



DPCC FACT SHEET: CONGRESS MUST RENEW UNEMPLOYMENT BENEFITS TO PREVENT CATASTROPHIC ECONOMIC CONSEQUENCES

FAILURE TO RENEW UNEMPLOYMENT INSURANCE BEFORE IT EXPIRES WOULD COST AMERICANS JOBS AND HARM THE ECONOMY.

THE FEDERAL GOVERNMENT HAS NEVER ALLOWED EMERGENCY EXTENDED BENEFITS TO EXPIRE WHEN THE UNEMPLOYMENT RATE IS ABOVE 7.2 PERCENT.

JPMorgan: Allowing Unemployment Benefits and Payroll Tax Cut to Expire Could Slow Growth By Up to 2%. “What’s more important for the economy in 2012 though is the fate of a number of stimulus measures, including a 2 percent cut in employee payroll taxes and extended unemployment benefits, that are due to expire at the end of the year, JPMorgan economist Feroli said. If Congress doesn’t continue them, ‘the drag from tightening fiscal policy could subtract 1.5 to 2 percentage points from GDP growth next year,’ the former Fed economist added in a Nov. 10 note to clients.” [Bloomberg News, [11/19/11](#)]

Macroeconomic Advisers: Allowing Unemployment Benefits to Expire Would Cost 200,000 Jobs and Slow Growth. “Allowing unemployment benefits to lapse would result in the economy being slower by an additional quarter of a percent and cost 200,000 jobs.” [Washington Post, [11/22/11](#)]

Mark Zandi, Chief Economist of Moody’s Analytics: Extending Unemployment Insurance Will Create 275,000 Jobs in 2012. [Moody’s Analytics, [9/9/11](#)]

EPI: “Labor Market Will Lose Over Half A Million Jobs If UI Extensions Expire In 2012.” The Economic Policy Institute reports, “Spending \$45 billion on unemployment insurance extensions in 2012 would increase GDP by an estimated \$72 billion, raising our \$15.2 trillion GDP by roughly 0.5 percent. This increase in economic activity translates into roughly 560,000 payroll jobs. In other words, extending the federally funded unemployment insurance extensions through 2012 would not only extend a lifeline to the families of millions of long-term unemployed workers, it would also generate spending that supports well over half a million jobs. If this program is discontinued, the economy will lose these jobs.” [EPI, [11/4/11](#)]

CBO: Every \$1 in Unemployment Benefits Can Generate Up to \$1.90 in Growth, Making it Most Effective of 11 Policy Options For Increasing Growth. The non-partisan Congressional Budget Office has estimated that each \$1 spent on unemployment benefits generates up to \$1.90 in economic growth, making it the most effective policy for increasing growth among 11 options it analyzed in 2010. [CBO, [2/23/10](#)]

- **CBO: “Households Receiving Unemployment Benefits Tend To Spend The Additional Benefits Quickly, Making This Option Both Timely And Cost-Effective In Spurring Demand For Goods And Services, And Thereby Economic Activity And Employment.”** CBO director Douglas Elmendorf testified in November 2011, “Extending additional unemployment benefits would directly help those who would otherwise exhaust their unemployment benefits during calendar year 2012. Households receiving unemployment benefits tend to spend the additional benefits quickly, making this option both timely and cost-effective in spurring demand for goods and services, and thereby economic activity and

employment...CBO estimates that this policy option would raise output cumulatively in 2012 and 2013 by \$0.40 to \$1.90 per dollar of total budgetary cost... CBO also estimates that the policies would add 4 to 19 cumulative years of FTE employment in 2012 and 2013 per million dollars of total budgetary cost.” [CBO, [11/15/11](#)]

Unemployment Benefits Kept 3.2 Million Americans, Including 900,000 Children, Out of Poverty in 2010. Due largely to the federal extension, in 2010, unemployment insurance kept 3.2 million people (including nearly one million children) from falling into poverty. Were it not for unemployment insurance, the number of people falling into poverty would have more than doubled in 2010. [National Employment Law Project, [10/11/11](#)]

If Unemployment Benefits Expire, At Least Six Million Americans Will Be Impacted in 2012. In January alone, 1.8 million workers who currently receive federal unemployment insurance or would have begun to receive it will be cut off if Congress does not renew the program before it expires on December 31st. Over the course of 2012, the Administration projects that at least six million workers will not have access to federal unemployment insurance if the program is not reauthorized. Of these nearly two million workers who will prematurely lose their benefits in January, a significant number (433,100) were laid off as recently as July 2011. [National Employment Law Project, [10/11/11](#)]

The Human Impact of Failing to Renew Unemployment Insurance

Extending Unemployment Benefits is Not About Politics. It is About Doing What is Right. According to Andrew Biggs, resident scholar at the conservative American Enterprise Institute, “There is a strong humanitarian case for extended unemployment benefits. That matters. We are not just managing the economy; the unemployed are clearly being hurt.” [San Francisco Chronicle [11/29/11](#)]

