

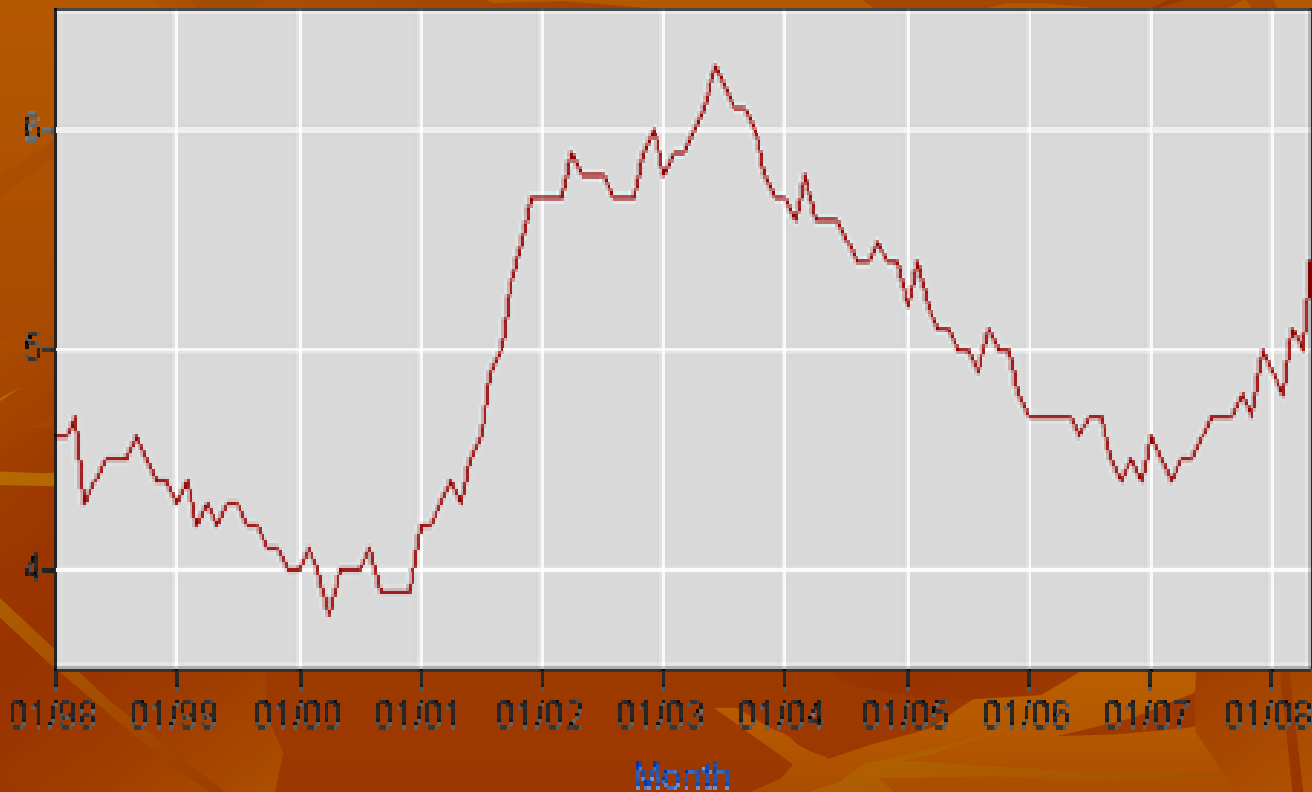
# *Working for Change Forum*

## **Would it Hurt to Provide a Little Help? The case for extending Unemployment Insurance Benefits**

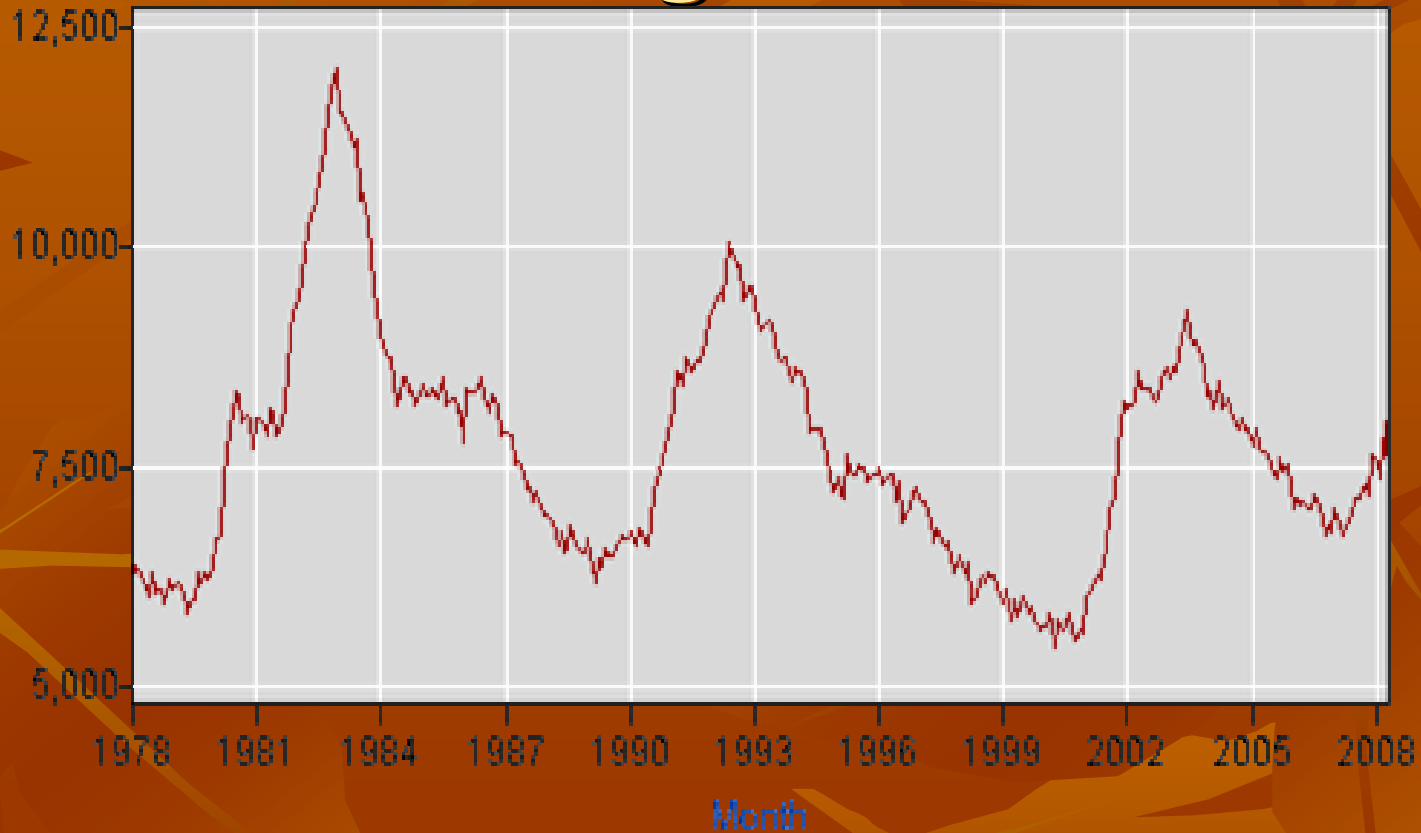
