

“A New Deal for a New Century”
Rep. Jim McDermott, Chairman, Income Security and Family Support Subcommittee
February 12, 2009

The House and Senate versions of H.R. 1 – American Recovery and Reinvestment Act of 2009- remain in complete agreement on the UI-Modernization component authored by Rep. McDermott, whose subcommittee has jurisdiction over the nation’s unemployment insurance system. Under Rep. McDermott’s leadership, H.R. 1 includes \$40 billion to both address the current crisis faced by millions of unemployed Americans who have been unable to find work and provides incentives and funding for States to modernize their UI programs to meet the needs of a 21st Century American workforce and a 21st Century economy.

The UI-Modernization provisions from Rep. McDermott represent the most important changes to the social safety net program since President Franklin Delano Roosevelt created the New Deal in the 1930s during the Great Depression.

“H.R. 1 is a New Deal for a New Century,” chairman McDermott said. “We are meeting the national economic crisis with a spirit and determination that is inspired by FDR who led America through the Depression. Using effective programs like extending UI benefits which returns \$1.64 into the economy for every dollar invested, we are going to make a difference in the lives of people struggling to keep their head above water and we are going to help States make the vital changes to modernize their UI programs to meet the challenges and opportunities of the 21st Century.”

Provisions to assist unemployed workers in H.R. 1 include:

✓ ***The Most Far-Reaching Extension of Unemployment Benefits Ever***

The House-Senate agreement on HR 1 will continue the Emergency Unemployment Compensation (EUC) program through December 2009, providing up to 33 weeks of federally-funded extended unemployment benefits. In addition, the legislation will temporarily provide 100% federal funding for the permanent-law Extended Benefits (EB) Program, which provides up to another 20 weeks of additional extended benefits in certain high unemployment States.

✓ ***The First Ever Federal Effort to Directly Help and Encourage States to Modernize UI and Expand Coverage to More Workers***

The agreement includes the Unemployment Insurance (UI) Modernization Act which will provide up to a total of \$7 billion to States enacting specific policies designed to improve coverage for low-wage, part-time and other workers who can now be unfairly denied benefits when they lose their jobs. In addition, the measure provides a total of \$500 million in special administrative funding to help all States process unemployment claims.

✓ ***The First Effort Ever by the Federal Government to Increase the Cash Amount of Weekly Unemployment Benefits***

The agreement provides funds to temporarily increase every UI recipient's check by \$25 a week, providing nearly an additional \$1000 for an individual unemployed for the remainder of this year. Nearly 20 million unemployed workers are projected to benefit from this provision.

In addition, H.R. 1 includes an important health care coverage provision for unemployed workers written by Chairman Pete Stark in the Health Subcommittee:

✓ ***The Most Extensive Effort Ever to Help Unemployed Workers Maintain Health Care Coverage***

The agreement provides a 65 percent subsidy for up to nine months for COBRA premiums for workers involuntarily separated from employment between September 1, 2008 and December 31, 2009. Under COBRA law, unemployed workers may elect to continue coverage under their former employer's health plan, but they are required to pay 102% of the cost of the coverage. It is estimated this COBRA assistance will help 7 million people retain health coverage while they are looking for work.