Center for American Progress Action Fund

NELP
National Employment Law Project

Keeping a First Line of Defense for the Jobless

Swift congressional reauthorization of American Recovery and Reinvestment Act unemployment programs is critical

Heather Boushey, Maurice Emsellem, Christine Riordan, Andrew Stettner December 7, 2009

Introduction and summary

One million workers will become ineligible for unemployment benefits in January 2010 unless Congress reauthorizes the American Recovery and Reinvestment Act's unemployment insurance programs by the end of December. This report will also show that by March that number will swell to more than 3.2 million workers.

The critical benefits provided by the ARRA include up to 73 weeks of federal unemployment benefit extensions, an additional $25 per week of benefits for unemployed workers, and a subsidy covering 65 percent of the cost of COBRA premiums for unemployed workers. These benefits generate hard cash that reaches deep into communities hardest hit by the record rates of unemployment and long-term joblessness that plague today's economy. Indeed, according to economist Mark Zandi, the chief economist for Moody's Economy.com, the ARRA's unemployment insurance provisions provided the "biggest bang for the buck" of the federal stimulus program.[1]

While there are signs of an economic recovery stoked by the ARRA, the unemployment rate is still not expected to peak until the spring or summer of 2010, and it is expected to remain in double digits through all of 2010. This means jobless workers will continue to need all the federal help currently available to survive the worst labor market since the Great Depression.

Accordingly, Congress should reauthorize the unemployment insurance provisions and other protections for unemployed workers in the ARRA for at least another year, and do so before their scheduled adjournment on December 18 to prevent the painful interruption of benefits for millions of unemployed families and the crippling burden on the states that such an interruption would create.

The American Recovery and Reinvestment Act's unemployment provisions

The ARRA, which was signed into law by President Barack Obama on February 17, 2009, created a comprehensive set of unemployment benefits and programs for the nation's unemployed, lasting through the end of 2009. This historic legislation provided the broadest federal relief to unemployed families since the unemployment insurance program was established as part of the Social Security Act of 1935. It also went a long way to help modernize state unemployment programs by newly extending coverage to low-wage workers and others who have fallen through the cracks of the system.[2]

The following key provisions of the ARRA expire at the end of this year unless they are reauthorized by Congress before the December adjournment:

Emergency Unemployment Compensation Program: In July 2008, Congress created the Emergency Unemployment Compensation or EUC program, a temporary program of federally funded benefits that supplements the basic 26 weeks of state unemployment insurance. On November 6, 2009, the EUC program was expanded by Congress to provide four tiers of federal benefits, ranging from a minimum of 34 weeks for all states to a maximum of 53 weeks of assistance for workers in states with unemployment rates at or above 8.5 percent over a three-month average.[3] The new law added two additional tiers of benefits that can deliver an extra 14 to 20 weeks of EUC benefits, but the November law did *not* extend the ARRA's December deadline for the EUC program.

Full federal funding for the Extended Benefits Program: In addition to the temporary EUC program, a permanent extension program called Extended Benefits, or EB, provides another 13 to 20 weeks of benefits for jobless workers in qualifying states. Most states qualify for the program by enacting a law taking up a federal option allowing 13 weeks of EB benefits to "trigger on" when the state's unemployment rate exceeds 6.5 percent. The maximum 20 weeks of EB become available when the state's unemployment rate surpasses 8 percent.

Thus, in qualifying states, workers are entitled to up to 73 weeks of federally funded extensions—20 weeks of EB plus 53 weeks of EUC—which is more weeks of assistance than at any time in the history of the unemployment program. Normally, 50 percent of the EB program is paid for by the states. However, the ARRA made the EB program 100 percent federally funded. As a result of this federal incentive more than half of the states adopted the optional formula to trigger on the program. Unfortunately, these state laws also sunset to terminate the benefits when the ARRA's federal funding runs out in December.

