U.S. Congress Joint Economic Committee

The Case for Maintaining Unemployment Insurance:

Supporting Workers and Strengthening the Economy

A Report by the Joint Economic Committee Chairman's Staff
Senator Bob Casey, Chairman

December 2011

Executive Summary

Over 2 million long-term unemployed workers stand to lose their federal unemployment insurance (UI) benefits by the end of February if Congress fails to reauthorize those benefits before they expire. That number could grow to 5 million before the end of 2012.[1] Continuing emergency federal benefits would help keep the economic recovery on track and provide a lifeline to millions of Americans struggling in the sluggish economy.

Federal UI benefits are structured to provide the most benefits to states still reeling from the blows of the Great Recession and to phase out as the labor market improves. Although the recession officially ended more than two years ago, the employment situation in most states is still bleak. Currently, the national unemployment rate is 8.6 percent, 3.6 percentage points higher than the rate in December 2007.[2] In more than half of the states and the District of Columbia, the unemployment rate exceeds 8.0 percent.[3] Over 40 percent of the unemployed have been without a job for at least six months and over 30 percent have been unemployed for more than one year. Half of all UI recipients have exhausted the 26 weeks of regular state-provided benefits.[4] In every other major recession since the 1950s, Congress continued to extend UI benefits until the national unemployment rate fell substantially from its peak.[5] Moreover, at 3.7 percent, the current long-term unemployment rate is nearly three times higher than it has ever been when Congress let federal benefits expire. Letting emergency federal benefits expire now would be unprecedented and could derail the recovery.

A reauthorization of emergency UI benefits provides the greatest "bang-for-the-buck" among a range of fiscal policies designed to boost gross domestic product (GDP) and create jobs, according to the non-partisan Congressional Budget Office (CBO).[6] The boost to the economy from additional spending on UI benefits is estimated to be as large as $1.90 for each dollar of assistance.[7] Even without lengthening the maximum allowable duration of benefits, continuing federal benefits could generate up to 400,000 jobs.[8]

UI benefits also serve as a critical lifeline to workers and their families in the face of a sudden and severe drop in income. Benefits enable families to continue paying for their necessities—food, housing, clothing and utilities—obligations that continue even when a family member loses a job. In 2010, UI benefits kept over 3 million Americans out of poverty.[9]

Claims that extended UI benefits deter unemployed workers from looking for work are unfounded. On the contrary, beneficiaries of federal UI benefits have spent more time searching for work than those who were ineligible for UI benefits.[10] Studies find the impact of additional benefits on the unemployment rate to be small. Of the 5.1 percentage point rise in the unemployment rate from the start of the recession to its peak at 10.1 percent,

studies could attribute no more than half a percentage point to additional UI benefits.[11] More importantly, any increase in the unemployment rate because of federal UI benefits is most likely because the beneficiaries remain attached to the labor force and continue to search for work, not because they refuse employment or do not search for a job.[12]

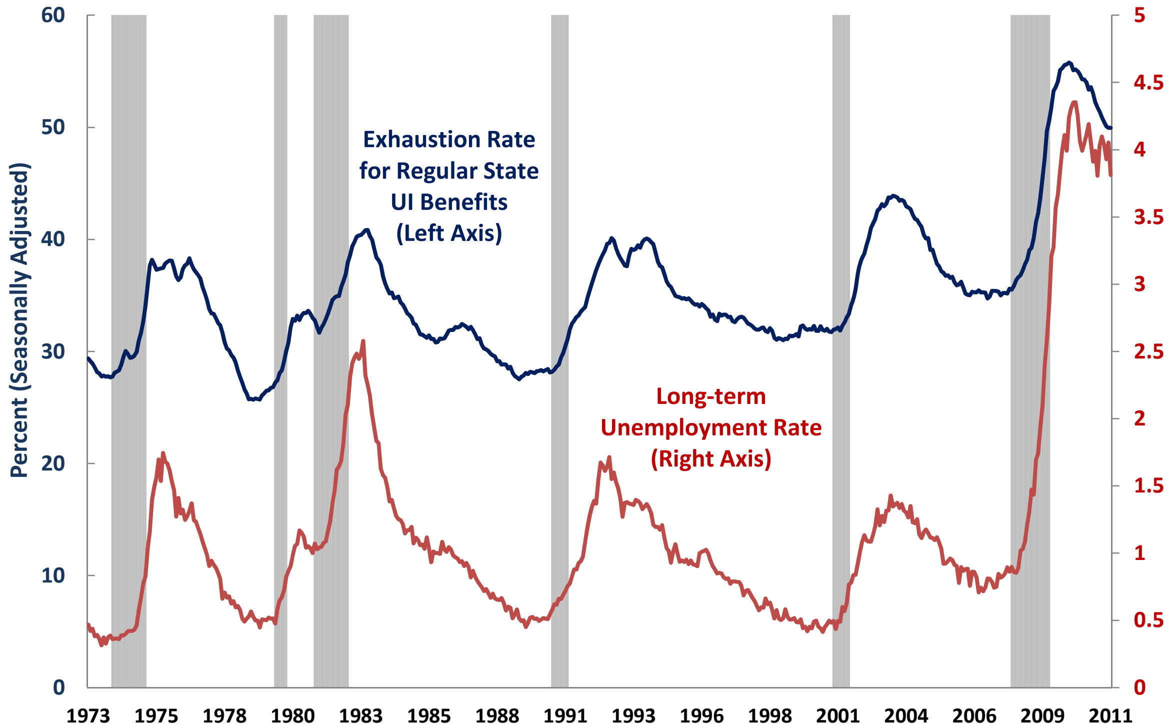
If federal UI benefits are allowed to expire, many families, with little private savings to draw upon, would be forced to seek assistance from other government support programs. However, the long recession and sluggish recovery have created unprecedented demand for services, and have pushed spending on public support programs to their limits, given budget strains facing both federal and state governments. Failing to preserve emergency benefits could force unemployed workers to seek alternative forms of public support such as Temporary Assistance for Needy Families (TANF) or Social Security Disability Insurance (SSDI) for disabled, unemployed workers. In doing so, some workers would leave the workforce permanently, at a significant cost to the economy.

