

Testimony of  
Beth Shulman  
National Employment Law Project

Before the U.S. Senate,  
Committee on Finance

September 15, 2009

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Chairman Baucus and members of the Committee, thank you for this opportunity to testify on the subject of unemployment in today's struggling economy and the need for federal action to extend jobless benefits to help stimulate the economy and serve the growing number of Americans who are actively looking for work for much longer periods of time.

My name is Beth Shulman, and I am the Chair of the Board of Directors of the National Employment Law Project (NELP), a non-profit research and advocacy organization that specializes in economic security programs, including unemployment insurance (UI), Trade Adjustment Assistance (TAA) and the workforce development system. We have a 40-year history of serving families hard hit by unemployment and economic downturns, by helping them access their benefits and promoting innovative state and federal policies that deliver on the nation's promise of economic opportunity.

## **1. Introduction**

In February, Congress enacted, and the President signed, the American Recovery and Reinvestment Act (ARRA), which went a long way toward improving the safety net for the nation's unemployed families through to the end of the year. Of special significance, the ARRA boosted the state and federal unemployment benefits by \$25 per week, while offering the unemployed a 65% subsidy on COBRA health benefits and declaring the first \$2,400 of unemployment benefits received in 2009 tax free. In addition, thanks to additional federal funding covering the full costs of Extended Benefits, more than half of the states now qualify for up to 53 weeks of federal jobless benefits.

This bold initiative, tailored to meet the demands of the most severe recession since the Great Depression, has provided a vital lifeline for literally millions of workers now struggling to cover their basic necessities while looking for work in an economy that is producing only one job opening for every six unemployed workers. At NELP, we are hearing from more and more families who, but for the ARRA, would be entirely destitute. Indeed, a report issued this week by the Center on Budget and Policy Priorities estimates that the unemployment insurance extension and additional \$25 per week in benefits kept 800,000 people out of poverty.<sup>1</sup>

Ricky Macoy of Quinlan, Texas, is one of these workers whose unemployment benefits are all that is keeping his family afloat. Mr. Macoy, a Navy veteran, is a 51-year old electrician with 30 years experience. He lost his job in Louisiana repairing submarines when his employer pulled the plug on the contract last year half way through the project. Mr. Macoy receives \$372 a week in unemployment benefits, which he relies on to support himself and his 11-year old son. He has spent his savings, can't afford to pay for COBRA even with the federal subsidy, and is worried

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<sup>1</sup> "Keeping 6 Million Americans Out of Poverty in 2009, Estimates Show." Arloc Sherman, Center on Budget and Policy Priorities, September 9, 2009, <http://www.cbpp.org/cms/index.cfm?fa=view&id=2910>.

that he and his son will now get evicted from their home when his benefits run out in two weeks. He has looked and looked for work, but there's just nothing to be found.

Mr. Macoy is not alone. He's one of about 400,000 workers who, unless Congress acts promptly, will lose federal jobless benefits by the end of this month, and one of 1.4 million workers who will do so by the end of the year. Despite promising signs of economic recovery on some fronts, the crisis of job loss and joblessness is severe and continuing. Employers are still shedding tens of thousands of jobs each week, and unemployment is likely to exceed 10% by the end of this year and remain high through at least 2010.<sup>2</sup> Given the devastating impact of the loss of benefits on families and the corresponding negative consequences for their struggling communities, we urge Congress to immediately pass legislation providing additional weeks of federally-funded jobless benefits and other necessary measures that will strengthen and sustain the support for jobless workers and stimulus to the economy the ARRA has delivered. Now is not the moment to pull the plug on America's jobless workers or to deal a body blow to the nation's nascent economic recovery.

As described below, NELP urges Congress to pass the following reforms to expand and extend the ARRA's unemployment safety net in order to respond effectively to the record high levels of long-term unemployment.