Presentation by Dr. Edward Montgomery for Community  
Service Society of New York

June 20, 2008

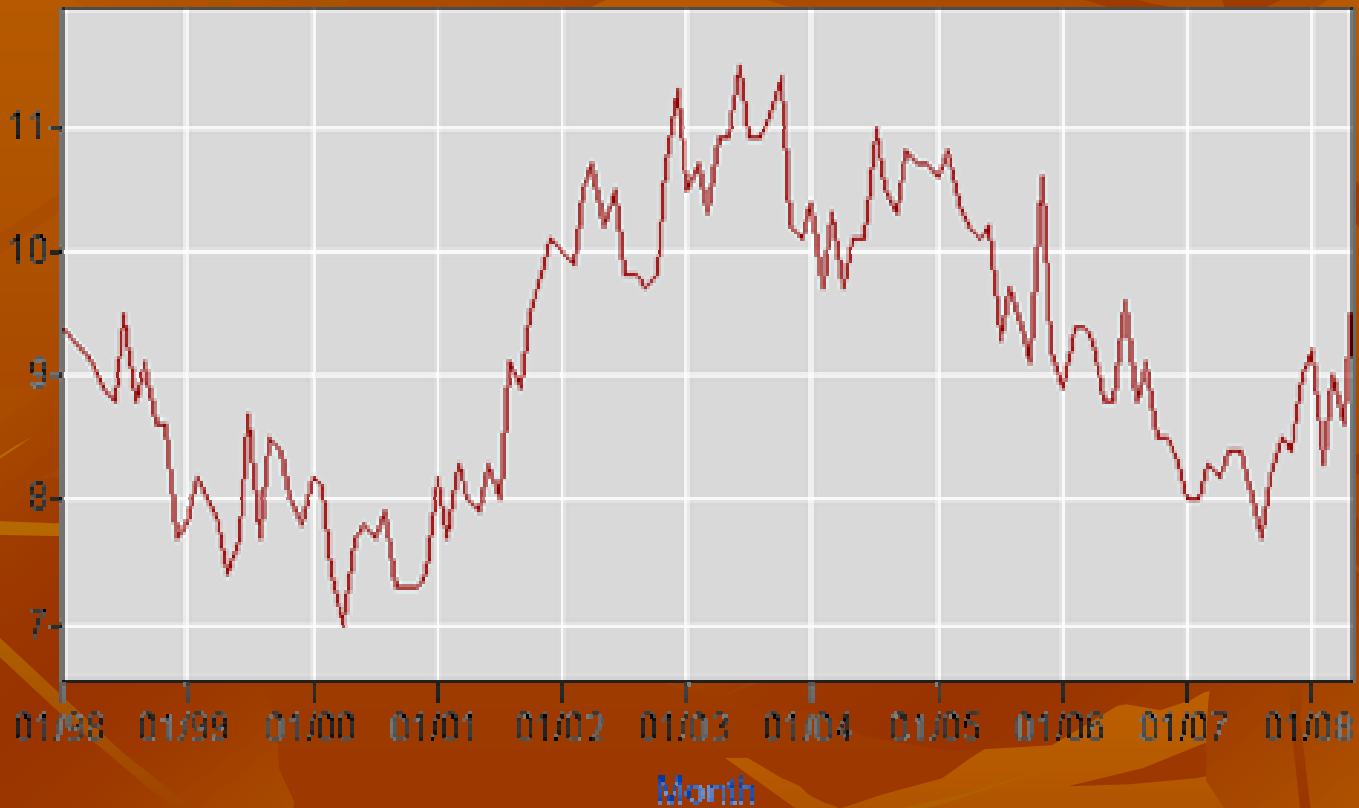
# The national unemployment rate is at its highest level since 2004



