

**Testimony of Christine L. Owens
Executive Director
National Employment Law Project**

Before the House Committee on Ways and Means

Hearing On:

**“Economic Recovery, Job Creation and
Investment in America”**

October 29, 2008

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Chairman Rangel, Ranking Member McCrery and members of the Committee, I appreciate the opportunity to testify today on the nation's intensifying unemployment crisis and the steps necessary to help bring about an economic recovery. Given the likelihood this crisis will worsen considerably in the months ahead, it is urgent that Congress and the President act before the end of the year to provide much-needed assistance for jobless workers and further stimulus to the economy.

The National Employment Law Project (NELP) has a long-standing commitment to securing policies that serve the working families hit hardest by economic downturns and the fallout from globalization. Earlier this year, as in previous recent recessions, NELP worked in support of the federal extension of jobless benefits for long-term unemployed workers. In states across the nation, NELP has been a key player in successful efforts to update state unemployment insurance programs, to ensure that more workers are eligible to receive benefits during periods of joblessness. And NELP operates an intensive project in the Midwest, working with state officials and others to help laid-off manufacturing workers better access trade act benefits and related programs.

Our testimony today focuses on the critical role of the unemployment insurance program as the nation struggles to prevent a more serious recession. As intended when the program was created during the great depression, unemployment insurance remains the first line of defense to help boost those communities hardest hit by economic downturns and prevent devastating economic hardship for millions of Americans. For families impacted by a sudden job loss, unemployment benefits can make the difference between getting by and facing major financial distress. And our economy counts on the unemployment program to replace billions of dollars of spending power lost when payrolls are cut. But the critical role of the unemployment program in helping the economy stabilize and recover is compromised because of limitations in the basic state program and federal extended benefits – problems that Congress can fix.

Our testimony proceeds as follows:

- First, we document the worsening economic picture for workers, which includes escalating job losses, the sustained high incidence of long-term unemployment, a significant increase in state UI benefit exhaustions, and the unacceptably large number of EUC beneficiaries exhausting their extended benefits without finding work.
- Second, to ameliorate the unemployment crisis and boost the economy, Congress must act right away to expand the limited 13-week extension of

jobless benefits enacted in June. The House has already overwhelmingly approved an expansion, and now the Senate must join suit and pass legislation expanding the EUC program to provide an additional seven weeks of EUC benefits, or 20 weeks altogether, for eligible unemployed workers in every state. Beyond that, long-term jobless workers in high unemployment states, with jobless rates exceeding six percent, should receive an additional 13 weeks of EUC benefits, or 33 weeks altogether, if they are unable to find work.

- Finally, we strongly urge Congress to enact the Unemployment Insurance Modernization Act (UIMA), a revenue-neutral measure that would infuse as much as \$7.5 billion in federal funds to help states meet the unprecedented demand on their agencies charged with administering the UI program and modernize their programs, so that 500,000 workers a year who now fall through the cracks of the UI program will qualify for unemployment benefits. The UIMA will go a long way to help boost the economy by immediately providing roughly \$1.7 billion to state unemployment funds and state agencies, allowing far more workers to qualify, thus maximizing the beneficial stimulus effect of the UI program.

THE DEEPENING ECONOMIC CRISIS: MORE UNEMPLOYMENT, FEWER JOBS, AND LIMITED FEDERAL JOBLESS BENEFITS

This has been a bad year for America's workers. Beginning in January, the nation's employers have cut jobs every month, shedding 760,000 positions altogether so far this year and nearly one million in the private sector. The ranks of the unemployed have grown even more sharply, rising by nearly two million workers between January and September. And now, the consensus appears to be that we are heading to unemployment rates exceeding 8.0% to 8.5%, not unlike the severe recession of the 1980s.¹

Rapid economic deterioration early in the year prompted Congress to pass the Emergency Unemployment Compensation (EUC) program, which the President signed on June 28th. The EUC program provides up to 13 weeks of federally-funded extended jobless benefits to workers beyond the maximum 26 weeks of unemployment insurance (UI) provided by the states. Coverage under the law reaches back to workers who ran out of their state benefits as of May 2007 and remain unemployed, and extends through to the end of March 2009.

¹ Testimony of Jared Bernstein, Senior Economist, Economic Policy Institute, before the House Committee on Education and Labor, Hearing on "Building an Economic Recovery Package: Creating and Preserving Jobs in America," October 24, 2008 (referencing Goldman Sachs forecast that unemployment will rise to 8% by the end of 2009 and average 7.6% throughout the year); Uchitelle, Louis, "Spending Stalls and Businesses Slash U.S. Jobs," **The New York Times**, October 26, 2008 (citing Global Insight economic projections of unemployment rates of 8.0% to 8.5% by the end of next year) (<http://www.nytimes.com/2008/10/26/business/26layoffs.html?hp>);

Long-term jobless workers whose state benefits expire during this window became eligible to receive their EUC benefits starting as early as July 13TH, which means many began running out of their limited 13 weeks of assistance on October 5th, just before the congressional recess. As a result, we estimate that almost 800,000 workers have already exhausted their limited federal assistance and more than one million will do so before the end of the year.

