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IT'S THE JOBS

Unemployment Insurance: What's At Stake for Iowa's Economy

Congress returned to work for one week before it will take off again for Thanksgiving. After that, it will return for only two more days before the federal emergency unemployment programs expire on November 30. This is a very narrow window for Congress to act to keep the programs going. There are repercussions for Iowans if the programs expire.

The federal unemployment insurance (UI) programs are the only source of income for thousands of Iowans, facing the worst job market since the Great Depression.

- In Iowa alone, 53,600 jobs have been lost since the recession began in December 2007, leaving 113,000 unemployed.
- Through 2009, an average of almost 53,000 Iowans per week benefited from the UI provisions of the Recovery Act. Each week of 2009, an average of 7,631 newly unemployed workers filed UI claims.

Since unemployed workers spend their benefits on basic needs, the federal investment in UI goes right back into the economy, helping businesses and saving jobs.

- In 2009, Recovery Act dollars paid more than \$359 million for unemployed Iowans.
- Recovery Act funding for unemployment insurance created or saved over 2,500 jobs in 2009 and will save over 1,500 jobs in 2010.

In Iowa, labor market projections predict unemployment to remain high throughout 2011.

- The unemployment rate in Iowa has risen to 6.8 percent (2.9 points higher than it was before the recession), the highest Iowa had experienced in 25 years.
- Over the past six decades, Congress has never cut back on federal unemployment benefits when the unemployment rate was over 7.2 percent.¹ The national rate is currently 9.6 percent.

Failing to extend the Recovery Act provisions means:

- Nearly 44,000 Iowans will see an immediate reduction in benefits. In December alone, 8,700 workers in Iowa will be prematurely cut off from federal benefits.
- Every week beginning December 1, another 1,500 Iowans will lose their benefits.

With Iowa unemployment hovering near 7 percent, and bleak projections for 2011, the future of these programs will have an impact on Iowans both out of work and currently working.

¹ Chad Stone and Hannah Shaw, Center on Budget and Policy Priorities, *Emergency Unemployment Insurance Benefits Remain Critical for the Economy*, Nov. 10, 2010.