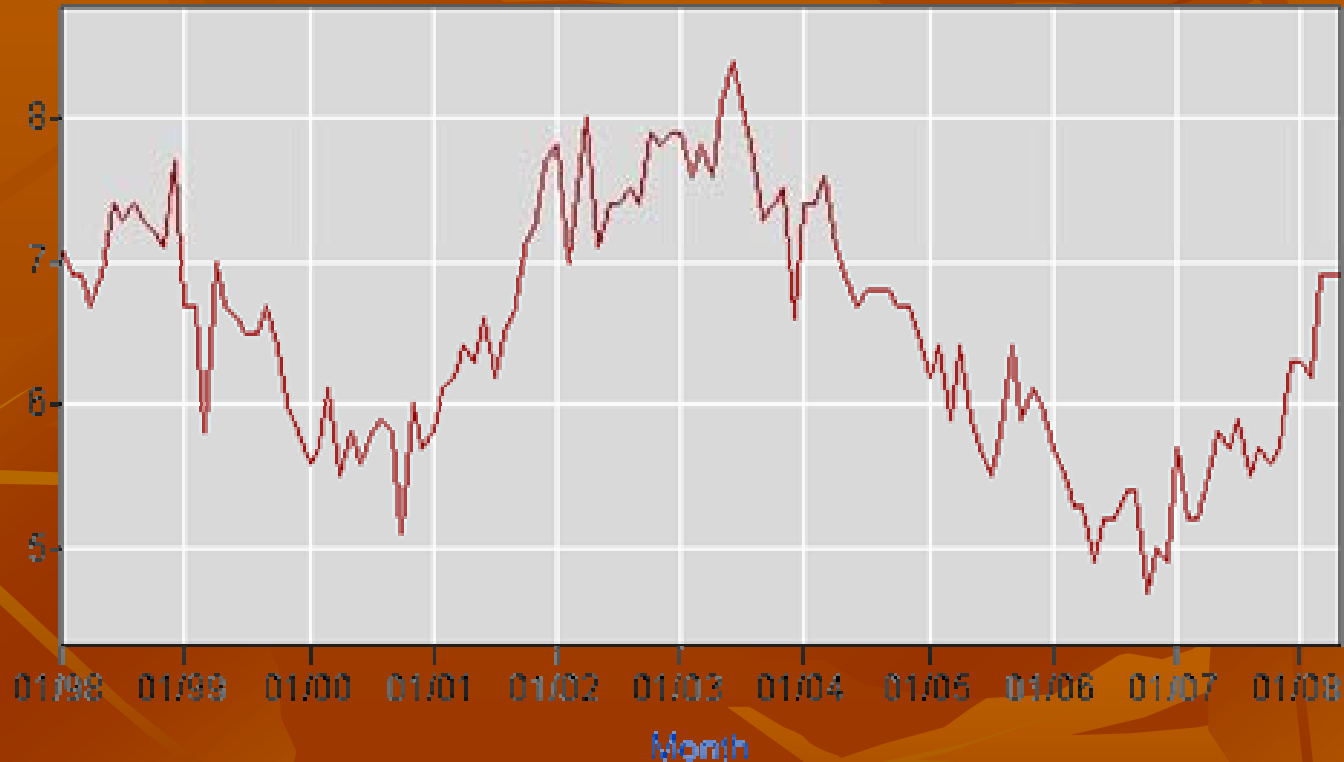
**There are 1.6 million more people  
are unemployed today than a year  
ago**



