

## **Pulling the Plug on Unemployment Insurance Benefits Is Unwise** ***November 30 Deadline Looms***

Missouri, along with every other state, is experiencing sustained high unemployment. Although the recession began showing signs of abating more than a year ago, unemployment is generally one of the last indicators to recover. In October, Missouri's unemployment rate edged back up to 9.4 percent.<sup>1</sup>

The Unemployment Insurance (UI) system helps many people who have lost their jobs by temporarily replacing part of their wages. Eligible workers typically receive 26 weeks of UI benefits from the regular state-funded unemployment program. But millions of workers have exhausted those benefits, and more continue to exhaust them each month.

During recessions and while unemployment remains high while economic recovery is taking hold, the federal government has historically created temporary, wholly federally funded programs that extend benefits for people who cannot find work. Congress created the most recent program in June 2008, but it is scheduled to expire on November 30. Previous extended UI benefit programs have been ended when the national unemployment rate was 7.2 percent or lower. Letting extended benefits expire when the national rate is 9.6 percent threatens both families and the economy.<sup>2</sup>

The average worker receives \$290 weekly in unemployment benefits, or \$1,257 monthly. Average monthly household expenditures for basic necessities are \$2,577.<sup>3</sup> So while unemployment benefits do not allow the unemployed to live on easy street, the benefits do provide critical support for families as they try to stabilize their lives and provide for their families during their unemployment.

If benefits expire on November 30, more than 2 million people nationwide, and 44,000 Missourians will be left in the cold, facing additional hardship as winter weather ups the ante in utility bills, and insecurity takes the edge off holiday celebrations.<sup>4</sup>

While decision makers in Washington DC fret about the deficit (as they should), cutting back on UI benefits is not only an unwise decision for the unemployed workers and their families, but also for the economy. The significant money that that goes to unemployment benefits is pumped right back into local economies. Mark Zandi, of Moody's Analytics stated that there is no form of federal stimulus that has "proved more effective during the past two years than emergency UI benefit."<sup>5</sup> Through unemployment benefits, mortgages are paid to banks, food is purchased in grocery stores, clothes for growing children are purchased in stores, and car and insurance payments are made. These businesses in turn employ workers and spend income elsewhere in the economy, creating a multiplier effect.

Almost everyone in America knows someone who is unemployed. Perhaps because they have seen the pain up close, Americans overwhelmingly support continuing the extended UI benefits. A poll released by the National Employment Law Project, Center for American Progress Action Fund and The Half in Ten Campaign showed that almost 3 of every 4 persons thought that even with the increasing deficit, it is too early to cut support to the unemployed.<sup>6</sup>

The Lame Duck Congress needs to listen to Americans on this critical issue and vote NOW to extend unemployment benefits.

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<sup>1</sup> Bureau of Labor Statistics

<sup>2</sup> Christine Riordan, Maurice Emsellem, Michael Evangelist and Rebecca Dixon. *Out in the Cold for the Holidays*. National Employment Law Center, Revised October 27, 2010.

<sup>3</sup> Ibid at 2

<sup>4</sup> Ibid at 2

<sup>5</sup> Mark Zandi, "Using Unemployment Insurance to Help Americans Get Back to Work".

<sup>6</sup> At [www.nelp.org](http://www.nelp.org)