Current Labor Market Conditions and Emergency Federal UI Benefits

In December 2007, the U.S. economy entered the most severe economic contraction since the Great Depression. Businesses continued to shed jobs well after the recession officially ended, and the unemployment rate rose to a peak of 10.1 percent in October 2009.[13] (The recession officially ended in June 2009 according to the National Bureau of Economic Research, which is the official arbiter for determining the start- and end-dates of U.S. economic contractions.) While the overall unemployment rate never reached the record set during the 1980s downturn, the long-term unemployment rate (the percent of the labor force unemployed for over six months) quickly surpassed the 1982-recession peak, hitting an all-time high of 4.4 percent in mid-2010.[14] (See **Figure 1**.) The record number of long-term unemployed workers quickly led to more Americans exhausting their 26 weeks of regular state unemployment insurance benefits.[15]

Figure 1. Need for Additional UI Benefits Continues

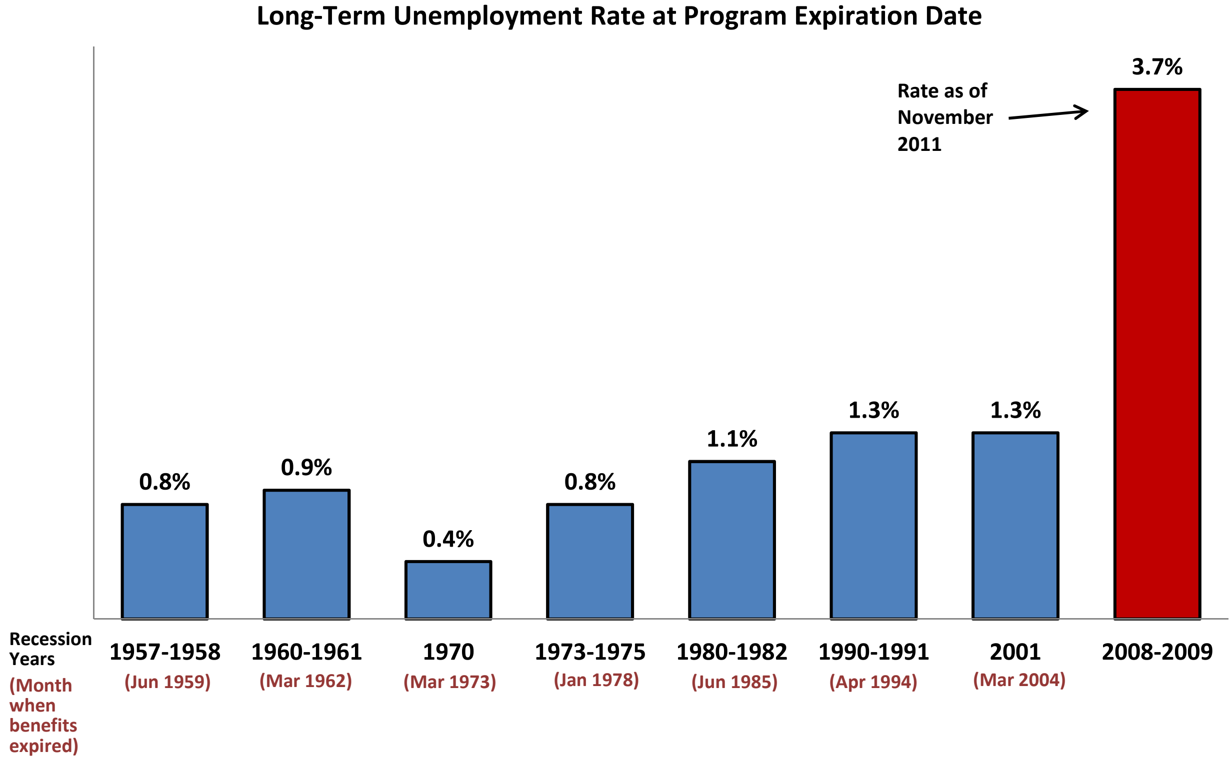
Long-Term Unemployment Rate and Exhaustion Rate for Regular State UI Benefits, 1973-2011



Source: Chairman's staff of the Joint Economic Committee based on data from the Bureau of Labor Statistics, Household Survey and the Department of Labor. Note: Shaded areas denote recessions according to NBER.

Today, the overall unemployment rate has fallen to 8.6 percent, while the long-term unemployment rate is at an extraordinarily high 3.7 percent.[16] During the second quarter of 2011 (April-June), half of all UI recipients—more than 1.2 million individuals—exhausted their regular benefits.[17]

Figure 2. Benefits Are Set to Expire Despite High Long-Term Unemployment



Source: JEC Chairman's staff based on data from the Bureau of Labor Statistics, Household Survey and Congressional Research Service, *Extending Unemployment Compensation Benefits During Recessions,* Table A-1.

