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Unemployment Insurance Benefits and Family Income of the Unemployed

Congressional Budget Office

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Unemployment Insurance Benefits and Family Income of the Unemployed

Abstract

[Excerpt] The unemployment insurance (UI) program provides a weekly benefit to qualified workers who lose their job and are actively seeking work. The amount of that benefit is based in part on a worker's past earnings. The composition of the worker's family and the income of the family as a whole are not generally taken into account. Nevertheless, the worker's whole family is likely to be affected both by the spell of unemployment itself and by the support that the UI benefit provides.

The Congressional Budget Office (CBO) examined the role of UI benefits in supporting the income of families in which at least one person was unemployed at some point in 2009. The analysis addressed how that role varied with the amount of family income and the number of weeks of unemployment for all family members. CBO also examined how the poverty rate and related indicators of financial hardship would have differed in the absence of the UI program.

Keywords

Congressional Budget Office, reports, unemployment, unemployment insurance, income, poverty

Comments

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CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

Douglas W. Elmendorf, Director

November 17, 2010

Honorable Jim McDermott
Chairman
Subcommittee on Income Security and Family Support
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

In response to your request, the Congressional Budget Office has examined how unemployment insurance benefits supplement the family income of the unemployed. The attachment presents the results of that analysis.

I hope that you find this information helpful. The staff contacts for the analysis are Gregory Acs and Molly Dahl, who can be reached at (202) 226-2666.

Sincerely,

A handwritten signature in cursive script that reads "Douglas W. Elmendorf".

Douglas W. Elmendorf

Attachment

cc: Honorable John Linder
Ranking Member

Honorable Sander M. Levin
Chairman
House Committee on Ways and Means

Honorable Dave Camp
Ranking Member
House Committee on Ways and Means

CONGRESSIONAL BUDGET OFFICE

Unemployment Insurance Benefits and Family Income of the Unemployed

November 17, 2010

The unemployment insurance (UI) program provides a weekly benefit to qualified workers who lose their job and are actively seeking work. The amount of that benefit is based in part on a worker's past earnings. The composition of the worker's family and the income of the family as a whole are not generally taken into account. Nevertheless, the worker's whole family is likely to be affected both by the spell of unemployment itself and by the support that the UI benefit provides.

The Congressional Budget Office (CBO) examined the role of UI benefits in supporting the income of families in which at least one person was unemployed at some point in 2009. The analysis addressed how that role varied with the amount of family income and the number of weeks of unemployment for all family members. CBO also examined how the poverty rate and related indicators of financial hardship would have differed in the absence of the UI program.

The unemployment rate averaged 9.3 percent in 2009, more than double what it was in 2007 and the highest it had been since 1983.¹ In 2009, nearly one in four people (including children) lived in a family in which at least one family member was unemployed at some time during the year.² Among people living in a family with income

1. The unemployment rate averaged 4.6 percent in 2007 and 5.8 percent in 2008. The National Bureau of Economic Research identified the most recent recession as beginning in December 2007 and ending in June 2009.

2. That is, nearly one in four people was living in a family in which at least one person reported receiving UI benefits or reported spending some time without a job and actively seeking work in 2009. About 85 percent of those people were living in a family in which only one person was unemployed. Of those living in a family in which at least one person reported receiving UI benefits, 93 percent were in a family in which only one person reported receiving the benefits.

below the poverty threshold, one in three lived in a family in which at least one person was unemployed at some point.³

Outlays for UI benefits totaled \$120 billion in fiscal year 2009, a substantial increase over the amount two years earlier, which was \$33 billion. Spending on UI benefits in fiscal year 2010 was even higher than in fiscal year 2009, totaling nearly \$160 billion, and CBO projects that under current law, such spending in fiscal year 2011 will be \$93 billion.⁴

In assessing the role of UI benefits in supporting family income in 2009, CBO accounted only for people who received those benefits, the amount of benefits they received, and the other income they and their families received. CBO did not consider any changes in employment or other sources of income that might have occurred if those benefits were not available. In fact, had UI benefits not been available, some people would have made different decisions about work and seeking out other sources of income. For example, some people would have taken a job or increased their income from other sources, such as the added earnings of a spouse, and some older people would have retired earlier and received income from sources such as Social Security or private pensions. Moreover, employers would have made some different decisions about hiring and discharging workers, and economic conditions would have differed. A more-complete analysis of the effects of UI benefits on family income would incorporate such behavioral responses. Separately, although CBO's calculations are based on data about individual people, the results are presented in terms of families, both to focus on the effects on families and for ease of exposition.⁵

