



House Ways and Means Chairman Camp Opposes EUC Extension

In a press release on October 30th, Congressman Dave Camp (R-MI), Chairman of the House Committee on Ways and Means called for the Emergency Unemployment Compensation program to end in 2013. The release notes that the overall size of the program in terms of the number of weeks, the length of the program and the cost of the program is significantly larger than any previous program.

<http://waysandmeans.house.gov/news/documentsingle.aspx?DocumentID=357087>

Comparing the Last Four Federal Temporary Unemployment Benefit Programs

	FSB (1982-1985)	EUC (1991-1994)	TEUC (2002-2004)	EUC08/EB* (2008-2013)
Total Recipients	8 million	9 million	8 million	24 million
Average Weeks of Benefits Per Recipient	10	17	12	38
Total Weeks Claimed	76 million	151 million	89 million	881 million
Total Benefits Paid (2013\$)	\$22 billion	\$46 billion	\$28 billion	\$252 billion

The release also cites a recent study by the National Bureau of Economic Research http://www.nber.org/papers/w19499.pdf?new_window=1 showing that the EUC program has resulted in higher unemployment rates as the cost of labor was pushed up by the availability of EUC for unemployed workers, discouraging employers from creating jobs. Another study is cited as supporting the conclusion that previous emergency unemployment compensation programs contributed to slowing economic recovery see <http://www.sole-jole.org/13468.pdf>

The EUC program has been an on-again/off again program for the last couple of years as the decision whether to extend , the number of weeks and the various tiers of benefits made administration difficult for states to manage. The significant cost of the program added to the federal budget deficit.

UWC testified on a number of occasions that determinations of special emergency unemployment compensation should be made only in exceptional cases, on a state by state basis with reference to the number and percentage of new unemployment claims. Funding for such programs should not be drawn from the employer financed state or federal unemployment tax revenue dedicated to the permanent Federal/State Unemployment Insurance program. The EUC program language that has been extended in recent years also added provisions restricting states from amending state UI laws to reduce the average weekly benefit amount. This federal restriction has made it more difficult to address solvency, particularly in states where benefit payout has exceeded unemployment tax revenue.