

# **Unemployment Insurance: An Important Economic Stabilizer**

January 21, 2010

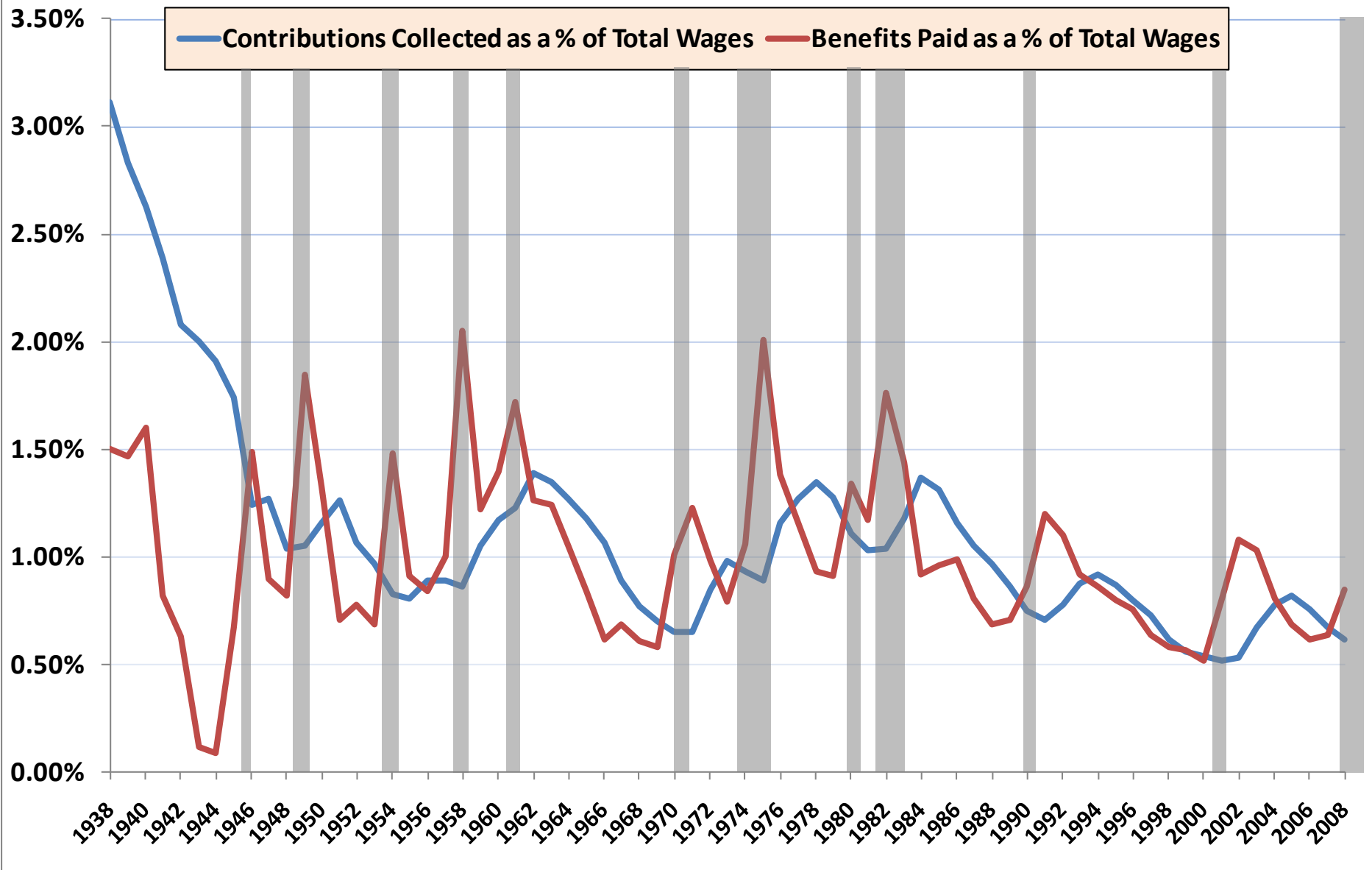
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# State Unemployment Insurance (UI) Contributions Collected and Benefits Paid as a Percent of Total Wages (Recessionary Years Highlighted) : 1938 - 2008

