

FEDERAL UNEMPLOYMENT INSURANCE KEEPS WORKERS IN JOB SEARCH, FAMILIES OUT OF POVERTY

NATIONAL EMPLOYMENT LAW PROJECT
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This holiday season, the fate of millions of workers and their families hardest hit by the Great Recession is in the hands of Congressional leaders. As the year-end deadline for reauthorizing the federal program of unemployment insurance fast approaches, more than 1.3 million workers face the immediate cancellation of all Emergency Unemployment Compensation (EUC) benefits. By the middle of 2014, the number of jobless workers without access to federal jobless aid will top three million.

These workers, who are among the 4.1 million Americans still looking for work after six months or more of trying, are stretched to the limit financially. In many cases, EUC benefits are their only source of steady income. Workers like Jean Walker of Florida (sidebar) can attest to the critical role that their EUC benefits play, not just to help cover basic necessities, like food and housing, but also in helping to keep up their active search for work.

As described below, Congress should act swiftly to reauthorize the EUC program given the special role that the program plays in both keeping families afloat while they search for work and preventing families from falling into poverty.

Federal Unemployment Insurance, While Limited, Helps Cover Basic Necessities and Keeps Jobless Workers Actively Engaged in Seeking Work

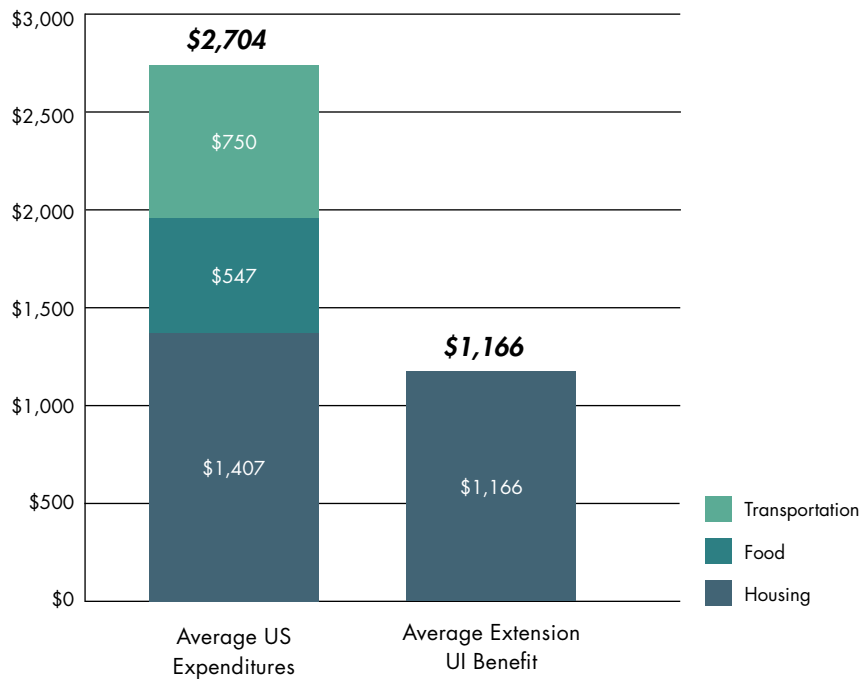
When a worker like Jean Walker loses her job, she relies on unemployment insurance to help cover basic family needs, especially housing expenses and food. After the cuts to EUC benefits imposed by sequestration, these benefits average only \$269 per week. It's a challenge for any family to make ends meet on that amount, which represents less than half the income needed to cover the most basic necessities as measured by the Bureau of Labor Statistics 2012 Consumer Expenditure Survey (Figure 1). While the average American family spends \$1,407 per month on housing alone, the average monthly extension benefit is only \$1,166. Put simply, today's unemployed workers are not living on easy street with jobless benefits.

A LIFELINE FOR WORKERS

"I was laid off in April 2012 from my job as a financial analyst at the age of 62. I had planned to keep working at least until my full retirement age of 66 for Social Security. I tried everything to find a job, but my state unemployment benefits ran out in November 2012. At that point, I began receiving federal Emergency Unemployment Compensation (EUC), but it was very stressful because I didn't know if it would be extended for 2013. Fortunately it was, but it was a nail biter. If EUC had not been extended, I would have had to start collecting Social Security early, and the reduced benefits would have been a hardship for me for the rest of my life. Finally, at the beginning of February 2013, on my 25th job interview, I was offered a full time job. I feel lucky to have it, even though I'm making a lot less than I used to. The federal EUC benefits kept me going until I found a job, and it saved me from making a very bad decision."