These workers are exhausting their limited EUC benefits in an economy that is much worse now than when the EUC program passed—and all the projections are for further deterioration. Failure to respond quickly to this crisis will only make matters worse for jobless workers, their communities and states.

Significant Declines in National Economic Indicators

Nationally, all the leading indicators show a declining job market since June 28th when the EUC program was enacted:

- **Substantial jump in unemployment nationally:** At the time Congress passed the EUC program in June, the unemployment rate was 5.5 percent and 8.5 million workers were counted as officially unemployed and actively seeking work.² According to the Labor Department's report on the nation's employment situation in September, released earlier this month, the official unemployment rate has jumped to 6.1 percent and 9.5 million jobless Americans are actively looking for work—more than a 10-percent increase in both measures over the intervening four-month period. Even more dramatic, the ranks of the unemployed have swelled by more than two million over the last year, and the unemployment rate has risen 30 percent (from 4.7 percent in September 2007 to 6.1 percent last month).
- **Major increase in long-term unemployment and durations of joblessness:** At the same time, the number of workers unemployed for more than six months while still actively looking for work increased by more than 450,000 from May to September, to more than two million workers. The long-term unemployed were 21.1 percent of all jobless workers in September, a sharp rise from their 18.3 percent share in May.
- **Rising unemployment insurance claims:** For the week ending October 18, 2008, the Labor Department reported 480,250 new claims (4-week average) for unemployment benefits. Weekly claims for the three weeks ending October 4, 2008-October 18, 2008 have exceeded 480,000, the highest levels since the last recession ended in November 2001. Claims have exceeded 450,000 for six consecutive weeks, matching the sharp increase in unemployment after September 11th. Just one year ago, weekly UI claims were 327,500, and roughly 390,000 as of June 28th. The

² The Labor Department's May 2008 Employment Situation report, released on June 6, 2008, provided the data upon which Congress and the President relied in enacting the EUC program.

total number of workers collecting state unemployment benefits stands at 3.68 million (4-week average), the highest number since June 2003.

- **Accelerating job loss:** America's employers have shed jobs every month this year, but the losses have accelerated in recent months. Between the end of 2007 and the end of June, when the EUC program was passed, employers had cut their payrolls by 461,000 jobs. The pace quickened between July and September, inclusive, with employers shedding 299,000 jobs over the three-month period, almost two-thirds the number cut during the first six months of the year. This acceleration of job cuts is mirrored in several additional indicia of labor market distress:

First, the number and share of workers citing job loss as the reason for their unemployment is up sharply. Since April, the number of job losers (that is, persons losing jobs or completing temporary assignments) has grown every month, and at 5.2 million in September, is at its highest level since the end of 1992. Last month, job losers were 54.3% of unemployed workers compared with 50.7% in May and only 49.6% one year ago.

Second, mass layoffs have risen to post-disaster levels. The Labor Department recently reported employers initiated 2,269 mass layoffs (layoffs involving at least 50 workers) in September, the highest number since the terrorists' attacks in September 2001. Individuals' claims for benefits resulting from these layoffs totaled 235,681, the highest level since Hurricane Katrina devastated the Gulf Coast in September 2005. Coupled with the steep rise in unemployment claims, the layoff announcements indicate that the job market is even worse than the employment figures being reported by BLS (which are likely to be revised downward) and indicates that the unemployment rate is likely to rise in October and the months ahead.

Third, the ratio of unemployed job seekers to job openings is growing: Comparing the Labor Department's monthly unemployment data with its monthly reports on Job Openings, Layoffs and Turnover reveals the number of jobless workers per job opening has grown significantly. In August 2007, there were 58 job openings for every 100 unemployed workers, translating into a ratio of 1.7 jobless workers per opening. In June of this year, the ratio stood at 2.4 job seekers per job opening, with only 42 job openings for every 100 unemployed job seekers. By August (most recent data), there were only 35 job openings for every 100 unemployed job seekers, a ratio of roughly 2.9 job seekers for every opening. As unemployment rises along with further job cuts, this ratio will continue to expand.

Devastating Unemployment and Job Loss in the States

As distressing as the national figures are, they understate the even more serious situation facing the states. According to Moody's Economy.com, more than half the states are already in recession and 14 others are expected to be in recession in the next several months.³ Over the past year, all but three states have experienced unemployment increases, and in most instances, those increases have been substantial. Far surpassing rates just four months ago when the EUC program was passed, large numbers of states are now suffering from extreme levels of unemployment and job loss.