In every major recession since the 1950s, Congress has enacted a temporary program providing additional weeks of federally-funded unemployment insurance benefits. Congress has always continued providing those benefits until the economy was back on track and job prospects were improving. Today, job opportunities remain scarce and forecasters predict only a glacial pace of improvement in labor markets over the coming year. In weak economies over the past six decades, the highest unemployment rate at which federal UI benefits have been cut off was 7.4 percent.[18] Significantly, because federal benefits start only after the 26 weeks of state UI benefits are exhausted, the long-term unemployment rate has never been so high when federal benefits expired. (See **Figure 2.**) For example, following the 1990-91 and 2001 recessions, the long-term unemployment rate was 1.3 percent when federal benefits expired. At 3.7 percent, the current long-term unemployment rate is nearly three times higher than that.

Existing Federal Unemployment Insurance Programs

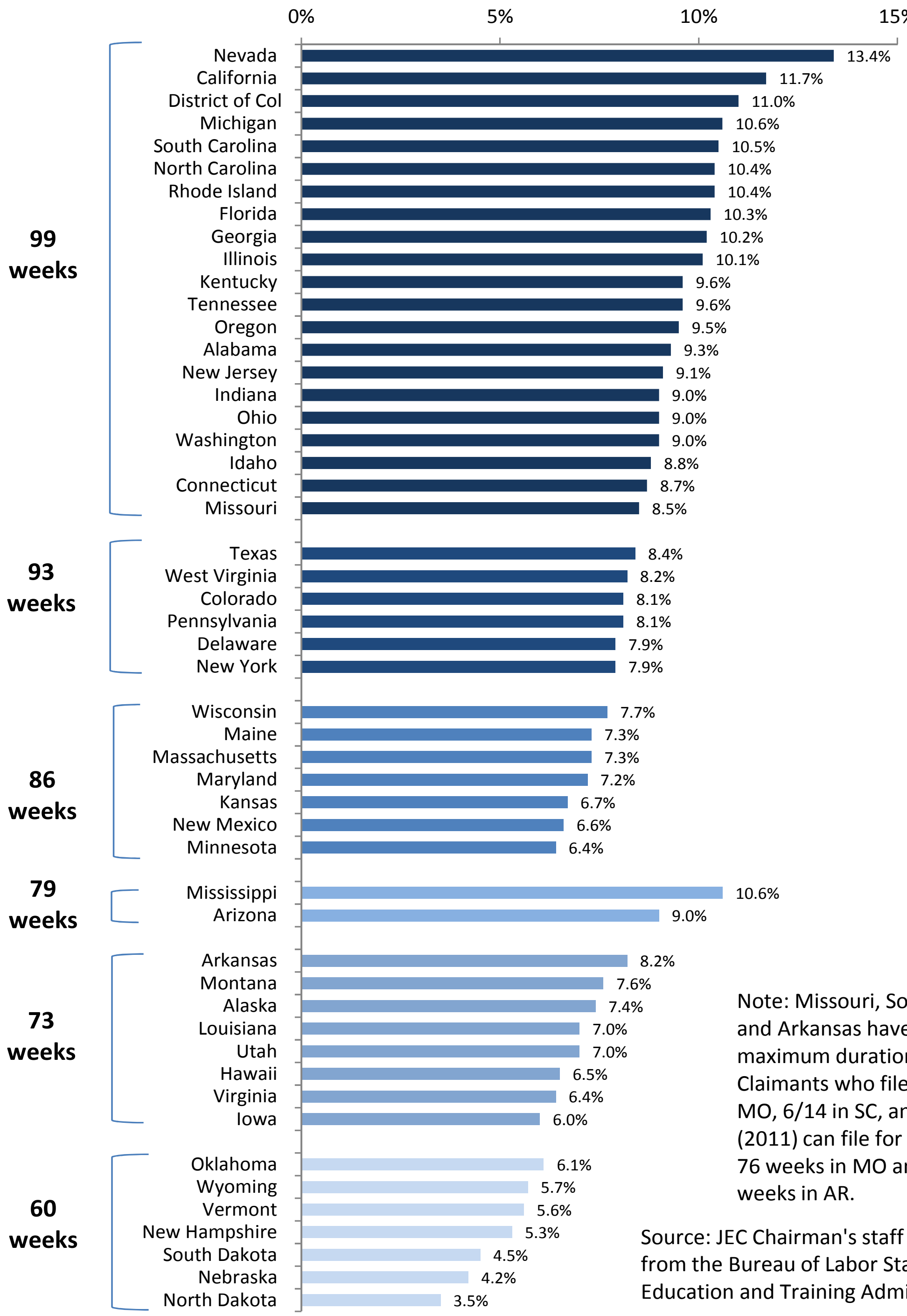
In response to the severe economic downturn and the staggering rise in unemployment, and especially long-term unemployment, Congress created a temporary program to provide additional weeks of unemployment insurance benefits to out-of-work individuals. The Emergency Unemployment Compensation (EUC) program began in June 2008 and has been expanded and extended multiple times, most recently through the end of 2011. An individual who has exhausted the 26 weeks of regular state-funded benefits may continue to receive UI benefits through the federally-funded EUC program for up to an additional 53 weeks. The EUC program provides for four "tiers" of benefits depending on a state's unemployment rate. The first two tiers provide a combined 34 weeks of additional benefits that are available in all states. Individuals in states with higher unemployment rates may also receive Tier 3 and Tier 4 benefits, which provide an additional 13 and 6 weeks, respectively.