~ Jean Walker of Florida

Figure 1. AVERAGE MONTHLY EXTENSION BENEFIT MEETS LESS THAN HALF OF BASIC HOUSEHOLD EXPENDITURES



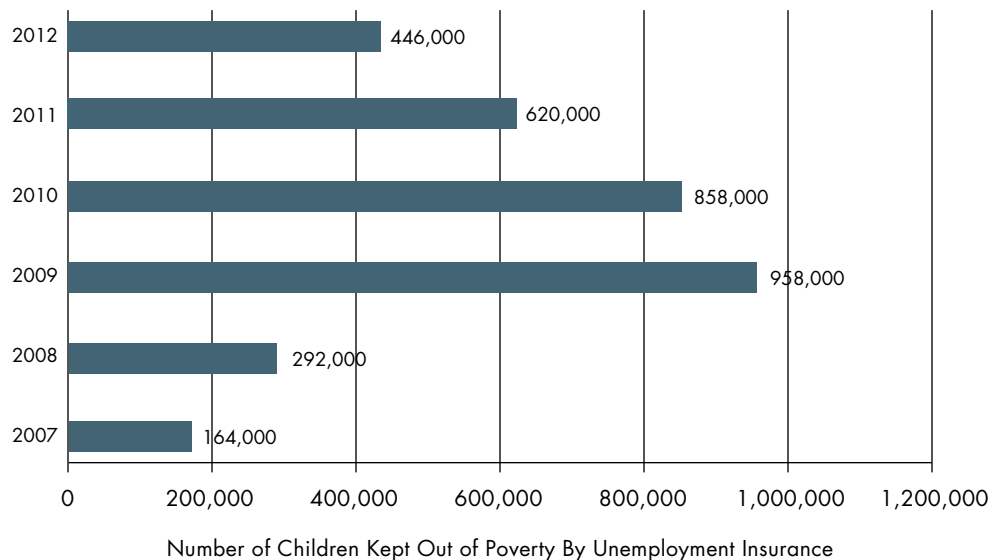
EUC benefits also help ensure that workers have transportation for job interviews and can cover other expenses necessary to keep up their active search for new work. Contrary to claims of some of the program’s detractors, unemployment insurance helps keep workers in the labor market as weeks of searching can turn into months, given the long-term unemployment crisis that continues to plague the nation.

Federal Unemployment Insurance Keeps Families Out of Poverty, Which Pays Long-Term Dividends in the Lives of Children

EUC benefits may be modest, but they have been a vital lifeline for unemployed workers fighting to get back on their feet. In 2012, according to recently released Census figures, 1.7 million people were kept out of poverty by unemployment benefits. To put this figure in perspective, this number is 3.5 times the number of people kept out of poverty in 2007, before the recession took hold.

Notably, unemployment insurance continues to play an important role in alleviating child poverty. Despite state and federal cutbacks in the unemployment program, 446,000 children were kept out of poverty by unemployment benefits in 2012 (Figure 2). According to the Bureau of Labor Statistics, the share of families with at least one member unemployed during 2012 was 10.5 percent compared with 6.3 percent in 2007. This 10.5 percent figure represents 8.4 million families. A recent [study](#) by the Center for Poverty Research found that since 2009, unemployment insurance has been responsible for a 25 percent reduction in poverty among children who have had an unemployed parent.

Figure 2. UNEMPLOYMENT INSURANCE HAS KEPT THOUSANDS OF CHILDREN OUT OF POVERTY DURING THE ECONOMIC DOWNTURN



In addition to the immediate payoffs resulting from the federal investment in the EUC program, such as housing stability and food security, there are many long-term dividends for children and families when the social costs associated with child poverty and severe economic hardship are considered. Children who experience economic hardship are more likely to drop out of school, suffer from poor health, and have difficulty maintaining stable employment in adulthood. [The National Center for Children in Poverty](#) has documented the essential role that economic stability plays in laying the groundwork for later school achievement, economic productivity, and responsible citizenship.

Conclusion

More than four years after the official end of the recession, 4.1 million Americans are still counted among the long-term unemployed, struggling to find work for six months or more. Around 1.3 million of these workers are currently receiving federal Emergency Unemployment Compensation. Unless Congress reauthorizes this program before the House of Representatives breaks for the holiday recess on December 13, 2013, these workers and their families will be at grave risk of losing this vital connection to the labor market and falling into immediate economic hardship, with consequences for many years to come.

For more than 40 years, the National Employment Law Project has worked to restore the promise of economic opportunity for working families across America. In partnership with grassroots and national allies, NELP promotes policies to create good jobs, enforce hard-won workplace rights, and help unemployed workers regain their economic footing.

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