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Thousands of Wisconsinites Stand to Lose Federal Unemployment Benefits Unless Congress Acts

Thousands of out-of-work Wisconsinites who have been searching for a job for a long time will lose their unemployment benefits at the end of the year, unless Congress acts to renew federal unemployment benefits. According to a new analysis from the Wisconsin Budget Project, a nonpartisan research group focusing on tax and budget policy, 65,500 jobless workers in Wisconsin will lose access to federal benefits over the next six months.

“At a time when there are nearly three times as many jobless workers as there are job vacancies, allowing unemployment benefits to end abruptly would make it harder for those families to make ends meet,” said Budget Project Research Analyst Tamarine Cornelius.

Most states pay unemployment insurance benefits to jobless workers for a maximum of 26 weeks. In times of higher unemployment, Congress authorizes federally-funded benefits that provide assistance to people who reach the limit on their state-financed unemployment insurance. If the program that provides federal unemployment benefits is allowed to end, the maximum duration of unemployment benefits for jobless workers in Wisconsin will drop by more than half, from 54 weeks to 26 weeks.

The Budget Project’s analysis notes that 36 percent of jobless workers have been unemployed six months or more, which is far above the rate of long-term unemployment in previous recessions. The average unemployed worker has been searching for a job for 36 weeks, and the search is often much longer for older workers and those in communities with high unemployment.

Allowing the extended benefits to end abruptly could be a major blow to an economy still struggling to fully recover from the most severe recession in decades. Unemployment compensation has proven to be one of the most reliable forms of boosting a sagging economy. Eliminating federal unemployment benefits would cost the national economy 310,000 jobs next year, according to the Economic Policy Institute.

“Unfortunately, cutting off federal unemployment benefits will put a real dent in job creation,” said Cornelius. “If Congress doesn’t act to stop the end of benefits, the economy would lose a significant number of jobs.”

“We urge Congress to act before the end of the year to extend federal unemployment benefits,” said Cornelius. “A more gradual phase-out of benefits will soften the blow to both struggling families and the national economy.”

The new analysis is available online at <http://www.wisconsinbudgetproject.org/?p=4123>