



## **National Employment Law Project**

### ***Reauthorizing the Recovery Act's Unemployment Safety Net is the First Priority to Aid Over One Million Workers a Month who will Lose Their Jobless Benefits, Create 800,000 Jobs and Promote Economic Recovery***

**February 2010**

The American Recovery and Reinvestment Act (Recovery Act) put forth a comprehensive set of unemployment insurance programs and supplements that have delivered billions of dollars in stimulus and aided millions of workers struggling with joblessness. However, unless Congress acts soon to reauthorize the programs, these benefits will expire on February 28<sup>th</sup>.

Thus, it is critical to keep the benefits intact for the remainder of 2010, not only for millions of workers who will otherwise face a benefit cut-off, but also to sustain the economic recovery. In fact, if Congress does not reauthorize the program, nearly 5 million workers through this summer will be left without any additional benefits when the program expires in February. In addition, as the Congressional Budget Office recently reported, the Recovery Act's aid to the unemployed produces the single most effective boost to job creation and economic recovery of all the federal options being debated by Congress.

#### ***The Recovery Act Put Forth a Comprehensive Safety Net for Today's Unemployed Workers***

The unemployment provisions of the Recovery Act provide a comprehensive set of benefits, including 34-53 weeks of Emergency Unemployment Compensation (EUC) full federal funding for another 13-20 weeks of Extended Benefits (a program normally funded 50 percent by the states); an increase of \$25 per week in both state and federal UI benefits; and a 15-month, 65-percent COBRA subsidy for jobless workers.

- Currently, 5.6 million people are accessing one of the federal extensions (EUC and EB), which are providing about \$11.4 billion per month in economic stimulus to the economy.
- The Emergency Unemployment Compensation program has delivered over \$56 billion in economic stimulus since July 2008, when the first EUC tier was enacted.
- Full federal funding of the Extended Benefit program has resulted in 26 states taking up optional funding to distribute additional weeks of benefits. Thirty-seven states are now distributing federally-funded Extended Benefits, which have reached an estimated 1.8 million workers since the enactment of the ARRA to date.
- During the first nine months following the enactment of the Recovery Act (from March – November, 2009), nearly \$8.3 billion in additional benefits have been distributed through the \$25 weekly benefits supplement.

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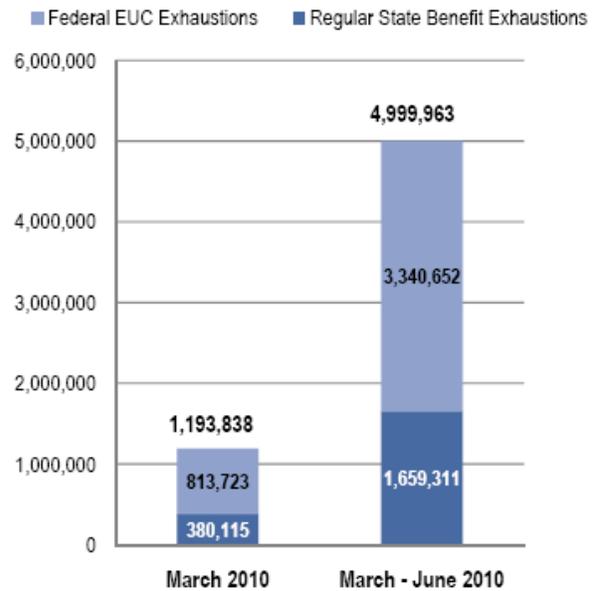
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### **Millions will Lose Benefits Every Month if the Recovery Act is Not Immediately Reauthorized**

A cut off in the Recovery Act's unemployment benefits will adversely affect millions of jobless workers who will face a cut-off of their benefits while remaining unemployed (see attached Table for state-by-state estimates):

- In March alone, 1.2 million workers will face a cut-off of their benefits without any additional federal extensions available to them. This includes 380,000 who will run out of their limited 26 weeks of state unemployment benefits and another 814,000 who will not be able to collect their full weeks of federal EUC extensions and also will not be eligible for the Extended Benefits program once the ARRA expires.
- Though June of this year, 5 million workers will be left without additional federal benefits to support their families, including 1.7 million who will run out of their limited 26 weeks of state unemployment benefits and another 3.3 million who will not be able to collect their full weeks of EUC.
- When considering only the regular state program, about 5 million people will not be able to collect *any* form of an extension during March-December 2010 unless the program is reauthorized. In other words, these 5 million workers will only be able to rely on up to 26 weeks of regular state benefits.