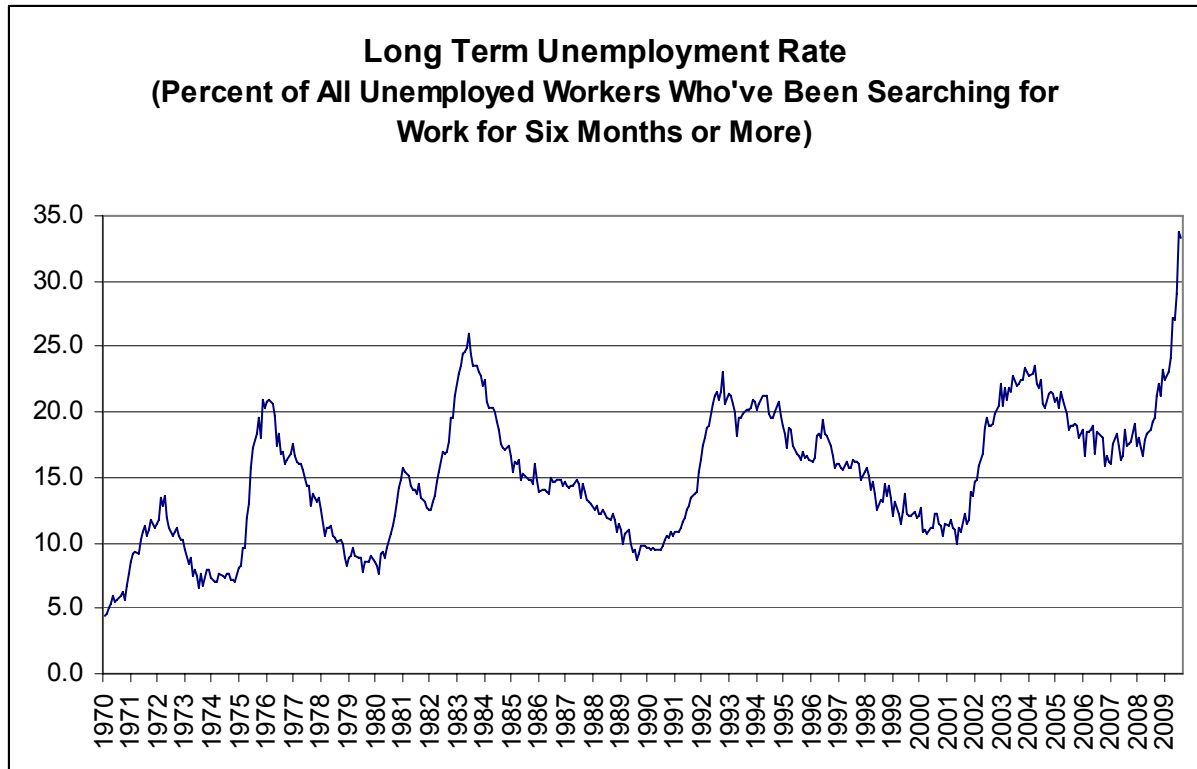
- Extend all aspects of the ARRA benefits for unemployed workers through the end of 2010;
- Provide an immediate additional extension of 10-to-20 weeks of benefits for long-term jobless workers in all states, with the number of weeks determined by each state's rate of unemployment;
- Simplify the two federal extension programs now on the books (the permanent Extended Benefits (EB) program and the Emergency Unemployment Compensation (EUC) program), providing significant relief to state and local governments now paying the full costs of EB and reducing the enormous burden on state agencies required to implement outdated and unworkable EB rules;
- Create a performance bonus program, similar to that used in the Food Stamps program, to encourage states to adopt proven best practices to improve key aspects of their programs to the maximum extent possible.

## **2. The Historic Crisis of Unemployment**

Never in the history of the nation's unemployment insurance program have more workers been unemployed for such prolonged periods of time. A total of five million Americans have been unemployed for six months or more (a record since data started being recorded in 1948). That represents an unprecedented 33.3 percent of all unemployed workers, a share that has never been reached before in any post-war recession. There are now a whopping 5 million Americans who have been out of work for six months, up from just 1.31 million before the recession began in December 2007.

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<sup>2</sup> Congressional Budget Office, Economic Projections, August 25, 2009



At the same time, now 50.7 percent of all jobless workers cannot find jobs within receiving their first six months of UI benefits, which is up from 37.8 percent only one year ago (this is the highest figure recorded in the program's history). Perhaps most disturbing, there are now more than six jobless workers for every job opening in the U.S, a ratio that has surged from 1.7 unemployed workers per opening in December 2007 when the recession began. The current shortage is more than twice as severe compared to the peak of the last jobs slump when there were 2.8 jobless workers for every job in July 2003 (which was the worst shortage during the last jobs slump). Economists are predicting that unemployment and long-term unemployment will remain high throughout 2010 and even into 2011—even if macro-economic growth returns and the official recession ends.<sup>3</sup>

The nation's economy will need to recover the 7 million jobs lost--and gain additional jobs to absorb the growth in the labor force since the recession began--before the unemployment rate returns to manageable levels. Not surprisingly, the Congressional Budget Office predicts that the unemployment rate will remain above 9% through 2011.<sup>4</sup> Were it not for the ARRA, the employment picture would certainly be far worse. One of the nation's leading economists, Mark Zandi, reports that without the stimulus provided by the ARRA, the economy would have lost 500,000 more jobs than it did in the second quarter of 2009, and that the unemployment rate would have been 0.3% percentage points higher at the end of June. With the stimulus provided by the ARRA, Zandi predicts that unemployment will peak at 10.5% next summer, rather than continuing to rise to 12.1% in early 2011.<sup>5</sup>

