



House Hearing on Long Term Unemployment June 10

Congressman Jim McDermott (D-WA), Chairman of the Subcommittee on Income Security and Family Support of the Committee on Ways and Means will hold a hearing on possible policy responses to long-term unemployment. The hearing will take place on Thursday, June 10, 2010, at 9:30 a.m. in B-318 Rayburn House Office Building.

The hearing follows the passage of HR 4213 by the House before Memorial Day to provide a further extension of the unemployment compensation related provisions of the American Recovery and Reinvestment Act (ARRA). The unemployment compensation provisions included in HR 4213 were deemed to be emergency spending and were projected by the Congressional Budget Office (CBO) to cost \$39.5 billion, all of which will add to the federal deficit. The Senate is scheduled to begin debate on HR 4213 and other proposals this week.

Leadership in both parties and the Administration are beginning to recognize that there remains a large number of long term unemployed with few new jobs being created in the economic recovery. Policy choices are becoming more difficult given the state of the economy. The cost of continued emergency unemployment compensation at the same levels as provided in the ARRA would add over an additional \$100 billion per year in spending that is not paid for, however, if Congress elects to pay for this spending large cuts in other programs and/or increases in taxes would be required. In a hearing on May 6th, Congressman McDermott already signaled the need for increases in the FUTA tax base, citing the report of the GAO in support of tax increases.

Rep. McDermott starts with the assumption that emergency unemployment compensation should be continued for individuals who are long-term unemployed. We can expect a number of witnesses at this hearing to support the policy position that there should be a continuation of emergency unemployment compensation in addition to additional spending on training and government led job creation as the suggested solution.

Below is the hearing announcement from Chairman McDermott:

BACKGROUND:

Even as the economy has started to consistently create jobs for the first time in over two years, the problem of long-term unemployment remains a significant challenge. Just under 46 percent of all unemployed workers have been without work for over six months – more than any time since record keeping on this statistic began in 1948. These 6.7 million long-term jobless Americans face a labor market with only one job available for nearly every six unemployed workers.

Over ten million jobs need to be created to restore the labor market to its condition before the recession started in December 2007. This enormous jobs gap suggests that even robust and consistent employment growth would take considerable time to substantially lower the number of long-term unemployed workers. Studies find that unemployment leads to a variety of negative outcomes for workers and their families, including increased deprivation, increased health problems, permanent withdrawal from the labor market (sometimes by moving on to disability programs) and adverse impacts on children, including poorer educational outcomes.

UWC – STRATEGIC SERVICES ON UNEMPLOYMENT & WORKERS' COMPENSATION
910 17th Street, N.W., Suite 315, Washington, D.C. 20006
Phone (202) 223-8902 • Fax (202) 783-1616 • www.UWCstrategy.org

In announcing the hearing, Chairman McDermott stated, "**Our first step to respond to long-term unemployment is obvious -- continue the emergency federal unemployment programs to prevent millions of workers from losing their benefits. If we can afford wars, tax cuts, and bank bailouts, then we can certainly afford to maintain programs for workers who have lost their jobs through no fault of their own. But we also need to think about additional steps to help those trying to return to work. An increasing number of Americans who have worked hard and played by the rules are now finding themselves with no job, no savings and no support. We must not abandon these workers and their families.**"

FOCUS OF THE HEARING:

The hearing will focus on possible policy responses to long-term unemployment.