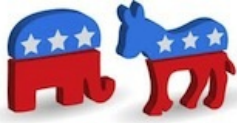


WHAT WILL HAPPEN TO UNEMPLOYMENT BENEFITS?



We all know that in this country there are two major political parties in the US, the Democrats and the Republicans. We also know that they spend most of their time at work arguing with each other, playing posturing games and otherwise trying to get a leg up on the competition. It is part of the political game and no issue is too sacred to be exempt, not even unemployment insurance. This week Senate Majority Leader Harry Reid has made an announcement that could end the fighting, at least when it comes to this particular issue in the short term. He plans to offer up a new plan that will extend both payroll tax cuts for employers and unemployment benefits for individuals without a job. Both the current extension for unemployment benefits and the extension for the payroll tax cuts are going to expire by the end of the month if no changes are made to the law in the near future. The news was also announced on a show yesterday called "Fox News Sunday", where the Senate Budget Committee Chairman Kent Conrad (of North Dakota) made an announcement that Mr. Reid would release a compromise plan on Monday (today) in an effort to create a plan that could get passed by members of both parties before the current efforts expire. On the show Senate Budget Committee Chairman Kent Conrad told one of the hosts that, "He indicated to me it will be paid for. It will be paid for in a way that's credible and serious." On the show representatives from both parties were able to agree that the Congress was more likely to reach an agreement than were not to reach one before the deadline has passed and the people who rely upon the unemployment insurance program as their only source of income during the current economic downturn would not go without. If for some reason no agreement can be reached and the extensions ended up expiring on December 31st a few changes will happen. In addition to not only cutting down on the length of unemployment benefits they will also remove the lowered portion of the employee section of the Social Security payroll tax. The tax will be raised from 4.2 percent to the 6.2 percent. For many homes that two percent would represent a cut to their pay that they simply cannot afford at the current moment. The Republican majority leader has already said to reporters that he has no details on the as yet unreleased plan, which is not surprising considering it is not released. That has not stopped Republican's from already making negative comments on the idea. Senator Tom Coburn, a Republican from Oklahoma said explicitly on the same show that no agreement currently exist on how to pay for the extension of the benefits. His exact words on the show were, "Nobody is making hard choices now. What they are doing is promising a benefit and no pain now. It always comes later." The specifics of the agreement should be out tonight.

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