

UNEMPLOYMENT INSURANCE KEEPS MIDDLE CLASS FAMILIES OUT OF POVERTY

As Arthur Delaney reports, CBO just came out with analysis that shows unemployment insurance kept an extra percent of the population out of poverty last year (which would work out to be around 3 million people).

Extended unemployment insurance put in place to fight the recession prevented the poverty rate from rising to 15.4 percent in 2009, a level unseen since the 1960s, according to the Congressional Budget Office. The government announced in September that that the 2009 poverty rate had risen to 14.3 percent from 13.2 percent the previous year.

But that's not the most interesting part of this analysis. In addition, CBO noted that middle class families are much bigger beneficiaries of extended unemployment insurance than the poor; those making 200% of the poverty level received 70% of the unemployment benefits in 2009.

In 2009, about 14 percent of families had income below the federal poverty threshold; those families received about 8 percent of total UI benefits paid out during the year. In contrast, 67 percent of families in 2009 had income more than twice the poverty threshold; those families received about 70 percent of total UI benefits. The higher-income families received a larger share of benefits for several reasons: because only people with sufficient recent work histories qualify for benefits, benefit levels rise with previous earnings, and

receiving benefits tends to push families into higher income groups.

Now, frankly, given the ridiculously low poverty guidelines, 200% of the federal poverty threshold is still pretty damned poor. But the point is, UI is not about a bunch of poor people suckling at the federal teat. It's about keeping families from slipping into poverty.

Nevertheless, the GOP will continue to mobilize classist and racist narratives to make sure this useful benefit is not extended.