and jobless benefits for unemployed workers. When asked which statement they agree with more, 74% agreed that “With unemployment close to ten percent and millions still out of work, it is too early to start cutting back benefits and health coverage for workers who lost their jobs,” while only 21% agreed that “With the federal deficit over one trillion dollars, it is time for the government to start reducing spending on health care subsidies and unemployment benefits for the unemployed.”

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