

# Expiring Federal Unemployment Benefits Fact Sheet

On November 3, 2011 Rep. Levin and other Ways and Means Democrats launched the Extend Federal Unemployment Program eCall and Facebook page. **2,154 Americans have joined the eCall** supporting the extension and **472 stories from jobless workers** have been received. The stories can be viewed at [democrats.waysandmeans.house.gov](http://democrats.waysandmeans.house.gov).

## Impact

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Federal unemployment programs will begin to expire at the end of this year. Over 2.1 million Americans are estimated to lose their unemployment benefits by mid-February, and a total of over 6 million will lose benefits next year unless Congress acts.

## Facts

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- Nearly 3 million people receive Emergency Unemployment Compensation (EUC) and over 500,000 individuals receive Extended Benefits (EB).
- The Federal government has never allowed emergency extended benefits to expire when the jobless rate has been anywhere close to its current level of 9.0 percent. In fact, Congress has never allowed an emergency unemployment program to end when the unemployment rate is higher than 7.2 percent.
- The Economic Policy Institute estimates that allowing these Federal unemployment benefits to expire would hurt consumer demand and thereby cost the U.S. economy 560,000 jobs.
- The Congressional Budget Office found that for every dollar of unemployment benefits spent, there is almost \$2.00 of additional economic activity.
- There are still roughly 6.5 million fewer jobs in the economy today than when the Recession started in December of 2007 and this jobs deficit has left over 4.1 unemployed workers for every available job.
- Americans receiving unemployment insurance are required to actively look for and accept work, and they have ample incentive to do so given that the approximate unemployment benefit (\$300 a week) only reaches 70% of the poverty line for a family of four.

- The U.S. Census Bureau found that unemployment benefits prevented 3.2 million individuals, including nearly 1 million children living with an unemployed parent, from falling into poverty in 2010.

## **Background**

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The Federal Emergency Unemployment Compensation (EUC) program expires at the end of the year, meaning no new entrants are permitted in the program after December 31st and existing claimants may only finish their current tier of benefits. EUC has four tiers of benefits: 20 weeks (in every State); 14 weeks (in every State); 13 weeks (in States with at least 6% unemployment); and 6 weeks (in States with at least 8.5% unemployment).

While the Federal Extended Benefit (EB) program is permanent, the temporary expanded federal funding will expire in nearly every State near the end of the year. The EB program has two tiers: 13 weeks (in States with at least 6.5% unemployment); and 7 weeks (in States with at least 8% unemployment). If EB funding expires, claimants may not complete their current benefits.

## **Legislation**

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HR 3346, the Emergency Unemployment Compensation Extension Act of 2011, would extend the federal emergency unemployment insurance program through 2012. It would also relieve states that have federal unemployment insurance loans from interest charges next year and prevent higher federal unemployment taxes on employers in insolvent states. This legislation has 70 cosponsors in the House of Representatives and 8 on the Senate bill.