After exhausting EUC benefits, unemployed individuals may continue to receive UI through the permanent extended benefits (EB) program. The cost of each state's EB program is usually split 50-50 between the state and federal governments; however, in addition to creating and extending the EUC program, the federal government assumed financial responsibility for 100 percent of EB costs through the end of 2011.[19] EB provides an additional 13 or 20 weeks of benefits depending on a state's unemployment insurance laws and its unemployment rate. The temporary elimination of the requirement that state governments match the federal contribution has worked to relieve some of the fiscal strains facing those governments.

In total, the maximum number of weeks of benefits an individual may receive through all programs is 99 weeks. Currently at least 60 weeks of unemployment compensation are available in every state and the District of Columbia. At least 74 weeks of benefits are available in 35 states and the District of Columbia, and 99 weeks, the maximum allowable duration, are available in 20 states and the District of Columbia. [20] (See **Figure 3**.)

Even if Congress maintains 100-percent federal financing of extended benefits, many states would not meet the necessary condition that a state has a high *and* rising unemployment rate. While the prolonged labor market recovery has kept unemployment rates high across the states, few states have experienced an increase in the unemployment rate during the past three years. [21] Therefore, the maximum duration of benefits would likely drop from 99 weeks to 79 weeks in high-unemployment states even with a reauthorization of the current federal UI programs, unless Congress acts to suspend or extend the "lookback" period over which the rise in a state's unemployment rate is calculated.

Figure 3. Current State Unemployment Rates and Maximum Duration of UI Benefits



Note: Missouri, South Carolina, and Arkansas have reduced the maximum duration of benefits. Claimants who filed after 4/13 in MO, 6/14 in SC, and 3/30 in AR (2011) can file for a maximum of 76 weeks in MO and SC and 70 weeks in AR.

Source: JEC Chairman's staff based on data from the Bureau of Labor Statistics and the Education and Training Administration.

Emergency UI Benefits Give a Boost to the Economy

Research shows that extending federal UI benefits during periods of high unemployment works to pull the economy back from a downward spiral whereby reduced consumer demand leads to further reductions in economic activity, and that in turn leads to more job losses. UI recipients depend on benefits to pay for many of their basic necessities, including food, rent and electricity.[22] Benefits are spent quickly, which has a ripple effect through the broader economy, ultimately sustaining aggregate demand and supporting employment.[23] Moreover, those benefits are available when they are needed most and phase out gradually as labor market conditions improve.

In October 2011, roughly 3.5 million workers received additional weeks of federally-funded benefits through either the EUC or the EB program.[24] With an average weekly benefit of approximately $300 per recipient,[25] extended benefits pumped roughly $4.2 billion into the economy over the month of October, and $51.6 billion over the first ten months of 2011.

The rapid injection of UI benefits into the economy generates a "multiplier" for the economy as a whole. Each dollar in benefits generates a cascade of spending by others, multiplying the effect of that dollar. Estimates of the magnitude of the impact vary, but the bulk of research suggests that extending UI benefits gives a large "bang for the buck" relative to other fiscal options. The President's Council of Economic Advisers estimates that every dollar spent on UI benefits raises GDP by $1.60, and CBO estimated the effect to be as large as $1.90.[26] In fact, among the policy options analyzed by CBO, providing aid to the unemployed ranked as having the highest potential positive impact on GDP and job creation. Using CBO's estimate of the stimulative effect, continuing federal benefits through the end of 2012 could generate up to 400,000 jobs.[27]

According to CBO, reauthorizing the current federal UI programs through the end of 2012 would cost $44.1 billion.[28] However, the cost of an extension of this program would decline automatically as the labor market improves. The number of individuals out of work for more than 6 months would shrink and the average duration of unemployment spells would shorten. Fewer workers would exhaust their regular state benefits and become eligible for federal UI benefits, and for those who remain unemployed for longer, benefits would remain capped at 99 weeks.

It is important to note that the current debate is not about creating an additional tier of benefits. Reauthorizing the existing EB and EUC programs would not lengthen the maximum allowable duration of benefits beyond 99 weeks. However, the debate over continuing federal benefits addresses the fate of millions of unemployed Americans who have received fewer than 99 weeks of benefits, and who would be cut off if Congress fails to act.

UI Benefits Are a Timely, Effective Lifeline for Families

UI benefits are not particularly generous, typically replacing up to half of a workers' earnings. [29] However, those benefits provide a temporary lifeline for individuals struggling to make ends meet. Emergency benefits are critical for individuals who have been searching for work for at least 6 months and have exhausted their regular state benefits. For the typical household receiving the additional assistance, the UI benefits make up one-third of total income. Moreover, households in which the sole-earner is unemployed rely on EUC and EB benefits for as much as 90 percent of their total income.[30] On average these benefits only meet half of basic household expenditures.[31]

Families with savings can draw on their savings to fill the gap between their income and expenses during periods of unemployment. However, the vast majority of unemployed Americans have only minimal savings to draw upon during jobless spells. Nearly half of job losers in the United States report zero liquid wealth at the time of job loss, suggesting that many households simply do not have the resources to put food on the table in the absence of unemployment insurance benefits.[32]

The current unprecedented level of long-term unemployment underscores the urgency for continuing emergency benefits. UI benefits kept over 3 million Americans out of poverty in 2010.[33] The number of Americans in poverty increased by nearly 24 percent between 2007 and 2010; absent UI benefits, the increase would have been 32 percent.[34] A significant portion of that reduction in poverty was due to federal EUC and EB benefits, which accounted for 57 percent of all UI benefit weeks paid out in 2010.[35] To date, the composition of UI benefit weeks paid out in 2011 remains similar to last year; a fact that suggests that federal UI benefits continue to have a significant role in reducing poverty.[36]