Source: USDOL, ETA; National Bureau of Economic Research



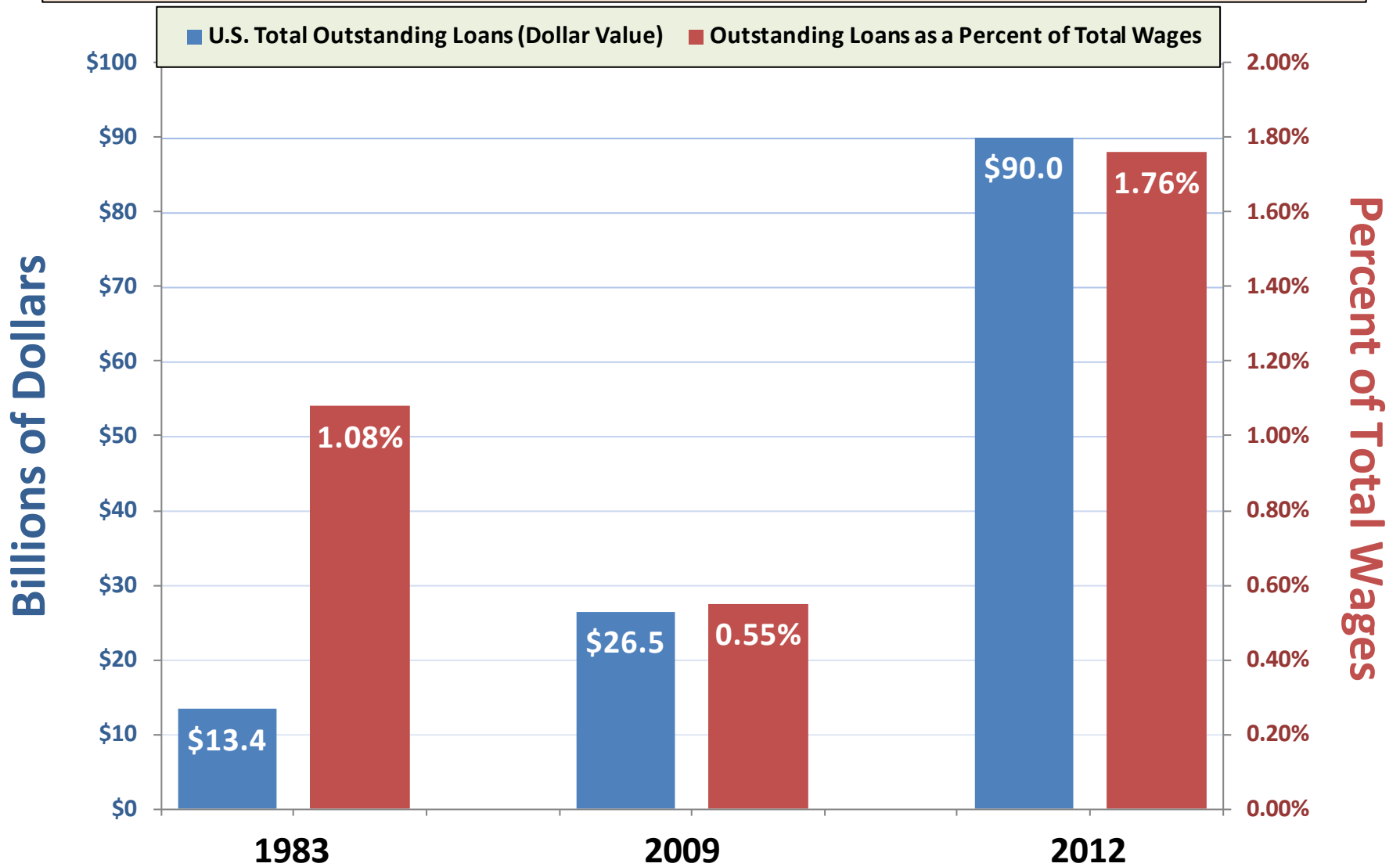
# The American Recovery and Reinvestment Act

## UNEMPLOYMENT INSURANCE PROVISIONS

<b>BENEFIT INCREASE</b>	<p>Additional \$25 to all UI checks for weeks if unemployment ending before January 1, 2010, with a phase-out ending on June 30, 2010.</p> <p><b>Estimated cost of 8.7 billion – supplementing checks for 16.3 million individuals.</b></p>
<b>EXTENDED BENEFITS (EB)</b>	<p>100% federal financing for weeks of unemployment beginning before January 1, 2010, with a phase-out June 1, 2010.</p> <p><b>Estimated cost of \$1.3 billion</b></p>
<b>EMERGENCY UNEMPLOYMENT COMPENSATION (EUC08)</b>	<p>Extends the Emergency Unemployment Compensation (EUC08) program through December 31, 2009 with a phase out to May 31, 2010.</p> <p><b>Estimated cost of \$23.7 billion to 3.4 million people.</b></p>
<b>INTEREST FREE LOANS</b>	<p>Temporarily waives interest payments and the accrual of interest on federal loans to states until December 31, 2010.</p> <p><b>Estimated cost of \$1 billion</b></p>
<b>UI MODERNIZATION</b>	<p>Provides up to \$7 billion as “incentive payments” for changing certain state UC laws.</p> <p><b>Estimated cost of 2.975 billion</b></p>
<b>ADMINISTRATIVE FUNDING</b>	<p>Transfers <b>\$500 million</b> to the states for administering their unemployment programs.</p>
<b>SUSPENSION OF TAXATION ON UI BENEFITS</b>	<p>Suspends federal income tax on the first \$2,400.</p> <p><b>Estimated cost of \$4.740 billion</b></p>

# U.S. Total Outstanding Federal Loans to State Unemployment Insurance Trust Funds: 1983, 2009 and 2012

Source: USDOL, ETA; NASWA



# California, Michigan and Ohio's State Loans as a Percent of Total Wages: 1983 and 2009

Note: California did not have an outstanding loan balance in 1983

Source: USDOL, ETA; NASWA