Weekly $25 increase in unemployment benefits: For the first time in the history of the unemployment program the ARRA also provided a $25 boost in weekly state and federally funded unemployment benefits. State and federal unemployment benefits now average $309 a week, replacing only about one-third of the average worker's weekly wage. For workers collecting the basic 26 weeks of state unemployment benefits, the ARRA's $25 increase brings in an extra $650 in benefits, and $1,825 for workers who qualify for the maximum 73 weeks of combined EUC and EB.

Suspending the federal tax on unemployment benefits: In 1987 the federal government began to fully tax state and federal unemployment benefits as income after beginning eight years earlier to partially tax benefits for the first time since 1938. The ARRA took an important step toward recognizing the hardship imposed by the tax on unemployment benefits by suspending income tax liability for the first $2,400 in benefits—or about seven weeks of benefits on average—from the federal income tax.

COBRA subsidy for unemployed workers: The Consolidated Omnibus Budget Reconciliation Act, or COBRA, gives workers and their families who lose their health benefits the right to choose to continue group health benefits provided by their group health plan for limited periods of time under certain circumstances. The ARRA created a new nine-month subsidy funding 65 percent of an individual's COBRA benefits for workers who are "involuntarily unemployed." This built on the precedent established in 2002 in the program of benefits provided to workers who lose their jobs due to the impact of trade, known as Trade Adjustment Assistance.

While COBRA coverage lasts 18 months, the 65 percent subsidy created by the ARRA was limited to nine months. For a worker with a family health insurance plan, monthly COBRA premiums average $1,069. Thus, the worker pays an average of $374 a month with the help of the 65 percent subsidy while receiving roughly $9,000 in federal health care subsidies over the duration of the program.[4]

The ARRA is clearly helping

The ARRA's unemployment reforms responded boldly to the most severe labor market crisis in decades. These ambitious measures also advanced the fundamental goals of the unemployment insurance program established in response to the Great Depression, which were to provide the "first line of defense" against destitution caused by unemployment while also boosting the struggling economy.[5]

According to Mark Zandi, "[t]he part of the stimulus providing the biggest bang for the buck—the most economic activity per federal dollar spent—is the extension of unemployment insurance benefits."[6] The hard cash circulating in the economy by virtue of the ARRA gives a particularly significant boost to those communities hardest hit by unemployment. As Zandi has also emphasized, the ARRA's benefits are necessary to guard against a further economic decline given the still fragile economic recovery.[7] According to the Center of Budget and Policy Priorities, the ARRA alone will keep 800,000 people out of poverty just in 2009.[8]

The ARRA has also gone a long way to help alleviate economic hardship and to prevent an even greater rise in home foreclosures, which brings an attendant destabilizing effect on families and their communities. And with families of jobless workers spending more of their unemployment benefits on mortgages and rent than for any other household expense, a robust benefit program clearly reduces the number of foreclosures that would occur in the absence of such benefits.[9] This is of critical significance now that unemployment has surpassed the subprime mortgage crisis as the leading cause of home foreclosures.[10]

The struggling labor market and the fragile economy

The current recession is characterized by deep levels of prolonged unemployment that will be felt acutely across the country for years to come even with economic recovery. Although job loss began slowing in recent months, unemployment and sluggish job market recovery will continue to confront millions of working families, exacerbating economic instability at local and national levels. These expected labor market trends underscore the importance of the ARRA's unemployment insurance provisions as a necessary step in bolstering the jobless safety net and setting the country on a strong path of economic recovery.

Since the beginning of the recession in December 2007, the economy has shed 7.2 million jobs. Nationally, the unemployment rate currently stands at 10.0 percent—the highest level of unemployment in over 26 years—and the number of unemployed workers has doubled over the course of the recession to 15.4 million in October 2009.

As dismal as these numbers are, various indicators demonstrate that the unemployment situation is much bleaker for workers over the long term. The lack of available jobs has driven nearly 1 million workers to leave the labor force over the past year, and has also resulted in an additional 9.2 million underemployed workers—defined as those who wish to be working full time, but are only able to find part-time work.