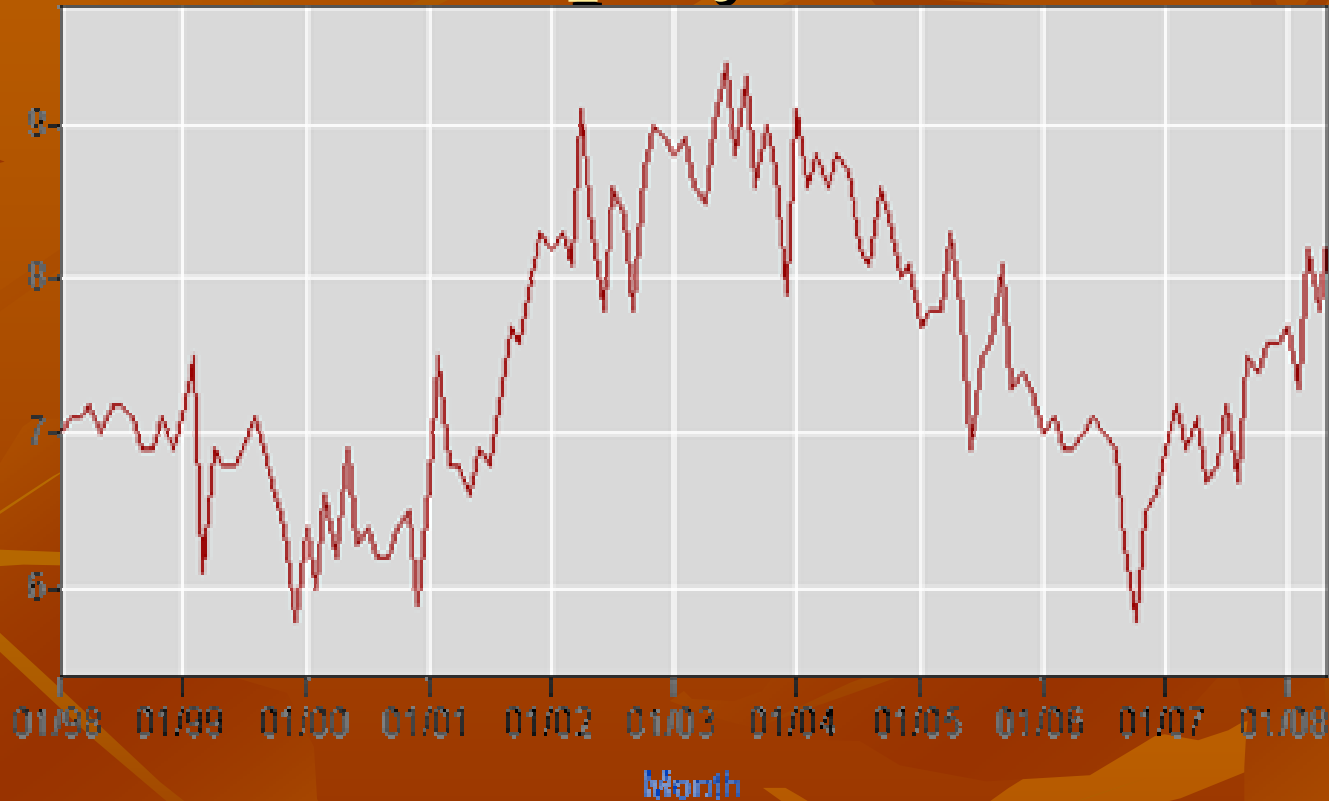
# The unemployment rate among African American nears 10 percent



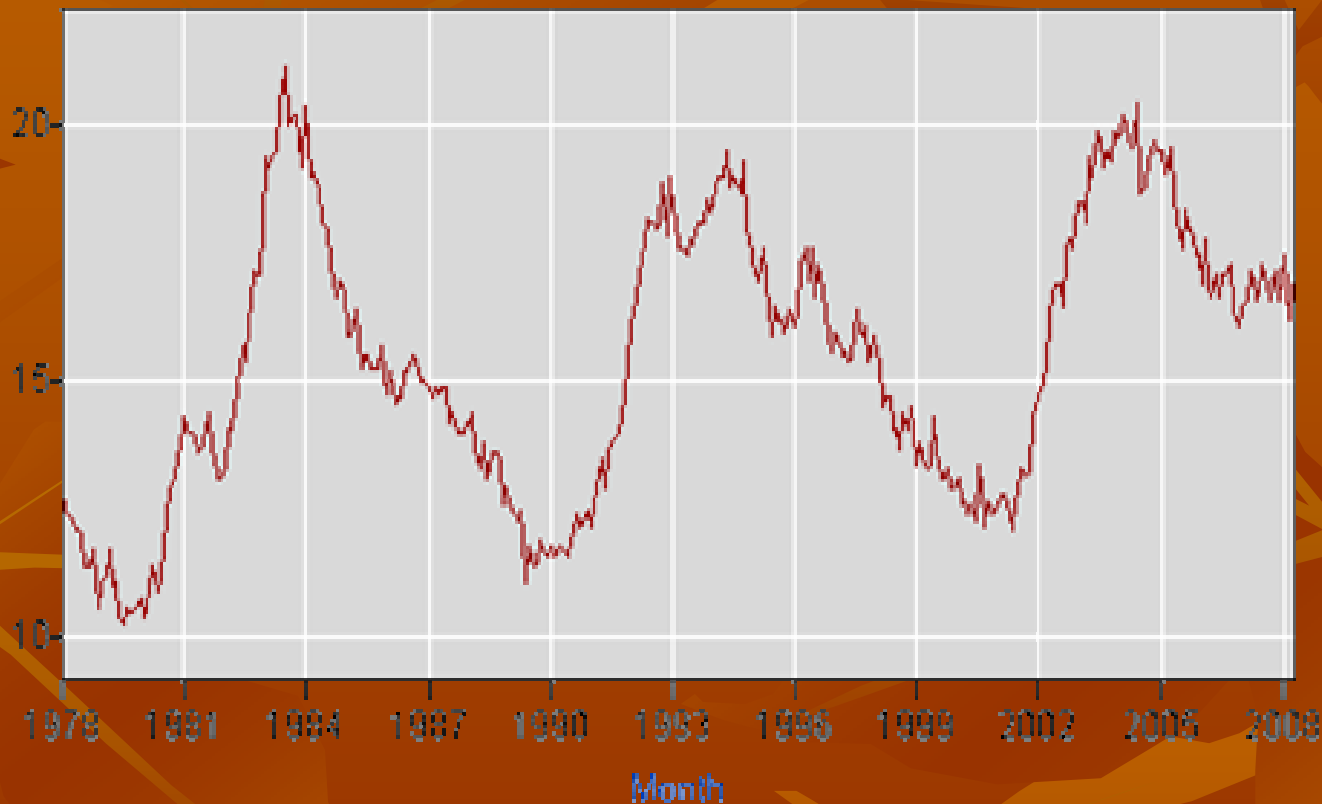
# The Hispanic unemployment rate is up 40 percent in last two years