UI Benefits Have Not Inhibited Employment

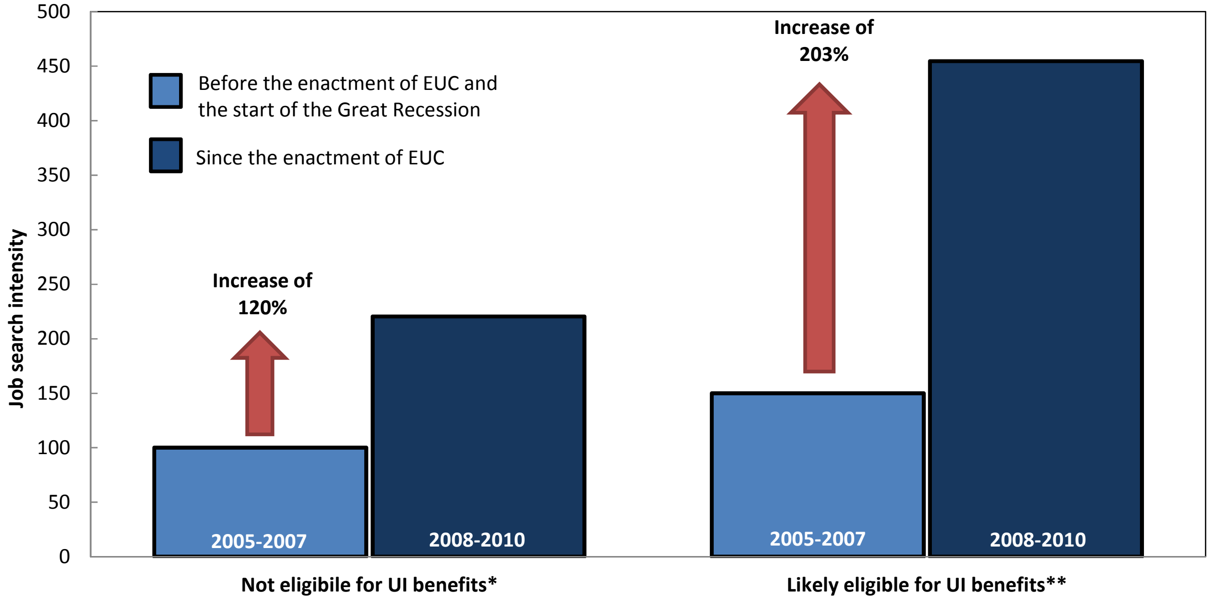
While providing long-term unemployed workers with additional UI benefits helps to stabilize a faltering economy, some have expressed unfounded concern that those benefits provide a disincentive for people to find work.[37] The problem is that the jobs simply are not there. A string of 21 consecutive months of expanding private-sector payrolls has added nearly three million jobs; however, there are still more than 4 jobseekers for every job opening, not including an additional 2.6 million individuals who would like to work but have given up looking for work because they do not believe there are jobs for them.[38] Outside of the private sector, depressed revenues from sales, property and income taxes coupled with unprecedented demand for services have strained state and local budgets and led to a wave of layoffs in the public sector.[39]

Moreover, job creation over the past two years has done little to alleviate the problem of long-term unemployment. In 2010, individuals who were unemployed for at least 27 weeks had only a 10 percent chance of becoming employed in the subsequent month, compared to 30 percent for those unemployed for less than 5 weeks.[40] Additionally, recent reports indicate that some job postings now explicitly state that only currently employed or recently laid-off workers will be considered, which poses an additional hurdle for the long-term unemployed.[41]

There is no current evidence that emergency UI benefits have inflated the unemployment rate by lowering the intensity with which unemployed workers search for work. As **Figure 4** shows, the amount of time long-term unemployed individuals devoted to job search increased since the Great Recession. However, the increase was greatest among those long-term unemployed individuals who were unemployed due to job loss and therefore likely eligible for emergency federal UI benefits. In fact, since Congress enacted federal unemployment benefits, time spent looking for a job has tripled among the long-term unemployed who are out of work as a result of job loss.[42]

Figure 4. Among Long-Term Unemployed, UI-Eligible Individuals Search More Vigorously

Job Search Intensity of the Long-Term Unemployed Before and Since the Great Recession



Source: JEC Chairman's staff calculations based on the American Time Use Survey and Current Population Survey.

Note: Search intensity is an index of the average time spent on job search activities by job seekers on a typical day, with the value for non-eligible job seeker in 2005 to 2007 set to 100.

*Long-term unemployed individuals whose unemployment spell began when they entered or reentered the labor market, or voluntarily left their last job are generally not eligible for UI benefits.

**Only individuals who are considered long-term unemployed due to job loss would likely be eligible to receive UI benefits. After 2008, those individuals who exhausted their regular state benefits at 26 weeks would be able to continue to collect benefits through the EUC or EB programs until they exhausted those benefits.