**Workers Losing Federal Unemployment Benefits in March-June 2010 Due to Expiration of the ARRA**



### **Unemployment Aid the Jobless is Critical to Job Creation and Economic Recovery**

The aid to the unemployed provided by the Recovery Act is critical to the nation's economy recovery. In fact, the benefits generate the most significant economic bang-for-the-buck available to the federal government.

- According to the Economic Policy Institute, extending the Recovery Act's unemployment aid for the duration of 2010 will generate an additional 800,000 jobs since safety net spending results in greater disposable income for recipients to use on critical goods and services.<sup>i</sup>
- According to the latest analysis of the Congressional Budget Office (CBO),<sup>ii</sup> if the Recovery Act's unemployment aid to the jobless is continued through the end of the year, it will have the most substantial impact on economic and employment growth of any of the policy options evaluated for Congress, contributing \$1.90 in GDP for every dollar of unemployment aid circulating in the economy.
- According to economist Mark Zandi, the "top priority should be extending unemployment insurance benefits for workers who lost their jobs through 2010" given the program's significant impact on consumer spending and consumer confidence.<sup>iii</sup>

### **All Economic Indicators Strongly Support Reauthorization through the End of 2010**

Because unemployment is a lagging indicator of economic recovery, and given the sustained record rates of long-term joblessness, the Recovery Act's unemployment provisions should be extended through the end of 2010.

- The current unemployment rate, of 10 percent, is the highest level of unemployment in over 26 years, and most economists project that unemployment will remain near or above 10 percent for the rest of

year because unemployment is not expected to peak until 15 to 19 months after the downturn officially ends.

- Among the unemployed, over 6.1 million – or nearly 40 percent – have been unemployed for six months or longer. By comparison, the previous peak in long-term unemployment was 26 percent, in 1983.
- At the end of 2009, approximately 9.2 million workers were considered “underemployed,” up by 4.5 million from the start of the recession. The previous peak in underemployed workers was in 1982, at 6.9 million.
- Presently, there are 6.4 unemployed workers for every one job opening, which is a record far surpassing the last recession when there were three times fewer unemployed workers competing for each available job.

### ***Congress Must Act Before February 12<sup>th</sup> to Prevent the States from Implementing the February 28<sup>th</sup> Cut-Off of Benefits***

Beginning February 19<sup>th</sup>, the states agencies that administer the unemployment insurance program will be forced to reprogram their computers and issue notices to all unemployed workers indicating that the February 28<sup>th</sup> deadline will effectively cut off their unemployment benefits. Thus, to prevent further stress on the unemployment system and compounding the confusion surrounding the current extension programs, Congress should act before its February 12<sup>th</sup> week-long to reauthorize the Recovery Act’s aid to the unemployed.

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<sup>i</sup> “American Jobs Plan: A Five-Point Plan to Stem the U.S. Jobs Crisis.” Economic Policy Institute, December 2009.

<sup>ii</sup> Congressional Budget Office, “Policies for Increasing Economic Growth and Employment in 2010 and 2011 (January 2010), at page 18-19.

<sup>iii</sup> Mark Zandi, Testimony before the Joint Economic Committee, October 29, 2009, page 3.