When factoring in these groups—the marginally attached, including discouraged workers who have left the labor force due to lack of work opportunities, as well as the underemployed—the "real" unemployment rate is an astounding 17.3 percent. By this broader measure more than one out of every six adults in the United States is either unemployed or underemployed.

Record levels of unemployment duration and the lack of available jobs underscore both the severity of the economic recession and the dismal employment outlook for the coming year. Jobless workers have remained without work for an average of nearly 28 weeks—more than half a year—and 35.8 percent of the unemployed have been out of work even longer, marking an all-time record high of long-term unemployment. Over the course of the recession the number of long-term jobless workers—those unemployed for six months or more—has increased from 1.3 million to 5.7 million, and has grown particularly rapidly among certain groups of workers such as men, white workers, and those 25 to 45 years in age—all of whom experienced long-term unemployment increases of 225 to 235 percent over the course of the recession.[11]

Despite the fact that job losses have slowed during the latter half of 2009, the lack of available jobs is the underlying cause of record-setting prolonged unemployment, and explains why joblessness will continue to be a serious problem despite economy recovery and even an official "end" to the recession. Throughout the recession, the number of available job openings has increasingly failed to meet the demand for work among jobless workers. During September 2009, the latest month for which data is available, there were over six unemployed workers for every one job opening nationally—up from 1.7 unemployed workers per opening at the start of the recession. In certain regions of the country, the prospect of reemployment is even worse: There are currently 6.8 unemployed workers for every job opening in Midwestern states, for example, and 7.1 workers for every opening in Western states.

These trends in unemployment are cause for concern during the coming year. Recent recessions have typically featured very slow labor market recoveries. During the past two recessions, for example, unemployment peaked 15 to 19 months after the downturn officially ended. Under the best of circumstances it still takes an average of two years after a recession ends before private-sector employment returns to prerecession levels.[12] Currently, the U.S. economy must recover roughly 10 million jobs to recover the 7.2 million jobs already lost and to account for growth in the working age population since then—a clear indication that long-term unemployment cannot be expected to recover soon in light of such a severe jobs shortage.

This current recession, therefore, will produce several years, if not more, of serious labor market trouble for jobless workers and prospects for reemployment. Continued support in the form of an expanded safety net of unemployment benefits is therefore critical during 2010—not only for the millions of jobless families affected by unemployment, but also for setting the country on a stronger road to economic recovery.

Why swift reauthorization of ARRA unemployment programs is necessary

Despite the crucial 14 to 20 weeks of additional Emergency Unemployment Compensation that Congress passed in November, the looming question is what happens next year if the entire ARRA unemployment package expires with nothing in its place by the end of the year.

In short, the consequences will be devastating, not just for workers and the national economy, but also for the states struggling to absorb and process record numbers of unemployment claims.

- One million workers will be left unemployed in January without any access to additional benefits that would be available to them if the ARRA were reauthorized. By the end of the first quarter, a total of 3 million workers would be similarly affected if the ARRA were not reauthorized.

- The unemployment trust funds—which are employer funded and used to pay out benefits distributed through regular state unemployment programs—in nearly a dozen states will take a serious blow when they have to resume paying their 50 percent share of the Extended Benefits program because the ARRA's full federal funding for the program expires.

- The state agencies that process unemployment benefits, which have already been overwhelmed by the record volume of claims, will be hit hard if there is an interruption in federally funded benefits, requiring new programming and major processing delays. State administrators worry that any interruption and reprogramming will cause crashes and delays akin to those that were widely reported in the press in November 2008.

- The December ARRA deadline terminating the COBRA subsidy threatens to significantly reduce participation in COBRA coverage by the unemployed.

In January 1 million unemployed will be left without benefits

The National Employment Law Project, or NELP, estimates that in January alone over 1 million workers will lose access to federal jobless benefits (see graph 1).

This number includes nearly 466,000 workers who were laid off in July 2009 and will exhaust their 26 weeks of state benefits without qualifying for any additional federal assistance. Because the ARRA expires, they will not be able to access the next stages of unemployment assistance—the temporary EUC extension program or the permanent program of Extended Benefits.