- **Unemployment exceeding 7.0% in 11 states:** In September, 11 states—California, the District of Columbia, Kentucky, Michigan, Mississippi, Nevada, North Carolina, Ohio, Rhode Island, South Carolina and Tennessee—reported a monthly unemployment rate of 7.0% or higher. This compares with only eight states in August, and only two—Michigan and Rhode Island—that had reported unemployment rates exceeding 7.0% when Congress passed the EUC program in June.
- **Number of states with unemployment at or above 6.0 percent more than twice as high as when the EUC law passed:** When the data were reported in June, only seven state unemployment rates exceeded 6% (Alaska, California, District of Columbia, Michigan, Mississippi, Rhode Island and South Carolina). When the most recent data was reported earlier this month, the number of states with unemployment averaging above 6.0% had more than doubled, to 18 states (also including Florida, Georgia, Illinois, Indiana, Kentucky, Missouri, Nevada, North Carolina, Ohio, Oregon, and Tennessee).⁴
- **States struggling with massive job losses:** Corresponding to the rise in unemployment, many states are struggling with massive job losses, with employers in several states shrinking their payrolls by as much as two percent since the beginning of the year. Among the states with the greatest job losses since January are California (49,300 jobs), Florida (148,900 jobs, 2% of payrolls), Georgia (87,600 jobs, 2% of payrolls), Illinois (38,100 jobs), Indiana (20,000 jobs), Michigan (61,300 jobs), North Carolina (28,900 jobs), Ohio (29,900 jobs), Rhode Island (10,800 jobs, 2% of payrolls), and South Carolina (20,400 jobs).

³ ABC News, *Majority of States Now in Recession*, citing Mark Zandi, chief economy and co-founder of Moody's Economy.com, October 21, 2008 (<http://abcnews.go.com/print?id=6075580>)

⁴ Trigger Notice No. 2008-24, effective June 29, 2008; and Trigger Notice No. 2008-40, effective October 19, 2008.

Surge in Workers Exhausting Their Jobless Benefits

Perhaps the most devastating measure of hardship is the growing number of workers now exhausting their state and federal jobless benefits.

- **UI benefit exhaustions up sharply in the states:** In the past year, more than three million workers have run out of their limited state jobless benefits, the most since June 2005. In September, more than 300,000 jobless workers in the U.S. ran out of their state jobless benefits, an increase of 58 percent in the past year. As reflected in Table 1, 31 states reported benefit exhaustion levels in September 2008 that were at least 50% greater than in September 2007, and in 22 states, exhaustions in September 2008 were at least 65% higher than one year earlier.
- **EUC recipients running out of extended benefits and still unable to find work:** Because the EUC program provides only 13 weeks of extended benefits even for workers in high unemployment states, unemployed workers who started collecting EUC benefits in July are now exhausting those benefits. The first group of these workers exhausted their EUC benefits on October 5th, shortly after the Congressional recess began. As shown in Table 2, NELP estimates that 775,000 jobless workers exhausted their 13 weeks of EUC benefits in early October. By the end of the year, the total will exceed 1.1 million.

A STRONG UI PROGRAM IS CRITICALLY IMPORTANT TO THE NATION'S ECONOMY

The nation's job and labor markets have deteriorated sharply in recent months, and economists predict monthly job cuts will average 200,000 well into next year.⁵ In addition, the overwhelming majority of states are projecting budget shortfalls this year or next, which will require cuts in services, benefits and/or employment, or tax hikes to fill the gaps. Either measure will further depress local economies.

This grave economic crisis requires quick congressional action to assist jobless workers, aid the states, and spur recovery. Strengthening and expanding UI benefits is a targeted and highly effective means to achieve these objectives.

The Important Role of the UI Program for Workers and the Economy

The nation's UI program plays a critical role in the lives of millions of workers who collect benefits and in their communities. Despite its limitations—chiefly, that far too many jobless workers do not collect benefits—the program

⁵ Evan, Kelly et al., "Broader, Deeper Job Cuts Risk Steepening Slump," *The Wall Street Journal*, October 24, 2008 (<http://online.wsj.com/article/SB122480464946164827.html>)

still serves its core function as the “first line of defense” to help prevent financial hardship for unemployed families while also stabilizing the economy during recessions, thus preventing more unemployment.

Consider the experience of the last recession, which in many respects was milder than prior downturns. From 2000-2003, the UI program paid more than \$50 billion in additional state benefits and more than \$20 billion in federal extended benefits to 7.25 million workers. If doubled to account for the documented multiplier effect when UI benefits circulate in the economy, state and federal UI benefits generated about \$140 billion in economic stimulus.⁶ Of course, the stronger a state’s UI benefits, the greater the stabilizing impact on local businesses.

In addition, UI benefits played a significant role in alleviating the financial hardship caused by the recession. In 2003, the average worker who collected both 26 weeks of state benefits and the 13-week federal extension received over \$10,000 in UI benefits. According to a national poll of unemployed workers conducted in 2003, 78% of those surveyed said that their unemployment benefits were “very important” to help them meet their family’s “basic needs.”⁷ The Congressional Budget Office concluded that during the last recession, UI benefits “played a substantial role in maintaining the family income of recipients who experienced a long-term spell of unemployment.”⁸

Although too often overlooked, unemployment benefits also maintain U.S. labor standards and promote economic opportunity. Indeed, one of the few federal eligibility mandates under the UI program requires that a worker not be denied state UI for refusing a job offer that does not satisfy the “prevailing conditions” of work in the community.⁹ Like the federal minimum wage law, this federal UI mandate sets the labor standards floor governing the prevailing “wages, hours and other conditions of work” (including fringe benefits and health insurance) of relevant jobs in the community. Thus, the UI program helps sustain meaningful wages and benefits, especially in those communities experiencing large numbers of layoffs.