# Those without a high school degree are suffering the greatest increase in unemployment

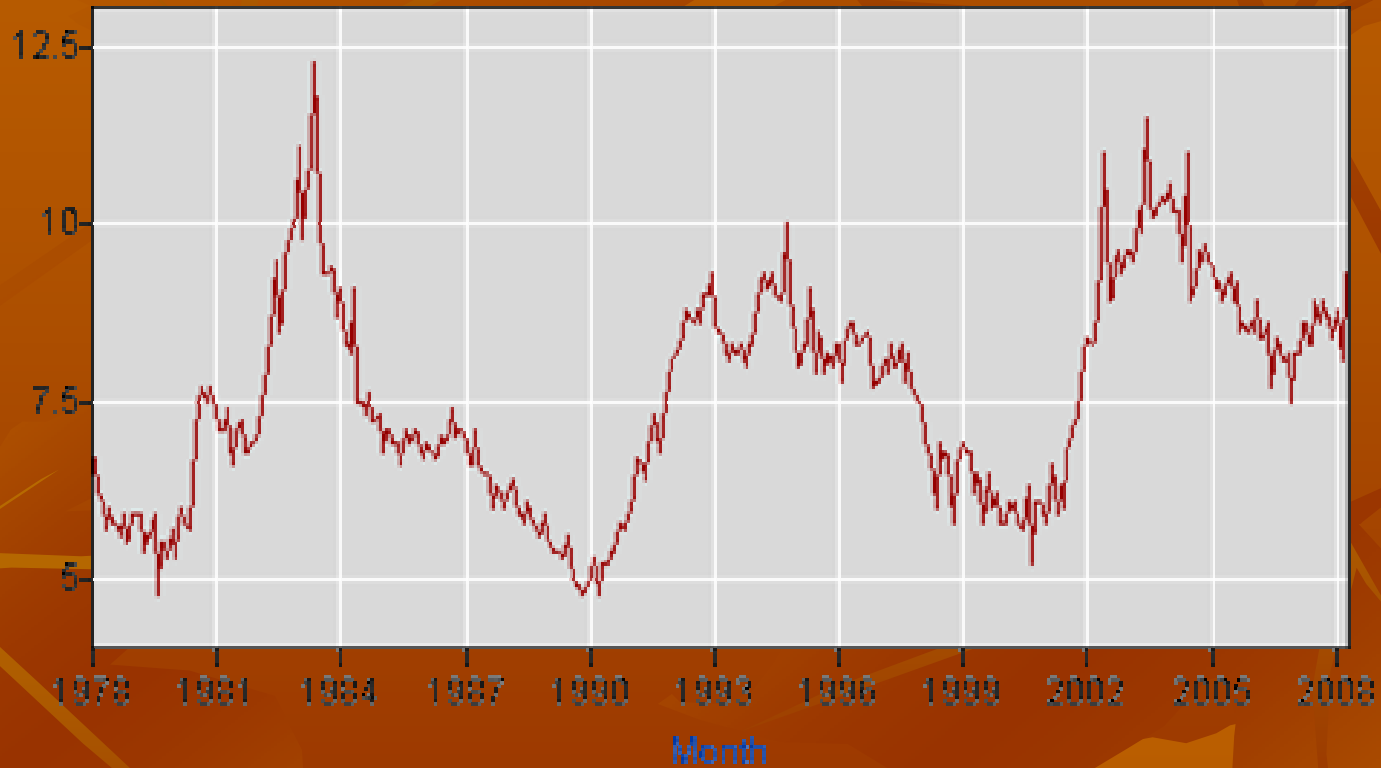


# The average duration of unemployment is unusually high



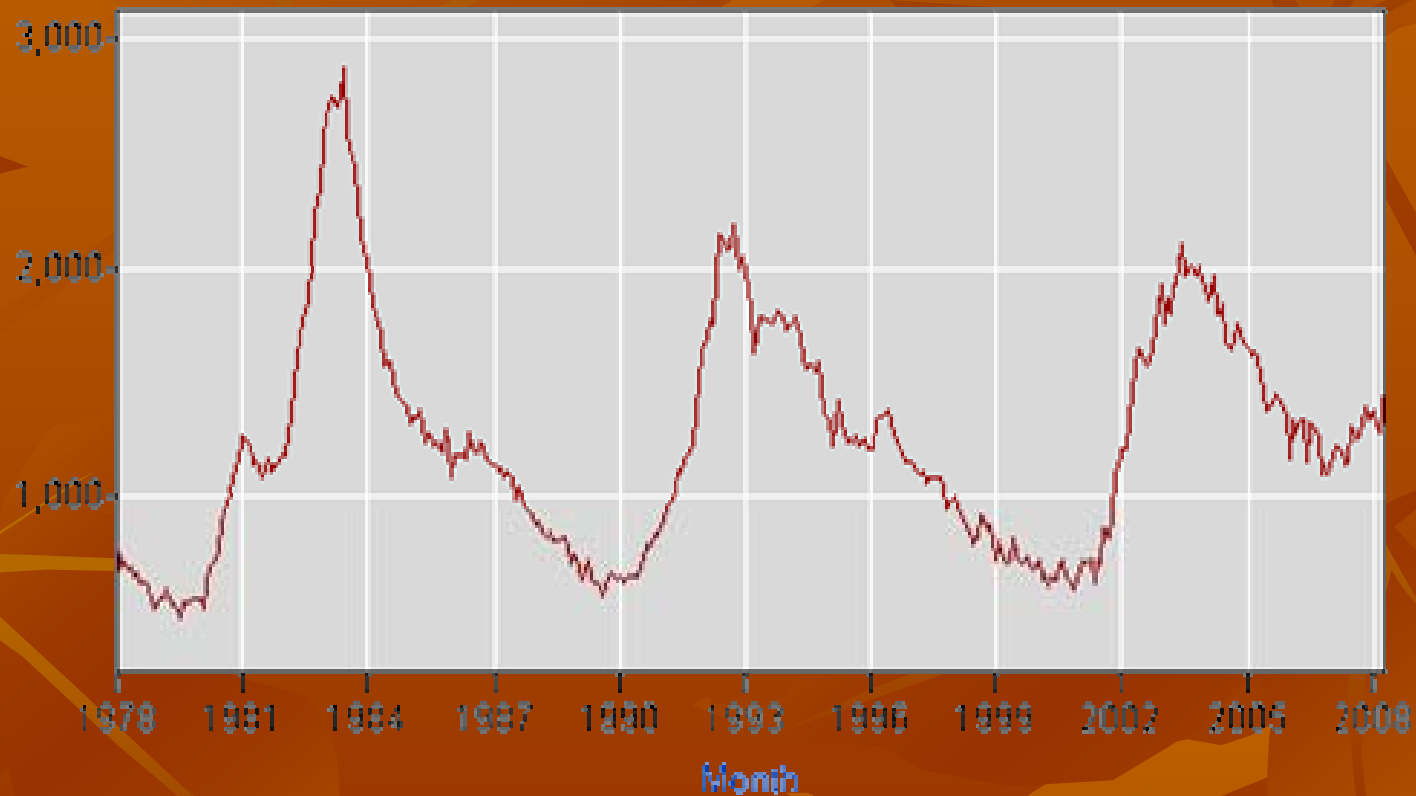