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> Moody's Economy.com, Regional Financial Review, July 2009

### 3. The Critical Significance of Unemployment Benefits & the ARRA

When President Franklin D. Roosevelt sent the Social Security Act to Congress for consideration in January 1935, his vision for the unemployment insurance program was clear and compelling. Unemployment insurance “should be constructed in such a way as to afford every practical aid and incentive toward the larger purpose of employment stabilization.”<sup>6</sup>

The accompanying report of the Committee on Economic Security provided the details of a new program to serve as the “first line of defense” to immediately address the desperate needs of unemployed families and the struggling economy.<sup>7</sup> As the law moved toward final passage in August 1935, an ambitious new unemployment insurance program was established that was in part a creature of federal policy and part a creation of the states.

#### 1. Boosting the Nation’s Economy

While the economy has changed dramatically in the past 70 years, today’s severe recession reminds us of the critical importance of President Roosevelt’s “employment stabilization” mandate underlying the unemployment insurance program. And his vision has clearly survived the test of time. Economists of all persuasions applaud the “counter-cyclical” nature of the program and its documented impact on economic growth.

In fact, a major study of several of the recent recessions found that unemployment benefits contribute \$2.15 in economic growth for every dollar of benefits circulating in the economy.<sup>8</sup> As one reflection of the significant economic boost to the economy generated by the unemployment provisions of the ARRA and the prior federal extensions, NELP estimates that federally-funded jobless benefits helped circulate nearly \$19 billion in hard cash throughout the nation’s economy over the six-month period from February to July, not taking into account the recognized multiplier effect. (See attached table 1, which includes the state by state estimates based on the different provisions of the ARRA and the prior extensions).

#### 2. Alleviating Economic Hardship

Even for families who own homes and earn middle-class wages, a layoff in today’s economy will often result in extreme economic hardship, including sending household incomes well below the poverty level. Unemployment benefits play a major role in preventing this catastrophic decline.<sup>9</sup> According to a Congressional Budget Office study measuring the income effects of unemployment benefits on jobless workers collecting benefits in 2001 (the last recession) and 2002, only 7 percent of unemployment recipients had family incomes below the official poverty level before losing their jobs. After job loss, nearly one-quarter (23 percent) of

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<sup>6</sup> Witte, *The Development of the Social Security Act* (University of Wisconsin Press: 1962), at page 128.

<sup>7</sup> Larson, Murray, “The Development of the Unemployment Insurance System in the United States,” 8 Vand.L.Rev. 181, 186 (1955).

<sup>8</sup> Chimerine, et al. “Unemployment Insurance as an Economic Stabilizer: Evidence of Effectiveness Over Three Decades,” U.S. Department of Labor, Unemployment Insurance Occasional Paper 9908 (1999).

<sup>9</sup> U.S. Congressional Budget Office, “Family Income of Unemployment Insurance Recipients” (March 2004), at page 13.

the families of long-term jobless workers collecting benefits fell into poverty as measured by the official poverty guidelines. However, without those benefits, the poverty rate would have more than doubled, with one-half of the families ending up in poverty. As noted above, the Center on Budget and Policy Priorities now estimates that the ARRA's unemployment insurance extension and \$25 increase in weekly benefits checks have thus far kept 800,000 people out of poverty.<sup>10</sup>

The importance of unemployment benefits for families of jobless workers is also reflected by food consumption of the unemployed. On this most basic indicator of family subsistence during tough times, there is no doubt that unemployment benefits help families avoid serious hardship. For example, NELP's 2008 national survey of the unemployed found that unemployed workers who did not receive UI benefits were twice as likely as those with benefits to be forced to skip meals in order to get by financially.<sup>11</sup>

### 3. Stabilizing Housing

Also of special significance to today's economic crisis, unemployment benefits contribute to stabilizing the housing market in those communities devastated by layoffs and foreclosures. One housing agency reported that the share of foreclosures caused by unemployment has increased from 40 percent to 65 percent in the last year alone.<sup>12</sup> Jobless workers can use their unemployment insurance benefits as evidence of the income they need to qualify for federal mortgage modifications under the Home Affordable Modification Program. Workers have to demonstrate 9 months of unemployment benefits to qualify for this assistance—a length of benefits made possible by the Recovery Act.<sup>13</sup>

Families of jobless workers spend more of their unemployment benefits to cover the costs of their mortgages and rent than for any other household expense. An extensive state study found that 41% of expenditures paid for with unemployment benefits were applied to housing costs.<sup>14</sup> Another national study found that the availability of unemployment benefits reduced the chances that a worker will be forced to sell the family home by almost one-half.<sup>15</sup>

### 4. **Expanding Federal Jobless Benefits to Respond to the Great Recession**

In light of the continued rise of unemployment, record levels and rates of long-term joblessness, and the major surge in workers now exhausting federally-funded jobless benefits, immediate action is needed to expand the ARRA's benefits.