A number of economists have attempted to estimate the effects of providing additional UI benefits on the unemployment rate. According to recent research studies, UI extensions have accounted for as little as 0.1 percentage point to as much as 0.8 percentage point of the increase in the overall unemployment rate over the Great Recession.[43] Studies controlling for workers' eligibility for federal benefits by differentiating between involuntary job losers and new entrants or job leavers find only a small impact on the unemployment rate (less than 0.5 percentage point).[44] In any case, it is important to understand that federal UI benefits can lead to small increases in the unemployment rate without an increase in work disincentives by keeping labor market participants attached to the labor force. Keeping workers attached to the labor force would enhance productivity over the longer term. Since recipients of those benefits must be actively looking for work, the unemployment rate may rise simply because some of those unemployed workers would have otherwise dropped out of the labor force, discouraged by lack of job prospects.[45]

Failure to Act Would Have Dismal Consequences

If emergency federal UI benefits are allowed to expire, 2.5 million Americans would see their unemployment insurance benefits disappear by the end of February 2012 and 5 million would lose federal benefits over the year.[46] For those individuals and their families, the loss would be devastating. Absent UI benefits and private savings, these workers would need an alternative source of income until they find employment. Many would be forced to turn to other social assistance programs that could cost the federal government even more than providing emergency federal benefits. The Chairman's Staff of the Joint Economic Committee estimates that over 150,000 long-term unemployed individuals could qualify for life-long disability insurance benefits. Disability payments are considerably more costly to the federal government than unemployment insurance benefits because disability recipients would permanently leave the labor force.[47] An additional 100,000 disabled workers have been unemployed for six months or less. The federal government would lose the earnings and tax revenues those workers would have generated over the course of their lifetimes had they remained in the labor force, and the government would also be required to pay out more in disability benefits.[48]

UI benefits give financial support to unemployed workers and keep them searching for work, leading to employment as the labor market improves. When those benefits expire, long-term unemployed individuals may seek public assistance as their own financial resources dwindle. The inevitable increase in demand for public assistance would further strain state budgets. Participation in TANF and SNAP (food stamps), two of the largest public support programs, both rise as unemployment duration increases. (See **Table 1**.)

Table 1. Participation in Public Benefits Programs Increases with Unemployment Duration

Participation in TANF and SNAP by employment status and duration of unemployment

	TANF or other public assistance (rate)	SNAP (rate)	Number of people (000s)
Total Population	**1.0%**	**9.1%**	**162,364**
Total Employed	**0.4%**	**5.3%**	**115,035**
Total Unemployed	**2.4%**	**19.1%**	**10,350**
0 to 26 weeks	2.0%	18.4%	5,373
27 to 60 weeks	2.5%	18.9%	2,597
61 to 74 weeks	3.9%	19.3%	461
75 or more weeks	3.1%	21.4%	1,919

Notes: Participation is measured over 2010 and duration of unemployment is measured as of March 2011. Data are for individuals 25 to 64 years old.
TANF = Temporary Assistance for Needy Families
SNAP = Supplemental Nutrition Assistance Program (formerly called food stamps)

Source: JEC Chairman's staff calculations based on 2011 Annual Social and Economic Supplement.

Conclusion

Record long-term unemployment has become a defining and enduring characteristic of the Great Recession. Today, the unemployment rate is well above what it was when federal benefits were allowed to expire following past recessions, and the long-term unemployment rate remains almost three times higher than it was when federal unemployment benefits expired after the 1990-91 and 2001 recessions.

As a result of the long duration of unemployment workers have experienced, more than half of unemployed workers exhaust their state-funded unemployment benefits and require additional assistance. Those workers would lose the benefits they currently depend on to pay their bills and put food on the table. Failing to reauthorize federal UI benefits would result in as many as 5 million Americans losing their unemployment insurance before the end of 2012.

Moreover, the economy would be deprived of the additional economic activity and jobs generated by the spending of UI benefits. As noted previously, unemployment benefits offer the greatest bang-for-the-buck among the tools available to policymakers. CBO has found that each dollar spent on UI benefits ultimately delivers nearly twice that amount in increased economic activity. Eliminating federal UI benefits would inhibit economic growth and job creation beginning in 2012.

Failure to continue emergency UI benefits may also result in some unemployed workers turning to other more costly and more permanent federal assistance programs. With little or no savings to fall back on, and no unemployment benefits to help sustain them, many of those unemployed workers may seek benefits through SNAP, Social Security Disability Insurance or other programs. In doing so, some workers would leave the workforce permanently, at a significant cost to the economy.

Finally, while some have argued that unemployment benefits provide a disincentive to search for work, the data do not support that view. In fact, since Congress enacted federal unemployment benefits, time spent looking for a job has tripled among the long-term unemployed who are out of work as a result of job loss.

Continuing the current emergency federal UI programs is vital to the economic recovery. A temporary reauthorization would not only give millions of struggling long-term unemployed Americans a lifeline, it would bolster the economic recovery by generating jobs and accelerating economic growth.

Sources

[1] U.S. Department of Labor. Estimates of cumulative number of claimants impacted by a delay in extending Emergency Unemployment Compensation (EUC) and 100% federal share of extended benefits (EB), provided to JEC Chairman's staff on December 13, 2011.

[2] Bureau of Labor Statistics, Current Population Survey data.

[3] "Regional and State Employment and Unemployment – October 2011." Bureau of Labor Statistics, November 22, 2011. (http://www.bls.gov/news.release/pdf/laus.pdf).

[4] "The Employment Situation – November 2011." Bureau of Labor Statistics, December 2, 2011. (http://www.bls.gov/news.release/pdf/empsit.pdf); "Unemployment Insurance Data Summary: 2nd Quarter 2011." Department of Labor: Employment and Training Administration (http://www.ows.doleta.gov/unemploy/content/data_stats/datasum11/DataSum_2011_2.pdf).

