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*Opportunity and Prosperity  
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# BTC Brief

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## Slowing the Slide: Unemployment Insurance Payments Bolster Family Buying Power, Blunt Recession's Local Impacts

*Timely,  
accessible,  
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analysis of  
state and local  
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issues*

Since the start of the recession, North Carolinians have received \$2.2 billion in unemployment insurance payments. These regular, emergency and extended benefits, in turn, have generated \$3.7 billion in economic activity. Absent the payments, the state's economic woes would be worse.

### **The Statewide Impact of Unemployment Insurance: \$3.7 Billion and Counting**

By temporarily replacing part of the wages of jobless individuals, unemployment insurance provides families with a level of economic security. And as most benefits are spent quickly and locally on expenses like rent and food, insurance payments help to sustain local economic activity during downturns.

Between Dec. 2007 and Feb. 2009, North Carolinians received an inflation-adjusted total of \$2.2 billion in regular (\$1.8 billion), emergency (\$419.2 million) and extended (\$13.3 million) unemployment insurance payments. Because most payments are spent rapidly, they generate additional economic activity. Recent research indicates that \$1 in payments sparks \$1.64 in economic activity. Accordingly, the \$2.2 billion in insurance payments to North Carolinians **has generated \$3.7 billion in economic activity**. This is equal to 2.3 percent of the total wages paid in North Carolina in 2007.

### **The Local Dimension of Unemployment Insurance: County-Level Impacts**

The **table (over)** summarizes insurance payments and their impacts by county. Note the table shows only regular payments, not emergency and extended ones, so the estimates are quite conservative. Also, the table assumes that all funds are spent locally, even though people actually may spend in other localities.

In terms of total dollars, unemployment insurance's impact is greatest in urban counties. In Mecklenburg County, \$179.6 million in regular insurance payments has leveraged \$294.6 million in economic activity. In relative terms, however, the impacts are greatest in rural places. In McDowell County, \$14.2 million in payments have generated \$23.4 million in economic activity; this amount is equivalent to 8.5 percent of the local wage base. Moreover, the economic impact of insurance payments exceeds four percent of the wage base in 24 rural counties. Overall, the data suggest that insurance payments are serving to blunt the effects of the recession in both rural and urban places.

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**Table: Economic Impact of Unemployment Insurance (Regular Payments Only), by North Carolina County, December 2007 - February 2009 (Current Recession), in 2008 Dollars**

