



# CENTER ON BUDGET AND POLICY PRIORITIES

820 First Street, NE, Suite 510, Washington, DC 20002  
Tel: 202-408-1080 Fax: 202-408-1080 center@cbpp.org www.cbpp.org

FOR IMMEDIATE RELEASE:  
October 1, 2002

CONTACT: Henry Griggs, Michelle Bazie  
(202) 408-1080

## **FAILURE TO EXTEND AND STRENGTHEN THE TEMPORARY FEDERAL UNEMPLOYMENT BENEFITS PROGRAM WILL HARM 3 MILLION WORKERS AND THEIR FAMILIES BY NEXT WINTER**

Over the next five months, some 3 million workers and their families will receive fewer weeks of federal unemployment benefits than they need — or none at all — unless Congress extends and strengthens the temporary program that provides extra weeks of benefits to workers who need them, according to a new study from the Center on Budget and Policy Priorities. The study also provides a state-by-state breakdown of the number of affected workers.

Congress created the program, called Temporary Emergency Unemployment Compensation (TEUC), as part of economic stimulus legislation in March to provide federally-funded unemployment benefits to workers who have exhausted their regular, state-funded benefits. The stimulus legislation, however, established this program only through the last full week of December. TEUC will terminate on December 28, 2002.

Unemployed workers receiving TEUC benefits on that date will be summarily cut off and receive no further unemployment assistance. In fact, starting October 7, all workers whose regular unemployment benefits run out and who begin to receive TEUC benefits will be provided *fewer* than the 13 weeks of such benefits that the program is supposed to provide, because of the December 28 expiration date.

The scheduled December expiration of TEUC comes at least half a year before unemployment will begin to decline significantly, according to Congressional Budget Office projections, which state that unemployment will remain at about six percent until the second half of 2003. In the last recession, in contrast, Congress extended the federal unemployment benefits program until the decline in unemployment was well underway.

In addition to the workers who will be harmed by TEUC's early expiration, other workers already are being harmed by another weakness of TEUC: the program provides relatively few weeks of benefits compared to the program Congress created during the last recession. Because TEUC gives workers fewer weeks of benefits in which to gain employment, many workers are running out of benefits before finding work.

“The federal unemployment insurance trust funds contain large surpluses — \$24 billion — that can be used to extend and strengthen the temporary federal program without raising unemployment insurance taxes at all,” stated Wendell Primus, the Center's Director of Income Security and co-author of the report. “Letting these funds sit unused while millions of jobless workers go without benefits makes little sense,

especially since the trust funds accumulated these surpluses during good economic times for the very purpose of paying for extra weeks of benefits during economic slumps.”

Delaying action on TEUC until a possible “lame duck” legislative session or until next year would be unwise, Primus added. “First of all, waiting for a lame duck session would be risky, since it might not happen,” he noted. “In addition, with every week that passes, tens of thousands of additional workers run out of TEUC benefits without finding a job. They need help now, not later. Finally, if Congress fails to act this year, TEUC will expire at the end of December.”

### **Current Program Weaker Than Temporary Program Created in Last Recession**

States typically provide jobless workers who qualify for unemployment insurance with up to 26 weeks of benefits. Congress created TEUC to provide extra weeks of federally-funded unemployment benefits to workers who have used up their regular, state-funded unemployment benefits. Workers in most states can receive up to 13 weeks of benefits under TEUC; in two states, Oregon and Washington, workers can receive up to 26 weeks of benefits.

In the last recession, during the early 1990s, Congress created a similar temporary program to provide extra weeks of federally-funded benefits to workers who needed them. That program, however, provided many more weeks of benefits to the typical worker than TEUC does. In addition, Congress extended that program several times as unemployment remained elevated. By the time that program expired — 30 months later — unemployment had been declining for some time and had fallen more than halfway back to its pre-recession level. TEUC’s scheduled expiration of December 28, in contrast, comes only 9½ months after the program’s creation and at least half a year before unemployment is expected to begin falling. As noted above, the Congressional Budget Office projects that unemployment will remain at about six percent until the second half of 2003.

Moreover, by several measures the current downturn has hit workers at least as hard as the previous downturn. More workers are exhausting their regular unemployment benefits than at a similar stage in the last downturn, for example. In addition, both the number of unemployed workers and the unemployment rate have increased about as much in this downturn as in the previous one. Among workers with recent work experience, unemployment has increased *more* during the current downturn than in the last one.

### **Workers Already Being Harmed by Failure to Extend and Improve TEUC**

Roughly 3 million workers will be harmed over the next five months if Congress fails to extend and improve TEUC, the Center’s study estimates. They fall into four categories:

- Today, there are approximately 860,000 workers whose TEUC benefits have run out and who remain out of work. These workers are receiving neither unemployment benefits nor a paycheck. If additional weeks of TEUC benefits

were provided, these workers would be eligible for additional assistance while they continue to search for employment.

- Between the start of October and the scheduled expiration of TEUC on December 28, another 610,000 workers will exhaust their TEUC benefits without finding a job. These workers, like those in the above group, would be eligible for additional weeks of TEUC benefits if additional weeks were provided.
- Approximately 820,000 workers who will be receiving TEUC benefits — and who will not yet have received their full 13 weeks of benefits — will be summarily cut off TEUC when the program expires at the end of the year. Extending TEUC beyond the end of December would enable these workers to receive their full complement of TEUC benefits while they look for jobs.
- Approximately 810,000 workers will run out of regular, state-funded unemployment benefits in January and February 2003 but will not receive any TEUC benefits, unless the program is extended beyond the end of December. Extending the TEUC program would make these workers eligible for benefits.

Workers who will have exhausted TEUC by the end of September and still be unemployed at that time	Workers who will exhaust TEUC between October and December	Workers who will be cut off from TEUC benefits on December 28, 2002	Workers who will exhaust regular unemployment benefits in January and February 2003	Estimated number of total workers affected
860,000	610,000	820,000	810,000	3.1 million

In the months following February 2003, of course, additional workers will exhaust their regular, state-funded unemployment benefits. They, too, will be ineligible for TEUC benefits unless the program is extended.

“Congress and the President should act now to extend TEUC through the end of June 2003, which is when current projections suggest the unemployment rate might begin to diminish.” stated Primus. “They also should strengthen the program to provide more weeks of benefits to jobless workers, especially in states where unemployment is particularly high.”

The Center report, *The Price of Inaction: Three Million Jobless Workers to be Affected If Congress Takes No Action to Extend and Strengthen Temporary Federal Unemployment Benefits Program*, is available at the CBPP website, [www.cbpp.org](http://www.cbpp.org).

---

**The Center on Budget and Policy Priorities** is a nonprofit, nonpartisan research organization and policy institute that conducts research and analysis on a range of government policies and programs. It is supported primarily by foundation grants.