



CONGRESS SHOULD EXTEND UNEMPLOYMENT INSURANCE

Congress should extend Unemployment Insurance through 2011: 1) to protect hardworking Texas families whose breadwinners are struggling to find work after the global economic recession, 2) to protect Texas jobs in an economy only beginning to recover, and 3) to avoid shifting costs to the federal-state public assistance programs, particularly when states faces massive revenue shortfalls. With the so many workers chasing so few jobs, it is far too soon for Congress to cut off Unemployment Insurance. This emergency spending is essential to our economic recovery, and Congress should not require offsetting spending cuts. Public opinion strongly favors Congress acting now to protect families and our economy.

- **Nearly 128,000 Texans will lose Unemployment Insurance if Congress fails to extend federal programs by November 30, 2010.**
- **Every dollar of Unemployment Insurance generates \$2.00 in consumer spending, averting further job losses while supporting job creation.**
- **Without Unemployment Insurance, many Texans will be forced to seek help from the federal-state public assistance programs such as Food Stamps, increasing the cost to the state budget.**
- **To ensure economic recovery, Congress should act now to extend this important program without requiring offsetting spending cuts.**

Congress Should Protect Texas Families

Many Texas Families Depending on UI

When breadwinners lose jobs through no fault of their own, they and their families are protected by Unemployment Insurance (UI). The regular state program provides 26 weeks of benefits. During this global economic recession, Congress has provided federally funded extensions under the Emergency Unemployment Compensation (EUC) and Extended Benefits (EB) programs. Under these extensions, Texans can receive an additional 67 weeks of UI. If Congress fails to continue these federal programs by November 30, 2010, nearly 128,000 Texans will not get all or part of the additional 67 weeks, leaving them without a job or UI.¹

Too Soon for Tough Love

Our economy is creating jobs, but right now the country has only one job for every five people seeking work.² And not every job seeker fits every job. In the present economy, employers can be picky—free to reject both the under- and over-qualified worker. In a roaring economy, UI may make it possible for workers to extend their search until they find the right job. In this economy, UI merely keeps workers in the hunt until the economy creates new jobs and the workers have time to get new skills.

Since the UI system was created, Congress has never allowed federal extensions to lapse when unemployment was over 7.2 percent.³ With so few jobs available and the national unemployment rate well above 9 percent for 18 consecutive months, it is far too soon for Congress to cut off UI. Like other states, Texas also desperately needs an extension of federal programs. The unemployment rate in Texas has been above 8 percent for 14 consecutive months.

Congress Should Protect Texas Jobs

Through UI, Congress protects jobs. UI allows Texas families to continue to pay their bills. For every dollar spent on UI, approximately \$2.00 is generated in consumer spending.⁴ This spending supports Texas businesses, averting additional job losses and creating more jobs. Federal UI programs have injected \$5.8 billion into the Texas economy⁵ and have added an estimated \$11.6 billion to our state's Gross Domestic Product.⁶

Congress Should Avoid Shifting Costs

Without the federal UI programs, the U.S. poverty rate would have nearly doubled between 2008 and 2009.⁷ Even with federal UI, the number of Texans in poverty climbed 10 percent, bringing the state's poverty rate to 17.2 percent last year.⁸ When poverty increases, enrollment increases in the federal-state public assistance programs such as the Supplemental Nutrition Assistance Program (SNAP—formally Food Stamps), Temporary Assistance for Needy Families (TANF), and Medicaid. If Congress cuts off federal UI before creating a sufficient number of jobs, Congress will only increase the costs for SNAP, TANF, and Medicaid. Texas will be hard pressed to cover its share of the cost because of our state revenue crisis.

Congress Should Extend UI without Requiring Offsetting Spending Cuts

This emergency UI spending is essential to our economic recovery, and Congress should continue the federal UI extensions without requiring offsetting spending cuts. Any addition to the deficit would be short-term and negligible compared to the economic activity generated in our local economies when more UI claimants continue to pay their bills while they actively seek work. In fact, requiring an offset would be counterproductive if it takes money out of the economy or puts increased pressures on state budgets.

Americans Support Extending Unemployment Insurance!

A recent national survey shows 67 percent of the public in favor of continuing UI until the unemployment rate drops.⁹ To protect families and our economy, Congress should act and act now to extend this important program.

If Congress Fails to Extend Federal UI Programs		
Program	Number of Weeks	Estimated Number of Texans Losing Benefits
Regular State UI program	26 Weeks	30,336 in regular state UI today will not get any federally funded weeks
Emergency Unemployment Compensation (EUC), Tiers I-III	47 Weeks	40,389 in EUC today will not get any additional weeks after April 30, 2011
Extended Benefits (EB)	20 Weeks	57,203 in EB today will be dropped immediately (a "hard cut off") on December 4, 2010
Total	93 Weeks	127,927
Source <i>National Employment Law Center and Texas Workforce Commission</i> ¹⁰		

ENDNOTES

- ¹ National Employment Law Project (NELP), “Out in the Cold for the Holidays: Federal Jobless Benefits Will Cut Be Cut for Two Million Workers in December—800,000 immediately—if Congress Fails to Renew the Emergency Program,” Briefing Paper, Revised October 27, 2010.
- ² Ibid.
- ³ Ibid.
- ⁴ U.S. Department of Labor, “U.S. Labor Department study underscores positive impact of unemployment insurance,” Press Release, November 16, 2010. Note: The estimated economic activity generated by each dollar invested in unemployment insurance benefits varies by source, with Mark Zandi’s estimate at \$1.61, the CBO at \$1.90 and \$2.66 by M. Ray Perryman. The most recent estimate of the impact of UI comes from a study by the U.S. Labor Department at \$2.00 for every \$1 invested. We use the DOL estimate for our estimate of the effects on GDP in Texas.
- ⁵ Texas Workforce Commission (TWC), Open Records Request, November 1, 2010, Federal Programs through November 6th.
- ⁶ CPPP analysis, NELP and TWC.
- ⁷ NELP, “Out in the Cold...”
- ⁸ U.S. Census Bureau, 1-Year estimates from the American Community Survey, 2009.
- ⁹ Hart Research Associates, NELP, “National Survey on Unemployment Benefits: Key Finding from Nationwide Telephone Survey Among 802 Registered Voters,” November 5-8, 2010.
- ¹⁰ NELP, “Out in the Cold...”