



3.3 Million People Kept Out of Poverty with Unemployment Benefits in 2009

Recovery Act's expansion of benefits dramatically increased unemployment insurance's role in poverty alleviation from 2008

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Report underscores critical need for Congressional support for unemployment benefits and job creation

The U.S. Census Bureau announced yesterday that during 2009, 3.3 million people, including 1 million children, were kept out of poverty with income support provided through unemployment insurance (UI). That's 3.67 times the number of people whose incomes were kept above poverty levels during 2008, when unemployment benefits resulted in keeping 900,000 out of poverty. Moreover the protection from poverty provided by UI program in 2009 covered 2.8 million more Americans than it did in 2007 when the recession began.

Overall, the number of those living in poverty increased in 2009; over 43.6 million were categorized as living in poverty, up by 3.7 million since 2008. This marks the third consecutive annual increase. With the exception of the recession of the early 1980s, the current recession has resulted in larger increase in the poverty rate than any other recession since the late 1950s, when the data was first recorded.

Unemployment insurance, however, has played a critical role in keeping millions afloat during the most severe downturn in decades, during which working families experienced cuts in US jobs that numbered over half a million per month at their peak in early 2009. According to an analysis from the Center on Budget and Policy Priorities, unemployment insurance has provided greater protection during this recession than in the prior two recessions of 2001 and the early 1990s when the program's protection never exceeded one million people.

The increased efficacy of the UI program to keep working families out of poverty is due in large part to concrete measures that both expanded the program's scope of coverage as well as provided for additional monetary supplements to jobless families. The American Reinvestment and Recovery Act, passed in February 2009, put forth a set of comprehensive measures that achieved both of these goals.

Most significantly, the Recovery Act included continued funding for federal UI extensions that currently allow up to 73 weeks of additional benefits. During 2009, these extensions provided nearly \$51 billion in income assistance to recipients.

The Recovery Act also allocated \$7 billion in incentive funding for states to modernize their UI programs by expanding eligibility rules to include workers who have the hardest time collecting benefits, including, low-wage workers, women, part-time workers, and the long-term unemployed. To date, 39 states have accessed such funding, qualifying for \$4.3 billion that can be used to pay for expanded benefits.

Also contributing to the UI program's role in alleviating poverty were increased income and insurance supplements for jobless workers. All UI recipients, for example, received a \$25 weekly supplement in their benefit checks, resulting in \$9.5 billion in income support during 2009. A subsidy covering 65 percent of COBRA premium payments for jobless workers also funneled nearly \$2.1 billion in assistance. Both of these measures were discontinued by Congress in June 2010, but clearly helped keep families afloat and out of poverty while they were in effect in 2009.

Given the important role of unemployment benefits in keeping working families out of poverty during the recession, it's crucial that Congress keep the Recovery Act's remaining measures in place. The current federal extensions are set to expire on November 30, 2010, ending income support for millions unless they are reauthorized. If we allow these programs to expire, millions will be subjected to preventable poverty—hardships that will have immediate and lasting impacts for families and children. Yesterday's bleak release, showing a rise in poverty over the course of the past year, is yet another piece of evidence pointing to the need for Congress to take action on expanded unemployment benefits as well as focused measures to create and grow jobs.