



## Fact Sheet: Extending Emergency Unemployment Insurance

*America's economy is growing and creating jobs, but we still have more work to do to fully recover from the worst recession since the Great Depression. There are still too many Americans who are having trouble finding work. Now is not the time to make things harder for them by ending emergency unemployment assistance. If no compromise is reached, 1.3 million Americans will not regain the assistance that they've been depending on to make ends meet while they fight for a job. Failing to extend these benefits would mean taking away a lifeline from families that rely on them to stay out of poverty, and would weaken our economy by costing 240,000 jobs.*

### **How Unemployment Insurance Works**

**Basic Unemployment Compensation:** The state-administered unemployment insurance (UI) program provides temporary monetary support to eligible individuals who have lost their job through no fault of their own and are actively seeking work. The duration of regular UI is typically up to 26 weeks for most states and aims to replace roughly half of an employee's previous earnings, although the amount of the weekly benefit is capped based on state law. The average weekly payments are \$310 per week.

**Emergency Unemployment Compensation:** During periods of economic downturn, the federal government has stepped in by providing additional weeks of benefits to long-term unemployed workers who have exhausted their basic unemployment compensation. This was the case as the Great Recession began, when President George W. Bush signed into law authorization of the Emergency Unemployment Compensation (EUC08) program on June 30, 2008. This was the 8<sup>th</sup> time Congress had acted to extend unemployment insurance during an economic downturn, and EUC08 has been amended 11 times since its creation. Under the most recent modification, EUC08 provides additional weeks of UI support to states based on tiers of need outlined below. The unemployment thresholds are based on a 3-month average of the states' unemployment rates, to protect against a premature discontinuance of benefits.

	Weeks of Extended Support	State Eligibility
<b>Tier I</b>	Up to 14 weeks	All states
<b>Tier II</b>	Up to 14 additional weeks	At least 6.0% unemployment
<b>Tier III</b>	Up to 9 additional weeks	At least 7.0% unemployment
<b>Tier IV</b>	Up to 10 additional weeks	At least 9.0% unemployment

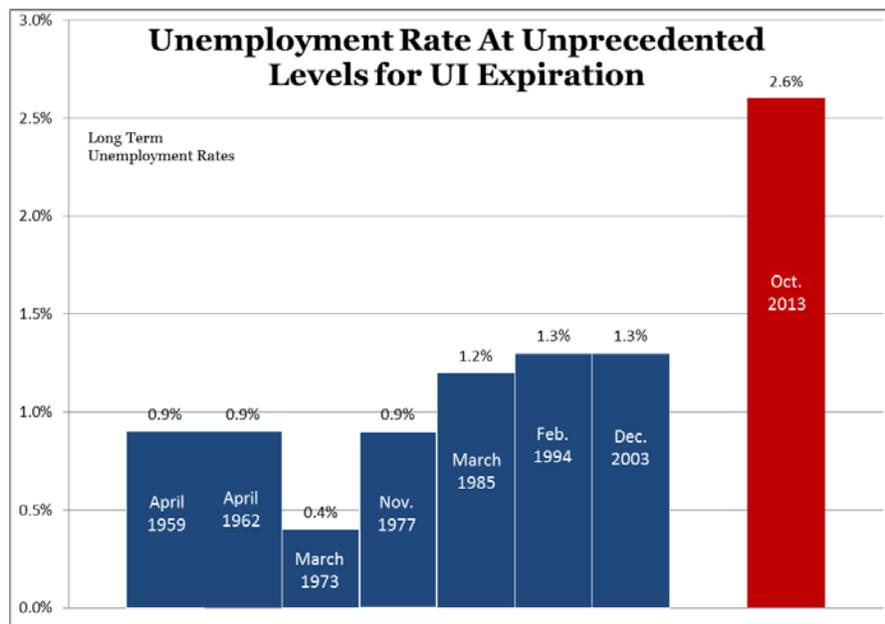
[CRS, [12/11/13](#); White House, [12/13](#); CBPP, [2/6/13](#); P.L. 110-252, [6/30/08](#)]

**For a listing of each state's current tier eligibility, click [HERE](#).**

## Emergency Unemployment Assistance is Still Necessary

“If there was ever time to err on the side of overextending jobless benefits, it would be now.”  
 Jim Pethokoukis at the conservative American Enterprise Institute, [12/9/13](#)

