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**PRESS RELEASE**

**CONTACTS:** Sarah Downing, Research and Policy Analyst, 317-638-4232 or 765-438-6363  
[sdowning@incap.org](mailto:sdowning@incap.org)

Lisa Travis, Team Leader, CAA Network Support, 317-638-4232 or 502-608-5347  
[ltravis@incap.org](mailto:ltravis@incap.org)

## **Indiana's Economic Recovery Depends on Extensions When Congress Reconvenes Next Week**

**Indianapolis, IN** -- When Congress left town before the Memorial Day recess, lawmakers allowed the federal stimulus program of jobless benefits to expire, leaving 26,300 of Indiana's long-term jobless families without federal aid. When Congress reconvenes June 7<sup>th</sup>, the Senate will be charged with extending unemployment insurance benefits through November and restoring health care benefits for an estimated 2,745 Indiana workers who will otherwise be dropped each month by last week's House measure, the Indiana Institute of Working Families said today.

"This is a defining moment for Indiana's Senate and Congressional delegation and the state's economy," said Sarah Downing, Research & Policy Analyst at The Indiana Institute for Working Families. Nationally, there is only one job opening for every 5.6 unemployed workers. Of the 15.3 million who are currently out of work, 46 percent are experiencing long-term unemployment. "Action must be taken to preserve critical safety net programs for our jobless workers. Without it, Indiana's economic recovery will slow and more Hoosier families will be put at risk of falling into poverty."

Mark Zandi, a leading economist with Moodys.com, emphasized in recent Congressional testimony (April 14<sup>th</sup>, Senate Finance Committee) that "No form of fiscal stimulus has proved more effective during the past two years than emergency UI benefits . . . ." If benefits are cut, "consumer spending could sink further. Attitudes would sour not only among the unemployed but also among their relatives, friends and neighbors, as they worry more about their situations." According to the Congressional Budget Office, every dollar of federal extended benefits circulating in the economy produces \$1.93 in economic growth.

The American Recovery and Reinvestment Act of 2009 has provided a lifeline to Indiana's families and the struggling economy. However, Indiana still faces an unemployment rate of 10 percent and is home to 312,200 jobless workers who have been out of work for an average of 21 weeks.

- Currently, 101,110 workers in Indiana are collecting Emergency Unemployment Compensation, the temporary extension of federal jobless benefits.

- Since the program began, it has pumped \$1.9 billion in federal benefits into Hoosier communities hardest hit by the recession, plus an additional \$284 million thanks to the program's \$25 boost in weekly benefits.
- Every month an estimated 2,745 workers in Indiana could lose out on the 65 percent subsidy of their COBRA benefits due to action last week by the House of Representatives that eliminated subsidized COBRA.

“Until the economic expansion is in full swing and the unemployment rate has decreased, jobs and the financial security of America's families should be the nation's top priority. Instead, numerous families are at risk of losing critical benefits,” says Downing.

Between now and June 7<sup>th</sup>, when Congress returns to Washington, D.C., it is up to Indiana's Congressional Delegation to weigh the importance of preserving the safety net for Hoosier families against temporary deficit spending. “The budget needs balancing, but it should not be at the expense of those families who have been hit hardest by the economic recession,” says Downing.

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#### 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

#### 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.