

# Voter Guide 2014: Unemployment Insurance

*National Priorities Project examines issues related to the federal budget in time for the 2014 election.*

## What is Unemployment Insurance?

Unemployment insurance (UI) is a joint federal and state social insurance program that employers pay into on behalf of their employees. The rate paid into the program varies by state. If eligible workers lose their jobs through no fault of their own, they can receive temporary income if they are ready, willing, and able to work. A similar federal-state program, Extended Benefits, provides additional weeks of income to unemployed workers in states where unemployment is particularly high.

Emergency unemployment compensation (EUC) was a temporary federally funded program that provided benefits to workers who exhausted regular state benefits and who were long-term unemployed. EUC benefits put in place during the Great Recession expired at the end of December 2013, leaving millions of long-term unemployed workers without help making ends meet while continuing to look for a job. Recent debate among lawmakers has centered on reviving EUC to deal with lingering long-term unemployment.

## Importance of Unemployment Insurance Benefits

- Although the Great Recession officially ended five years ago, the lethargic recovery has resulted in historic long-term unemployment and slow job growth.
- The national unemployment rate in July 2014 was 6.2 percent, 1.2 percentage points higher than the rate at the start of the recession.<sup>1</sup> Unemployment rates range from 2.8 percent in North Dakota to 8.0 percent in Mississippi, and more than 20 percent in the hardest-hit metropolitan areas.<sup>2</sup>
- Factoring in workers who work part time because they can't find full time work, or those who want to work but have given up looking, the unemployment rate was 12.2 percent in July 2014.<sup>3</sup>
- Regular UI benefits vary by state, but typically replace about 40 percent of a worker's pre-unemployment wages and last up to 26 weeks.<sup>4</sup> The national average benefit is \$320 per week.<sup>5</sup>
- UI benefits usually make up a significant portion of unemployed workers' household incomes, and are spent on essential items such as food, shelter, and clothing. Evidence suggests that UI benefits provide one of the greatest returns on investment among policies

### What Americans Say

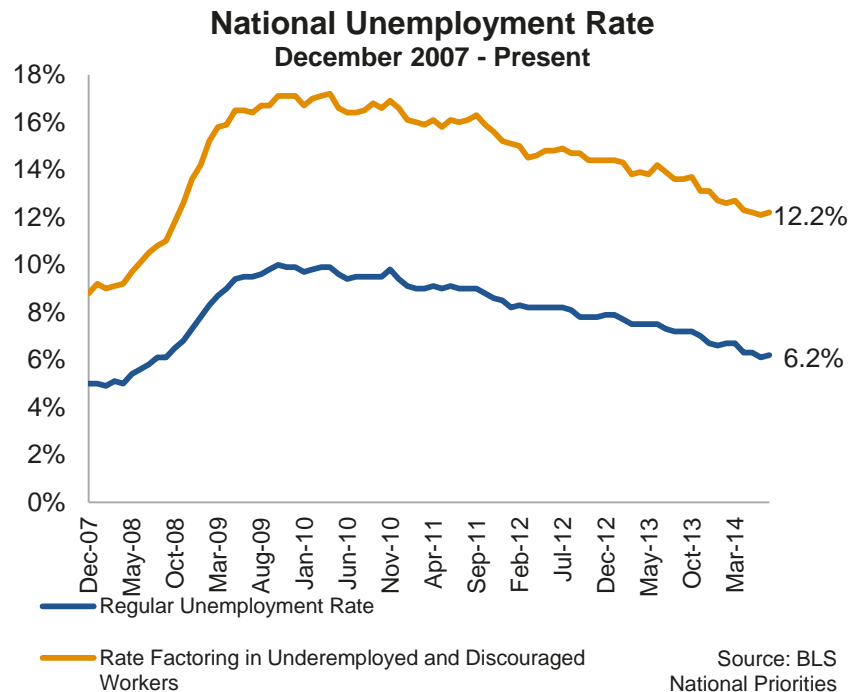
*"I would not have been able to... make it without having unemployment insurance in between [jobs].*

*-Robert, Northampton,*

designed to boost economic activity. For each \$1 spent on UI, nearly \$2 is put back into the local economy.<sup>6</sup>

### Recent News

- Nearly 1 in 3 unemployed workers have been out of work for six months or more,<sup>7</sup> which is one of the requirements for federal EUC benefits.
- Since EUC benefits expired in January, Congressional lawmakers have considered several versions of a bill that would reinstate benefits for five months, costing roughly \$10 billion. None has passed.



### Public Opinion

Polling indicates that Americans think the economy should be a top priority for the president and Congress this year.<sup>8</sup> Fifty-five percent of Americans support extending emergency unemployment benefits for the long-term unemployed.<sup>9</sup>

### What to Ask Your Congressional Candidates

- Do you support renewing unemployment benefits (EUC) to support long-term unemployed workers? If so, do you support retroactively paying benefits to people who have gone without benefits since January 2014, when funds were cut off?
- What proposals do you support to get unemployed workers, including long-term unemployed workers, back to work?

**More on Unemployment and other Social Insurance:** [bit.ly/NPPsocialinsurance](http://bit.ly/NPPsocialinsurance)

<sup>1</sup> Department of Labor, Bureau of Labor Statistics, [Employment Situation Summary](#), July 2014.  
<sup>2</sup> Department of Labor, Bureau of Labor Statistics, [Local Area Unemployment Statistics](#), July 2014.  
<sup>3</sup> Department of Labor, Bureau of Labor Statistics, [Employment Situation Summary](#), July 2014.  
<sup>4</sup> Department of Labor, Employment and Training Administration, [Unemployment Insurance Replacement Rates](#).  
<sup>5</sup> Department of Labor, Employment and Training Administration, [Unemployment Insurance Data Summary](#).  
<sup>6</sup> Congressional Budget Office, [Policies for Increasing Economic Growth and Employment in 2012 and 2013](#), November 2011.  
<sup>7</sup> Department of Labor, Bureau of Labor Statistics, [Employment Situation Summary](#), July 2014.  
<sup>8</sup> Gallup [Poll](#), Conducted Jan. 5-8, 2014.  
<sup>9</sup> NELP/Hart Research Associate [Poll](#), Conducted Dec 18-22, 2013