The federal law also exempts workers from having to be available for work while they participate in state-approved training, thereby encouraging workers to upgrade their skills. As a result, workers who collect unemployment benefits are

⁶ Chimerine, et al. *Unemployment Insurance as an Economic Stabilizer: Evidence of Effectiveness Over Three Decades*, U.S. Department of Labor, Unemployment Insurance Occasional Paper 99-8 (1999).

⁷ Peter D. Hart Research Associates, “Unemployed in America: The Job Market, the Realities of Unemployment, and the Impact of Unemployment Benefits,” conducted April 17-28, 2003 (commissioned by the National Employment Law Project).

⁸ Congressional Budget Office, *Family Incomes of Unemployment Insurance Recipients* (March 2004).

⁹ 26 U.S.C. Section 3304(a)(5)(B)

also more likely to find a better-paying job (by a factor of \$240 a month according to one study)¹⁰ and employment with health care coverage.¹¹

The Unemployment Insurance Economic Recovery Agenda

To stabilize the economy, increase consumption, boost growth and aid the unemployed unable to find work, Congress and the President should move quickly after the presidential election and take the following steps to expand jobless benefits.

Expand EUC benefits by increasing the weeks of coverage and amount of assistance

In response to the surge in unemployment and the need for further stimulus to address the continued economic decline, shortly before the congressional recess the House of Representatives voted overwhelmingly in favor of legislation (H.R. 6867) co-sponsored by Congressmen Charles Rangel and Jim McDermott to expand the EUC program to provide additional weeks of benefits. As a result of an objection by Senator Wayne Allard (R. CO) to Majority Leader Reid's unanimous consent motion, the Senate declined to move the measure before the recess, though many Senators support the measure. Meanwhile, both presidential candidates have indicated their support for an expansion of the federal EUC program.¹²

If enacted, the Rangel-McDermott bill will provide 20 weeks of federal benefits for eligible jobless workers in all states (up from the current 13 weeks), and up to 33 weeks of total EUC for workers in those states with unemployment rates exceeding 6 percent. As described above, additional jobless benefits help workers most in need, while also providing a boost to local and national economies.

Abundant precedent exists to expand the EUC program under the present circumstances. The March 2002 extension of jobless benefits provided 13 weeks of extra benefits for high unemployment states, on top of the 13 weeks of benefits provided all states. Over the two-year life of the program, 13 states qualified for extra federal benefits with unemployment rates exceeding 6.5%.

¹⁰ Kiefer, Neumann, "An Empirical Job Search Model with a Test Constant Reservation Wage Hypothesis," *Journal of Political Economy*, Vol. 87, No. 1, 89-107.

¹¹ Boushey, Wenger, "Finding the Better Fit: Receiving Unemployment Increases Likelihood of Re-Employment with Health Insurance" (Economic Policy Institute, April 14, 2005).

¹² Bloomberg.com, "McCain Hesitates as Bernanke Revives Stimulus Debate (Update 2)," <http://www.bloomberg.com/apps/news?pid=20601087&sid=aLM.1RyNYPEw&refer=home> (October 28, 2008) (citing McCain spokesman Douglas Holtz-Eakin for McCain's support of extension) ; http://obama.senate.gov/press/080917-obama_joins_ree/

Today, just four months into the EUC program, 13 states already have unemployment rates exceeding 6.5%.

In November 1991, when another extension of jobless benefits was enacted, 15.4% of the unemployed were long-term jobless, totaling 1.34 million workers. By February 1992, the unemployment rate had jumped 0.4 percentage points (to 7.4%), and long-term unemployment had increased to 18.1% of the unemployed, accounting for 1.7 million workers. As a result, Congress intervened in February to provide a basic 26 weeks of extended benefits for all states, and up to 33 weeks for high unemployment states. Today, while the unemployment rate is lower than in 1991, the surge in unemployment has been more significant and the current level and incidence of long-term joblessness exceeds the levels that existed when the federal program was expanded in 1992.

In expanding the EUC program, Congress should also take steps to help workers deal with the surging costs of food, gas and other basic necessities. We support the proposal of both the presidential candidates to suspend the tax on unemployment benefits, which would help 65% of those who collect an unemployment check.¹³ Given the level of the crisis and the need to boost consumer spending in communities hardest hit by unemployment, Congress should also explore strategies for increasing the level of unemployment benefits at the same time it moves forward with measures (described below) to expand UI coverage to more workers. The average unemployment check is now just \$297 a week, which replaces only 35% of the average weekly wage in the U.S.

Congress should also act this year to extend the EUC program through the end of 2009, rather than waiting till March when the program is slated to expire. Projected increases in unemployment and job loss well into next year make it almost inevitable that renewing the EUC program will become necessary next spring. Acting now instead of waiting till then will provide greater certainty, predictability and economic stability for jobless workers and their communities, hence greater benefit to the economy overall. If necessary, Congress can always act to expand benefits again before the program expires at the end of 2009.

