

# The Unemployment Insurance Modernization Act Should be Part of Any Economic Recovery Package

## Widespread Support Exists for Modernizing and Expanding Access to Unemployment Insurance to Stabilize the Economy

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A diverse set of individuals and organizations have declared their support for increasing access to unemployment benefits, including through passage of the Unemployment Insurance Modernization Act (H.R. 2233/S. 1871).

The Unemployment Insurance Modernization Act (UIMA) would provide up to \$7 billion to encourage and reward States for enacting specific reforms to improve unemployment insurance coverage among low-wage, part-time and other workers who now have trouble accessing benefits when they lose their jobs. In addition, the legislation guarantees States a total of \$500 million to improve the administration of their unemployment insurance systems, including responding to increased demand for unemployment benefits.

It has been projected that if States came into compliance with this legislation, an additional 500,000 unemployed workers would be able to collect jobless benefits. Earlier this year, incoming Office of Management and Budget (OMB) Director Peter Orszag noted that expanding access to unemployment insurance “would be relatively cost-effective” as stimulus because it would “tend to boost income among families very likely to spend most of the additional money rapidly.”

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**“Expanding UI is one of the most effective ways to combat economic turmoil...Obama also believes that the extension of UI benefits should be coupled with an expansion of UI eligibility to more workers, including many part-time and non-traditional workers who are currently left out of the program.”**

Obama for America: *Barack Obama’s Plan to Stimulate the Economy*, 2008

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Douglas W. Elmendorf and Jason Furman, The Hamilton Project

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**Modernizing unemployment insurance is “One of the most important” measures to “...directly reduce the risks that households face while having the ancillary benefit of enhancing the automatic stabilizers and thus reducing aggregate economic volatility.”**

*If, When, How: A Primer on Fiscal Stimulus, January 2008*

Center on Budget and Policy Priorities

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**“This legislation, which implements several recommendations that a blue-ribbon congressionally chartered commission on unemployment insurance made in the mid 1990s, is pending in the Senate...Enacting this legislation would give states added incentives to make some of these changes, leading to greater availability of unemployment benefits to deserving workers who lose their jobs during the recession.”**

*Recession Could Cause Large Increase in Poverty and Push Millions into Deep Poverty: Stimulus Package Should Include Policies to Ameliorate Harsh Effects of Downturn, 24 November 2008*

The New York Times

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**“As they extend jobless benefits, lawmakers can also revamp the unemployment insurance system, along the lines of the modernization bill passed last year by the House. Fully paid for by reauthorizing an uncontroversial employer surtax, the bill would enable states to provide unemployment benefits to workers who are often ineligible, like part-timers.”**

Editorial: “Lame Ducks and Recession Politics,” 9 November 2008

National Women’s Law Center

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**“The worsening economic recession is affecting all Americans, but women – who already were in a more precarious economic position than men – are especially vulnerable...Congress should take immediate steps to...expand unemployment insurance coverage to reach more jobless workers, especially women, who are denied benefits because of outdated eligibility rules that disqualify many low-wage and part-time workers and workers who have left their jobs for compelling family reasons, in addition to extending unemployment insurance benefits for additional weeks.”**

*“President Obama and Congress Should Take Immediate Legislative Action to Improve the Lives of Women and Families,” December 2008*

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Seattle Post-Intelligencer

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**“Even if Detroit gets every dollar it asks for, thousands of people will still lose work on the assembly lines, in showrooms and parts manufacturers across the country because every company will need to downsize to survive...We think that's why Congress should pass the Unemployment Insurance Modernization Act...”**

Editorial: “The economy: Now it's the jobs”, 7 December 2008

National Employment Law Project, Half in Ten & Center for American Progress Action Fund

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**“Congress and President Bush should enact the Unemployment Insurance Modernization Act—the House of Representatives has already passed the bill—but if this is not accomplished this year, then the new Congress and the incoming Obama administration should do so as soon as possible.”**

*Helping the Jobless Helps Us All: The Central Role of Unemployment Insurance in America's Economic Recovery*, November 2008

Dr. Jared Bernstein, Incoming Chief Economist and Economic Policy Advisor to the Vice-President