County	Total Paid (2008 \$)	Est. Economic Impact (2008 \$)	Impact as % Total Wages (2008 \$)	County	Total Paid (2008 \$)	Est. Economic Impact (2008 \$)	Impact as % Total Wages (2008 \$)
Alamance	\$29,140,173	\$47,789,884	2.3%	Johnston	\$27,224,803	\$44,648,676	2.9%
Alexander	\$9,836,754	\$16,132,276	5.4%	Jones	\$1,486,347	\$2,437,609	4.9%
Alleghany	\$2,060,388	\$3,379,036	3.6%	Lee	\$13,349,319	\$21,892,883	2.1%
Anson	\$4,970,401	\$8,151,458	3.3%	Lenoir	\$11,066,339	\$18,148,796	2.1%
Ashe	\$6,646,640	\$10,900,489	4.6%	Lincoln	\$20,691,970	\$33,934,831	4.7%
Avery	\$2,873,052	\$4,711,806	2.4%	Macon	\$6,358,324	\$10,427,652	2.1%
Beaufort	\$8,821,695	\$14,467,579	2.7%	Madison	\$3,113,583	\$5,106,277	1.5%
Bertie	\$2,853,303	\$4,679,416	2.4%	Martin	\$4,280,544	\$7,020,092	6.1%
Bladen	\$7,460,801	\$12,235,714	3.2%	McDowell	\$14,241,764	\$23,356,493	8.5%
Brunswick	\$20,447,316	\$33,533,598	3.7%	Mecklenburg	\$179,637,849	\$294,606,072	0.9%
Buncombe	\$32,584,686	\$53,438,885	1.3%	Mitchell	\$3,942,279	\$6,465,337	4.1%
Burke	\$20,408,419	\$33,469,808	3.2%	Montgomery	\$5,548,036	\$9,098,779	3.0%
Cabarrus	\$32,624,082	\$53,503,494	2.1%	Moore	\$11,627,814	\$19,069,615	1.8%
Caldwell	\$20,762,795	\$34,050,984	4.1%	Nash	\$19,834,249	\$32,528,169	2.2%
Camden	\$1,146,819	\$1,880,782	2.4%	New Hanover	\$34,750,259	\$56,990,424	1.5%
Carteret	\$9,398,383	\$15,413,348	2.4%	Northampton	\$2,827,543	\$4,637,170	2.6%
Caswell	\$4,318,356	\$7,082,104	7.5%	Onslow	\$12,547,393	\$20,577,725	1.6%
Catawba	\$41,307,013	\$67,743,502	2.2%	Orange	\$10,049,136	\$16,480,583	0.6%
Chatham	\$9,603,084	\$15,749,058	2.9%	Pamlico	\$1,568,640	\$2,572,569	3.1%
Cherokee	\$5,791,920	\$9,498,750	3.9%	Pasquotank	\$5,407,255	\$8,867,898	1.6%
Chowan	\$3,510,217	\$5,756,756	3.4%	Pender	\$9,127,917	\$14,969,784	4.8%
Clay	\$1,519,827	\$2,492,516	4.1%	Perquimans	\$1,782,028	\$2,922,526	5.1%
Cleveland	\$27,882,801	\$45,727,794	4.0%	Person	\$9,687,016	\$15,886,706	4.3%
Columbus	\$12,227,148	\$20,052,522	3.8%	Pitt	\$27,104,796	\$44,451,866	1.7%
Craven	\$13,267,791	\$21,759,177	1.4%	Polk	\$2,340,870	\$3,839,027	2.5%
Cumberland	\$33,171,037	\$54,400,500	1.3%	Randolph	\$29,571,004	\$48,496,447	3.1%
Currituck	\$3,766,319	\$6,176,763	3.7%	Richmond	\$9,752,674	\$15,994,385	3.7%
Dare	\$13,054,784	\$21,409,846	3.7%	Robeson	\$22,164,057	\$36,349,054	3.0%
Davidson	\$38,059,830	\$62,418,121	4.5%	Rockingham	\$21,637,156	\$35,484,935	3.7%
Davie	\$8,557,339	\$14,034,035	4.1%	Rowan	\$35,344,341	\$57,964,720	3.2%
Duplin	\$7,546,781	\$12,376,720	2.0%	Rutherford	\$16,133,846	\$26,459,508	3.9%
Durham	\$33,744,167	\$55,340,433	0.5%	Sampson	\$8,323,225	\$13,650,090	2.1%
Edgemcombe	\$13,853,668	\$22,720,016	3.2%	Scotland	\$8,596,625	\$14,098,465	3.2%
Forsyth	\$56,047,763	\$91,918,331	1.2%	Stanly	\$13,566,032	\$22,248,292	3.6%
Franklin	\$10,167,614	\$16,674,886	3.9%	Stokes	\$8,813,260	\$14,453,746	7.0%
Gaston	\$53,254,360	\$87,337,150	3.6%	Surry	\$16,677,466	\$27,351,044	2.9%
Gates	\$623,638	\$1,022,766	2.3%	Swain	\$3,559,660	\$5,837,843	2.5%
Graham	\$3,673,486	\$6,024,517	7.9%	Transylvania	\$3,549,851	\$5,821,756	2.0%
Granville	\$9,016,238	\$14,786,630	2.0%	Tyrrell	\$772,561	\$1,267,000	4.5%
Greene	\$2,751,882	\$4,513,086	3.5%	Union	\$33,935,773	\$55,654,668	2.6%
Guilford	\$88,758,417	\$145,563,803	1.3%	Vance	\$9,958,927	\$16,332,640	3.3%
Halifax	\$10,977,334	\$18,002,827	3.4%	Wake	\$123,132,082	\$201,936,614	1.0%
Harnett	\$17,352,146	\$28,457,520	3.9%	Warren	\$2,958,811	\$4,852,450	5.0%
Haywood	\$9,695,190	\$15,900,111	2.8%	Washington	\$2,532,123	\$4,152,681	4.7%
Henderson	\$12,936,385	\$21,215,671	1.7%	Watauga	\$4,616,165	\$7,570,510	1.1%
Hertford	\$2,437,828	\$3,998,038	1.4%	Wayne	\$14,711,099	\$24,126,202	1.7%
Hoke	\$5,062,708	\$8,302,842	3.6%	Wilkes	\$15,141,835	\$24,832,609	3.4%
Hyde	\$1,222,976	\$2,005,680	3.8%	Wilson	\$17,241,383	\$28,275,869	1.9%
Iredell	\$38,221,557	\$62,683,353	2.5%	Yadkin	\$7,057,547	\$11,574,376	4.3%
Jackson	\$6,098,810	\$10,002,049	2.2%	Yancey	\$3,804,197	\$6,238,884	5.4%

Notes: "Total Paid" is the total amount paid in regular benefits to claimants residing in specific counties. Note that Emergency Unemployment Compensation and Extended Benefit programs are not included, resulting in extremely conservative estimates. "Est. Economic Impact" is calculated by applying an economic multiplier of \$1.64 to the "Total Paid" column. Other plausible economic multipliers exist. "Impact as % of Total Wages" expresses the "Est. Economic Impact" as a share of the total wages paid in a county in 2007. All dollar figures used for calculations have been adjusted to their 2008 values using the CPI-U. Urban counties are shaded and are those classified as "urban" by the NC Rural Center. Sources: Employment Security Commission of NC; US Department of Labor; Moody's Economy.com