Currently, the ARRA provides the following, in response to the serious challenges facing the unemployment insurance system and families and communities hit hardest by the recession.

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<sup>10</sup> "Keeping 6 Million Americans Out of Poverty in 2009, Estimates Show." Arloc Sherman, Center on Budget and Policy Priorities, September 9, 2009, <http://www.cbpp.org/cms/index.cfm?fa=view&id=2910>.

<sup>11</sup> "Unemployed in America," page 4.

<sup>12</sup> "Unemployment Spike Compounds Foreclosure Crisis," *Washington Post* (August 18, 2009).

<sup>13</sup> Ibid.

<sup>14</sup> State of Washington, Employment Security Department, "Claimant Expenditure Survey, 2005" (January 2006).

<sup>15</sup> Gruber, "Unemployment Insurance, Consumption Smoothing, and Private Insurance: Evidence from the PSID and CEX," Advisory Council on Unemployment Compensation Background Papers, Vol. 1 (1995), at page 20.

- **Federal Incentives to Modernize the State Unemployment Insurance Programs:** Responding to the outdated eligibility rules that disproportionately deny benefits to low wage and women workers, the ARRA provided \$7 billion in incentive funding to help states modernize their state unemployment programs. The ARRA also rewards state reforms that help the long-term unemployed to participate in training. All states also qualify for their share of \$500 million in federal funds to improve state services and expand outreach to the unemployed.
- **Federally-Funded Extended Jobless Benefits:** Responding to the record rates of long-term unemployment, the ARRA continues the 20-to-33 week federal program of Emergency Unemployment Compensation (EUC) until December 2009 (with a phase-out through August 2010 for those who qualify in 2009). In addition, states have the option to change their laws to qualify for an additional 13-to-20 weeks of fully federally-funded Extended Benefits (EB), normally funded 50 percent by the states, through December 2009.
- **Boosting the Purchasing Power of the Jobless:** Responding to the high costs of food, gas and other basic goods and services and the relatively low level of benefits provided by the states (now averaging just \$307 a week), the ARRA also increased both federal and state benefits by \$25 a week (ending December 2009) and suspended federal income taxes on the first \$2,400 individuals receive in jobless benefits in 2009.
- **Subsidizing Health Care for Unemployed Workers:** The ARRA also included a 65% federal subsidy of the health care premiums for unemployed workers who qualify for COBRA continuation coverage.
- **Waiving Federal Interest on Loans Provided the States:** Responding to the growing number of states seeking federal loans to pay unemployment benefits (now totaling 18 but expected to rise to more than 30 states by next year), the ARRA also allowed the states to suspend the interest they would otherwise be required to pay on their federal loans through to December 2010.

As Senate Majority Leader Harry Reid and House Speaker Nancy Pelosi have made clear,<sup>16</sup> the situation surrounding the large numbers of workers exhausting the jobless benefits requires immediate action by Congress. Moreover, there is bipartisan recognition of the need for further action, with Senator DeMint of South Carolina recently stating he would “definitely support” another extension of federally-funded jobless benefits.<sup>17</sup>

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<sup>16</sup> On September 10, Speaker of the House Nancy Pelosi, when questioned about the unemployment benefits about to run out for exhaustees, responded: “We cannot let them run out. . . . It’s pretty clear cut . . . this is very necessary for us to address.” [insert Reuters cite] Before the Senate recessed in August, Majority Leader Harry Reid stated that “There is an economic case to be made for extending unemployment benefits,” and that “[s]oon after Congress returns to Washington we’ll need to address this matter.” [insert article cite]

<sup>17</sup> On August 1, Senator Jim DeMint stated on *Fox Sunday News* that he would “definitely support” a further extension of unemployment benefits.

These statements of support respond to the immediate crisis of the 400,000 workers now scheduled to exhaust their unemployment benefits by the end of September, along with another one million workers who will do so by the end of the year, according to NELP's estimates (see attached table 2). Thus, the major question for debate is not whether there should be a further extension, but rather what shape it should take and when will it be enacted? The following are NELP's recommendations for how Congress and the Obama Administration should go about providing urgently needed relief to the families of the unemployed and a continued boost to the local and national economies.

#### A. Provide Additional Weeks of Jobless Benefits to Workers in All States

The first priority should be to immediately enact additional weeks of extended benefits for long-term jobless workers exhausting all their benefits, ranging from 10 more weeks for workers in states with lower unemployment rates to 20 more weeks in states with the highest rates of unemployment (over 11%).

