

Unemployment Benefits Help Virginia Families, Economy



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The United States went through its longest and, by most measures, worst economic recession since the Great Depression between December 2007 and June 2009 which swelled the ranks of the unemployed to historically high numbers. Though the economy has begun to grow, it remains weak and economists predict that it will be years before the unemployment rate returns to pre-recession levels.

This policy brief explains some of the ways that the recession affected the country in general and Virginia in particular, and why Congress needs to extend the temporary unemployment insurance benefits that are currently scheduled to expire on January 3.

Since the start of the recession, the U.S. has faced unprecedented job losses. The unemployment rate in Virginia has risen to 6.4 percent—a 94 percent increase from pre-recession levels—and over 273,000 Virginia workers currently are unemployed.

The Unemployment Insurance (UI) system helps many people who have lost their jobs by temporarily replacing part of their lost wages. Eligible workers typically receive up to 26 weeks of UI benefits from the regular state-funded unemployment compensation program available in all states. But millions of jobless workers have exhausted these benefits, and more exhaust them each month as unemployed workers continue to search unsuccessfully for the few jobs that are out there in the current slow recovery.

In recessions and while unemployment remains high during initial periods of economic recoveries, the federal

government typically creates temporary, wholly federally funded programs to provide additional weeks of benefits for people who are out of work for longer periods of time.

Congress has enacted emergency UI measures in every major recession since the mid-1950s and created the most recent program, the Emergency Unemployment Compensation (EUC), in June 2008. But these benefits are scheduled to expire at the beginning of next year unless Congress acts to extend it. Though these programs have always been temporary, in every previous recession the national unemployment rate had fallen to 7.2 percent or lower before the program ended. However, the national unemployment rate today remains stubbornly high at 8.6 percent, making this no time to end this important lifeline.

15,600 unemployed workers in Virginia will be cut off from unemployment insurance this January if the federal program is not extended.

If the program is not extended, the impact on Virginia would be significant and devastating for many families. A maximum of 73 weeks of unemployment insurance benefits are currently available for unemployed workers in Virginia, but without extension of the federal emergency benefits this number will shrink to only 26 weeks. Many of the

families still struggling to find jobs rely on UI benefits to pay for housing, transportation, groceries and other necessities and would have a much harder time paying their bills without those benefits. The National Employment Law Project estimates that 15,600 unemployed workers will be cut off from unemployment insurance in Virginia this January if the federal program is not extended.

It would also mean less economic activity by unemployed workers and their families which, in turn, would hurt sales at local businesses and undermine job creation in an already weak recovery. Effective temporary support measures like emergency UI benefits can give the economic recovery a much needed boost and reduce the risk of sliding back into recession. Allowing them to expire now, while the economy is underperforming, would be like taking our foot off the gas pedal just as we're trying to restart the economic engine.

We all know that Americans would rather work than receive unemployment insurance benefits. Virginians are no exception. But until the economic recovery stabilizes and more jobs are created, Congress needs to extend emergency unemployment benefits for another year. Failing to do so will cause significant harm to our economy and to the millions of jobless workers who cannot find employment now.

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