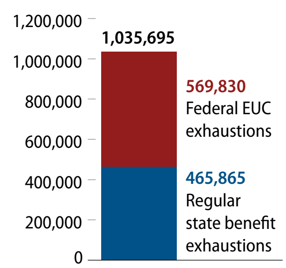
In addition nearly 570,000 workers who have already moved from state to federal benefits will not be eligible to continue receiving EUC past their current "tier" of benefits. EUC has four tiers of benefits but workers will not be able to progress to the next tier once their current one runs out in January.

From January to March 2010 over 3 million unemployed will be left without benefits

Projected out over January to March 2010, the number of workers left without any federal jobless benefits will increase to more than 3.2 million if the ARRA's program of unemployment benefits is not reauthorized (see graph 2).

Workers losing federal unemployment benefits in January 2010 due to expiration of the ARRA

Over 1 million unemployed workers will not have benefits if the ARRA provisions expire.

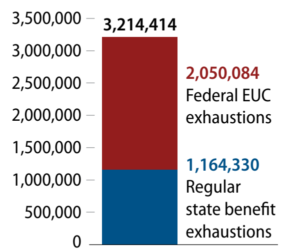


As the new state-by-state estimates indicate (see table in the appendix), that number includes nearly 1.2 million workers who will exhaust their state unemployment benefits during the first quarter of 2010, as well as another 2.1 million who will not qualify for additional weeks of EUC because they have run out of their current tier of benefits.

These estimates take into account that hundreds of thousands of workers in 28 states with especially high unemployment states will not qualify to receive their additional six weeks of benefits enacted in November (tier four of the EUC program). It also takes into account that EB benefits will no longer be available in 26 states where laws were enacted to provide EB contingent on the ARRA's continued federal funding for the entire program.[13]

Workers losing federal unemployment benefits in January-March 2010 due to ARRA expiration

Includes workers exhausting state benefits as well as those who will run out of federal EUC benefits



A dozen states will pay their full share of the EB program

When the ARRA expires in December, a dozen states will be left having to pay their full share of EB benefits during a period when most state unemployment insurance trust funds can least afford the added financial strain.[14]

These states already had laws on the books before the ARRA passed that required them to pay EB benefits when their unemployment rates exceeded 6.5 percent. They are thus required to continue paying these benefits, which are financed 50 percent by their state unemployment trust funds. During the first quarter of 2010, the state unemployment insurance trust funds will be required to absorb as much as $1.4 billion in additional obligations without the ARRA's federal funding.

State systems will be beleaguered by disruptions in benefits

State unemployment insurance agencies have been stretched to the limit by the record volume of unemployment claims, the complex multitier structure of the EUC and EB programs, and the legacy computer systems that still operate on a 1970s computer language, COBOL, in many states.[15] As a result the states have fallen far behind in their obligations under federal law to pay unemployment benefits in a timely fashion.

Before the end of December the states will be required by law to issue notices to all those collecting the federal extension letting them know that their benefits will soon end or be severely limited after the ARRA expires. The states must also reprogram their computers to implement the ARRA deadline by December 26, which is technically the last day that any new federal claims may be paid.

Therefore, if Congress fails to reauthorize the ARRA well before the end of December, the state agencies will suffer serious hardship leading to major processing delays at a time when unemployed workers cannot afford even a temporary interruption in their benefits.

The longer the delay in enacting the legislation, the greater the disruption to the states and workers struggling to access their benefits.

COBRA health care coverage could be significantly reduced

Employer surveys indicate that since the ARRA's COBRA subsidy was enacted, participation in the COBRA program has nearly doubled, although the actual take-up rate for the program—those with access who choose to enroll in the plans—still remains relatively low.[16] Large numbers of these workers started losing their COBRA coverage in November after they reached the nine-month limit on their subsidies.

Failure to reauthorize the ARRA and extend the period of the subsidy could result in nearly half of those now enrolled in the COBRA program with the subsidy becoming uninsured and exposed to even more serious financial hardship should they suffer even a minor health problem that requires medical care.

