

# Federal Unemployment Insurance Reduces Family Economic Hardship

## THE ISSUE

This holiday season, Americans give special thanks for the blessings of food, shelter and community, and we reach out to help our fellow citizens in need. With this same spirit, Congress should immediately address the profound crisis confronting two million unemployed Americans who face an abrupt cut-off from federally funded unemployment insurance at the end of December. Congress must act to renew the Emergency Unemployment Compensation (EUC) program through 2013. The EUC program goes a long way to prevent economic hardship and reduce poverty for millions of U.S. workers and their families.

## THE FACTS

As documented by a recent Congressional Research Service study, unemployment insurance has provided a lifeline for struggling workers to shelter, feed and sustain their families during the worst economic downturn since the Great Depression.

- In 2011 alone, unemployment insurance supported 26 million workers and their families, lifting 2.3 million people out of poverty, including more than 600,000 children.
- Unemployment insurance reduced the poverty rate for families receiving it by 40 percent.
- Were it not for unemployment insurance, the increase in the number of Americans living in poverty would have doubled over the last year. (While the number of people in poverty grew by 2.3 million from 2010 to 2011, unemployment insurance prevented an additional 2.3 million Americans from joining their ranks.)



Jordan Douglas, 24, of Pampa, Texas, a single mom with a two-year-old son, was laid off in February 2012 from her job of seven years as a licensed vocational nurse. Enrolled in an RN transition program, she looks to graduate as a registered nurse in May 2013.

“But if Congress fails to reauthorize federal unemployment insurance and my benefits are cut off at the end of the year, I’d likely be forced to leave the RN program and lose the bridge to a better-paying job that those benefits provide.”

“Unemployment insurance allows me to keep paying our rent, my car payment, and to feed and clothe my son. While I am in school, it allows us to sustain ourselves. Without it, we wouldn’t make it to the graduation as an RN in May that I’ve been working toward.”

“I’m working hard to prepare myself for the better health care job I need. So far, unemployment insurance has kept me and my son from serious financial hardship. But, unless Congress renews the federal EUC benefits, not only will that hardship hit us fast, but if I can’t finish my RN program, my prospects for that better job will recede quickly as well.”

Renewing the EUC program through 2013 not only extends a critical lifeline that will keep millions of workers out of poverty, but also strengthens the long-term well-being of America's children and families, given the social costs associated with child poverty and severe economic hardship.

On average, U.S. workers collect just \$291 a week in EUC benefits. While that covers only 40 percent of the average family's basic expenditures on food, housing and transportation, without this basic measure of economic security, many families would be entirely destitute. By renewing the EUC program through 2013, Congress will offer hope and help restore a sense of economic security to the workers hit hardest by the recession and slow recovery, as they continue their search for new employment.

## Number of Persons Lifted Above Poverty as Result of Receiving Unemployment Insurance, 2011

TOTAL: 2.306 million

CHILDREN (under 18)  
620,000

ADULTS  
1.685 Million

## CONGRESS MUST ACT

Congress should immediately renew the Emergency Unemployment Compensation program through 2013, and provide additional funding to support model programs that address the employment needs of the long-term unemployed.

### **About NELP and UnemployedWorkers.org**

*The National Employment Law Project is a non-partisan, not-for-profit organization that conducts research and advocates on issues affecting low-wage and unemployed workers. NELP promotes policies to create good jobs, enforce hard-won workplace rights, and help unemployed workers regain their economic footing. [UnemployedWorkers.org](http://UnemployedWorkers.org), a project of NELP, is a grassroots online campaign and informational portal that serves, engages, and informs unemployed workers. For more about NELP, please visit [www.nelp.org](http://www.nelp.org).*