■ Average Weeks Unemployed

# More than half of the unemployed have been out of work for 2 months



■ Median weeks unemployed

# Over 1.5 million workers have been unemployed for over 6 months

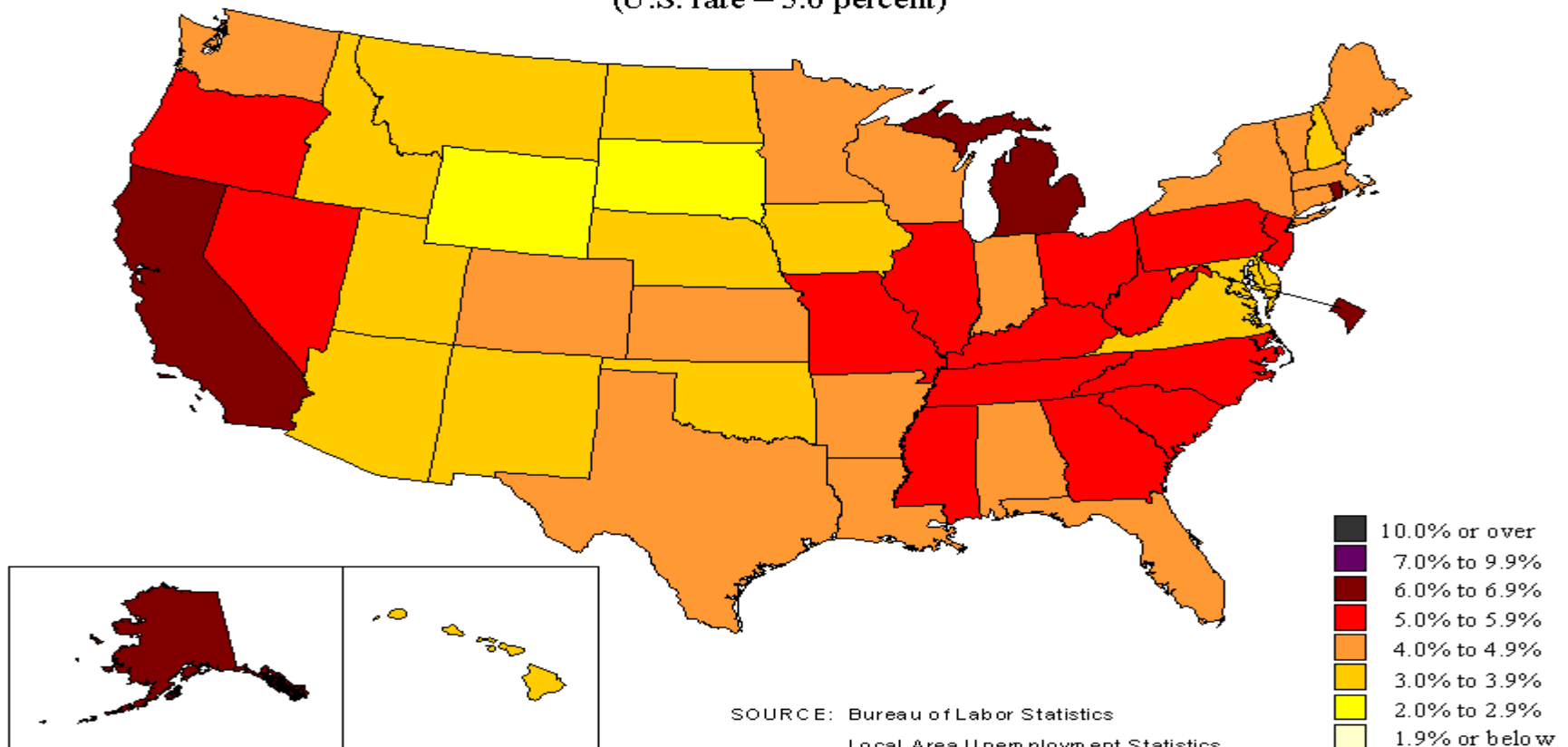


