Without ARRA Reauthorization, One Million Will Lose Unemployment Benefits

The National Employment Law Project (NELP) estimates that one million workers will lose their unemployment benefits in January 2010 unless the American Recovery and Reinvestment Act (ARRA) is reauthorized by the end of December, despite the extension of 14-20 weeks passed by Congress in November. If ARRA is allowed to expire before the end of the year, almost 450,000 workers will exhaust their 26 weeks of state benefits and nearly 600,000 workers will be ineligible to continue receiving benefits under the Emergency Unemployment Compensation Program. The numbers would grow to nearly 3 million workers between January and March if ARRA were not reauthorized until March.

ARRA funds a comprehensive set of protections for unemployed workers that includes:

- The Emergency Unemployment Compensation (EUC) program, which was expanded in November to provide four tiers of benefits for workers who run out of their basic 26 weeks of state assistance.
- Full federal funding of the Extended Benefits (EB) program, which provides another 13 to 20 weeks of benefits without the 50 percent match normally required of states.
- An increase of $25 per week in both state and federally funded Unemployment Insurance benefits.
- A subsidy to cover 65 percent of COBRA (continued health insurance) benefits.
- The suspension of the federal income tax on the first $2400 of unemployment benefits.

The analysis is available at [www.nelp.org](http://www.nelp.org)

Five Myths, and the Truth, about the Stimulus Legislation

The Center on Budget and Policy Priorities (CBPP) has responded to criticism of the American Recovery and Reinvestment Act (ARRA), passed earlier this year, by taking each common misconception and correcting it with the facts. CBPP points out that recovery legislation is working as it was intended and that without it, the economy would be in worse shape. The following points are from CBPP’s special series, *Economic Recovery Watch*.

- Recent increases in unemployment were expected, and do not reflect a lack of impact from stimulus funding. Employment is not expected to increase for
another 6 to 12 months, and should follow an increase in economic output. The stimulus will have created approximately 2.5 million new jobs by the end of 2010, and has already added between 2-3 percentage points to the growth in gross domestic product.

- Stimulus funds were intended to be spent gradually over the next several years, and spending is on pace with what was anticipated by the Congressional Budget Office (CBO).
- The amount that ARRA spending adds to the deficit is minimal over the long run, though significant in the short term. Long-term budget shortfalls are not related to ARRA, and are attributable to ongoing factors such as health care costs.
- ARRA is providing funding to help states close a $350 billion budget gap that would otherwise have resulted in drastic cuts to education and other state programs.
- The intention of ARRA was to get funding put to use quickly, and this has been successful, with states creating jobs upon receipt of the federal funds.

The report, *Correcting Five Myths About the Stimulus Bill*, is available at [www.cbpp.org](http://www.cbpp.org).

### Census Report Assesses Child Support Payments

A report released recently from the Census Bureau examines the amount of child support paid to custodial parents. Some of its findings:

- The proportion of custodial parents who were owed child support and received the full amount increased from 36.9 percent in 1993 to 46.2 percent in 1997, and has remained at that rate ever since.
- Overall, 76.3 percent of custodial parents due support received at least some payments in 2007 and 23.7 percent received no child support.
- Rates of receiving full child support payments were broken down by various demographic groups. Age appeared to be related to the likelihood of receiving full child support; custodial parents who were under 30 years old were least likely to receive their full amount of child support in 2007 (32 percent). Other predictors of low rates of full payment were poverty, race and marriage status; about 40 percent of custodial parents who were either below the 2007 poverty level, never married, or African American, received full child support payments. Education was positively related to full payment; custodial parents with the highest rate of full payment were those who had a bachelor’s degree or higher (61 percent).
- The average amount of child support received by custodial parents who were due support payments in 2007 was $3,350, about $280 per month. About one-quarter of these parents received $5,000 or more in annual child support payments, and more than one-third received less than $1,000.
- Custodial mothers and custodial fathers received a statistically equal proportion of child support owed to them by the noncustodial parent (approximately 63 percent).
- About one-quarter of custodial parents due support received $5,000 or more in annual child support payments, while more than one-third received less than $1,000 in 2007.
- Child support represented 7.8 percent of average annual income for parents who received part of the full support they were due, and 15.4 percent of income for parents who received the full amount they were due. Among custodial parents
below the poverty level who received full support, the support represented 47.9 percent of annual income.

- Between 1994 and 2008, the percent of all custodial parents who had ever contacted a IV-D child support enforcement office or other government office for child support-related assistance fell from 42.2 percent to 27.3 percent.


**Child Support News**

- The state Department of Human Services in **Minnesota** is considering converting its child support collection system to a state-run system from its current county-administered enforcement system. The potential change is in response to a recent study that found the county system to be less efficient and more complex than necessary, and that forecast $23 million per year in savings from the shift. A state-run system would potentially result in regional offices and significant layoffs of county child support enforcement workers.

- Budget shortfalls in **California** have been exacerbated by expensive contracts for upgrading the state’s computer systems that have failed to perform as planned. The state has paid hundreds of millions in cost overruns to corporate consultants, but some state computer systems are on the verge of collapse, are years behind schedule, or have been cancelled. The state child support database was recently upgraded under a $1.5 billion project, but the project finished so far behind schedule that the state was forced to pay $987.8 million in penalties to the federal government in 2008. A state assembly panel is planning to investigate the entire contracting process.

- With a nation-high unemployment rate of 15.3 percent that has grown from 8.9 percent in 2008, **Michigan** families are seeing the stress of lost income played out in their child support payments. Child support collections in Oakland County are reported to have dropped significantly in part because many noncustodial parents are reaching the final week of unemployment benefits to which they are entitled. Requests for child support modifications are up, and an increasing number of parents are seeking court remedies without legal representation in order to minimize costs.

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