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3. The poverty threshold was roughly \$22,000 for a family of four. Income is before-tax family cash income in 2009, corresponding to the Census Bureau's definition of money income. Poverty thresholds are based on family size and composition. The definitions of both income and poverty thresholds are those used to determine the official poverty rate and are as defined in Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2009*, Current Population Reports, P60-238 (September 2010).
 4. Under current law, the federally funded extensions of benefits now available will begin to phase out on December 1, 2010.
 5. In this analysis, when reporting a percentage of families in a category, the phrase "percentage of families" means the "percentage of people in those families." Computations based on families would differ slightly from those based on people because not all families are the same size. Consider a simplified example in which there are two families with an unemployed person, and the unemployed person in a family of four received UI benefits, while the one in a family of six did not. In this example, 40 percent of the 10 people are in families that received UI benefits, and 50 percent of the two families received UI benefits. In CBO's judgment, accounting for the number of people in families receiving benefits rather than just the number of family units provides a more comprehensive estimate of the reach of the UI program, so the 40 percent figure is more useful. For ease of exposition, however, this letter would describe the example by saying simply that 40 percent of families received benefits rather than saying that 40 percent of people were in families that received benefits.

The major findings of this analysis are these:

- Almost half of families in which at least one person was unemployed received income from UI in 2009.⁶ In 2009, the median contribution of UI benefits to the income of families that received those benefits was \$6,000, accounting for 11 percent of their family income that year.
- Both the percentage of families receiving UI benefits and the median annual benefits received by those families over the course of the year were larger for families with more weeks of unemployment than for families with fewer weeks of unemployment.
- 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.
- Without the financial support provided to families by UI benefits and under an assumption of no change in employment or other sources of income associated with the absence of that support, the poverty rate and related indicators of financial hardship would have been higher in 2009 than they actually were. For instance, in 2009 the poverty rate was 14.3 percent, whereas without UI benefits and with no behavioral responses taken into account, it would have been 15.4 percent.

The Unemployment Insurance Program

The unemployment insurance program provides temporary income support to some experienced workers who lose their job.⁷ People who have been laid off from their job, who have a sufficient recent work history, and who are actively looking for work will generally qualify for UI benefits. People who quit their job or lost their job because of poor performance or misconduct are not generally eligible for UI benefits, nor are people newly entering the labor market or reentering it. Each state sets its own eligibility requirements and weekly benefit amounts based in part on workers' past earnings. Under the regular UI program, eligible people can generally receive up to 26 weeks of state-funded benefits, which averaged nearly \$300 per week in 2009.

6. More precisely, among people in families with someone unemployed, almost half were in families receiving UI benefits.

7. For details and history, see Committee on Ways and Means, *Background Material and Data on the Programs Within the Jurisdiction of the Committee on Ways and Means* (2008).

More than half of people receiving regular UI benefits in 2009 exhausted them, more than at any time since 1972.⁸ Many of the workers who exhausted their regular UI benefits continued to receive support through extensions:

- The extended benefit program provides an additional 13 weeks to 20 weeks of benefits beyond the 26 weeks of benefits generally provided by the regular program, depending on each state's laws and unemployment rate. The programs providing extended benefits are usually funded jointly by the federal and state governments but were funded completely by the federal government from February 2009 through December 1, 2010—initially pursuant to the American Recovery and Reinvestment Act of 2009 and most recently pursuant to the Unemployment Compensation Extension Act of 2010.
- Temporary emergency unemployment compensation became available in June 2008 and was most recently extended in July 2010. It now provides as many as 53 additional weeks of benefits to people who exhaust their other benefits before November 30, 2010.⁹ Emergency unemployment compensation benefits are provided in four separate sequential tiers; the first two tiers, of 20 weeks and 14 weeks, are available to people in all states. Additional tiers of 13 weeks and 6 weeks are available to certain people who exhaust their benefits in the first two tiers, depending on when they exhaust their benefits and whether the unemployment rate in their state reaches certain specified levels.¹⁰

In addition to extending the potential duration of unemployment benefits, the federal government increased the benefit amount by \$25 per week from February 2009 to early June 2010. After June 2, 2010, beneficiaries who received the additional amount continue to receive it until they exhaust whatever form of unemployment compensation they are receiving (regular benefits, extended benefits, or emergency unemployment compensation). People who began receiving unemployment benefits after June 2, 2010, are not eligible for the additional weekly federal compensation. Also, for 2009 only, the first \$2,400 of unemployment compensation received was excluded from federal income taxation. Historically, the typical UI recipient has fallen into the 15 percent tax bracket; for that person, the exclusion was worth \$360.

