



The Importance of Extending Both the Payroll Tax Cut and Emergency Unemployment Benefits

By the Numbers

This week Congress will vote on extending and expanding the temporary payroll tax cut for 160 million American workers. And it may soon consider extending emergency unemployment benefits that support those workers and local economies hurt most by the Great Recession. Failure to extend these two critical measures by December 31 will depress U.S. economic output by about 1 percent and raise our risk of slipping back into recession.¹ Congress must vote to extend both measures through 2012.

Payroll tax cut
What is it: <i>The president and Congress cut employee payroll taxes by 2 percent for 2011. Congress is now considering expanding the cut to 3.1 percent for workers and extending it to employers.</i>
\$120 billion: Total increase in workers' take-home pay thanks to the payroll tax cut in 2011. ²
122 million: The number of U.S. households that have more money to spend in 2011 because of the tax cut. ⁴
\$1,426: Average annual benefit per household in 2012 under proposal pending in Congress. ⁶
1 million+: New jobs that could be created thanks to an extension and expansion of the payroll tax holiday. ⁸
98: Percentage of businesses that would see their payroll taxes cut in half under the bill pending in Congress. ¹⁰
\$1.25: Amount of economic growth generated by every dollar spent on a payroll tax cut. ¹²

Emergency unemployment benefits
What is it: <i>A temporary extension of emergency benefits for long-term unemployed workers will expire at the end of the year if Congress fails to act.</i>
2.2 million: The number of job-seekers who will lose benefits if Congress fails to extend emergency unemployment insurance. ³
3.2 million: Number of Americans pulled out of poverty in 2010 thanks to unemployment benefits. ⁵
\$296: Average weekly benefit paid to unemployed workers in 2012. ⁷
700,000+: Number of new jobs created thanks to emergency and extended unemployment benefits in recent years. ⁹
4: Approximate number of workers actively job-hunting for every position available. ¹¹
\$1.52: Amount of economic growth generated by every dollar spent on unemployment benefits. ¹³

Endnotes

- 1 Mark Zandi, "Policy Prescriptions for the Economy," Testimony before the Senate Budget Committee, September 15, 2011, available at <http://www.economy.com/mark-zandi/documents/Final-Senate-Budget-Committee-091511.pdf>.
- 2 The Editors, "Rescue Payroll Tax Cut and Jobless Benefits From Wreckage: View," *Bloomberg News*, November 22, 2011, available at <http://www.bloomberg.com/news/2011-11-23/payroll-tax-cut-and-jobless-benefits-must-be-rescued-from-wreckage-view.html>.
- 3 Heather Boushey, "No Time to End Unemployment Benefits: Congress Must Act by Year-End," Center for American Progress, November 23, 2011, available at http://www.americanprogress.org/issues/2011/11/unemployment_benefits.html.
- 4 "Tax Policy Center, Tables T11-0319, T11-0320," available at <http://www.taxpolicycenter.org/numbers/displayatab.cfm?template=simulation&SimID=408&reITN=T11-0324>.
- 5 Carmen DeNavas-Walt, Bernadette D. Proctor, and Jessica C. Smith, "Income, Poverty, and Health Insurance Coverage in the United States: 2010" (Washington: US Census Bureau 2010).
- 6 "Tax Policy Center, Tables T11-0323," available at <http://www.taxpolicycenter.org/numbers/displayatab.cfm?template=simulation&SimID=408&reITN=T11-0324>. Estimate is for the proposed 3.1% tax holiday).
- 7 "Unemployment Compensation CBO Baseline – January 2010," available at <http://www.cbo.gov/budget/factsheets/2011/2-unemployment.pdf> (last accessed November 2011)
- 8 Mark Zandi, "An Analysis of the Obama Jobs Plan," *Moody's Analytic*, September 9, 2011, available at http://www.economy.com/dismal/article_free.asp?cid=224641&tid=F0851CC1-F571-48DE-A136-B2F622EF6FA4&src=MZ.
- 9 Wayne Vroman, "The Role of Unemployment Insurance As an Automatic Stabilizer During a Recession" (Washington: IMPAQ International, LLC, 2010)
- 10 "The American Jobs Act: Tax Cuts to Help America's Businesses Hire and Grow," *The Commerce Blog*, October 6, 2011, available at <http://www.commerce.gov/blog/2011/10/06/american-jobs-act-tax-cuts-help-america%E2%80%99s-businesses-hire-and-grow>
- 11 Bureau of Labor Statistics, "Job Openings and Labor Turnover Survey Highlights" (September 2011).
- 12 Mark Zandi, "An Analysis of the Obama Jobs Plan," *Moody's Analytic*, September 9, 2011, available at http://www.economy.com/dismal/article_free.asp?cid=224641&tid=F0851CC1-F571-48DE-A136-B2F622EF6FA4&src=MZ.
- 13 Mark Zandi, "An Analysis of the Obama Jobs Plan," *Moody's Analytic*, September 9, 2011, available at http://www.economy.com/dismal/article_free.asp?cid=224641&tid=F0851CC1-F571-48DE-A136-B2F622EF6FA4&src=MZ.