Modernize the unemployment insurance program

Unemployment benefits play an indisputable and invaluable role in assisting jobless workers who are the first line casualties in downturns, in stabilizing local economies, and in spurring recovery. But the effectiveness of the UI program as a comprehensive approach for boosting the economy is undermined by its significant gaps in coverage. As documented by numerous authorities, including the 1991 Advisory Council on Unemployment Compensation,¹⁴ the UI program has failed to evolve to meet the demands of a

¹³ Congressional Research Service, *Taxation of Unemployment Benefits* (October 14, 2008)

¹⁴ Advisory Council on Unemployment Compensation, *Collected Findings and Recommendations: 1994-1996* (1996).

changing economy and a changing workforce. As a result, only 36% of the unemployed receive jobless benefits today, reflecting a significant decline since the 1950s. Two major groups of workers are most likely to fall through the cracks in the system—those who fail to qualify because of outdated eligibility rules (chiefly, women, part-time and low wage workers) and those who qualify for UI benefits but end up receiving far too limited assistance as they struggle to find work over longer periods of time. According to a recent study by the United States Government Accountability Office, low-wage workers are twice as likely to become unemployed as higher wage earners, but one-third as likely to receive unemployment benefits.¹⁵

In addition to expanding the EUC program, then, Congress should pass the Unemployment Insurance Modernization Act (UIMA), a crucial measure that goes a long way to help states update their unemployment programs. Building on modernization reforms more than half the states have already undertaken to cover more women, low wage and part-time workers, the UIMA would greatly enhance the potential for UI benefits to promote economic recovery and assist more jobless workers and their communities.

The UIMA has already passed the House of Representatives (H.R. 3920, Title IV) and a similar measure enjoys strong bipartisan support in the Senate (S. 1981). Moving ahead soon to enact the UIMA as part of an economic recovery package will help close serious gaps in the unemployment insurance program that deny benefits to thousands of hard-working families, especially low-wage and part-time workers, while also providing much-needed financial aid to all the states.

Of special significance to state agencies now struggling to handle the surge in unemployment claims, the bill provides a total of roughly \$500 million for grants to help all states improve services to unemployed workers (Table 3). In far too many states, services have been dramatically curtailed due to major cuts in federal funding, leaving unemployment offices closing around the country and limiting staff available to provide all the help workers need to navigate the state reemployment services.

In addition, the bill would provide \$7 billion in incentive funds to the states that modernize their unemployment programs, helping an estimated 500,000 workers collect unemployment benefits nationwide. The UIMA takes the recommendations of the Federal UI Commission and all model reforms adopted by the states, and provides the funding necessary for more states to expand their UI programs.

¹⁵ U.S. Government Accountability Office, *Unemployment Insurance: Receipt of Benefits Has Declined, With Continued Disparities for Low-Wage and Part-Time Workers* (September 18, 2007).

Of the \$7 billion in total available funding for states that adopt the reforms within the five years permitted by the law, 20 states already automatically qualify for funding totaling over \$1 billion under the House bill. These states have already adopted into law a key feature of the incentive program, called the Alternative Base Period (ABP). Utilizing the ABP, these states provide benefits to low-wage workers who qualify based on their most recent three to six months of earnings, a period not considered in all the other states because of outdated eligibility criteria. Hard-hit states facing especially high unemployment claims and more demands on their UI trust funds, including Michigan, Ohio, Rhode Island, Georgia, Illinois, and North Carolina, are among those that would immediately benefit from the UIMA because they have enacted the ABP.

In addition, the remaining states are in a position to tap their incentive funds in a timely fashion as state legislative sessions begin in January, and they immediately take up measures to help stimulate their local economies and support families hard hit by the recession. As noted, a huge number of states are already in recession or likely to fall into recession soon. These and other states will be actively engaged in efforts to support their struggling economies, and the UIMA is ideally positioned to help by providing sufficient funding to cover several years of newly-expanded benefits to workers who are now falling through the cracks of the UI program.

Also significant, the UIMA would provide immediate financial assistance to hard-hit states without imposing added costs on the federal government. The administrative funding and incentive grants under the UIMA are paid for from the unemployment insurance trust funds by extending an unemployment surtax that has been in place for 30 years. As such, the measure is entirely revenue-neutral.

The severity of the economic crisis requires commensurate action to expand unemployment benefits. That includes not just a strong extension of unemployment benefits, but also reform that begins to reverse years of decline of the UI program and failure to update the system to reflect the changing labor market. The UIMA, which would make the resources available for states to enact serious reform, is ideally positioned to expand UI benefits. As such, it plays a key role in providing what is widely recognized as a highly effective, if not the most effective, mechanism for stimulating growth and promoting recovery. The UIMA also strikes the appropriate balance for the federal government. It provides federal funds to reward and encourage states that expand coverage, helping them offset the costs of doing so, which is especially important during a downturn. At the same time, it avoids spending valuable federal resources on states that have failed to craft their UI programs in a manner that enhances assistance to jobless workers and stimulus for the economy.

In short, passing the UIMA will provide an immediate contribution to the economy during this recession—and facilitate lasting change that will create a stronger safety net that can endure for decades.

