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Congressional Action Needed to Prevent 160,000 Jobless Hoosier Workers From Losing Unemployment Benefits By June

Indianapolis, IN –New analysis shows that over 38,000 unemployed Indiana workers will become ineligible for federal unemployment insurance (UI) benefits in March. After a two-month reauthorization in December, the benefits provided to jobless workers by the American Recovery and Reinvestment Act (ARRA) are set to expire at the end of February. Hoosiers running out of regular UI benefits after March will qualify for no extensions – meaning more than 160,000 unemployed Hoosiers will exhaust their regular state benefits by the end of June with no federal extensions whatsoever. Therefore action must be taken now by the Senate to support an immediate extension of the unemployment safety net programs from ARRA.

“Hard working Hoosiers are struggling with record long-term unemployment. In Midwestern states like ours, there are six unemployed workers for every one job opening. Extended UI benefits represent the thin line between being able to making ends meet and economic disaster,” said Sarah Downing, Policy and Research Analyst, with Indiana Institute for Working Families, a program of the Indiana Community Action Association.

Since the extended UI benefits began, over 250,000 unemployed Indiana workers have received \$991 million in federal extended benefits. The ARRA, enacted in February 2009, funded a comprehensive set of protections to help unemployed workers throughout the year.

The Congressional Budget Office estimates that UI benefits generate up to \$1.90 in Gross Domestic Product per every dollar spent, making the UI provisions the most cost-effective policy for stimulus efforts in 2010. According to the Economic Policy Institute, extending the ARRA’s provisions for the duration of 2010 would save or create 850,000 jobs nationally.

“Workers spend their benefit money at local stores, to pay their mortgages and rent, to keep the heat on and food on the table, and to pay their bills on time. The quick injection of hundreds of millions of dollars into our local economies can save and create jobs,” added Downing. “By extending these benefits for the rest of 2010, Congress can preserve this critical safety net and keep delivering desperately needed dollars to Indiana communities.”

Indiana has been hard hit by the recession, shedding 201,000 jobs by December 2009, since the pre-recession employment peaked in August 2007. Indiana's December unemployment rate of 9.9 percent represents over 300,000 jobless workers.

Debate over the extension has slowed with concerns about the deficit. In December, the House passed a \$154 billion jobs bill, including an extension of the ARRA unemployment provisions. The Senate has yet to propose a jobs bill.

“Unemployment benefits get out the door fast and are the best bang-for-the-buck government stimulus,” said Downing. They justify deficit spending and in the long term will help get Indiana and the country back to work. Even under the best scenario, high unemployment will linger in Indiana until 2011— this extension is essential.”

The National Employment Law Project (NELP) released data this week showing that nationally nearly 5 million unemployed workers will be left without any jobless benefits by June. Their national and state by state analysis, “Workers Losing Federal Unemployment Benefits in 2010 Due to Expiration of the ARRA,” is available here <http://www.nelp.org/page/-/UI/exhaustion.chart.feb.2010.pdf?nocdn=1> .

For more information on the methodology used to arrive at the estimates presented in the new NELP chart, please contact Anna Deknatel at anna@berlinrosen.com. NELP is also available to help identify workers whose benefits are expiring.

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About the Indiana Community Action Association (IN-CAA)

The Indiana Community Action Association, Inc. (IN-CAA) is a statewide not-for-profit membership corporation, incorporated in the State of Indiana in 1970. IN-CAA's members or Network is comprised of Indiana's 24 Community Action Agencies (CAAs), which serve all of Indiana's 92 counties. IN-CAA envisions a state with limited or no poverty, where its residents have decent, safe, and sanitary living conditions, and where resources are available to help low income individuals attain self sufficiency.

About the Indiana Institute for Working Families

The Indiana Institute for Working Families, a program of the Indiana Community Action Association (IN-CAA), was founded in 2004 with generous support from The Joyce Foundation. The goal of the Institute is to help Hoosier families achieve and maintain economic self-sufficiency. The Institute is the only statewide program in Indiana that combines research and policy analysis on federal and state legislation, public policies and programs impacting low-income working families with education and outreach. The Institute achieves its work by focusing its activities in the following areas: public policy research and analysis; advocacy, education, and information; and national, statewide, and community partnerships.