Current bills introduced by Senator Reed (S.1647) and Congressman McDermott (H.R.3548) represent important first steps in recognizing the need to expand benefits to address the immediate needs of those who are starting to exhaust their benefits. NELP especially commends Rep. McDermott for calling strongly for immediate action for an additional extension for those running out of the Recovery Act extensions this month, stating that "I believe the time to act on extending benefits is now."<sup>18</sup>

The measures described above apply only to those states with highest rates of unemployment (over 8.5%). While extra benefits are especially needed in these states, NELP believes that workers in every state need and should receive additional assistance. Every state has experienced record increases in unemployment rates and unemployment claims over the course of the recession, and in every state, long-term jobless workers will be exhausting all benefits by the end of the year without being able to find work. For that reason, NELP urges that some additional relief should be made available to workers in all states, not just the highest unemployment states.

As illustrated below, even those states with low unemployment rates relative to the national average have experienced a major increase in their unemployment rates, their UI claims and the number of workers exhausting state benefits. When recessions hit, it is critical to recognize the added economic hardship each state experiences, not just the total or absolute levels of distress relative to other states. Notably, the lower unemployment rate states are also some of the smallest states in the nation. Thus, the additional cost of providing these states with extra federal benefits is modest.

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<sup>18</sup> "Rep. McDermott Introduces New UI Extension Legislation," Press Release, September 10, 2009 available at <http://www.house.gov/mcdermott/pr090910.shtml>



States with Unemployment Rates Below 6%

State	Unemployment Rate (3-Month Ave.)	% Increase in Unemployment Rate (2008-2009)	2009 (July) State UI Exhaustions	2008 (July) State UI Exhaustions
Nebraska	4.9%	53%	2,734	1,054
N. Dakota	4.2%	31%	615	180
S. Dakota	5.0%	72%	439	68
Utah	5.7%	72%	4,957	1119
Wyoming	5.8%	81%	1,244	289

Specifically, NELP proposes increasing the federal jobless benefits by 10 weeks for all states (to 30 weeks from the current 20-week minimum), while progressively increasing benefits up to 20 weeks for states with unemployment rates above 11%. Under this formula, workers in the highest unemployment states would be eligible for a maximum of 73 weeks of federally-funded benefits, up from the current 53 weeks.

Current Levels of Federally-Funded Benefits

All States (below 5.9% Unemployment)	6-6.4% Unemployment States	6.5-7.9% Unemployment States	8% + Unemployment States
20 weeks EUC	33 weeks EUC	46 weeks (33 + 13 EB)	53 weeks (33 + 20 EB)
(5 states)	(2 states)	(13 states)	(31 states)

NELP's Proposed Levels of Federally-Funded Benefits

All States (below 5.9% Unemployment)	6.0-7.9% Unemployment States	8 -10.9% Unemployment States	11% + Unemployment States
30 weeks	59 weeks	68 weeks	73 weeks
(5 states)	(15 states)	(23 states)	(8 states)

B. Continue the ARRA's Additional Protections for Unemployed Workers in 2010

NELP also urges that the ARRA's provisions for unemployed workers be extended another year, through to the end of 2010. Specifically, these include the current EUC program (providing 20-33 weeks of benefits), the \$25 weekly increase in benefits, the suspension of federal income tax on the first \$2400 of benefits collected in the year, and the 65% COBRA subsidy. With the unemployment rate continuing to rise and job losses mounting, the situation for workers will continue to deteriorate even as the recovery takes hold on other fronts. Under these circumstances, it is essential that we provide those who are more recently unemployed with no less support than those who lost their jobs earlier in the recession.

### C. Simplify the Federal Extension Programs and Provide State and Local Government Relief

In addition, we urge Congress to simply the two federal extension programs now on the books, the Emergency Unemployment Compensation and the Extended Benefits programs, that now impose major burdens on the states.

Instead of operating these two programs side by side, Congress should temporarily fold EB into the EUC program, not unlike the program that was in place in 1990s.<sup>19</sup> With a merger of these programs, state and local governments would no longer have to pay dollar for dollar all the costs of the EB program for laid-off government employees, an existing requirement that today imposes a steep and onerous burden on state and local finances when they can least afford it. In addition, state UI agencies will no longer have to spend precious time and resources implementing the onerous tracking requirements that govern EB claims. Finally, six states, including Montana, would be entitled to the equivalent of EB benefits that they are not collecting, due to rules requiring states to pass special legislation.

### D. Enact “High Performance Bonuses” for States UI Agencies

NELP also proposes that Congress establish a performance-based bonus system for state unemployment agencies, encouraging them to use best practices to improve their UI programs. Currently, DOL monitors and evaluates state administrative performance (paid for 100% by federal UI trust dollars) based on a relatively narrow range of factors, including timely payment of benefits and selected program integrity activities.

