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NUMBER OF UNEMPLOYED WHO HAVE GONE WITHOUT FEDERAL BENEFITS HITS RECORD 3 MILLION

By Isaac Shapiro

Since late December, when the federal Temporary Extended Unemployment Compensation program stopped providing additional aid to individuals exhausting their regular unemployment benefits, a record number of jobless workers have exhausted their regular benefits, gone without federal aid, and received neither a paycheck nor an unemployment check. Based on actual figures through August and the author's estimates through mid-October:

- **The three-million figure.** From late December through the middle of October, an estimated 3,053,000 unemployed individuals will have exhausted their regular unemployment benefits. About 34,000 of them will have qualified for additional unemployment aid through the federal/state extended benefits program. The remaining three million individuals will not have qualified for any federal unemployment benefits.
- **The record that has been set.** The three million jobless workers exhausting their regular benefits and going without federal aid from late December through mid-October is higher than the number of such exhaustees in any other period of comparable length on record.¹

State-by-State Data

The Temporary Extended Unemployment Compensation (TEUC) program was created in March 2002 to provide additional weeks of federally funded unemployment benefits to jobless workers who have run out of regular, state-funded unemployment benefits but have not found a job. TEUC provided up to 13 weeks of benefits to most workers who participated in it. The program phased out when Congress declined to extend the program beyond the close of December 2003. President Bush did not ask Congress for an extension. Individuals who have exhausted their regular unemployment benefits since December 20, 2003 have *not* been eligible for TEUC aid.

Table 1 shows state-by-state estimates of the number of exhaustees from late December through mid-October. While some state labor markets are stronger than others, the state-by-state estimates demonstrate that across the country, an exceptionally large number of unemployed

¹ This historical comparison examines the estimated number of individuals exhausting their regular benefits and going without further federal aid over the first 10 months of 2004 and compares the estimate to the number of exhaustees in every other 10-month period going back to the early 1970s. Data prior to the early 1970s are not available. The comparison adjusts for the growth in the labor force over time; that is, the record figure is not a reflection of the growth in the labor force but of the current severity of long-term unemployment.

workers have exhausted their regular benefits without finding work and have gone without a paycheck or unemployment benefits. As the table indicates:

- In eight states, the number of individuals who have exhausted their regular benefits but gone without federal aid has exceeded 100,000. These states include California, where nearly one-half million jobless workers have been denied aid, New York (230,000), Texas (189,000), Illinois (149,000), New Jersey (146,000), Pennsylvania (141,000), Michigan (128,000), and Florida (125,000). (In North Carolina, nearly 100,000 of the unemployed have now run out of their regular benefits and gone without federal aid.)
- In all but nine other states, more than 10,000 individuals have exhausted their regular aid but have not received further federal assistance.

Labor Market Health and the Termination of Federal Benefits

These figures reflect the far-from-robust labor market that has marked the past year and the enduring severity of long-term unemployment. This severity also is documented by other labor market indicators. For instance, according to the labor market report that the Department of Labor released Friday, October 8:

- In September, 21.8 percent of the unemployed were categorized as long-term unemployed — out of work 27 weeks or more. This marked a record-setting 24th month in a row that more than one in five of the unemployed were experiencing long-term unemployment spells.²
- Further, and somewhat unexpectedly, the labor market report released on Friday, October 8 showed that long-term unemployment *rose* from August to September, climbing to 1.747 million long-term unemployed workers in September. There are still one million more long-term unemployed workers than there were in March 2001, when the downturn officially began. There are also 400,000 more long-term unemployed than when the TEUC program was established in March 2002.

Also of note, the temporary federal unemployment benefits programs in place in both the early 1980s and early 1990s were not terminated until the number of jobs returned to or surpassed its level than there had been at the start of those downturns. By contrast, today there are still 940,000 *fewer* jobs than there were at the start of the latest downturn.

If the labor market begins to generate jobs at a healthy clip and long-term unemployment drops significantly, the absence of a temporary federal benefits program will be appropriate. But the central finding here — that a record three million individuals have already been denied aid due to the demise of the TEUC program — suggests that the program ended far too soon.

² Jared Bernstein, “Jobs Picture,” Economic Policy Institute, October 8, 2004.

Table 1. Estimated exhaustions from late December 2003 through mid-October 2004

State	Number of unemployed exhausting their regular benefits	Number then qualifying for federal/state "extended benefits"	Number of regular program exhaustees not qualifying for additional federal aid
Alabama	30,600	0	30,600
Alaska	18,200	12,300	5,900
Arizona	38,700	0	38,700
Arkansas	28,700	0	28,700
California	484,400	0	484,400
Colorado	40,100	0	40,100
Connecticut	41,900	0	41,900
DC	9,100	0	9,100
Delaware	8,000	0	8,000
Florida	124,700	0	124,700
Georgia	81,100	0	81,100
Hawaii	6,500	0	6,500
Idaho	16,000	0	16,000
Illinois	149,300	0	149,300
Indiana	66,800	0	66,800
Iowa	22,900	0	22,900
Kansas	27,600	0	27,600
Kentucky	26,700	0	26,700
Louisiana	33,200	0	33,200
Maine	10,100	0	10,100
Maryland	35,000	0	35,000
Massachusetts	83,300	0	83,300
Michigan	140,900	12,700	128,200
Minnesota	47,400	0	47,400
Mississippi	18,400	0	18,400
Missouri	58,800	0	58,800
Montana	8,200	0	8,200
Nebraska	15,900	0	15,900
Nevada	22,800	0	22,800
New Hampshire	4,800	0	4,800
New Jersey	146,000	0	146,000
New Mexico	13,000	0	13,000
New York	230,000	0	230,000
North Carolina	99,700	0	99,700
North Dakota	4,200	0	4,200
Ohio	91,600	0	91,600
Oklahoma	26,100	0	26,100
Oregon	55,100	4,300	50,800
Pennsylvania	140,600	0	140,600
Puerto Rico	42,200	0	42,200
Rhode Island	13,800	0	13,800
South Carolina	43,100	0	43,100
South Dakota	1,400	0	1,400
Tennessee	54,000	0	54,000
Texas	188,500	0	188,500
Utah	15,400	0	15,400
Vermont	4,400	0	4,400
Virgin Islands	800	0	800
Virginia	42,000	0	42,000
Washington	60,800	4,700	56,100
West Virginia	10,500	0	10,500
Wisconsin	66,100	0	66,100
Wyoming	3,900	0	3,900
United States	3,053,300	34,000	3,019,300

Source: U.S. Department of Labor. Actual through August, author estimate through mid-October.