What's more, without the subsidy COBRA premiums will increase significantly, putting the cost of coverage out of reach for most unemployed families. According to Families USA, the average worker will see an increase if premiums from $389 a month with the subsidy to $1,111 without it.[17] The cost of the COBRA premium will absorb 83 percent of the average worker's unemployment check, thus making it very unlikely that most workers will continue their coverage. When workers and their families fall ill, they will have to either forego health care or access publicly funded health care, putting a further strain on state and local governments who can ill afford any more financial stress.

Congress can't delay

Leadership in both the House of Representatives and the Senate has recognized the need for swift action by Congress to reauthorize the ARRA program before the end of the year.[18] There have also been statements of support for the critical provisions of the ARRA from the White House,[19] the AFL-CIO,[20] and the National Association of State Workforce Agencies.[21]

Indeed, reauthorization of the ARRA is now more critical given the fragility of the economic recovery. According to economist Mark Zandi, "The top priority should be extending unemployment insurance benefits for workers who lose jobs through 2010…Given prospects for double-digit unemployment next year, extending the financial safety net is vital to support consumer spending and confidence. Nothing is scarier than losing a job without some means of cushioning the blow."[22]

However, in less than two weeks, on December 18, Congress is scheduled to adjourn for the rest of the year unless congressional leaders decide to extend the session. And neither the House of Representatives nor the Senate has reached even a procedural vote on this extremely time-sensitive measure. As illustrated by the six-week delay associated with the Senate vote on the November extension legislation—a measure that ultimately passed unanimously, by 98 to 0—multiple procedural votes preceded a final floor vote on the merits of the bill.

There is no time left for the House of Representatives and the Senate to delay. Legislation has been introduced in both chambers that would go a long way to reauthorize the key provisions of the ARRA, including the unemployment extensions and the COBRA subsidy.[23] These bills should be consolidated and expanded to include all the ARRA's unemployment provisions and scheduled for immediate action by Congress in order to reach the president's desk for his signature before December 26, when the extension deadlines take effect.

Workers losing federal unemployment benefits during January - March 2010 due to expiration of the ARRA

Prepared by the National Employment Law Project

State	Workers exhausting regular state benefits without any federal extension*	Workers prematurely exhausting their federal EUC benefits*	Total
Alabama	15,539	25,636	41,175
Alaska	0	0	0
Arizona	38,417	45,567	83,983
Arkansas	12,213	18,734	30,947
California	233,464	355,449	588,913
Colorado	25,308	32,738	58,046
Connecticut	0	0	0
Delaware	3,928	5,959	9,887
District of Columbia	5,794	6,556	12,351
Florida	117,324	196,940	314,264
Georgia	52,618	90,894	143,511
Hawaii	5,125	6,491	11,616
Idaho	7,563	14,620	22,183
Illinois	66,217	126,748	192,965
Indiana	39,685	79,667	119,353
Iowa	10,716	19,561	30,278
Kansas	0	0	0
Kentucky	13,252	30,626	43,878
Louisiana	13,330	12,367	25,697
Maine	4,119	7,292	11,411
Maryland	18,600	26,182	44,783
Massachusetts	40,819	61,403	102,223
Michigan	49,331	134,665	183,996
Minnesota	0	0	0
Mississippi	9,518	22,745	32,263
Missouri	19,620	33,428	53,048
Montana	2,591	5,085	7,677
Nebraska	6,732	7,248	13,980
Nevada	0	5,657	5,657
New Hampshire	0	0	0
New Jersey	0	26,794	26,794
New Mexico	0	0	0
New York	87,093	151,526	238,619
North Carolina	0	0	0
North Dakota	1,416	1,664	3,080
Ohio	40,371	105,090	145,461
Oklahoma	11,257	16,620	27,877
Oregon	0	6,716	6,716
Pennsylvania	0	23,182	23,182
Rhode Island	0	2,822	2,822
South Carolina	27,223	49,930	77,154
South Dakota	541	1,136	1,677
Tennessee	28,115	62,454	90,569
Texas	86,640	109,048	195,687
Utah	9,402	13,364	22,766
Vermont	0	0	0
Virginia	24,195	35,986	60,180
Washington	0	4,625	4,625
West Virginia	4,289	9,148	13,437
Wisconsin	29,319	53,169	82,487
Wyoming	2,645	4,552	7,197
United States	1,164,330	2,050,084	3,214,414