Conclusion

The economy has deteriorated far more significantly than anyone contemplated when Congress passed the EUC program at the end of June. For hundreds of thousands of workers, the 13 weeks of extended federal benefits provided by the EUC program has been a lifetime of support that has helped them maintain their homes, feed their families, pay medical and educational expenses, and continue to look for jobs in an unforgiving economy. Because the Senate recessed without acting on the EUC expansion passed by the House, 800,000 workers have now exhausted their EUC benefits and are receiving no further assistance from the federal or state governments; more than one million will do so by the end of the year unless Congress expands the program quickly.

When Congress re-convenes after the November 4th presidential election, expanding benefits for jobless workers who have exhausted their EUC benefits without finding work must be the first order of business. Beyond that, Congress should extend the program through the end of 2009, consider strategies for increasing benefit levels, and pass the Unemployment Insurance Modernization Act, providing immediate assistance to the states to help offset their administrative costs and additional grants for those states that are expanding coverage under their UI programs to more workers. These measures will help the workers and the states hit hardest by the economic tsunami and provide targeted and timely stimulus to the economy overall.

National Employment Law Project - Table 1
September 2008 State Unemployment Figures

State	State Unemployment Rate		Workers Exhausting State Unemployment Benefits		Projected Workers Exhausting Federal Benefits
	September-08	One Year Percentage Point Increase	September-08	One Year Increase	October-December 2008
Alabama	5.3	1.8	3,508	82%	11,120
Alaska	6.8	0.5	1,033	35%	5,752
Arizona	5.9	2.1	5,957	74%	15,623
Arkansas	4.9	-0.6	2,362	-1%	10,892
California	7.7	2.1	48,403	65%	200,929
Colorado	5.2	1.2	3,222	47%	12,204
Connecticut	6.1	1.5	3,700	11%	15,816
Delaware	4.8	1.5	976	86%	3,669
Dist. of Columbia	7	1.3	757	10%	3,249
Florida	6.6	2.4	23,210	108%	66,712
Georgia	6.5	2.0	10,714	91%	32,340
Hawaii	4.5	1.7	901	128%	2,405
Idaho	5	2.3	1,293	147%	5,888
Illinois	6.9	1.7	13,800	51%	52,955
Indiana	6.2	1.7	8,090	51%	32,408
Iowa	4.2	0.4	1,657	23%	8,759
Kansas	4.8	0.8	2,562	98%	7,728
Kentucky	7.1	1.7	2,811	61%	9,748
Louisiana	5.2	1.3	4,088	139%	8,745
Maine	5.6	0.7	965	75%	4,311
Maryland	4.6	1.0	4,253	99%	14,401
Massachusetts	5.3	0.9	9,078	68%	32,474
Michigan	8.7	1.4	13,326	35%	57,994
Minnesota	5.9	1.3	3,448	9%	19,761
Mississippi	7.8	1.5	1,866	42%	6,851
Missouri	6.4	1.1	4,579	58%	18,309
Montana	4.6	1.4	578	90%	2,944
Nebraska	3.5	0.4	1,219	44%	5,497
Nevada	7.3	2.3	4,710	143%	13,954
New Hampshire	4.1	0.7	670	125%	2,019
New Jersey	5.8	1.6	14,953	49%	56,097
New Mexico	4	0.6	753	-21%	5,269
New York	5.8	1.3	16,545	46%	70,426
North Carolina	7	2.3	11,800	54%	42,772
North Dakota	3.6	0.3	187	47%	1,574
Ohio	7.2	1.5	9,223	64%	34,389
Oklahoma	3.8	-0.5	1,377	-3%	6,111
Oregon	6.4	1.1	5,252	93%	18,208
Pennsylvania	5.7	1.3	13,107	38%	56,465
Rhode Island	8.8	3.7	1,897	84%	7,181
South Carolina	7.3	1.4	5,285	77%	18,147
South Dakota	3.2	0.3	71	37%	331
Tennessee	7.2	2.3	5,926	63%	20,628
Texas	5.1	0.8	11,877	40%	44,298
Utah	3.5	0.7	1,271	166%	3,672
Vermont	5.2	1.3	400	71%	1,756
Virginia	4.3	1.2	4,300	63%	15,923
Washington	5.8	1.2	4,024	67%	14,985
West Virginia	4.5	-0.2	978	37%	4,077
Wisconsin	5	0.1	6,504	26%	28,400
Wyoming	3.3	0.4	245	64%	1,208

Sources: US Department of Labor and NELP estimates based on Department of Labor Data.

