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Compromise Upholds Crucial Role of Unemployment Insurance For America's Workers and Economy

Statement from Christine Owens, Executive Director, National Employment Law Project

The payroll tax compromise affirms the critical role of the federal unemployment insurance program, on which millions of Americans have relied since the recession began to search for jobs, support their families and contribute to their communities. Despite extreme efforts to dismantle this basic safety net and impose significant new barriers on unemployed workers, Congress has reached an agreement that recognizes the fundamental role of unemployment insurance in putting Americans back to work. While the agreement is certainly not all we would want and unemployed workers need, it is a relief that Congress appears poised to act before members head off for their vacations next week. The deal is far from perfect, but if enacted, it will prevent the cut-off of benefits for millions of jobless workers in the coming months.

The unemployment insurance agreement features a graduated approach that phases in a reduction of weeks and avoids the kinds of shocks to the economy that would occur were there an abrupt reduction. The compromise also shows sensitivity to high-unemployment states by preserving the greatest number of weeks for jobless workers in the hardest hit states. The compromise largely avoids the worst features of the proposals contained in the original House bill that aimed to stigmatize and demonize long-term unemployed workers, like the GED requirement. Those provisions that allow states to experiment with limited program changes, like drug testing and wage subsidies, will have to be closely monitored to ensure that they do not undermine strong labor standards or the core principles of the unemployment insurance program. No one has been hit as hard or suffered as much as the long-term unemployed, and they need the support of unemployment insurance in order to provide for their families and continue their job search until the economy significantly improves.

We remain concerned that cuts to the program are being made too soon, while unemployment is still too high and robust job growth is not yet sustained. While unemployment has been falling and job growth rising, economic projections still show high unemployment for many months to come. If, as we hope, the recovery gathers even more steam and job creation becomes more robust, what unemployed workers and their families need most—jobs—may become available before benefits run out. If not, it will be important for Congress to revisit the continuing crisis of long-term unemployment, especially for workers who may exhaust all federal unemployment insurance under this compromise before finding work.

We regret that the compromise “pays for” continuation of federal unemployment insurance benefits through cuts to federal employee pensions. Federal employees did not cause or contribute to the economic crisis and neither they nor unemployed workers should be scapegoated for it. We continue to believe that if unemployment insurance extensions must be paid for, everything should be on the table — including modestly higher taxes for millionaires, hedge fund managers and wealthy investors. It is deeply troubling that the costs

of maintaining these vitally needed federal unemployment insurance programs should be imposed on federal employees, whose incomes are based on what they earn from performing vital public services, while the wealthiest among us enjoy exceedingly favorable tax treatment and are given a pass when it comes to helping fix the economy.

For the moment, Congress should approve this bill and turn to aggressive strategies to put the long-term unemployed back to work: that means effective reemployment policies; more support for education, training, job creation and job placement services; and more investments to rebuild America's infrastructure and create a 21st century economy founded on good jobs.

The National Employment Law Project is a non-partisan, not-for-profit organization that conducts research and advocates on issues affecting low-wage and unemployed workers.

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