A new program of “performance bonuses” modeled on a successful 2002 Food Stamps initiative would enable DOL to create additional program standards that reward a broader range of state activities designed to improve access to the UI program, build a stronger UI infrastructure, and protect against fraud and waste of UI resources. Of special concern, the UI “take up” rate is still very low, as documented in a recent DOL-funded report showing that only about half of job losers (i.e., not those workers laid off, not those who “quit”) apply for unemployment benefits.<sup>20</sup> More than half of those job losers who did not apply for UI assumed they would be ineligible. Thus, the need exists to promote model state initiatives that maximize education, outreach, and state system reforms to improve access to the UI program. These efforts are critical not just to job losers who do not file for benefits, but also for workers who will become eligible for UI benefits for the first time through state reforms adopted as a result of the ARRA’s UI incentive program. These workers, especially those leaving work for compelling family reasons, are often the least likely to apply for UI benefits.

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<sup>19</sup> See Emergency Unemployment Compensation Act of 1991, Pub. L. 102-164, 105 Stat. 1049, Section 102(b)(3): “Reduction for Extended Benefits. – The amount in an account under paragraph (1) shall be reduced (but not below zero) by the aggregate amount of extended compensation (if any) received by such individual relating to the same benefits year under the Federal-State Extended Unemployment Compensation Act of 1970.”

<sup>20</sup> Wayne Vroman, *UI Benefits Study: An Analysis of Unemployment Insurance Non-Filers: 2005 CPS Supplement Results*, September 2008

In addition to improved outreach and education by the state agencies, more can be done to promote and reward model state approaches that address program integrity, both in recouping fraudulent benefits paid to workers and unemployment taxes left unpaid by large numbers of employers. Similarly, the opportunity exists to recognize and reward those states that have adopted model reemployment activities, including counseling of unemployed workers and reemployment reviews.

Recognizing the value of rewarding states that are working to improve their UI take-up rates, program integrity, reemployment services and other state UI administrative activities, NELP recommends legislation modeled on the Food Stamps program, that provides grants to those states that have done the best job in furthering these critical UI functions.

Based on measures of model program performance developed by DOL, eight to ten state UI agencies would be awarded “high performance bonuses” with new federal funding of \$25 million to \$50 million (the Food Stamp program is funded at \$48 million and provides grants to eight states, while also rewarding other state program activities). As under the Food Stamps program, half of the states would receive UI performance bonus grants for the highest state rankings and the other half would receive grants for being the most improved according to the DOL standards.

## **5. The Economy, not Unemployment Benefits, Are to Blame for Long-term Joblessness**

In the media, and likely in this hearing today, we hear some proffer that the more that we extend unemployment benefits, the more incentive we provide people to stay at home and simply collect them. These so-called “moral hazard” effects of unemployment insurance have been extensively studied, and the effects are consistently small. The economic research shows that, in the aggregate, those who collect unemployment benefits stay unemployed *at most* two and half weeks more than those who do not.<sup>21</sup> This line of argument is even less compelling today, when job openings are extremely scarce, and when the length of unemployment must logically be attributed to the economy, not unemployment insurance benefits. As stated above there is now only one job available for every six unemployed workers. Equally important, entire industries are dying, technology is replacing human labor in many fields of work, and countless jobs have left the United States for other countries where labor is far cheaper and more easily exploitable. Thus, we have a large population of unemployed workers whose jobs may never come back, and are now forced to train for new careers. Given these realities, it simply strains credulity for some to assert that extending unemployment benefits at this moment in history will keep people from looking for jobs—jobs simply do not exist.

One unique state survey illuminates the job-finding challenge today. Minnesota’s “job gap” survey documents both the significant competition for jobs (comparing the disproportionate number of job seekers to the number of job openings) and the quality of the state’s job openings (which is not captured in national data). Like the national data, this 10-year-old survey shows an acute shortage of openings – 8 jobless workers for every opening. This year’s survey showed that

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<sup>21</sup> Karen Needles, Walter Nicholson, “An Analysis of Unemployment Insurance Durations Since the 1990-1992 Recession” (Mathematica Policy Research, Inc.: March 1999), at 6-7.

the average job opening pays only \$10.00 per hour.<sup>22</sup> The largest share of the limited job openings in the state (17.3%) are in the low paid accommodation and food services sector. These employers are not likely to be interested in today's experienced unemployed workers, with skills not suited to this type of service work and who are unlikely to stick in low-paid service jobs when the economy improves.