The Long Term Unemployed Have No Other Means of Supporting Their Families. Without unemployment benefits, job seekers have no form of assistance to avoid further economic crisis. Private savings are not the answer, as the vast majority of unemployed Americans have minimal savings upon which to draw during jobless spells. Nearly half of the unemployed in the United States report zero liquid assets at the time of job loss. Many households simply do not have the resources to continue to pay their bills and put food on the table in the absence of unemployment insurance benefits. [National Bureau of Economic Research, [4/1/2008](#)]

Failure to Extend Unemployment Insurance is Penny Wise and Pound Foolish. While the price tag for extending unemployment benefits may seem steep at \$44 billion for a yearlong extension, the cost of failing to extend the benefits could in fact cost nearly the same amount. The Joint Economic Committee estimates that the cost of failure to extend unemployment benefits would result in \$24.2 billion in additional spending on disability benefits. Other programs like TANF and SNAP would also see significant rises in costs. [Joint Economic Committee, [7/1/10](#)]

Economists Find That Extending Unemployment Benefits Leads to Higher Levels of Reemployment. According to a study by the non-partisan Brookings Institute, unemployment insurance extensions increased the number of the long-term unemployed who became reemployed by 1.3 percentage points, and any negative effects were statistically small. [Brookings Institute, [9/9/11](#)]

There Has Long Been Bipartisan Support for Unemployment Insurance

June 2008: President Bush Signed the Current Emergency Unemployment Insurance Program That Democrats Are Seeking to Renew. “On June 30, 2008, the President signed the Supplemental Appropriations Act of 2008 (P.L. 110-252), which created a new temporary unemployment insurance program, the Emergency Unemployment Compensation (EUC08) program. This was the eighth time Congress had created a federal temporary program to extend unemployment compensation during an economic slowdown. State UC agencies administer the EUC08 benefit along with regular UC benefits...

Congress has reauthorized EUC nine times (or 10 times, counting the original law), often for limited stretches of time. Most recently, in December 2010, the program was reauthorized through the end of 2011.” [CRS, [10/18/11](#)]

- **Initial 2008 Unemployment Expansion Passed 92-6.** [Vote 162, [6/26/08](#); National Journal’s CongressDaily, 7/1/08]

November 2008: GOP Overwhelmingly Supported Renewal of Unemployment Benefits. In November 2008, Congress voted “to keep unemployment checks flowing through the December holidays and into the new year for a million or more laid-off Americans whose benefits are running out... The legislation as approved would provide seven additional weeks of payments to people who have exhausted their benefits or will exhaust them soon. Those in states where the unemployment rate is above 6 percent would be entitled to an additional 13 weeks above the 26 weeks of regular benefits... The benefits provided would be in addition to 13 weeks of federally funded extended benefits approved by Congress last June.” The bill passed the House 368-28 and passed the Senate by voice vote before being signed by President Bush. [AP, 11/21/08; HR 6867, 11/20/08]

November 2009: GOP Overwhelmingly Supported Renewal of Unemployment Benefits. In November 2009, the House voted 403-12 and the Senate voted 98-0 to extend unemployment benefits for people whose benefits had run out. “The nearly 2 million who have exhausted their unemployment benefits or face termination of benefits, usually about \$300 a week, before the end of the year would receive 14 weeks of additional benefits under the bill. The unemployed in those states where the jobless rate tops 8.5 percent would get six weeks on top of that... The extension would be the fourth since June of last year and the first since the \$787 billion stimulus package was enacted last February. The unemployed in the hardest-hit states could, once the bill becomes law, receive a maximum of 99 weeks of benefits, well above the previous record of 65 weeks in the 1970s.” [AP, 11/6/09; House Vote 859, [11/5/09](#); Senate Vote 334, [11/4/09](#)]

December 2009: GOP Overwhelmingly Supported Renewal of Unemployment Benefits. In December 2009, the House voted 395-34 and the Senate voted 88-10 for a package that included “funding for two more months of expanded unemployment benefits for millions of people.” [Los Angeles Times, 12/19/09; House Vote 985, [12/16/09](#); Senate Vote 384, [12/19/09](#)]

March 2010: Majority of Senate GOP Voted to Renew Unemployment Benefits. In March 2010, the Senate voted 78-19 to extend a package of expiring tax breaks and benefits, including \$66 billion for unemployment benefits for people who have been out of work longer than 26 weeks. 21 Senate Republicans – more than half of the GOP caucus – voted for the final package. [AP, 3/3/10; Senate Vote 32, [3/2/10](#)]

December 2010: Senate GOP Overwhelmingly Voted to Renew Unemployment Benefits. The tax package passed in December 2010 included \$56 billion to extend unemployment benefits for the long-term unemployed. The bill passed the Senate 81-19, with 37 Republicans voting yes. [AP, 12/17/10; Senate Vote 276, [12/15/10](#)]

STATE BY STATE STATISTICS

Click [HERE](#) to see how many people in your state would lose benefits within just two months if federal unemployment insurance expires

Click [HERE](#) to see how many jobs would be created in your state if unemployment benefits are extended

Click [HERE](#) for up-to-date unemployment statistics in your state