

A Safety Net for Job Seekers that Strengthens Our Economy

By Jack Reed

Today there are more than 10 million unemployed Americans looking for work -- 2.8 million more than last year.

With the highest unemployment rate in the country, Rhode Island has been particularly hard hit. Nearly 9% of Rhode Islanders are currently unemployed.

Unfortunately, these numbers are projected to swell in the coming months.

These facts and figures are staggering. But behind the statistics are hard working Americans from every community, across economic lines and geographic boundaries, who are struggling to make ends meet while they look for work in an increasingly difficult job market.

As the economy deteriorates and more people get laid off, these individuals urgently need assistance, and we need to prevent our economy from spiraling to new depths.

Rising unemployment leads to less consumer spending, which causes cutbacks in business investment that further weakens the economy and leads to even more job cuts.

The best way to soften this vicious cycle is to extend unemployment insurance benefits.

Unemployment insurance provides job hunters with the resources to pay their bills while they search for work or retrain for a new career.

These benefits are not handouts, but rather targeted assistance based on prior employment for people who have been laid off and are looking for a new job.

The average benefit to Rhode Island job seekers is \$309 per week and may usually be collected for up to 26 weeks.

Economists agree extending benefits is one of the most effective ways to stimulate the economy.

Eligible beneficiaries tend to quickly spend their checks on basic necessities like groceries, rent, fuel, and medicine. This money gets pumped right back into the economy and our communities.

Conservative economist Mark Zandi testified before Congress that for every \$1 the federal government invests in unemployment insurance, it adds \$1.64 to the national GDP. "The bang for the buck is very high," Zandi noted.

Extending unemployment insurance benefits during economic downturns is not unprecedented. In 1991 and 2002, Congress worked with the White House to successfully extend temporary benefits when unemployment rates were significantly high.

In September, Barack Obama and I offered a plan to provide an additional 7 weeks of unemployment insurance for people who have exhausted their benefits and 13 more weeks of benefits

to unemployed workers in states like Rhode Island that have unemployment rates above the national average.

Despite the urgent need for these extra benefits, a minority of senators prevented our bill from moving forward.

But a great deal has changed since the fall. Barack Obama has been elected President and will take office in January of 2009. However, we simply can not afford to wait that long.

Over 750,000 unemployed workers ran out of benefits last month. Without this legislation, nearly 1.2 million more Americans are expected to exhaust their current benefits by the end of the year.

Congress is poised to vote on an economic stimulus package that includes our plan to extend unemployment benefits.

Passing this legislation is crucial and must be complemented with other forms of short-term economic relief,

such as funding for food banks and aid to help state budgets struggling with the impacts of the economic fallout.

We also need to begin implementing long-term solutions to create jobs, invest in new, green technology, and rebuild our nation's aging infrastructure.

Doing so will help reduce our dependence on foreign oil and restore our schools, bridges, and roads, while putting hundreds of thousands of people back to work, so they can earn a paycheck, pay their mortgage, send their kids to school, and contribute to their local communities.

Now is the time to reinvest in the American people.

The federal government has limited resources and we need to spend them wisely. Extending unemployment insurance is a smart investment and the return for our nation will be exponential.

Jack Reed is the senior United States Senator from Rhode Island.