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DESPITE JOB GROWTH, A RECORD 2 MILLION UNEMPLOYED HAVE GONE WITHOUT BENEFITS

Even during recent months of robust job growth, very large numbers of jobless workers have exhausted regular benefits and not received further federal aid

By Isaac Shapiro

Thankfully, for three months running, the labor market has again been generating significant numbers of new jobs. Unfortunately, new Labor Department data show that over the same three months an exceptionally large number of jobless workers exhausted their regular benefits and did not qualify for further federal aid. The high level of “exhaustees” continues a pattern in place since late December, when the federal Temporary Extended Unemployment Compensation program quit providing additional aid to individuals newly exhausting their regular benefits. The lingering high level of exhaustees suggests that the program was turned off too soon, and that it takes more than a few months of significant job growth to substantially reduce the problems of the long-term unemployed.

- ***A record two million have gone without aid.*** This analysis estimates that more than two million unemployed workers will exhaust their regular benefits and go without further federal unemployment aid from when the TEUC program ended through the end of June.¹ In no other comparable period for which data are available have so many unemployed workers exhausted their regular unemployment benefits without being able to receive additional aid. (All historic comparisons in this analysis adjust for the growth in labor force over time. This analysis also includes state-by-state exhaustion data for the first half of 2004.)
- ***Large numbers exhausted benefits even since significant job growth began.*** The labor market has experienced substantial job growth starting in March. Yet in March, the first month of this more robust job growth, the number of individuals exhausting their regular benefits and not qualifying for further federal aid was higher than in *any* other month on record. The latest, just-released data are for May: 293,000 unemployed individuals exhausted their regular unemployment benefits without qualifying for further federal unemployment assistance. While this is a smaller number than exhausted their benefits in March, it is worth noting that in no other *May* on record have so many unemployed workers fallen into this situation. Comparisons of the same months over time are of interest because the data used here are not adjusted for seasonal patterns in the labor market; so data for a May of one year can best be compared to data for May of another year.

¹ Through the end of September the number will equal approximately 2.9 million.

- **The next few months are also likely to see an exceptionally large number of exhaustees.** Projections suggest that in June, July, August, and September of this year, the number of jobless workers exhausting their regular benefits but going without federal aid will also set records for those particular months.

The Month-by-Month 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. Individuals who have exhausted their regular unemployment benefits since December 20, 2003 have not been eligible for TEUC aid.

The Labor Department just released new information on the number of unemployed individuals exhausting their regular unemployment benefits in May. It shows:

- More than 295,000 individuals exhausted their regular state unemployment benefits. About 2,000 of them qualified for additional unemployment aid through the permanent, but quite limited, federal/state “extended benefits” unemployment program; these individuals reside in Alaska, the only state qualifying for this program in May. (Alaska has since triggered off the program). The remaining 293,000 individuals did not qualify for additional federal unemployment aid.
- The 293,000 exhaustees in May are higher than in any other May on record.² Data are available back through 1973. As noted, this finding, as well as the other findings of this analysis, hold even after the number of exhaustees in previous years are adjusted upward to reflect the growth in the labor force since then.
- This May record was set even though 248,000 jobs were created in that month. Similarly, about 350,000 jobs were created in both March and April yet in both months the number of exhaustees set records for such months. Indeed, in March there were more exhaustees than in *any* other month on record.³

² After adjusting for growth in the labor force, in May 1991 a larger number of individuals exhausted their regular benefits and did not *immediately* qualify for federal benefits than in May 2004. However, later in 1991 a temporary federal program was enacted that “reached back” and provided benefits to those who had exhausted their benefits in May and were still unemployed. Thus, in the absence of the resumption of the TEUC program that includes a reachback provision, there will be more exhaustees in May 2004 than there ultimately were in May 1991. (This approach to accounting for reachback provisions was used throughout this analysis.)

³ Center on Budget and Policy Priorities, “354,000 Exhaust Jobless Aid in March, Setting a One-Month Record,” April 26, 2004.

Total Going Without Aid Exceeds 2 Million

Based in large part on the May data, this analysis estimates the number of unemployed who will exhaust their regular benefits in June, thereby creating a current estimate of how many unemployed have exhausted their regular benefits and gone without federal aid since the TEUC program was phased out.