[5] "Extending the Federal Unemployment Insurance Benefits Program: Critical to Keeping the Economic Recovery On-Track." Joint Economic Committee, November 2010. (http://jec.senate.gov/public//index.cfm?a=Files.Serve&File_id=75402f9d-0f15-4f89-b4cb-6f39c8f1e4ef).

[6] Statement of Doulas Elmendorf, Director of the Congressional Budget Office, "Policies for Increasing Economic Growth and Employment in 2012 and 2013, before the Committee on the Budget United States Senate on November 15, 2011. (http://www.cbo.gov/ftpdocs/124xx/doc12437/11-15-Outlook_Stimulus_Testimony.pdf).

[7] Elmendorf, Douglas. "Policies for Increasing Economic Growth and Employment in 2012 and 2013." November 15, 2011.

[8] Ibid. (Elmendorf, Nov. 2011) Increasing aid to the unemployed could generate 19 years of full-time equivalent employment per million dollars cost to the federal budget.

[9] "Income, Poverty, and Health Insurance Coverage in the United States: 2010." U.S. Census Bureau, Media Kit, September 2011. (http://www.census.gov/newsroom/releases/pdf/2010_Report.pdf).

[10] JEC Chairman's staff tabulations of data from the Current Population Survey and American Time Use Survey.

[11] Rothstein, Jesse. "Unemployment Insurance and Job Search in the Great Recession." University of California Berkeley Working Paper, October 16, 2011. (http://gsppi.berkeley.edu/faculty/jrothstein/published/rothstein-ui-july132011.pdf) Such studies exclude the multiplier effects on the overall economy stemming from the additional UI benefits.

[12] Tilton, Andrew. "US Daily: The November Employment Report, and the Impact of Extended Jobless Benefits on the unemployment Rate (Tilton)." Goldman Sachs Global Economics, Commodities and Strategy Research, December 2, 2011.

[13] Bureau of Labor Statistics, Current Population Survey data.

[14] JEC Chairman's staff calculations based on data from the Bureau of Labor Statistics.

[15] U.S. Department of Labor. Employment and Training Administration.

[16] JEC Chairman's staff calculation based on data from the Bureau of Labor Statistics.

[17] "Unemployment Insurance Data Summary: 2nd Quarter 2011." Department of Labor: Employment and Training Administration. (http://www.ows.doleta.gov/unemploy/content/data_stats/datasum11/DataSum_2011_2.pdf).

[18] "Extending the Federal Unemployment Insurance Benefits Program: Critical to Keeping the Economic Recovery On-Track." Joint Economic Committee, November 2010. (http://jec.senate.gov/public//index.cfm?a=Files.Serve&File_id=75402f9d-0f15-4f89-b4cb-6f39c8f1e4ef). The unemployment rate was 7.4 percent in June 1985, when federal benefits expired. At the time when Congress considered the legislation to cut off benefits, the unemployment rate was even lower, at 7.2 percent.

[19] P.L.111-5 provided states with the opportunity to use the Total Unemployment Rate (TUR) over a two-year lookback period as an alternative eligibility trigger for EB instead of the Insured Unemployment Rate (IUR). That allowed states whose IUR was not sufficiently higher than in the preceding two years to use the TUR to meet the criteria to trigger on to EB. P.L. 111-312 later extended the lookback period to three years. The alterative trigger and extended lookback period allowed more states to trigger on to the EB program, though not all states chose to adopt the necessary law changes to take advantage of the alternative trigger and extended lookback period. For more information on the EB program, including the economic criteria states must satisfy, see: Isaacs, Katelin P. "Upcoming Unemployment Insurance Benefit Expirations." Congressional Research Service, November 29, 2011.

[20] Department of Labor, Education and Training Administration.

[21] Returning to a two-year lookback calculation based on unemployment rate data, rather than the three-year lookback enacted in P.L. 111-312, will mean that many states are likely to be ineligible for extended benefits because they have had high, sustained, but not increasing, unemployment rates. However, it is important to note that the high, sustained unemployment rates in many states mean that even a three-year lookback would be insufficient to qualify for extended benefits.

[22] Research documents that unemployment insurance significantly offsets the reduction in consumption associated with unemployment. See, eg., Gruber, Jonathan. "The Consumption Smoothing Benefits Of Unemployment Insurance," American Economic Review, 1997, v87(1,Mar), 192-205 (finding that food consumption would decrease by 22 percent in the absence of unemployment insurance, compared to the 7 percent experienced with the existing system); and Gruber, Jonathan. "Unemployment Insurance, Consumption Smoothing, and Private Insurance: Evidence from the PSID and CEX," Research in Employment Policy, 1, 1998, p. 3-32 (finding that UI benefits smoothed the consumption of non-food items).

[23] See Vroman, Wayne, 2010 "The Role of Unemployment Insurance as an Automatic Stabilizer During a Recession," IMPAQ International, July 2010. (http://wdr.doleta.gov/research/FullText_Documents/ETAOP2010-10.pdf).

[24] JEC Chairman's staff calculations based on data from the Department of Labor Employment and Training Administration.

[25] "Unemployment Insurance Data Summary: 2nd Quarter 2011." Department of Labor: Employment and Training Administration. (http://www.ows.doleta.gov/unemploy/content/data_stats/datasum11/DataSum_2011_2.pdf).

[26] Statement of Jane Oates, Assistant Secretary for Employment and Training, U.S. Department of Labor, before the Senate Finance Committee, April 14, 2010; and Statement of Douglas Elmendorf, Director, Congressional Budget Office, before the Senate Budget Committee, November 15, 2011.