8. See Congressional Budget Office, *Losing a Job During a Recession*, Issue Brief (April 22, 2010).

9. The Supplemental Appropriations Act of 2008 (Public Law 110-252), signed on June 30, 2008, established the program. The most recent extension was part of the Unemployment Compensation Extension Act of 2010 (P.L. 111-205). States differ in the order in which benefits are provided. In some states, a person must exhaust both his or her regular and extended benefits before receiving emergency benefits. In other states, a person moves from receiving regular benefits to receiving emergency benefits to receiving extended benefits.

10. The maximum number of weeks a person can possibly receive unemployment benefits is 99. That figure would comprise 26 weeks of regular benefits, 20 weeks of extended benefits, and all tiers (20 + 14 + 13 + 6 weeks) of emergency unemployment compensation.

The extensions of UI benefits enacted in the past few years encouraged some people to stay in the labor force and collect benefits instead of leaving the labor force, and the extensions reduced the intensity of some unemployed workers' efforts to search for a new job because the benefits reduce the hardship of being unemployed.¹¹ The increase in the size of the labor force and the reduced intensity of job searches considered alone would tend to increase the unemployment rate. However, other effects of the extensions work in the opposite direction—making assessing the overall effect of the extensions on the unemployment rate in 2009 difficult. For example, because there were (by historical standards) a relatively large number of job seekers for each vacancy, the jobs that were not sought by workers receiving UI benefits may have gone instead to people who were not eligible for such benefits (such as people newly entering the labor force or people reentering it) and might otherwise have been unemployed themselves. Moreover, the benefit extensions led to greater spending by recipients and thereby greater demand for goods and services in the economy as a whole. Both of those effects tend to boost employment and lower the unemployment rate.

In CBO's assessment, the extensions of unemployment insurance benefits in the past few years increased both employment and participation in the labor force over what they would otherwise have been in 2009. The effect on the unemployment rate in that year is unclear: If the number of people in the labor force increased proportionately more than the number of people employed, the unemployment rate would have been pushed up; conversely, if the number of people in the labor force increased proportionately less than the number of people employed, the unemployment rate would have been lowered.¹²

Broadly speaking, the UI program influences people's decisions about working and looking for work, employers' decisions about hiring and discharging workers, and the way in which work is structured. The program's expenditures and the taxes needed to finance the program also affect the economy and employment. For individuals, because the program provides benefits to qualifying people without jobs, it reduces the material hardship associated with unemployment and thus reduces the incentive to vigorously search for work; that phenomenon could reduce employment among beneficiaries. The reduced hardship during the job search can also lead to a better match between the job seeker and a new employer. For employers, the UI program generates incentives that may encourage both hiring and discharging employees, mak-

11. Research suggests that the effect of recent extensions of unemployment insurance benefits on the duration of unemployment for the average worker who received such benefits was rather small. See Daniel Aaronson, Bhashkar Mazumder, and Shani Schechter, "What Is Behind the Rise in Long Term Unemployment?" *Economic Perspectives*, Federal Reserve Bank of Chicago (2010); and Rob Valletta and Katherine Kuang, "Extended Unemployment and UI benefits," *Economic Letter*, Federal Reserve Bank of San Francisco (April 19, 2010).

12. See Statement of Douglas W. Elmendorf, Director, Congressional Budget Office, before the Senate Committee on the Budget, *The Economic Outlook and Fiscal Policy Choices* (September 28, 2010), pp. 16–17.

ing the net effect on employment less clear. Furthermore, the countercyclical nature of the spending adds to overall demand and raises employment over what it otherwise would have been during periods of economic weakness, whereas the taxes and borrowing needed to finance the program may inhibit economic growth and employment over the long term.¹³ Sorting out all of the possible ways in which the UI program can influence employment and family income is beyond the scope of this analysis. Therefore, CBO did not account for any change in work behavior or other behavior by unemployed people and their family members during 2009 in response to the UI program.