National Employment Law Project - Table 2

Estimated Number of Workers Exhausting the 13-Week Emergency Unemployment Compensation (EUC) Program

	October 2008	November-December 2008	Total 2008
Alabama	8,142	2,978	11,120
Alaska	4,015	1,737	5,752
Arizona	10,646	4,977	15,623
Arkansas	8,246	2,646	10,892
California	130,709	70,221	200,929
Colorado	8,045	4,159	12,204
Connecticut	11,091	4,725	15,816
DC	2,630	1,039	3,669
Delaware	2,259	990	3,249
Florida	45,883	20,829	66,712
Georgia	23,067	9,273	32,340
Hawaii	1,638	767	2,405
Idaho	3,878	2,010	5,888
Illinois	35,988	16,968	52,955
Indiana	21,262	11,146	32,408
Iowa	6,123	2,636	8,759
Kansas	5,029	2,699	7,728
Kentucky	7,050	2,697	9,748
Louisiana	5,936	2,809	8,745
Maine	2,834	1,477	4,311
Maryland	9,917	4,485	14,401
Massachusetts	21,432	11,041	32,474
Michigan	42,628	15,366	57,994
Minnesota	13,759	6,002	19,761
Mississippi	4,926	1,925	6,851
Missouri	12,105	6,203	18,309
Montana	1,986	959	2,944
Nebraska	3,652	1,845	5,497
Nevada	9,356	4,597	13,954
New Hampshire	1,350	669	2,019
New Jersey	39,263	16,834	56,097
New Mexico	3,648	1,621	5,269
New York	45,908	24,517	70,426
North Carolina	29,841	12,931	42,772
North Dakota	1,110	464	1,574
Ohio	22,478	11,911	34,389
Oklahoma	4,211	1,900	6,111
Oregon	12,191	6,017	18,208
Pennsylvania	38,986	17,478	56,465
Rhode Island	4,749	2,432	7,181
South Carolina	12,814	5,334	18,147
South Dakota	224	107	331
Tennessee	14,897	5,731	20,628
Texas	31,411	12,887	44,298
Utah	2,616	1,055	3,672
Vermont	1,213	542	1,756
Virginia	10,905	5,018	15,923
Washington	9,970	5,015	14,985
West Virginia	2,718	1,359	4,077
Wisconsin	19,171	9,229	28,400
Wyoming	813	395	1,208
US Total	774,721	362,652	1,137,373

Source: Estimates prepared by the National Employment Law Project based on U.S. Department of Labor data. The state estimates account for the number of workers receiving EUC based on the average take-up rate for the federal extension that was in place during the last recession (i.e., 35 percent for those were were unemployed over the prior year and exhausted their regular state benefits). This state number was then multiplied by the average rate that workers exhausted the last federal extension of unemployment benefits (i.e., 70 percent) to arrive at the estimated number exhausting the current EUC program.

National Employment Law Project - Table 3

UI Modernization Act

Estimated Allotments to the States of Hypothetical \$500 million Administrative Funds Distribution Using Method Required by Reed Act. (\$Thousands)

State	Does the state have an Alternative Base Period?	Estimated Allotment			Administrative Allocation (rounded to nearest thousand)
		One-third of \$7 billion distribution	Two-thirds of \$7 billion distribution	\$7 billion distribution	
Alabama		\$32,866	\$65,731	\$98,782	\$7,056
Alaska		\$4,966	\$9,932	\$14,898	\$1,071
Arizona		\$46,130	\$92,259	\$138,389	\$10,370
Arkansas		\$19,014	\$38,027	\$57,041	\$4,043
California		\$281,221	\$562,441	\$843,662	\$60,256
Colorado		\$40,772	\$81,544	\$122,316	\$8,790
Connecticut	Y	\$27,998	\$55,996	\$83,994	\$5,965
Delaware		\$7,710	\$15,420	\$23,130	\$1,633
District of Columbia	Y	\$7,024	\$14,048	\$21,072	\$1,734
Florida		\$145,413	\$290,825	\$436,238	\$31,591
Georgia	Y	\$72,102	\$144,204	\$216,306	\$15,477
Hawaii	Y	\$9,866	\$19,732	\$29,598	\$2,135
Idaho		\$10,030	\$20,059	\$30,089	\$2,236
Illinois	Y	\$105,490	\$210,981	\$316,471	\$22,453
Indiana		\$49,429	\$98,858	\$148,287	\$10,356
Iowa		\$24,110	\$48,220	\$72,330	\$5,148
Kansas		\$22,771	\$45,542	\$68,313	\$5,824
Kentucky		\$29,893	\$59,786	\$89,679	\$6,346
Louisiana		\$30,546	\$61,092	\$91,638	\$6,574
Maine	Y	\$9,442	\$18,883	\$28,325	\$1,975
Maryland		\$43,385	\$86,771	\$130,156	\$9,238
Massachusetts	Y	\$54,264	\$108,529	\$162,793	\$11,541
Michigan	Y	\$77,786	\$155,573	\$233,359	\$16,060
Minnesota		\$47,012	\$94,023	\$141,035	\$9,961
Mississippi		\$18,132	\$36,263	\$54,395	\$3,936
Missouri		\$43,581	\$87,163	\$130,744	\$9,693
Montana		\$5,913	\$11,826	\$17,739	\$1,292
Nebraska		\$14,146	\$28,292	\$42,438	\$2,986
Nevada		\$23,751	\$47,502	\$71,253	\$5,228
New Hampshire	Y	\$11,173	\$22,346	\$33,519	\$2,310
New Jersey	Y	\$71,253	\$142,505	\$213,758	\$15,116
New Mexico	Y	\$12,120	\$24,241	\$36,361	\$2,671
New York	Y	\$134,534	\$269,067	\$403,601	\$28,451
North Carolina	Y	\$68,410	\$136,821	\$205,231	\$14,761
North Dakota		\$4,704	\$9,409	\$14,113	\$1,018
Ohio	Y	\$93,860	\$187,720	\$281,580	\$19,695
Oklahoma	Y	\$23,849	\$47,698	\$71,547	\$5,235
Oregon		\$28,455	\$56,911	\$85,366	\$6,172
Pennsylvania		\$97,192	\$194,385	\$291,577	\$19,842
Puerto Rico		\$14,505	\$29,011	\$43,516	\$2,966
Rhode Island	Y	\$8,135	\$16,269	\$24,404	\$1,720
South Carolina		\$31,069	\$62,138	\$93,207	\$6,621
South Dakota		\$5,587	\$11,173	\$16,760	\$1,212
Tennessee		\$46,718	\$93,435	\$140,153	\$9,600
Texas		\$176,710	\$353,421	\$530,131	\$38,646
Utah		\$18,850	\$37,701	\$56,551	\$4,197
Vermont	Y	\$4,737	\$9,474	\$14,211	\$997
Virginia	Y	\$65,111	\$130,221	\$195,332	\$13,737
Virgin Islands		\$653	\$1,307	\$1,960	\$141
Washington	Y	\$48,384	\$96,768	\$145,152	\$10,557
West Virginia		\$10,748	\$21,497	\$32,245	\$2,303
Wisconsin	Y	\$47,828	\$95,657	\$143,485	\$10,122
Wyoming		\$4,018	\$8,037	\$12,055	\$917
Total	20	\$2,333,333	\$4,666,667	\$7,000,000	\$500,000
Total Reaching States Immediately		\$809,390		\$431,926	\$500,000