[27] JEC Chairman's staff calculation based on CBO cost estimate of S. 1549 and CBO's estimate that increasing aid to the unemployed at a cost of $44.1 billion would add up to an additional 838,565 full-time equivalent job years over 2012-2013.

[28] "Cost estimate; 'S. 1549 The American Jobs Act' as introduced on September 13, 2011." Congressional Budget Office, October 7, 2011. (http://cbo.gov/ftpdocs/124xx/doc12470/s1549.pdf).

[29] Shaw, Hannah and Chad Stone. "Introduction to Unemployment Insurance." Center for Budget and Policy Priorities, April 16, 2010. (http://www.cbpp.org/files/12-19-02ui.pdf).

[30] "The Economic Impact of Recent Temporary Unemployment Insurance Extensions." CEA, December 2, 2010.

[31] "Hanging On By a Thread." National Employment Law Project, October 11, 2011.

[32] Chetty, Raj. "Moral Hazard vs. Liquidity and Optimal Unemployment Insurance." UC-Berkeley and NBER, July 2007. (http://aida.econ.yale.edu/seminars/labor/lap07/chetty-070907.pdf).

[33] "Income, Poverty, and Health Insurance Coverage in the United States: 2010." U.S. Census Bureau, Media Kit, September 2011.

[34] JEC Chairman's staff calculations based on data from the U.S. Census Bureau.

[35] JEC Chairman's staff calculation based on data from the Bureau of Labor Statistics.

[36] JEC Chairman's staff calculation based on data from the Bureau of Labor Statistics. From January 2011 to October 2011, 55 percent of all UI benefit weeks were paid out through the EUC and EB programs.

[37] For example, see Dreier, Peter. "Jobless and hopeless; With 25 million out of work, the least Congress can do is extend their benefits." *Los Angeles Times*, December 7, 2011.

[38] JEC Chairman's staff calculation based on data from: "Job Openings and Labor Turnover - October 2011." Bureau of Labor Statistics, December 13, 2011. (http://www.bls.gov/news.release/pdf/jolts.pdf); and "The Employment Situation – November 2011." Bureau of Labor Statistics, December 2, 2011. (http://www.bls.gov/news.release/pdf/empsit.pdf).

[39] "The Fiscal Survey of States: Fall 2011." National Governors Association and National Association of State Budget Officers, November 28, 2011. (http://www.nga.org/files/live/sites/NGA/files/pdf/FSS1111.pdf).

40 Ilg, Randy. "How Long Before the Unemployed Find Jobs or Quit Looking?" *Issues in Labor Statistics.* U.S. Department of Labor, U.S. Bureau of Labor Statistics, May 2011.

[41] Statement of Christine Owens, Executive Director of the National Employment Law Project, "Barriers Facing the Long-Term Unemployed," before the Senate Health, Education, Labor and Pensions Committee on December 6, 2011. (http://www.nelp.org/page/-/UI/2011/Owens_Testimony_Barriers_Unemployed_12-2011.pdf?nocdn=1).

[42] JEC Chairman's staff tabulations of data from the Current Population Survey and American Time Use Survey.

[43] Rothstein, Jesse. "Unemployment Insurance and Job Search in the Great Recession." University of California Berkeley Working paper, October 16. 2011, which found that UI extended benefits raised the unemployment rate by 0.1-0.5 percentage point in early 2011; and Maxumber, Bhashkar. "How did unemployment insurance extensions affect the unemployment rate in 2008-2010?" Chicago Fed Letter, April 2011, which found that the extension of benefits leads to a 0.8 percentage point increase in the unemployment rate. Maxumber points out that he does not fully take into account worsening economic conditions. Estimates greater than 0.8 percentage point rely on relationships between UI extensions and the unemployment rate from: Katz, Lawrence and Bruce Meyer, "The Impact of the Potential Duration of Unemployment Benefits on the Duration of Unemployment," Journal of Public Economics, Vol.41, No1, February 1990, pp.45-72. As Lawrence Katz noted before the Joint Economic Committee in April 2010, current estimates that rely on the relationship found in Katz and Meyer (1990) would overestimate the relationship. His testimony before the Joint Economic Committee is available at http://jec.senate.gov/public/index.cfm?a=Files.Serve&File_id=e1cc2c23-dc6f-4871-a26a-fda9bd32fb7e.

[44] See, eg. Valleta, Rob and Katherine Kuang. "Extended unemployment and UI benefits." Federal Reserve Bank of San Francisco Economic Letter, April 19, 2010. Valleta and Kuang found that the unemployment rate would have been 0.4 percentage point lower at the end of 2009.

[45] Tilton, Andrew. "US Daily: The November Employment Report, and the Impact of Extended Jobless Benefits on the unemployment Rate (Tilton)." Goldman Sachs Global Economics, Commodities and Strategy Research, December 2, 2011.

[46] U.S. Department of Labor. Estimates of cumulative number of claimants impacted by a delay in extending Emergency Unemployment Compensation (EUC) and 100% federal share of extended benefits (EB). December 13, 2011.

[47] JEC calculation using data from the March 2011 Annual Social and Economic Supplement and October 2011 Current Population Survey. Estimate is limited to 16-64 year olds job losers, as of March 2011.

[48] "Extending Unemployment Insurance Benefits: The Cost of Inaction for Disabled Workers." Joint Economic Committee, May 25, 2010. (http://jec.senate.gov/public/?a=Files.Serve&File_id=d5003466-eb78-4a91-b5b1-eb99c2982166).