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**“Ways to expand eligibility, such as alternative base periods, are in the language of the UI Modernization Act...[S]ome of these eligibility expansions could be implemented under the rubric of stimulus.”**

Testimony (while at Economic Policy Institute) before the House Ways and Means Committee, 29 October 2008

Governor David A. Patterson (New York)

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**“...as Congress gets set to consider a broader economic recovery package it must take action to close the gaps in the unemployment insurance system. [The] Unemployment Insurance Modernization Act...would help close this gap by making an estimated half-million more low-wage and part-time workers eligible for unemployment benefits. It ties distribution of funds to various changes in state laws to broaden eligibility for unemployment insurance benefits...This is of critical importance to my state and many others.”**

Testimony before the Full Committee of the House Committee on Ways and Means, 29 October 2008

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Center on Law and Social Policy

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**“To ensure that low-wage, part-time, and other vulnerable workers have access to UI, Congress should immediately pass the Unemployment Insurance Modernization Act...Enacting the UIMA now will allow state legislatures to take action to draw down the funds when they reconvene.”**

*Beyond Stimulus: Shoring Up the Safety Net, Securing the American Dream*, 7 November 2008

Star Tribune (Minneapolis – St. Paul, Minnesota)

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**“Passing the Unemployment Insurance Modernization Act would help the unemployed and the economy. It should be among the first bills awaiting President Obama on Jan. 20, 2009, if it doesn't get to President Bush sooner.”**

Editorial: “Move quickly to help unemployed”, 21 November 2008

Center for American Progress

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**“...stimulus should include \$7 billion in incentive funding for states to cover at least 500,000 additional workers per year who currently fall through the cracks of the unemployment insurance program, and to support those states already doing a better job with coverage.”**

*How to Spend \$350 Billion in a First Year of Stimulus and Recovery*, 5 December 2008

Robert Reich, University of California Berkeley

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**“It’s a disgrace that most Americans who lose their jobs don’t qualify for unemployment insurance. It's also bad for the economy because unemployment insurance is less effective as a counter-cyclical device. Congress should expand coverage (condition federal UI funding of states) so a majority of American families have some security in these perilous times.”**

“Why Most Who Lose Their Jobs Don't Get Unemployment Benefits”, 9 July 2008

Michelle Singletary, Washington Post

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**“[A]ny measure that is passed should also include provisions to update the eligibility rules for unemployment insurance benefits...This has got to be an issue we all embrace because the next one fired may be you...”**

“The Unemployed Could Use a Hand, Too”, 13 November 2008

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AFL-CIO, AFSCME, Coalition on Human Needs, Economic Policy Institute, Ironworkers, International Association of Machinists, Teamsters, UAW, Leadership Conference on Civil Rights, National Employment Law Project, National Women's Law Center, SEIU, Plumbers, UNITE HERE

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**“To help states respond effectively to the recession and provide benefits to 300,000 low-wage workers who fail to qualify for the UI program in more than half the states... stimulus legislation should incorporate the incentive funding program of the Unemployment Insurance Modernization Act.”**

*Economic Stimulus and Economically Distressed Workers*, 15 January 2008

Dr. Rebecca Blank, Brookings Institution

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**“Reform the Unemployment Insurance (UI) system...Rising unemployment rates can also provide political impetus for the broader UI reforms [President-Elect Obama] proposed.”**

Memo to the President-Elect: “Decrease Poverty and Increase Opportunity”, 24 November 2008

California Labor Federation – AFL-CIO

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**“Study after study has clearly demonstrated that the stronger a state's unemployment insurance program, the greater the boost to the state's struggling economy...The UIMA, which passed the House in the current session and has strong bi-partisan support in the Senate, will go a long way to boost California's slumping economy in this special time of need. Accordingly, we urge Congress to include the UIMA as a core component of any economic recovery package that is introduced when the 111th Congress convenes in January.”**

Letter to the Honorable Speaker of the House Nancy Pelosi, 3 December 2008

Center for the Study of Working Class Life

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**“To reach the economically distressed while stimulating the entire economy the stimulus package should...[among other things] increase eligibility...for unemployment compensation...”**

*Economic Stimulus and Economically Distressed Workers*, 29 September 2008