

November 24, 2010



Louisiana Budget Project

PROVIDING INDEPENDENT,
NONPARTISAN research and analysis
of Louisiana fiscal issues and their
impact on low and moderate
income residents.

The Honorable Mary Landrieu
United States Senate

Dear Sen. Landrieu:

On behalf of the Louisiana Budget Project, I am writing to encourage you to support a long-term extension of emergency federal unemployment insurance benefits and to sign onto Sen. Robert P. Casey, Jr.'s letter promoting this extension.

The United States went through its longest, and by most measures worst economic recession since the Great Depression between December 2007 and June of 2009. Though the economy has begun to grow, economists predict that unemployment will remain unacceptably high through the end of next year. This factsheet explains some of the ways that the recession affected the country in general and Louisiana in particular, and why Congress needs to continue for a full year the temporary unemployment insurance program that is currently scheduled to expire on November 30.

During the recession and the early stages of recovery, the country has faced unprecedented job losses. There are currently 26,100 fewer jobs in Louisiana than there were when the recession began in December 2007, leaving 171,000 of our neighbors unemployed. The unemployment rate in Louisiana has risen to 8.1 percent (4.3 points higher than it was before the recession).

The Unemployment Insurance (UI) system helps many people who have lost their jobs by temporarily replacing part of their wages while searching for new jobs. Unemployment insurance is a bedrock middle class program to tide families over during hard times when a worker loses his or her job. 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.

During recessions and while unemployment remains high during recoveries, the federal government has historically created temporary, wholly federally funded programs providing further weeks of benefits for people who are out of work for longer periods of time. Congress created the most recent such program, Emergency Unemployment Compensation (EUC), in June 2008. These benefits are scheduled to expire on November 30. Congress has enacted emergency UI measures in every major recession since mid-1950s and these measures have always been temporary. But in every previous recession the national unemployment rate had come down to 7.2 percent or lower when the program ended. Today it is 9.6 percent and threatening to drift higher.

If the federal emergency benefits are not continued, only 26 weeks of benefits will be available in Louisiana—that means that the 4,700 workers exhausting their regular state benefits each month in Louisiana will not have access to *any* federal unemployment benefits and many of those currently receiving federal benefits will be cut off immediately or in the coming weeks. The National Employment Law Project estimates that in December alone 10,800 workers in Louisiana will be prematurely cut

STAFF

Edward Ashworth
Director
edwardashworth@lano.org

Teaway Zehyoue Collins
Analyst
teaway@lano.org

Tim Mathis
Analyst
timmathis@lano.org

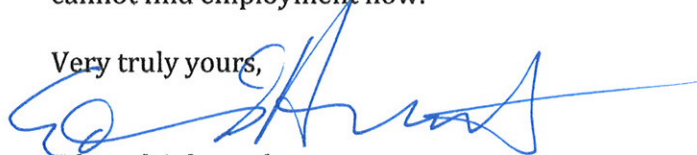
8281 Goodwood Blvd, Ste A
Baton Rouge, LA 70806
PO Box 66558
Baton Rouge, LA 70896
225-929-5266
225-925-2711 [fax]

off from federal benefits. 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 latest data show that unemployment insurance — which expanded substantially last year in response to the increased need — kept 3.3 million people nationwide out of poverty in 2009. Allowing these emergency UI measures to lapse would result in more hardship among the unemployed and their families in Louisiana, including more people falling into poverty. It would also mean less spending by unemployed workers and their families, which would hurt sales at local businesses and undermine job creation in an already weak recovery. Effective temporary stimulus measures like emergency UI benefits can give the economic recovery a much needed boost and reduce the risk of sliding back into recession.

Americans would rather work than receive unemployment insurance benefits. But until the economic recovery stabilizes, and more jobs are created, Congress needs to continue the emergency unemployment program for another year. Allowing the program to expire would be a harsh blow to an already weak recovery and to the millions of jobless workers who cannot find employment now.

Very truly yours,



Edward Ashworth
Director