Addendum to testimony of Christine L. Owens

National Employment Law Project

In an effort to ensure that unemployed workers have complete and accurate information about their entitlement to unemployment insurance and how to receive it, NELP hosts the website www.unemployedworkers.org. As part of this website, unemployed workers can write to us and tell us their stories. We have close to 7000 members, and hundreds from virtually every state have written in with their personal stories. While each have their own individual details, the similarities are striking:

- People sending out hundreds of resumes and getting virtually no interviews
- Workers in more rural areas unable to even attend some interviews that are more than 30 miles away because they cannot afford the price of gas to get there
- Open jobs suddenly closing because the employer can no longer afford to fill the position
- Workers depleting and cashing in savings and retirement accounts just to make ends meet
- Cars being repossessed, evictions from rental properties, and foreclosures of homes
- People going without health insurance and health care because paying for their own benefits through COBRA is simply too expensive
- Workers losing all hope and self-esteem as they continually apply for jobs with no positive results, and face the impending reality of being unable to support themselves and their families

Below are just a few excerpts from the hundreds of emails we have received. These are real stories, from real people, struggling to survive in today's economy and desperate for their elected officials to do the right thing by them by extending unemployment benefits and working on an economic recovery plan that prioritizes their needs

"I have been unemployed since November of 2007. I have literally applied for over 250 jobs, yet I still have not been able to be interviewed yet get a full time position. As a result of my financial woes and constant struggle to take care of three sons and make the rent, I now find myself facing the possibility of being homeless. Unfortunately I have not been in a position to make my rent by the 5th of the month (at the latest) since being unemployed. As a result of this I have been advised by the management company that they will not be renewing my lease. To add to my woes my car was repossessed last night and my extension of unemployment benefits is due to end as of next month. I don't know what I will do to take care of my children. I sure pray that Congress will again enact an additional extension of benefits." **Gwendolyn, Timonium, MD**

"I have been unemployed since November 17, 2007. I am the single mother of three children, who live with me. My daughter and her husband will soon be supporting me and my other children until I can get back on my feet [but] my daughter is a housewife and my son is working at a job for less than \$25,000 a year. I've sent out

numerous resumes applying for positions I'm qualified for and overqualified for in Philadelphia and Wilmington, NC because of a fear of my unemployment running out (3 payments left) and no other options being available to me. I hope my story helps to move on the hearts of Congress to grant this extension. This will see me through the winter months and prayerfully I will be employed again by next spring." **Dentrel, Philadelphia, PA**

"With the economy as it is, it has been virtually impossible to find a similar job, even for less pay. People are not traveling to big cities in this global economy slow down. I am willing and able to work, however jobs are lost daily and are not being replaced. It's much harder to find work at my age. I have been a taxpayer for the better part of my life and I find myself in a situation not of my making. I'm watching my 401k vanishing before my eyes every day. I was told by my parents, if I worked hard I would be able to have the America Dream. Well, it's anything but a dream in my later years of my life, it's becoming a nightmare. No health insurance is another strain, another chronic stress factor. I do not think it is too much to ask that being a good citizen, as I have been, that we who have worked hard all our lives, be extended a safety net, so that we too can get our lives back on track." **Carol, Kew Gardens, NY**