



JOINT ECONOMIC COMMITTEE
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REPRESENTATIVE CAROLYN B. MALONEY, VICE CHAIR



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JEC REPORT REVEALS QUICK EXTENSION OF UNEMPLOYMENT INSURANCE WOULD EASE PAIN OF RISING UNEMPLOYMENT AND RECESSION

Unemployment Benefits Critical in Helping Families Deal with Three Consecutive Months of Job Losses and 300,000 Total Lost Jobs Since November 2007

Evidence Shows Extension of UI is Prudent Given Previous Economic Circumstances Under Which Benefit Was Extended to the Unemployed

Washington, D.C. – The Joint Economic Committee (JEC), chaired by Sen. Charles E. Schumer, released a report today, requested by Vice Chair Rep. Carolyn B. Maloney, calling for the extension of unemployment insurance benefits to combat the contracting labor market. Friday's release of the Bureau of Labor Statistics Employment Situation Report revealed an jump in the unemployment rate and the third consecutive month of job losses for the first time in five years. With the number of UI beneficiaries exhausting their claims already on the rise and no end in sight to the current economic downturn, the report argues that past Republican obstructionism must be overcome in order to provide extended UI benefits for those in need.

“Labor market conditions are already as bad as or worse than when unemployment insurance benefits were extended in previous recessions, so there is no reason to wait to provide additional benefits to unemployed workers now. Workers eligible for these benefits lost their jobs through no fault of their own - their plant closed or their employer went out of business because of deepening economic troubles. Extending unemployment benefits would help families continue spending on basic living expenses and simultaneously provide an extra boost to our weakening economy,” Maloney said.

Schumer stated, “This administration has been whistling a happy tune while jobs have disappeared, home prices have plummeted, and the entire economy is teetering on the brink of recession. Economists agree that extending unemployment insurance benefits gets the biggest economic bang for the buck in helping workers and their families weather this financial storm. The bottom line of today's paper is that extending unemployment insurance is critical and it is long-passed due.”

Evidence is mounting that the employment picture is worse than when Unemployment Insurance (UI) was extended during previous recessions:

- Long-term unemployment is at recession levels and already higher than when Congress extended UI benefits in the 2001 and 1990-91 recessions.
- 1.3 million workers have been out of work and searching for a new job for at least six months.
- Unemployed individuals claiming UI benefits recently rose above 400,000 per week, a level at which economists typically consider the labor market to be in a recession.
- The share of the U.S. population with a job never fully recovered from the 2001 recession and is lower now than it was last time UI benefits were extended.
- The share and number of UI beneficiaries exhausting their benefits is higher than at the beginning of the 2001 and 1990-91 recessions.
- More than one-in-three unemployed workers (35.6 percent) exhausted their UI benefits last quarter.
- Over 1.3 million workers will exhaust their UI benefits between January and June 2008.
- 10 states and the District of Columbia have exhaustion rates higher than 40 percent (FL, NJ, CA, NE, AZ, NM, NC, CO, LA and IN).

The JEC's paper suggests three specific ways to expand unemployment insurance:

- Provide extended benefits to workers whose regular unemployment compensation has expired;
- Supplement the amount of benefits paid to unemployment compensation recipients; and
- Modernize the UI system to cover more unemployed workers, including more part-time and low-wage workers.

“I applaud Speaker Pelosi and Majority Leader Reid for proposing additional measures to strengthen our economy, and for urging the President to work with Congress to build on the stimulus plan. We need to come together to solve our nation’s serious economic challenges. With so many Americans now struggling to find work and get back on their feet, extending unemployment benefits should be a top priority,” Maloney concluded.

The report can be found at www.jec.senate.gov.

The Joint Economic Committee, established under the Employment Act of 1946, was created by Congress to review economic conditions and to analyze the effectiveness of economic policy.

www.jec.senate.gov

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