The Role of Unemployment Insurance Benefits in Family Income in 2009

In 2009, unemployment insurance benefits provided support to almost half of the families in which at least one member was unemployed.¹⁴ (Not all unemployed people are eligible for UI benefits, and some eligible people may not apply for UI benefits.¹⁵) In 2009, the median contribution of UI benefits to the income of families that received those benefits was \$6,000, accounting for 11 percent of their income during the year. For some families, UI was the main source of income during the weeks that family members were unemployed.¹⁶

CBO's analysis is based on data from the Census Bureau's Current Population Survey that were collected in March 2010. The estimates of the effects of UI on family income use self-reported data on the receipt of benefits. In those data, the overall amount of UI benefits is about 70 percent of the total reported in the Department of Labor's data on payments. Therefore, the results in this analysis probably underestimate the extent to which UI supplemented the family income of the unemployed (behavioral responses aside). (See the Appendix for a discussion of methodological issues.)

13. For a detailed discussion of the many ways in which the UI program influences the labor market, see Christopher O'Leary and Stephen Wandner, eds., *Unemployment Insurance in the United States: Analysis of Policy Issues* (Kalamazoo, Mich.: W.E. Upjohn Institute for Employment Research, 1997).

14. More precisely, among people in families with someone unemployed, almost half were in a family receiving UI benefits. See footnote 5 for a more detailed discussion.

15. Among the reasons that unemployed people may not be eligible for UI are these: Not all workers are covered by UI (for instance, self-employed workers are not eligible); some unemployed people may not have sufficient work histories to be eligible (such as people newly entering the labor force or people reentering it); some may not qualify because of the nature of the job separation (for instance, they may have been fired for misconduct); and some unemployed people may have exhausted their benefits.

16. See Congressional Budget Office, *Family Income of Unemployment Insurance Recipients* (March 2004).

Differences in Income and Unemployment Insurance Benefits by Weeks of Unemployment in the Family

In 2009, both the percentage of families receiving benefits and the median annual benefits were higher for families with more weeks of unemployment during the year than for families with fewer weeks of unemployment. Among families in which members reported 1 week to 13 weeks of unemployment, 31 percent received UI benefits. Among families in which members reported 27 weeks of unemployment or more, 46 percent received UI benefits. Because more than 10 percent of families experiencing unemployment did not report the number of weeks of unemployment, those figures understate the actual shares of families receiving UI benefits.

Among families in which someone received UI benefits, the median amount of benefits ranged from \$2,800 for those experiencing 1 week to 13 weeks of unemployment to \$10,700 for those experiencing 27 weeks of unemployment or more (see Table 1). As a percentage of family income, UI benefits represented over 20 percent of income for families receiving benefits and experiencing 27 weeks of unemployment or more but only 5 percent for those experiencing 13 weeks of unemployment or less.

Differences in Unemployment and Unemployment Insurance Benefits by Poverty Status

Families with annual income more than the poverty threshold (which was about \$22,000 for a family of four, for instance) were less likely to have a member unemployed than were families with lower income; however, among families with someone unemployed, those with higher income were more likely to receive UI benefits than were families with lower income—in part because only those people with sufficient recent work histories qualify for benefits, in part because the amount of those benefits rises with past earnings, and in part because the receipt of benefits tends to shift families into higher-income groups.

One-fifth of families with income greater than twice the poverty threshold had someone unemployed in 2009, compared with almost one-third of poor families (see Table 2). However, over half of families with income greater than twice the poverty threshold that did have someone unemployed received UI benefits, compared with 26 percent of families with income less than the poverty threshold. As a result of that and other factors, families with income more than twice the poverty threshold received about 70 percent of total UI benefits paid out in 2009, compared with 8 percent for families with income below the poverty threshold.¹⁷

Even though lower-income families with someone unemployed were less likely to receive UI benefits than higher-income families were, those benefits represented a much greater share of total family income for lower-income families. For families

17. About 14 percent of people lived in families with income less than the poverty threshold, whereas about two-thirds of people lived in families with income that was more than twice the poverty threshold.

receiving UI benefits with income less than the poverty threshold, the benefits they received accounted for 40 percent of their income in 2009. For those with income between the threshold and twice the threshold, UI benefits represented 21 percent of family income, and for those with income greater than twice the threshold, such benefits made up less than 10 percent of family income.