**Congress has never allowed special extended unemployment benefits to expire when the long-term unemployment rate is as high as it is today.** At 2.6%, the long-term unemployment rate (unemployment for those who have been looking for work for at least six months) is double the amount seen during previous expirations. Further, the unemployment rate of 7.0% is far above nearly all previous rates seen at expiration, and is 1.4% higher than when President Bush signed the current round of benefits into law. [Bernstein, [12/6/13](#); White House, [12/13](#)]



**Unemployment rates have improved but have not returned to pre-recession levels.** The unemployment rate, long-term unemployed rate, and the over-the-year unemployed rate (percentage of the workforce that has been unemployed over the course of the year) have seen improvement as our economy strengthens. However, none of these indicators have returned to pre-recession levels. The Economic Policy Institute notes that over the course of 2014, 12% of workers will experience unemployment at some time during the year. [EPI, [12/11/13](#)]

	Pre-recession (November 2007)	Current (November 2013)	Difference
<b>Unemployment Rate</b>	4.7%	7.0%	+2.3%
<b>Percentage of unemployed for 27+ weeks (long-term unemployed)</b>	15.9%	37.3%	+21.4%
<b>Average Number of Weeks Unemployed</b>	17.3	37.2	19.9
<b>“Broad” Unemployment Rate (unemployed, marginally attached, part time for economic reasons)</b>	8.4%	13.2%	+4.8%

BLS, accessed [12/11/13](#); BLS, [12/6/13](#); BLS, accessed [12/11/13](#); BLS, accessed [12/11/13](#)

**There are still more people fighting for each job opening than there were before the recession.** When the most recent recession officially began in December 2007, the number of unemployed persons per job opening was 1.8. Although the number of job seekers per opening has declined from its high at 6.7 in July of 2009, there are still nearly 3 job seekers for every job opening in the United States. According to the Economic Policy Institute, at the current ratio, “for nearly two out of every three job seekers, there are no jobs available, no matter what they do.” Because of this trend, in 2013, the average job finding rate was still 30% lower than the average from 1990-2007. [BLS, accessed [12/11/13](#); BLS, accessed [12/11/13](#); BLS, [7/10/13](#); EPI, [12/10/13](#); Hamilton, [12/13](#)]



### **Millions of Families Rely on Unemployment Insurance to Make Ends Meet**

#### **Since 2008, nearly 24 million workers have received extended UI benefits.**

Including workers' families that have also benefited, this assistance has helped nearly 69 million people, including 17 million children. These households represent Americans of all backgrounds, with more than half of recipients having some college education, more than 27% aged 34 years-old or younger, and 38.5% in a household with children. [White House, [12/13](#)]

#### **The modest benefits provided by unemployment insurance kept 2.5 million**

**Americans, including 600,000 children, out of poverty last year.** At the height of the recession in 2009, nearly 1 million children were kept out of poverty because of UI. Without it and other forms assistance, the poverty rate would've been nearly twice as high last year. [White House, [12/13](#); CBPP, [11/6/13](#); NELP, [12/13](#); CBPP, [10/7/13](#); CBPP, [11/6/13](#)]

**Average extended benefits cover only 43% of basic household costs.** The average American family spends roughly \$2,700 per month on housing, food, and transportation, while average monthly extension benefits are only \$1,166. These benefits are not sufficient to support a household or provide a disincentive to work. However, an average weekly benefit of \$269 helps job seekers travel to job interviews, provides critical support in feeding families and kids, and ensures that bouts with unemployment don't put families out on the street. [NELP, [12/13](#)]

## **Extending Unemployment Benefits will Support Economic Growth**

**Failing to extend UI benefits would cost our economy 240,000 jobs and up to 0.4% of GDP in 2014.** Job loss causes a household to significantly scale back on consumption and expenses, stifling demand in our economy more broadly. Unemployment insurance helps those families meet their most basic needs. Studies have shown that money spent on food falls on average by 22% when a head of household loses his/her job. However, only a 7% drop occurs when a family is assisted by UI. [White House, [12/13](#)]

### **Extension of UI is among the most efficient ways to stimulate the economy.**

According to Moody's Mark Zandi, each dollar spent on unemployment insurance benefits generates \$1.55 in economic activity. The Congressional Budget Office listed "increasing aid to the unemployed" among the options of "policies that would have the largest effects on output and employment per dollar." Of the options CBO considered, UI provided the biggest boost to GDP per dollar spent, making it more efficient than a range of tax cuts and aid for households, businesses, and state governments. [Business Week, [12/12/13](#); CBO, [11/15/11](#); CBO, [11/28/12](#); Hamilton, [12/13](#)]