The number unemployed for 27 or more week

# Unemployment is highest in MI, Alaska, CA, DC, RI

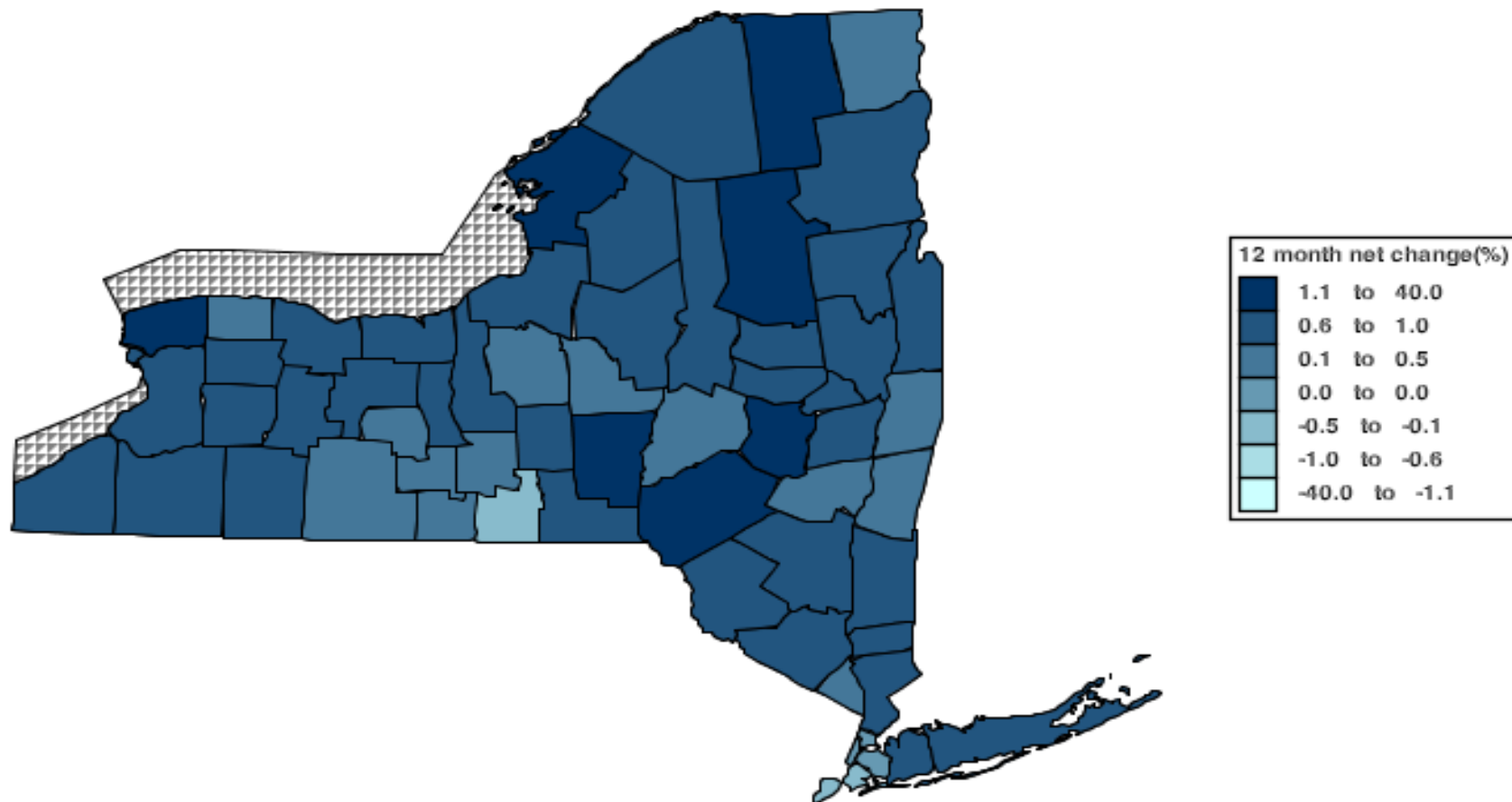
**Unemployment rates by state,  
seasonally adjusted, April 2008**