- From late December through the end of June, an estimated 2,065,000 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 2,031,000 individuals will not qualify for any federal unemployment benefits.
- The more than two million jobless workers exhausting their regular benefits and going without federal aid from late December through June is higher than the number of such exhaustees in any other period of comparable length on record.⁴

State-by-state Data

This analysis also includes state-by-state estimates for the number of exhaustees from late December through June 2004. 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 workers have exhausted their regular benefits without finding work and have gone without a paycheck or unemployment benefits. (See Appendix Table I for these state-by-state data. For 28 states, the state data are available back to 1973. The data go back to 1976 for the remaining states.) After making state-by-state adjustments to reflect growth over time in the labor force, the data indicate:

- In 17 states that cover all parts of the country and include most of the nation's population — Arizona, Arkansas, California, Connecticut, Illinois, Indiana, Michigan, Nevada, New York, North Carolina, Ohio, Oregon,⁵ Pennsylvania, South Carolina, Texas, Vermont, and Wisconsin — the number of unemployed workers who will exhaust their regular benefits from late December through June 2004 without receiving any further assistance is either larger than in any other comparable period on record or is the second largest level on record.
- In all other states, more unemployed workers are projected to exhaust their regular benefits and go without further benefits than has typically been the case, going back over the past three decades.

⁴ These historical comparisons examine the number of individuals exhausting their regular benefits and going without further federal aid over the first six months of 2004 and compare them to six-month periods going back to the early 1970s. That is, due to data limitations, exhaustions in the latter part of December 2003 are ignored in these historical comparisons.

⁵ In Oregon, some additional aid was provided through special state programs that it funds.

Labor Market Health and Ending Federal Benefits

The positive news about job growth in recent months has received substantial attention. The enduring severity of long-term unemployment has not. This severity is documented by the above data, as well as by other labor market indicators. For instance, in May:

- Some 21.9 percent of the unemployed were categorized as long-term unemployed — those out of work 27 weeks or more. This marked a record-setting 20th month in a row that more than one in five of the unemployed were experiencing long-term unemployment spells.⁶
- There were still nearly 1.1 million more long-term unemployed than there were in March 2001, when the downturn officially began. That month there were 697,000 long-term unemployed. There were also considerably more long-term unemployed in May than when the TEUC program began.

Also of interest is that the temporary federal benefit programs in place in the early 1980s and early 1990s did not end until there were *more* jobs than there were at the start of the downturns to which they responded. By contrast, as of today, there are still 1.3 million *fewer* jobs than there were at the start of the downturn.

Finally, even if job growth continues over the next several months, this analysis estimates that the pattern of the number of exhaustees setting monthly records will continue until October. That is, in June there will be more exhaustees than in any other June on record, just as in July, August, and September it appears there will be more exhaustees than in the same months on record.

If the labor market continues to generate jobs at a healthy clip and long-term unemployment drops significantly, several months or so from now the absence of a temporary federal benefits program will be appropriate. The findings here, however — that a record two million individuals have already been denied aid due to the end of the TEUC program and the continued pattern of monthly records — suggest not only that the program ended too soon but also that, for the time being, it is still needed.

⁶ National Employment Law Project, “New Job Growth Has Little Effect on Long-term Joblessness,” June 2004.

Table 1

State	Estimated Number of Regular Program Exhaustees Not Qualifying for Additional Aid, December 20, 2003 – June 2004 (rounded to nearest hundred)	After Adjusting for Labor Force Growth, How the Estimates Compare to Other Years on Record*
Alabama	20,100	above average
Alaska*	1,500	above average
Arizona*	24,700	2nd highest
Arkansas*	19,700	highest
California	330,500	2nd highest
Colorado	28,500	3rd highest
Connecticut	27,200	2nd highest
Delaware*	4,800	above average
District of Columbia	7,200	above average
Florida	77,200	3rd highest
Georgia	53,600	above average
Hawaii*	4,200	above average
Idaho	11,600	above average
Illinois	97,900	2nd highest
Indiana	47,100	highest
Iowa*	16,600	3rd highest
Kansas*	18,100	3rd highest
Kentucky	17,500	above average
Louisiana	21,100	above average
Maine*	7,000	above average
Maryland	23,100	above average
Massachusetts	52,900	3rd highest
Michigan	83,000	2nd highest
Minnesota	34,500	above average
Mississippi*	12,400	above average
Missouri	38,900	3rd highest
Montana*	6,300	above average
Nebraska*	10,700	3rd highest
Nevada*	15,100	2nd highest
New Hampshire*	3,300	3rd highest
New Jersey	95,500	3rd highest
New Mexico*	8,600	above average
New York	162,400	2nd highest
North Carolina	68,000	highest
North Dakota*	3,500	above average
Ohio	60,500	2nd highest
Oklahoma	16,700	above average
Oregon	32,600	highest
Pennsylvania	93,800	highest
Rhode Island*	9,500	above average
South Carolina	29,400	highest
South Dakota*	1,000	above average
Tennessee	36,900	3rd highest
Texas	127,100	2nd highest
Utah*	11,400	above average
Vermont*	3,000	2nd highest
Virginia	28,400	above average
Washington	41,300	above average
West Virginia*	6,900	above average
Wisconsin	46,400	2nd highest
Wyoming*	2,800	above average

Source: Center on Budget and Policy Priorities calculations based on U.S. Department of Labor data.

*Data available back through 1976. In the other states, data available back through 1973.