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TIME'S UP FOR THE UNEMPLOYED

Congress should use the unemployment insurance trust funds for their intended purpose

by Ross Eisenbrey and Jeffrey Wenger

When Congress reconvenes on January 7, its first order of business will likely be relief for the 8 million workers who are officially unemployed. But not all unemployment insurance (UI) extensions are created equal. Prior to December 28, a program of Temporary Emergency Unemployment Compensation (TEUC) provided 13 weeks of benefits to workers who exhausted their regular state-level benefits (which last up to 26 weeks). Additionally, states with an especially high percentage of the unemployed receiving UI benefits—Alaska, Oregon, and Washington—were granted an extra 13 weeks of benefits.

The current debate in Congress may center on the cost of providing these benefits. It shouldn't. Money from a separate tax is used to fund benefit extensions. This money is held in trust to pay for extended benefits during periods of high unemployment, and, *by law, these monies can be used for no other purpose*. Currently there is $12.1 billion in the extended benefit account. In March 2002, at the beginning of the TEUC program, there was $18.8 billion in the account. During the nine months of 2002 that the TEUC program was in effect, the fund drew down $6.7 billion. The extended benefits fund still has enough money in it to allow emergency benefits (under the provisions of the original 13-week program) to continue for another 16 months without solvency problems.

Unfortunately, prior to going on vacation, Congress failed to extend the TEUC program. As a result, on December 28, the program abruptly ended, and all workers who were receiving these extended benefits saw their last checks. This instant termination was enforced regardless of how many weeks of extended benefits an unemployed worker had received up to that point.

Competing House and Senate bills were proposed at the end of 2002, but neither passed both houses of Congress. The House of Representatives passed a bill sponsored by Rep. William Thomas (R-Calif.) that would have allowed those cut off from benefits on December 28 to receive at least their full 13-week extension under

TEUC. It would have also allowed those who previously worked in the particularly hard-hit states of Alaska, Oregon, and Washington to continue to receive the 13 weeks of additional benefits once they exhausted their regular state benefits.

The Thomas bill, though helpful to the workers who were already receiving extended benefits, was not an actual extension of the TEUC program, and so the vast majority of unemployed workers in danger of exhausting their state-level benefits would receive no extension. Each month, more than 350,000 additional workers exhaust their state benefits, and almost none of them would get an extension under the Thomas bill. In the end, Rep. Thomas' bill gives the false impression of extending the TEUC program, when in reality it wouldn't provide so much as a dollar more to most of the long-term jobless.

The Senate, however, passed a bill sponsored by Sens. Hillary Clinton (D-N.Y.) and Don Nickles (R-Okla.) that would have continued to provide 13 weeks of extended benefits to the unemployed who exhaust their regular unemployment insurance benefits. Additionally for those who exhaust this first tier of extended benefits, a second tier of 13 weeks would be available in high unemployment states. Over the first three months of 2003, 2.1million jobless workers would have received about $5 billion from this Senate-passed bill.

The differences between the two bills are clear—the House bill provides scant benefits for only a few of the unemployed, while the Senate bill would extend the current legislation and add 13 mores weeks of benefits. With unemployment expected to remain near 6.0% for most of 2003, the TEUC program should be extended for 12 months, and additional weeks of benefits should be provided to all states whose unemployment rate exceeds 6.0%. The funds have already been set aside for this very purpose, and they need to be used now, when unemployed workers need them most.