



# Fact Sheet

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## Senate Democrats Are On Your Side: Supporting Americans Looking for Work

In March, Senate Democrats fought against Republican filibusters and partisan obstruction to extend unemployment benefits and COBRA tax credits for jobless Americans. The *American Workers, State and Business Relief Act (AWSBRA)*, passed on March 10 by a vote of 62 to 36, will create jobs and support those who have lost a job through no fault of their own. [Roll Call Vote, [48](#)] These critical benefits will ensure that millions of Americans are able to put food on the table and maintain basic services while looking for a job. The legislation includes important extensions of unemployment benefits and health insurance tax credits through the end of this year to sustain families struggling with the practical realities of unemployment.

Republican opposition to timely consideration of this legislation betrayed millions of Americans looking for a job. Senate Democrats understand these difficult economic times and the challenges being faced by millions of American families every day. Under Senate Democratic leadership, we were able to restore the expired benefits and provide certainty and stability to families struggling to stay afloat. By extending these benefits, Democrats are helping to rebuild America and providing critical investments in the future of our nation.

In 2009, more than 20 million Americans received unemployment benefits for some part of the year. [Associated Press, "[Unemployment sets a grim record in 2009](#)"] The one-year extensions championed by Senate Democrats will provide certainty and stability to millions of American families who rely on these benefits while looking for a job.

**Job loss is beginning to slow but unemployment remains high.** When President Obama first took office in January 2009, the unemployment rate was steadily rising and more than half a million Americans were losing their jobs on a monthly basis. [Bureau of Labor Statistics, [Historical Data](#), Washington Post, "598,000 Jobs Shed in Brutal January, [2/7/09](#)"] After eight years of failed Republican fiscal policies, the economy was crashing, unemployment was exploding and the middle class was shrinking. Senate Democrats are committed to restoring what we lost during the eight years of the Bush Administration. While we have already begun to see new monthly job loss slowing, unfortunately, millions of Americans continue to look for a job.

**American families are still struggling.** Although the unemployment rate has recently remained steady at 9.7 percent, more than 6.1 million individuals have been out of work for more than six months. [Bureau of Labor Statistics, [Employment Situation](#)] The uncertainty of the job market and the fluctuating status of unemployment benefits have created a great amount of anxiety for American families. These families depend on unemployment benefits to pay for food and housing, maintain their health insurance, and provide basic services for their children.

**Senate Democrats understand that millions of Americans depend on unemployment benefits.** In February, 5.6 million individuals relied on unemployment compensation to support themselves and their families. [National Employment Law Project, [2/2010](#)] The unemployment insurance system assists Americans who are eligible by replacing part of their wages so they can continue to provide for their families.

**States typically pay for unemployment insurance through trust funds established to pay for unemployment benefits.** Unfortunately, as states grapple with state budget woes, including reduced revenue and increased demand for benefits, many have begun to deplete their funds. Already 25 states have emptied their unemployment insurance funds. [Pro Publica, [Unemployment Insurance Tracker](#)] Another nine states are expected to spend through their funds in the next few months. [Pro Publica, [Two Dozen States' Unemployment Funds in the Red](#)] Today, states are relying on loans from the federal government, increased taxes, and cuts in or end of benefits to continue serving the unemployed.

**Unemployment compensation provides up to 99 weeks of benefits to individuals who have lost their job through no fault of their own.** In 2008, Congress created the Emergency Unemployment Compensation program (EUC08), which includes a tiered system for determining eligibility for federal unemployment benefits. Tier I includes 20 additional weeks of benefits for all states; Tier II includes 14 additional weeks of benefits for all states; Tier III includes 13 additional weeks of benefits for states with unemployment rates of 6 percent or higher; and Tier IV includes 6 additional weeks of benefits for states with an unemployment rate of 8.5 percent or higher.

In addition, the federal government pays 100 percent of the cost of state Extended Benefits programs which provide up to 13 additional weeks of benefits for unemployed workers who have exhausted regular state benefits or Emergency Unemployment Compensation. In February, there were approximately 5.6 million individuals collecting federal unemployment benefits. [National Employment Law Project, [2/2010](#)]

**Those who have lost their jobs are finding it difficult to find new work.** There are currently six job seekers for every one job available. [Washington Post, [3/9/10](#)] In February, the median amount of time a worker was unemployed was 19.4 weeks and nearly 41 percent of the unemployed have been without a job for more than six months. [Bureau of Labor Statistics, [Table A-12](#)] Americans depend on unemployment benefits to sustain them through longer periods of unemployment. Senate Democrats are working to restore job growth, but in the meantime, as the economy recovers, millions of Americans who are looking for a job need these benefits to get by.

**Unemployment benefits are an effective way to inject money into the economy.** Senate Democrats understand that investments in unemployment benefits produce a meaningful impact on local economic growth. Last year, the Congressional Budget Office estimated that for every \$1.00 spent on unemployment benefits, as much as \$1.90 in GDP could be returned to the economy. [Congressional Budget Office, Policies for Increasing Economic Growth and Employment in 2010 and 2011, [1/2010](#)] When the unemployed receive unemployment checks, they spend this money immediately on basic goods like food, gas, and health care, contributing to the local economy with increased consumer spending.

**For many families, a lost job also means the loss of health insurance.** Sixty percent of Americans under age 65 receive their health insurance coverage through their employer.

[Kaiser Family Foundation, [10/2009](#)] For these individuals, losing their jobs means losing both their income and their health insurance. Under the *Consolidated Omnibus Budget Reconciliation Act*, known as COBRA, workers may continue their employer-sponsored health insurance for up to 18 months (or longer under certain circumstances). However, they must pay both their portion and their employer's portion of the premium, as well as a two percent administrative fee, which is cost prohibitive for many Americans.

**COBRA covers unemployed families, if they can afford it.** The average unemployed worker would need to spend 30 percent of their unemployment insurance check to maintain single coverage through COBRA. [Families USA, [1/2009](#)] With an average national monthly premium for family COBRA coverage of \$1,111 and an average monthly unemployment benefit of \$1,333, families would have to spend more than 83 percent of their income to maintain health insurance coverage through COBRA. [Families USA, [12/2009](#)] As a result, maintaining family health insurance is not a option for many families.

**Senate Democrats support reducing the cost of health insurance for Americans looking for work.** In legislation championed by Senate Democrats last year, the *American Recovery and Reinvestment Act (P.L. 111-5)* and the *Department of Defense Appropriations Act (P.L. 111-118)*, workers who lost their jobs between September 1, 2008 and February 28, 2010 can receive up to 15 months of premium tax credits, which covers 65 percent of the cost of COBRA coverage. This assistance reduces the average monthly cost of COBRA coverage from a national average of \$1,111 to \$389 for a family policy. [Families USA, [12/2009](#)]

**Democrats extend premium credit to those who lose their jobs this year.** While our economy continues to recover, we may still face difficult times this year. That is why Senate Democrats recently passed the *American Workers, State, and Business Relief Act (H.R. 4213)* to extend the COBRA premium tax credit to Americans who lose their jobs during the rest of this year. Health insurance coverage is too important to go without, and this premium assistance helps unemployed Americans facing difficult choices about how to best care for their families during these challenging times.