A proper perspective on the moral hazard effect of jobless benefits in today's economy was eloquently and simply summarized by former Federal Reserve Chairman Alan Greenspan. Speaking before the Joint Economic Committee of Congress during the last recession, Greenspan stated that: "When you get into a period when jobs are falling, then the arguments people make about creating incentives not to work are no longer valid and hence, I have always argued that in periods like this the economic restraints on the unemployment insurance system almost surely ought to be eased to recognize the fact that people are unemployed because they couldn't get a job not because they don't feel like working<sup>23</sup> "

## **Conclusion**

Millions of Americans and their families are depending on Congress to give them the helping hand they need during this time of economic crisis. Likewise, their communities need them to keep their heads above water so that local economies, too, will overcome the recession. There is a simple solution – not a solution with no cost attached to it, but at this point, the cost of inaction is far greater than the cost of action.

NELP, on behalf of the millions of unemployed workers in this country, implores you to enact a robust extension of unemployment benefits for workers in all states, to remove the unnecessary burdens on states and workers that the extended benefits program is causing, and to make a small but essential investment in incentivizing state unemployment insurance offices to provide the best services possible. This time in history and jobless Americans and their communities demand and deserve no less.

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<sup>22</sup> Minnesota Department of Employment and Economic Development, Job Vacancy Survey, September 2009.

<sup>23</sup> Joint Economic Committee Hearing, Nov. 13, 2002

Table 1

## Federally-Funded Unemployment Benefits Paid, by State, Since Passage of the American Recovery and Reinvestment Act in February 2009

National Employment Law Project, August 2009

State	\$25 Weekly Increase in Weekly Benefits (February - July 2009)	20-33 Weeks of Emergency Unemployment Compensation (February - July 2009)	Additional 13-20 Weeks of Extended Benefits (April-July 2009)	Total Federal Funding Distributed
Alabama	\$57,819,363	\$76,824,207	N/A	\$134,643,570
Alaska	\$12,729,031	\$17,520,264	\$7,557,782	\$37,807,077
Arizona	\$80,756,219	\$130,853,941	\$14,741,257	\$226,351,417
Arkansas	\$39,574,912	\$45,261,082	\$13,287,816	\$98,123,810
California	\$701,424,119	\$1,805,865,664	\$414,690,521	\$2,921,980,304
Colorado	\$60,601,781	\$170,615,433	N/A	\$231,217,214
Connecticut	\$74,515,894	\$280,752,736	\$56,327,214	\$411,595,844
Delaware	\$12,718,156	\$30,862,865	\$938,049	\$44,519,070
District of Columbia	\$8,013,813	\$15,627,977 **	\$4,113,490	\$27,755,280
Florida	\$262,126,563	\$711,449,232	\$165,913,522	\$1,139,489,317
Georgia	\$122,990,800	\$344,354,833	N/A	\$467,345,633
Hawaii	\$12,831,200 *	\$53,228,632 **	EB not in effect	\$66,059,832
Idaho	\$23,379,556 *	\$67,626,161 **	\$2,849,272 **	\$93,854,989
Illinois	\$252,825,594	\$595,655,566	\$131,893,689	\$980,374,849
Indiana	\$126,684,994	\$488,533,832	\$35,902,357	\$651,121,183
Iowa	\$42,817,719	\$90,430,142	EB not in effect	\$133,247,861
Kansas	\$29,054,038 *	\$93,481,407 **	N/A	\$122,535,445
Kentucky	\$64,396,319	\$54,380,522	\$27,375,645	\$146,152,486
Louisiana	\$26,780,188 *	\$46,964,699 **	EB not in effect	\$73,744,887
Maine	\$19,233,225	\$31,861,396	\$5,448,213	\$56,542,834
Maryland	\$51,688,069	\$225,226,702 **	EB not in effect	\$276,914,771
Massachusetts	\$109,916,525 *	\$425,571,698 **	N/A	\$535,488,223
Michigan	\$249,472,363	\$620,135,295	\$180,301,646	\$1,049,909,304
Minnesota	\$90,016,463	\$203,157,458	\$40,753,261	\$333,927,182
Mississippi	\$34,747,763	\$54,130,565	EB not in effect	\$88,878,328
Missouri	\$74,913,270	\$150,084,329	\$20,373,920	\$245,371,519
Montana	\$12,536,969 *	\$21,568,073 **	\$1,064,624 **	\$35,169,666
Nebraska	\$15,910,919	\$38,549,834	EB not in effect	\$54,460,753
Nevada	\$67,306,031	\$184,374,403	\$27,334,458	\$279,014,892
New Hampshire	\$16,314,606	\$24,180,348	N/A	\$40,494,954
New Jersey	\$207,722,244	\$707,418,174	\$89,470,581	\$1,004,610,999
New Mexico	\$25,037,981	\$42,916,485 **	N/A	\$67,954,466
New York	\$259,378,919 *	\$749,915,404 **	\$192,953,844 **	\$1,202,248,167
North Carolina	\$184,867,925	\$483,980,465	\$55,554,638	\$724,403,028
North Dakota	\$5,037,225	\$8,703,093	EB not in effect	\$13,740,318
Ohio	\$203,952,913	\$391,176,192	\$104,555,497	\$699,684,602
Oklahoma	\$23,544,988 *	\$53,553,678 **	EB not in effect	\$77,098,666
Oregon	\$122,966,378	\$233,206,291	\$36,889,405	\$393,062,074
Pennsylvania	\$215,932,913 *	\$616,757,937 **	\$152,721,815 **	\$985,412,665
Puerto Rico	\$56,765,406	\$107,841,584	\$7,790,972	\$172,397,962
Rhode Island	\$21,912,869	\$66,116,485	\$16,305,005	\$104,334,359
South Carolina	\$75,004,175	\$159,782,262	\$31,525,728	\$266,312,165
South Dakota	\$3,930,394	\$3,915,731	EB not in effect	\$7,846,125
Tennessee	\$92,789,994	\$160,977,791	N/A	\$253,767,785
Texas	\$168,431,188 *	\$448,047,039 **	N/A	\$616,478,227
Utah	\$26,653,144	\$58,506,481	EB not in effect	\$85,159,625
Vermont	\$11,000,888	\$18,422,463	\$1,421,904	\$30,845,255
Virgin Islands	\$940,394 *	\$4,228,322 **	EB not in effect	\$5,168,716
Virginia	\$69,067,469	\$148,290,391	N/A	\$217,357,860
Washington	\$109,124,313	\$268,234,146	\$36,690,394	\$414,048,853
West Virginia	\$20,472,688	\$27,283,649	N/A	\$47,756,337
Wisconsin	\$131,653,388	\$225,285,172	\$44,763,068	\$401,701,628
Wyoming	\$6,924,175	\$10,071,860	EB not in effect	\$16,996,035
<b>US Total (in billions)</b>	<b>\$4.8</b>	<b>\$12.1</b>	<b>\$1.9</b>	<b>\$18.8</b>