Poverty Status With and Without Unemployment Insurance Benefits

Without the financial support provided to families by unemployment insurance (and under an assumption of no change in employment and other sources of income associated with the absence of that support), the poverty rate and related indicators of financial hardship would have been higher in 2009 than they actually were.

In 2009, the poverty rate was 14.3 percent. Without UI benefits, it would have been 15.4 percent (see Table 3). UI benefits reduced the percentage of families with income less than half the poverty threshold by 0.8 percentage points (affecting about 2.4 million people) and the percentage of families with income less than twice the poverty threshold by 1.1 percentage points (affecting about 3.3 million people).

The contribution of UI benefits to the income status of families with someone unemployed, and especially families receiving UI benefits, was larger than its effect on families overall. The poverty rate for families in which someone was unemployed in 2009 was 19.6 percent. Without UI benefits, that rate would have been 4.7 percentage points higher, or 24.3 percent. The change in poverty rates was even larger among families that received UI benefits. In 2009, nearly 11 percent of families receiving UI benefits had income below the federal poverty threshold, but in the absence of those benefits, 21 percent of those families would have had income below the poverty line. Furthermore, about 3 percent of families receiving benefits had income less than half the poverty threshold, whereas without those benefits that figure would have been more than 10 percent.

Table 1.**Income and Unemployment Insurance Benefits, by Weeks of Unemployment in the Family in 2009**

(Dollars)

	All	Weeks of Unemployment		
		1-13	14-26	27+
Families Experiencing Unemployment				
Median family income	48,700	56,800	49,000	41,900
Families Experiencing Unemployment and Receiving UI Benefits				
Median family income	54,800	63,600	57,500	49,000
Median UI benefits	6,000	2,800	5,900	10,700
Median UI benefits as a percentage of family income	11	5	10	22
Families Experiencing Unemployment and Not Receiving UI Benefits				
Median family income	42,000	52,100	41,300	35,000

Source: Congressional Budget Office based on Census Bureau, Current Population Survey, March 2010.

Notes: Income is before-tax family cash income in 2009, corresponding to the Census Bureau's definition of money income, as defined in Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2009*, Current Population Reports, P60-238 (September 2010). It is rounded to the nearest \$100.

Weeks of unemployment in the family is the total number of weeks all family members reported they were without a job and looking for work or laid off from a job in 2009.

"Percentage of families" means the percentage of people in those families. For example, median family income was \$48,700 among all people in families in which one or more member was unemployed in 2009.

A person is in a family experiencing unemployment if any member of that family reported receiving unemployment insurance benefits or reported that he or she spent at least one week without a job and looking for work or laid off from a job in 2009.

The "All" column includes families experiencing unemployment that do not report the number of weeks of unemployment.

UI = unemployment insurance.

Table 2.**Unemployment and Unemployment Insurance Benefits, by Poverty Status in 2009**

	Family Income		
	Less Than the Poverty Threshold	Poverty Threshold to Twice That Threshold	More Than Twice the Poverty Threshold
Percentage of Families Experiencing Unemployment	32	28	20
Percentage of Those Families Receiving UI Benefits	26	47	53
Percentage of Total UI Benefits	8	22	70
UI Benefits as a Percentage of Income for Families Receiving Such Benefits (Median)	40	21	8

Source: Congressional Budget Office based on Census Bureau, Current Population Survey, March 2010.

Notes: Income is before-tax family cash income in 2009, corresponding to the Census Bureau's definition of money income. Poverty thresholds are based on family size and composition. The definitions of both income and poverty thresholds are those used to determine the official poverty rate and are as defined in Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2009*, Current Population Reports, P60-238 (September 2010).

"Percentage of families" means the percentage of people in those families. For example, among people in families with income less than half the federal poverty threshold, 32 percent were in families in which one or more member was unemployed.

A person is in a family experiencing unemployment if any member of that family reported receiving unemployment insurance benefits or reported that he or she spent at least one week without a job and looking for work or laid off from a job in 2009.

UI = unemployment insurance.

Table 3.