States with "0" workers listed in the table above have the Extended Benefits program in place, which is funded 50 percent by the states after the ARRA expires

Endnotes

1 Mark Zandi, Testimony before the Joint Economic Committee, October 29, 2009, page 3.

2 National Employment Law Project, "Federal Stimulus Funding Produces Unprecedented Wave of State Unemployment Insurance Reforms (2009).

3 Specifically, Tier I of EUC provides 20 weeks of benefits for workers in all states, followed by Tier II which offers an additional 14 weeks of benefits as provided by the November 6th law (Public Law 111-92). To qualify for the next phase of benefits (Tier III), the state's unemployment rate has to equal or exceed 6 percent (averaged over three months), which is the case for all but three states (Nebraska, North Dakota and South Dakota) as of the latest monthly unemployment figures for November. Finally, as provided by the November extension, another 6 weeks of benefits (Tier IV) are available for workers in states with unemployment rates that equal or exceed 8.5 percent. In addition, the ARRA includes a phase out provision that allows workers to continue receiving their current tier of benefits. For example, if an individual started the latest 14 week extension (Tier II) enacted in November, he or she will be able to continue collecting until the benefits run out in February.

4 Families USA, "Unemployed and Uninsured in America" (2009).

5 Murray Larson, "The Development of the Unemployment Insurance System in the United States," Vanderbilt Law Review 8 (1955)

6 Zandi Testimony, page 3.

7 "Without this extra help, laid off workers and their families would be slashing their own spending, leading to the loss of even more jobs:" Zandi Testimony, page 3.

8 Arloc Sherman, "Keeping 6 Million Americans Out of Poverty in 2009, Estimates Show" (Washington: Center on Budget and Policy Priorities, September 2009).

9 An extensive state study found that 41 percent of expenditures paid for with unemployment benefits were applied to housing costs. State of Washington, Employment Security Department, "Claimant Expenditure Survey, 2005" (2006). Another national study found that the availability of unemployment benefits reduced the chances that a worker will be forced to sell the family home by almost one-half. Jonathan Gruber, "Unemployment Insurance, Consumption Smoothing, and Private Insurance: Evidence from the PSID and CEX" Advisory Council on Unemployment Compensation Background Papers 1 (1995): 20.

10 "Driven by rising unemployment, prime fixed-rate loans to borrowers with good credit accounted for nearly 33 percent of new foreclosures last quarter. That compares with 21 percent a year ago:" Alan Zibel, "Unemployment Fuels U.S. Foreclosures," Associated Press, November 19, 2009

11 NELP analysis of Current Population Survey data, Bureau of Labor Statistics.

12 Jared Bernstein, "Economic Recovery, Job Creation and Investment in America," Testimony before the House of Representatives' Committee on Ways and Means, October 29, 2008.

13 The following states provide 13 to 20 weeks of EB dependent on the ARRA's full federal funding of the program: Alabama (20 weeks), Arizona (20 weeks), California (20 weeks), Colorado (13 weeks), Delaware (20 weeks), District of Columbia (20 weeks), Florida (20 weeks), Georgia (20 weeks), Idaho (20 weeks), Illinois (20 weeks), Indiana (20 weeks), Kentucky (20 weeks), Maine (20 weeks), Massachusetts (20 weeks), Michigan (20 weeks), Missouri (20 weeks), Nevada (20 weeks), Ohio (20 weeks), New York (20 weeks), Pennsylvania (20 weeks), South Carolina (20 weeks), Tennessee (20 weeks), Texas (20 weeks), Virginia (13 weeks), West Virginia (20 weeks), and Wisconsin (20 weeks).