### Sources and Methodology

The state totals for the ARRA's \$25 weekly benefit increase (Column 1) are estimates based on state data reported by the U.S. Department of Labor. The state totals for the federal extensions (Columns 2 and 3) are based on data reported by the U.S. Department of Labor, which do not adjust for gaps in the data reported by some states. State totals for the Emergency Unemployment Compensation program (Column 2) indicate amounts paid as of February, including payments authorized under the ARRA and prior legislation. All other totals represent amounts directly attributed to the ARRA.

### Notes

- \* Indicates states where the estimates cover the period from February through June due to data limitations for the month of July.
- \*\* Indicates states where data was reported through June and NELP included an estimate for July payments.
- N/A Indicates states where data was either not reported by the state or benefits were not distributed until after July 2009.

Table 2

**Estimated Number of Federal Extension Exhaustions, by State  
Through September and December 2009  
National Employment Law Project, August 2009**

State	Total Exhaustions through September 2009	Total Exhaustions through December 2009
Alabama	0	37,794
Alaska	2,252	3,700
Arizona	5,142	22,632
Arkansas	5,076	8,273
California	68,713	154,328
Colorado	0	13,853
Connecticut	4,922	11,739
Delaware	0	3,518
District of Columbia	945	3,703
Florida	27,359	114,508
Georgia	13,844	58,887
Hawaii	2,774	5,456
Idaho	3,055	9,395
Illinois	20,266	50,028
Indiana	9,848	50,343
Iowa	19,845	30,914
Kansas	0	3,819
Kentucky	3,814	14,025
Louisiana	0	8,773
Maine	0	4,838
Maryland	15,650	25,681
Massachusetts	0	39,530
Michigan	Table 1 25,534	62,753
Minnesota	6,776	13,754
Mississippi	12,895	19,109
Missouri	4,091	20,556
Montana	2,814	5,688
Nebraska	9,308	13,849
Nevada	5,041	14,135
New Hampshire	0	1,478
New Jersey	22,355	41,576
New Mexico	0	1,577
New York	0	89,662
North Carolina	15,033	32,171
North Dakota	3,187	4,195
Ohio	11,642	64,545
Oklahoma	0	5,943
Oregon	4,981	11,235
Pennsylvania	19,960	60,910
Puerto Rico	1,537	6,437
Rhode Island	2,489	4,483
South Carolina	13,775	21,852
South Dakota	954	1,543
Tennessee	8,299	32,788
Texas	0	48,596
Utah	10,731	18,226
Vermont	1,172	1,860
Virgin Islands	1,052	1,350
Virginia	0	12,877
Washington	4,628	10,455
West Virginia	0	3,756
Wisconsin	8,834	24,180
Wyoming	2,158	3,900
<i>Total</i>	<i>402,750</i>	<i>1,331,175</i>