(U.S. rate = 5.0 percent)



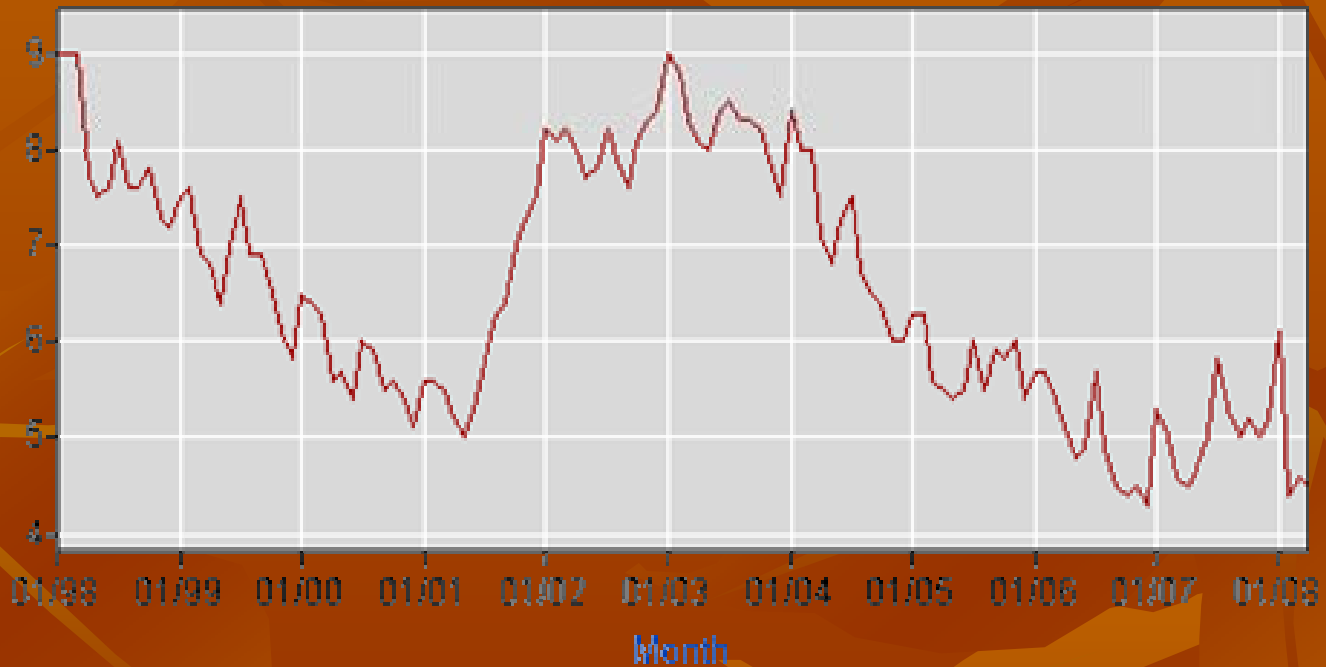
# Most New York counties have experienced significant increases in unemployment

12-month change in unemployment rates by county, not seasonally adjusted, New York April 2008



# Unemployment remains low in New York City

unemployment rate



# CBO rated extending UI benefits as one of the most effective economic stimulus

- **Targeted**—benefits go to those who will spend them. During 2001-2 studies found that the average family income of extended benefit recipients had dropped by 50 percent and 1/3 of the recipients lived in poverty.
- **Timely**- once enacted the money gets in peoples hands quickly and every dollar of benefits adds 1.64 of economic growth (see Moody's Economy.com)
- **Temporary**- while 13 weeks of extra benefits might cost about \$1 billionspending last only as long as unemployment remains high

# Why do we need Federal Action

- State extended benefit triggers typically require unemployment rates over total 7 percent.
- State balanced budget requirements make them unlikely to expand benefits without federal help.
- Federally funded extensions have occurred in 1958, 1961, 1972, 1975, 1982, 1991, and 2002.

# What Critics will say

- The unemployment rate is low by historical standards
- Extending benefits encourages people not to search for jobs or to accept less desirable ones.
- The Federal deficit is already too big

# Cost of continued inaction

- In May almost 37 percent of beneficiaries (254,000 people) exhausted their benefits. On an annual basis this means more than 3 million people will exhaust their benefits this year.
- Gas prices are up 36 percent in last year and 85 percent since February 2007.
- 248,00 jobs lost since January with the biggest one month increase in the unemployment rate in 28 years.
- Foreclosures have risen 29 consecutive months and are up 48 percent since May 2007.
- Consumer Confidence Index hit a 16 year low in May.
- 58 metropolitan areas have unemployment rates above 6 percent and 27 have unemployment rates above 7 percent.