Poverty Status With and Without Unemployment Insurance Benefits in 2009

(Percentage of families)

	Family Income With UI Benefits	Family Income Without UI Benefits	Difference (Percentage points)
Among All Families			
Less Than Half the Poverty Threshold	6.3	7.1	-0.8
Less Than the Poverty Threshold	14.3	15.4	-1.1
Less Than Twice the Poverty Threshold	33.0	34.1	-1.1
Among Families Experiencing Unemployment			
Less Than Half the Poverty Threshold	8.6	12.1	-3.5
Less Than the Poverty Threshold	19.6	24.3	-4.7
Less Than Twice the Poverty Threshold	41.7	46.3	-4.6
Among Families Receiving UI Benefits			
Less Than Half the Poverty Threshold	2.8	10.4	-7.6
Less Than the Poverty Threshold	10.9	21.0	-10.1
Less Than Twice the Poverty Threshold	33.2	43.1	-9.9

Source: Congressional Budget Office based on Census Bureau, Current Population Survey, March 2010.

Notes: Income is before-tax family cash income in 2009, corresponding to the Census Bureau's definition of money income. Poverty thresholds are based on family size and composition. The definitions of both income and poverty thresholds are those used to determine the official poverty rate and are as defined in Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2009*, Current Population Reports, P60-238 (September 2010).

"Percentage of families" means the percentage of people in those families. For example, 14.3 percent of people were in families with income below the poverty threshold. Without UI benefits included in income, the poverty rate would have been 15.4 percent.

A person is in a family experiencing unemployment if any member of that family reported receiving unemployment insurance benefits or reported that he or she spent at least one week without a job and looking for work or laid off from a job in 2009.

For these tabulations, CBO assumed that no changes in employment or other sources of income would have resulted from the absence of unemployment insurance benefits.

UI = unemployment insurance.

Appendix: Methodology

The Congressional Budget Office (CBO) used data from the Current Population Survey (CPS) administered in March 2010 to examine the role of unemployment insurance (UI) in supporting the income of people receiving benefits and their family members. The CPS asks respondents about their income and employment from the previous calendar year (in this case, 2009). Those data are the official source for calculating the U.S. poverty rate.

For this analysis, a person is considered unemployed if he or she either reported receiving UI benefits or reported, for at least one week of the year, being without a job but looking for work or laid off.¹ A person is in a family experiencing unemployment if anyone in the family was unemployed over the course of the year. A family comprises all persons living in a single dwelling unit related to one another by marriage, blood, or adoption.

Although CBO's calculations are based on data about individual people, the results are presented in terms of families, both to focus on the effects on families and for ease of exposition. When this analysis describes a percentage of families in a category, the phrase "percentage of families" means the "percentage of people in those families." Computations based on families would differ slightly from those based on people because not all families are the same size. Consider a simplified example in which there are two families with an unemployed person, and the unemployed person in a family of four received UI benefits, while the one in a family of six did not. In this example, 40 percent of the 10 people are in families that received UI benefits, and 50 percent of the two families received UI benefits. In CBO's judgment, accounting for the number of people in families receiving benefits rather than just the number of family units provides a more comprehensive estimate of the reach of the UI program, so the 40 percent figure is more useful. For ease of exposition, however, this letter would describe the example by saying simply that 40 percent of families received benefits rather than saying that 40 percent of people were in families that received benefits.

CBO used information on family size, family composition, and before-tax cash family income in 2009 to place people into income categories relative to the federal poverty thresholds. In 2009, the average poverty threshold for a family of four was \$21,954. The poverty thresholds are defined in Census Bureau, *Income, Poverty, and Health Insurance in the United States: 2009*, Current Population Reports, P60-238 (September 2010). Before-tax cash family income includes cash benefits (including UI bene-

1. To be counted among the unemployed in the determination of the official unemployment rate, a jobless person must be available for work and actively seeking a job.

fits) but excludes near-cash benefits (such as those provided through the Supplemental Nutrition Assistance Program, or SNAP, formerly the Food Stamp program).

In examining the effects of UI benefits on family income, CBO did not account for any changes in employment or other sources of income that would have resulted from the absence of UI. A more-complete analysis of the effects of UI benefits on family income would incorporate such behavioral responses.

CPS data, compared with data from the Department of Labor, undercount total UI benefits paid. In 2009, the total amount of UI benefits that CPS respondents reported they received was about 70 percent of the amount paid in that year according to the Department of Labor. It is difficult to know whether that undercount in the CPS stems from an incorrect estimate of the number of people who received UI benefits, an incorrect estimate of the amount each person received, or some combination of the two.