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Special Series: Economic Recovery Watch

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## WITH LONG-TERM UNEMPLOYMENT AT RECORD LEVELS, CONGRESS SHOULD EXTEND RECOVERY ACT'S UNEMPLOYMENT INSURANCE PROVISIONS THROUGH 2010

Analysis Includes State-By-State Data on Amount of UI Benefits Provided

By Michael Leachman

Unless Congress acts, temporary emergency benefits for unemployed workers will run out at the end of this month. These benefits not only help unemployed workers and their families, but also are one of the most effective ways to boost the nascent economic recovery.

The American Recovery and Reinvestment Act (ARRA), enacted a year ago, provided additional weeks of unemployment benefits to laid-off workers struggling to find a job and boosted unemployment benefits by \$25 per week. These two provisions have put over \$40 billion into the pockets of unemployed workers, including significant amounts in every state (see table).

Moreover, because unemployed workers typically must spend their income quickly to meet basic needs, the two provisions have increased purchases of goods and services that businesses produce, helping to shift the economy toward recovery. The Congressional Budget Office considers temporary additional unemployment benefits one of the most effective ways to boost output and employment.<sup>1</sup> Similarly, independent analysts consistently rank extra jobless benefits as having very high “bang for the buck” as economic stimulus.<sup>2</sup>

Unfortunately, the two ARRA provisions — along with other supports for unemployed workers in the legislation — are scheduled to expire at the end of this month, even though they will continue to be needed well after that date. Most forecasters expect the unemployment rate to stay near 10 percent through 2010.

Long-term unemployment is expected to remain exceptionally high as well. Regular unemployment benefits typically run out after 26 weeks, but as of last month, *more than 40 percent* of unemployed workers had been looking for a job for 27 weeks or more. At no previous time on record, with data going back to 1948, has the percentage of unemployed workers who have been out

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<sup>1</sup> Douglas W. Elmendorf, “Policies for Increasing Economic Growth and Employment in the Short Term,” Testimony before the Joint Economic Committee, February 2010, pp. 11-12.

<sup>2</sup> For example, see Mark Zandi, “The Impact of the Recovery Act on Economic Growth,” Testimony before the Joint Economic Committee, October 29, 2009, p. 3.

of work for over half a year been this high. In addition, the *number* of long-term unemployed workers — 6.3 million — is 60 percent higher than the previous record high, set in 1983, even after adjustment is made for population growth since that time.

The Baucus-Grassley “HIRE” Act would extend the emergency unemployment provisions only through May 31, 2010, a mere three months. There is no basis in current economic data for an extension this short. If these benefits are allowed to expire before the end of the year, that will pull the plug too soon on the essential economic stimulus that these two unemployment insurance provisions provide, because it will come at a time when unemployment remains close to double-digit levels and before the economy is on stable ground and businesses are strong enough to start hiring back workers in substantial numbers. It also will make life even harder for millions of unemployed workers who are trying to meet their families’ basic needs in a job market that remains badly battered.

**RECOVERY ACT BENEFITS BY STATE THROUGH JANUARY 29, 2010 FOR  
TWO UNEMPLOYMENT COMPENSATION PROVISIONS**

	<b>Additional Weeks of Unemployment Compensation* (in millions of dollars)</b>	<b>Additional \$25/Week in Unemployment Benefits (in millions of dollars)</b>
Alabama	\$257	\$124
Alaska	\$22	\$24
Arizona	\$396	\$180
Arkansas	\$231	\$87
California	\$4,575	\$1,466
Colorado	\$483	\$125
Connecticut	\$575	\$167
Delaware	\$71	\$28
District of Columbia	\$82	\$30
Florida	\$1,792	\$613
Georgia	\$961	\$291
Hawaii	\$130	\$33
Idaho	\$127	\$54
Illinois	\$1,692	\$514
Indiana	\$887	\$248
Iowa	\$243	\$89
Kansas	\$238	\$83
Kentucky	\$385	\$129
Louisiana	\$126	\$75
Maine	\$83	\$33
Maryland	\$427	\$129
Massachusetts	\$1,176	\$287
Michigan	\$1,709	\$514
Minnesota	\$594	\$186
Mississippi	\$154	\$68
Missouri	\$405	\$174
Montana	\$60	\$27
Nebraska	\$72	\$31
Nevada	\$521	\$137
New Hampshire	\$74	\$31
New Jersey	\$1,898	\$420
New Mexico	\$138	\$45
New York	\$2,188	\$664
North Carolina	\$1,171	\$374
North Dakota	\$15	\$8
Ohio	\$1,195	\$391
Oklahoma	\$218	\$72
Oregon	\$588	\$179
Pennsylvania	\$1,881	\$555
Rhode Island	\$169	\$46
South Carolina	\$461	\$164
South Dakota	\$10	\$7
Tennessee	\$477	\$187
Texas	\$1,432	\$486
Utah	\$146	\$53
Vermont	\$52	\$22
Virginia	\$377	\$133
Washington	\$785	\$225
West Virginia	\$89	\$43
Wisconsin	\$599	\$261
Wyoming	\$34	\$15
<b>United States</b>	<b>\$32,470</b>	<b>\$10,327</b>

\* Figures include only those provided by ARRA through the Emergency Unemployment Compensation program.

Source: CBPP analysis of data provided through Recovery.gov