



October 2011

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Congress Should Pass the American Jobs Act to Get the Economy Moving and Texans Back to Work

The American Jobs Act takes the right approach to creating jobs and reducing long-term unemployment by expanding employment and training programs for unemployed Americans and continuing unemployment insurance (UI) benefits to those out of work for more than six months. Texas has suffered from persistently high unemployment over the past two years. Our state simply has more people looking for work than available jobs. If Congress does not continue federal UI benefits, an estimated 150,000 unemployed Texans will be cut off, leaving them without help and creating a drag on our economy. This *Policy Page* analyzes the provisions designed to address the long-term unemployment crisis in the United States.

Unemployment Insurance Extensions Stabilize Families and the Economy

The Jobs Act would extend federally-funded unemployment insurance through 2012. Nearly 60 percent (282,672) of Texas' UI claimants have been looking for work for more than six months.¹ Without an extension, an estimated 150,000 Texans will be cut off from unemployment insurance at the end of this year.² With job opportunities shrinking, and the national unemployment rate above 9 percent, it is much too soon for Congress to cut off UI. These federal services have stimulated our local economy by enabling jobless Texans to pay their bills, buy food for their families, and spend their dollars at local businesses. Congress should extend unemployment insurance into 2012.

Work-Sharing Averts Future Job Loss

Work-sharing allow employers to reduce working hours and avert additional layoffs while employees retain part of their wages, benefits, and receive partial UI coverage to compensate them for lost wages. Texas employers and workers stand to gain from expansions in the innovative work-sharing proposal of the Jobs Act—also known as short-term compensation programs. Across the United States, work-sharing programs have saved an estimated 265,000 jobs in 2009 and 2010.³ The Jobs Act requires that employers continue paying full employee benefits and proposes to fully reimburse states like Texas with existing work-sharing programs. Currently, the Texas Unemployment Compensation Fund, through employer taxes, pays the cost of these shared work benefits.

In Texas, the demand for shared work has surged over the past several years. The number of Texas employers and employees benefiting from Texas' *Shared Work Unemployment Compensation Program* increased four-fold from just under 12,000 employees in 2007 to more than 40,000 in 2009.



The table below represents shared work activity in calendar year 2010 and 2011 to-date.

	Calendar 2010	Calendar 2011
Number of Shared Work plans	477	249
Number of Employers on Shared Work plan	386	218
Number of Employees on Shared Work plan	24,695	17,866
Shared Work Benefits Paid	\$ 10,750,751	\$ 8,906,190

Pathways Back to Work

The Jobs Act would expand successful subsidized employment programs under the *Pathways Back to Work* Fund. The Jobs Act would strengthen and continue Texas subsidized work programs like *Texas Back to Work* (TBTW), which successfully placed more than 10,000 out-of-work Texans into new jobs. Indeed, these programs that incentivize employers to hire qualified out-of-work Texans are winding down due to lack of funding. Continuing programs such as TBTW would further promote permanent job placements for low-income youth and long-term unemployed adult Texans who are ready to work.

Congress should promote the *Pathways Back to Work* program while strengthening provisions to provide the full range of worker protections, workplace training, and competitive wages.

Conclusion

Congress should strongly support UI extensions through 2012 and promote the employment services and programs in the American Jobs Act that help jobless Americans find and prepare for good jobs.

Endnotes

¹ Texas Workforce Commission, Records Request, Second Quarter 2011, Unemployment Insurance Claimants Receiving UI for More than 26 Weeks.

² Texas Workforce Commission estimate, Records Request, August 2011.

³ "Reed Calls for New National Plan to Help Save American Jobs," Press Release, July 6, 2011.



About CPPP

The Center for Public Policy Priorities (CPPP) is a nonpartisan, nonprofit policy institute committed to improving public policies to better the economic and social conditions of low- and moderate-income Texans. You can learn more about CPPP at www.cppp.org.

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