14 These states include: Alaska, Connecticut, Kansas, Minnesota, New Hampshire, New Jersey, New Mexico, North Carolina, Oregon, Rhode Island, Vermont and Washington.

15 Jenny Munro "Antique Software Blocks Aid to Jobless," *Greenville News*, November 29, 2009.

16 While official federal data are not published on the COBRA subsidy participation rate, two employer surveys indicate that the rate of participation in the COBRA program nearly doubled since the program took effect in February 2009. Specifically, a Hewitt study of 200 large U.S. companies employing 8 million workers found that COBRA enrollment rates averaged 38 percent, up from 19 percent before the COBRA subsidy took effect. Hewitt, "Hewitt Analysis Shows Average COBRA Enrollments Doubled Since Subsidy Became Available in February 2009," Press Release, August 18, 2009; Another survey of 50,000 companies employing just over seven million workers found a 40 percent increase in enrollment, covering just 18 percent of COBRA eligible workers, up from 12 percent before the ARRA's subsidy took effect. Ceridian, "Ceridian: Subsidy's Complexities May Have Limited COBRA Enrollment," Press Release, October 16, 2009.

17 Families USA, "Expiration of COBRA Subsidy: Millions of Unemployed Workers and Their Dependents Are at Risk; Many Will Lost their Subsidy as of December 1, 2009" (2009).

18 Mike Lillis, "Reid Acknowledges Need to Extend Jobless Benefits Program," *The Washington Independent,* November 10, 2009, available at http://washingtonindependent.com/67292/reid-acknowledges-need-to-extend-jobless-benefits-program); "Unemployment Insurance Extension Considered as Part of Jobs Bill," http://www.gather.com/viewArticle.action?articleId=281474977906858); "As this report clearly indicates, middle-income families are hurting and their is a pressing need to extend COBRA before the year of the year," House Speaker Nancy Pelosi. Families USA, "Laid Off Workers Will Lose Health Care Coverage Today as Federal Cobra Subsidies Expire," Press Release, December 1, 2009.

19 According to Larry Summers, National Economic Council Director, "We certainly need to continue to support people who are in need, whether it's unemployment insurance, or a COBRA program that for the first time provides that people who are laid off get supported in being able to maintain their health insurance." "Administration eyes ways to help laid-off workers," *Associated Press*, October 4, 2009.

20 "America Needs Jobs Now Five-Point Platform," available at http://www.aflcio.org/issues/jobseconomy/jobs/americaneedsjobsnow.cfm.

21 "Extend and Modify the American Recovery and Reinvestment Act Provisions for Unemployment Compensation," available at http://www.workforceatm.org/sections/pdf/2009/Resolution1.pdf.

22 Zandi Testimony, page 11.

23 Last week, in the House of Representatives, Congressman Jim McDermott (D-WA), the chair of the Ways and Means Subcommittee with jurisdiction over the unemployment insurance program, introduced legislation (H.R. 4183) to extend the EUC program until March 2011, along with the EB program federal-sharing provision and the $25 weekly increase in state and federal business.

In addition, the McDermott bill provides for a new proposal to help fund states that have adopted "work sharing" programs. Separate legislation, H.R. 3930 introduced by Congressman Joe Sestak (D-PA) would reauthorize and expand the COBRA subsidy, although no House bill has yet been introduced to reauthorize the suspension of the federal tax on the first $2,400 unemployment benefits.

On the Senate side, Senator Jack Reed (D-RI) introduced legislation (S. 2831) that expands on Congressman McDermott's measure by also continuing the provision suspending the federal income tax on the first $2,400 in unemployment benefits, while also making certain technical fixes to the extension program.

And Senators Sherrod Brown (D-OH) and Bob Casey (D-PA) have introduced legislation (S. 2730) which reauthorizes the COBRA subsidy and expands the program (increasing the subsidy by another six months to 15 months, and increasing the premium to 75 percent from 65 percent).