What Does the Unemployment Rate Mean for Government Spending?
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Federal Government Spending by Type

- Government Consumption (27%)
- *Government Investment (4%)
- Grants-In-Aid to S&L Govt (12%)
  - Spending by Share
  - General public service 0.7% 0.6%
  - National defense 1.0% 1.0%
  - Public order and safety 1.4% 1.6%
  - Economic affairs 3.3% 3.5%
  - Housing & community services 5.4% 4.1%
  - Health 57.0% 59.7%
  - Recreation and culture 0.1% 0.1%
  - Education 10.5% 10.0%
  - Income security 20.5% 19.5%
- Other Transfer Payments (47%) – Total Transfers are 60% of fed govt spending
- Interest Payments (8%)

Programs Targeting the Unemployed

- Unemployment Insurance
  - Unemployment Compensation
    - Up to 26 weeks of income support
    - May be extended by the temporarily authorized Emergency Unemployment Compensation program
    - May also be extended for up to 13 or 20 weeks by permanent Extended Benefit program depending on economic conditions within stat of residence
  - Trade Adjustment Assistance (TAA)
    - Income support for those whose job loss due to foreign competition
  - Disaster Unemployment Assistance
    - Provides benefits for workers whose unemployment attributed to declared major disaster and only if not eligible for regular unemployment compensation.
- Health Care Assistance
  - Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA)
    - Allows continuation of employer health insurance coverage under certain circumstances
  - Health Coverage Tax Credit
    - Allows certain TAA participants to receive tax credit for health insurance
- Job Search Assistance
  - Workforce Investment Act (WIA) of 1998
    - One-Stop Career Centers provide services and partner programs to provide job search assistance, career counseling, labor market information, and other employment services.
    - Funds for training to individuals unable to obtain or retain employment through other services
Wagner-Peyser Act of 1933
  - Core labor exchange services designed to match job seekers and employers
• See CRS Report RL34251, “Federal Programs Available to Unemployed Workers”, 1/9/2013

Unemployment Compensation

• Rising over time but with significant recession Effects
• Emergency Unemployment Compensation
  o Created for 8th time in June of 2008.
  o Duration of benefits depends on state unemployment rate.
  o Max potential duration is 47 weeks (in addition to the weeks of regular UC benefits):
    ▪ Tier I -- up to 14 weeks, available in all states.
    ▪ Tier II -- up to 14 weeks of benefits and is available in states with an unemployment rate of at least 6%.
    ▪ Tier III -- up to 9 weeks in states with UR of 7% (or insured unemployment rate of 4%).
    ▪ Tier IV -- up to 10 weeks in states with UR of 9% (or an IUR of 5%).
  o All tiers are temporary and expire in the week ending on or before January 1, 2014.
• Extended Benefits
  o Permanently authorized, triggered by state UR or IUR.
  o All states pay up to 13 weeks of EB if the IUR for the previous 13 weeks was 5% and is 120% of rates for same 13-week period each two previous years.
  o Two optional thresholds:
    ▪ Option 1: -- additional 13 weeks if IUR is 6%
    ▪ Option 2: -- additional 13 weeks if UR is 6.5% and 110% of TUR for same 13-week period in either of previous two years; additional 20 weeks if UR is 8%.
  o In addition to usual state requirements, requires claimants to have 20 weeks of full-time insured employment and to conduct a systematic and sustained work search.

Means Tested Programs

• Large number of federal programs (126)
  o Federal Spending in FY2011 was about $800 billion
  o State and Local Government Spending in 2011: $284 billion
• Largest programs (billions)
  o Medicaid – $417.3
  o Supplemental Nutritional Asst Program (SNAP) – $74.6
  o Supplemental Security Income – $52.6
  o Earned Income Tax Credit -- $56.6
  o Child Tax Credit – $28.3
  o Federal Pell Grants - $41
  o Temporary Assistance for Needy Families (TANF) – $21