**Workers Losing Federal Unemployment Benefits in 2010 Due to Expiration of the ARRA**  
**National Employment Law Project, February 2010**

State	March 2010			March - June 2010		
	Workers Exhausting Regular State Benefits without Additional Federal Extensions	Workers Prematurely Exhausting their Federal Benefits	Total	Workers Exhausting Regular State Benefits without Additional Federal Extensions	Workers Prematurely Exhausting their Federal Benefits	Total
Alabama	4,404	10,666	15,070	20,396	46,122	66,517
Alaska	0	198	198	0	1,030	1,030
Arizona	12,006	16,826	28,832	46,198	73,967	120,166
Arkansas	3,099	7,556	10,656	20,017	30,337	50,354
California	72,460	128,815	201,274	311,465	544,064	855,529
Colorado	8,051	12,995	21,045	37,461	55,831	93,292
Connecticut	0	882	882	0	3,890	3,890
Delaware	1,050	2,672	3,722	5,183	10,858	16,041
District of Columbia	1,751	2,296	4,047	6,625	10,399	17,024
Florida	37,956	67,060	105,016	139,012	276,702	415,714
Georgia	15,782	32,503	48,284	66,516	131,704	198,220
Hawaii	1,819	2,549	4,368	6,732	10,655	17,387
Idaho	2,494	5,202	7,696	14,471	21,872	36,343
Illinois	21,057	44,374	65,431	99,605	191,103	290,708
Indiana	9,751	28,609	38,360	45,816	114,463	160,279
Iowa	3,301	9,306	12,607	17,086	34,231	51,318
Kansas	0	1,737	1,737	0	3,219	3,219
Kentucky	3,248	11,065	14,313	15,361	44,198	59,558
Louisiana	4,967	5,313	10,280	20,705	23,441	44,146
Maine	1,225	2,791	4,016	6,833	11,758	18,592
Maryland	5,494	10,911	16,405	26,504	44,414	70,918
Massachusetts	12,617	24,164	36,781	51,505	101,585	153,089
Michigan	8,932	53,058	61,990	41,992	183,716	225,708
Minnesota	0	1,108	1,108	0	4,921	4,921
Mississippi	2,758	6,404	9,162	12,648	25,945	38,592
Missouri	7,346	13,229	20,575	32,560	58,738	91,298
Montana	756	2,113	2,869	6,250	9,270	15,521
Nebraska	2,175	2,247	4,422	9,676	10,683	20,359
Nevada	6,681	13,305	19,986	33,038	56,672	89,711
New Hampshire	0	149	149	0	587	587
New Jersey	0	3,903	3,903	0	14,569	14,569
New Mexico	0	0	0	0	796	796
New York	26,823	58,824	85,647	111,697	244,500	356,197
North Carolina	0	3,216	3,216	0	13,515	13,515
North Dakota	281	433	714	2,425	2,312	4,737
Ohio	12,006	37,614	49,620	49,624	156,425	206,050
Oklahoma	3,851	6,719	10,570	15,306	28,456	43,762
Oregon	0	995	995	0	4,910	4,910
Pennsylvania	20,553	42,047	62,599	90,876	185,824	276,700
Rhode Island	0	309	309	0	1,520	1,520
South Carolina	7,186	16,383	23,568	30,816	68,760	99,576
South Dakota	183	341	524	1,112	1,539	2,650
Tennessee	7,880	25,994	33,875	32,334	86,672	119,006
Texas	29,583	53,267	82,850	123,170	205,668	328,838
Utah	2,827	3,712	6,540	17,386	22,395	39,781
Vermont	0	121	121	0	431	431
Virginia	7,589	14,172	21,761	31,059	59,943	91,002
Washington	0	824	824	0	4,130	4,130
West Virginia	1,389	4,339	5,727	7,121	16,287	23,408
Wisconsin	7,924	19,345	27,269	47,551	79,542	127,093
Wyoming	862	1,060	1,922	5,179	6,084	11,263
<b>Total</b>	<b>380,115</b>	<b>813,723</b>	<b>1,193,838</b>	<b>1,659,311</b>	<b>3,340,652</b>	<b>4,999,963</b>

States with "0" workers listed in the table have the Extended Benefits program permanently in place, which is funded 50 percent by the states after the ARRA expires. These estimates assume that the state Extended Benefits trigger (requiring 6.5 percent unemployment and increasing unemployment) will remain in effect through June 2010.