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MILLIONS OF JOBLESS WORKERS TO GET CRITICAL AID IN AMERICAN RECOVERY & REINVESTMENT ACT

Unemployment Provisions Will Fill Major Gaps in Safety Net, Usher Billions of Dollars to Ailing States

Washington, DC – Following the House and Senate approval of the final \$787 billion American Recovery and Reinvestment Act today, the National Employment Law Project (NELP) lauded the legislation and highlighted several provisions of the bill that fill gaps in the safety net for millions of unemployed workers, aid struggling states, and provide a critical first step towards stimulating and stabilizing the economy.

With the nation's unemployment rate at a staggering 7.6%, the ARRA will modernize the unemployment system by expanding eligibility requirements; provide funding to help states process growing numbers of unemployment claims; extend and increase unemployment benefits; suspend taxes on initial unemployment benefits; subsidize health care costs for unemployed workers relying on COBRA coverage; and reauthorize and expand the Trade Adjustment Assistance program. The legislation will positively affect nearly 18 million Americans expected to be jobless in the course of 2009.

"The road to recovery has begun with congressional passage of the American Recovery and Reinvestment Act, a bold first step to turn the nation's economy around and give unemployed workers the help they need to stay afloat while looking for jobs. The provisions of the bill aiding unemployed workers and those who lose their jobs to trade reflect the culmination of years of work by NELP and its allies to help workers bearing the brunt of economic downturns and dislocations. Right now, millions of America's workers are falling through the cracks of a safety net that does not reflect the modern workforce and is ill-equipped to meet the demands of this devastating recession. This legislation helps fill the gaps in the safety net and lends a critical hand to millions and millions of jobless Americans. While the recession is hardly over, this package moves us closer to the light at the end of the tunnel," said **Christine Owens, Executive Director of the National Employment Law Project.**

The ARRA will have several major impacts for unemployed workers. It will:

- **Expand & modernize the unemployment system.** Only 37% of unemployed workers currently receive unemployment benefits – the rest fall through the cracks for various reasons, including arcane eligibility rules that leave out many part-time, low-wage and women workers. The ARRA will provide up to \$7 billion to states to cover more than 500,000 workers not covered under the current system, and set aside \$500 million to help every state address the administrative demands of fielding claims from the growing number of workers applying for benefits. For more on how states and workers will benefit from UI modernization, view this [NELP fact sheet](#).
- **Extend & increase unemployment insurance benefits.** An estimated 17.9 million Americans experiencing unemployment in 2009 will receive a \$25/week increase in their UI benefits under the ARRA. The Act will also continue the temporary emergency federal benefits program, previously set to expire in March, through the end of December, enabling more than 3.1 million additional jobless Americans to receive extended benefits this year. To see state detail of the ARRA's impact on jobless benefits, view this [NELP fact sheet](#). While ARRA does not provide additional emergency benefits to workers who have already received an extension, it ensures that extended benefits go to workers who have recently been laid off and will run out of regular state benefits later in the year. The ARRA also ensures that workers exhausting EUC benefits this year will have access to an additional 13-20 weeks of extended benefits under the permanent Extended Benefits (EB) program if they live in a state that meets certain definitions of high unemployment (10 states already satisfy this requirement).

- **Suspend taxation on unemployment benefits.** The ARRA suspends taxation on the first \$2400 in unemployment benefits, an important step in helping to cement families' economic security after the income loss many unemployed workers experience.
- **Provide a COBRA subsidy to unemployed workers.** The final ARRA includes a 65% subsidy for COBRA premiums so that health care coverage will be more attainable for millions of jobless Americans. An estimated 7 million people will retain health coverage as they look for work with this COBRA subsidy. The assistance comes at a critical time: according to a [recent national survey](#) of unemployed workers, roughly one-third (32 percent) of unemployed workers lost their health insurance after becoming unemployed in this recession, and nearly half of all unemployed workers (46 percent) have already been forced to postpone medical treatment since becoming unemployed. It should be noted, however, that even this subsidy will require most workers to pay far more out of pocket for their health care than they paid when they were still working, when their employers covered most of the cost of the insurance. Regrettably, the final package dropped a provision the House had originally approved, which made Medicaid coverage available for certain unemployed workers who do not have access to or cannot afford COBRA coverage, even with the subsidy. That provision would have ensured health care coverage for far more jobless workers and their families and should be revisited in the future.
- **Waive federal interest on state loans to pay unemployment benefits.** The ARRA also helps the growing number of states that are now taking out federal loans to pay for state unemployment benefits. The bill waives the payment of the federal interest that accrues on the federal loans through December 31, 2010.
- **Reauthorize and expand the Trade Adjustment Assistance program.** This important part of the social safety net is designed to help workers who lose their jobs due to trade receive income support and job training after dislocation. But the program is so outdated and under-funded that far too few workers receive these important benefits and services. ARRA will nearly triple the funding for TAA training to \$575 million for each of the next two years; expand eligibility to service workers, workers who produce component parts of goods, and workers whose jobs are shifted to countries with which the United States does not have a Free Trade Agreement; expand training options for workers; eliminate restrictive deadlines for enrolling in TAA; provide a Health Care Tax Credit of 80%; establish a \$230 million fund to provide trade-impacted communities with strategic opportunity grants; provide states with increased administrative funding to serve TAA certified workers; and establish an Office of Trade Adjustment Assistance within the Department of Labor in order to increase outreach to trade-impacted workers and provide better accountability for effective delivery of services.

“The task now will be for state governments to enact legislation necessary to qualify for the full funding available under ARRA, and for the Department of Labor to work closely with states to put the recovery funds towards jobs that are good for workers and good for the economy alike,” continued Owens.

A previous Labor Department analysis found that unemployment benefits stimulate the economy with \$2.15 in economic growth for every dollar in benefits to workers, who spend these dollars on basics like housing and food. Reliable unemployment benefits also help stabilize the housing market, reduce the number of workers who end up in poverty, and allow workers sufficient time to find a job.

Final passage of the ARRA came just days after January's [staggering employment report](#), in which the Department of Labor announced another 500,000 workers were added to the ranks of the unemployed last month. NELP's analysis of the DOL report showed that experienced and educated workers are increasingly joining the ranks of the unemployed, and that older Americans' share of the jobless ranks is now twice as large as it was in the serious 1980's recession.

NELP FACT SHEETS:

UI Extension and Increase beneficiaries, state-by-state: <http://www.nelp.org/page/-/UI/RecoveryPlanEstimates.pdf>

UI Modernization: http://nelp.3cdn.net/be99b1d64d4a1110dc_cgm6b9tpk.pdf

“Unemployed in America” survey: <http://www.nelp.org/page/-/UI/show8860.pdf>

January 2009 DOL Employment Report analysis: <http://www.nelp.org/page/-/UI/January2009StatementJobsFINAL.pdf>

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