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New Unemployment Insurance Extension Neglects One Million Jobless Workers Who Have Run Out of Federal Unemployment Benefits

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The President signed legislation on January 8 that reinstates the temporary federal unemployment benefits program that expired December 28 for five months. This package was passed by the Senate on January 7 and the House on January 8. While reinstating this program is worthwhile, the legislation ignores one large group that deserves assistance – the more than one million workers who have used up all of those federal benefits yet still have been unable to find work. The need to provide additional help to these workers reflects both the weakness of the current employment situation and the deficiencies of the federal program compared to the temporary program Congress created in the last economic downturn.

The federal unemployment program, called the Temporary Extended Unemployment Compensation (TEUC) program, was created in March 2002 as part of economic stimulus legislation; it provided additional weeks of unemployment benefits to workers who ran out of regular, state-funded benefits without finding work. It expired December 28.

In addition to restarting the TEUC program, there are several reasons why Congress also should provide additional weeks of benefits to the one million workers who have exhausted their TEUC benefits and remain without work:

- Significantly more workers have exhausted their federal benefits since TEUC began in March than ran out of federal benefits over a comparable number of months in the downturn of the early 1990s. By the end of December an estimated 2.2 million workers had exhausted their federal benefits. Of these, we estimate one million remain jobless today, and it is these one million workers that should receive additional help. (Despite claims to the contrary, there is little evidence that in a recession providing these workers with extra weeks of benefits — which on average replace 38 percent of their previous earnings — will discourage them from seeking jobs.)
- One reason why many more workers have exhausted their federal benefits in this downturn is that TEUC was considerably less generous than the temporary federal unemployment benefits program Congress created in the last downturn (which occurred in the early 1990s). In particular, TEUC provided significantly fewer weeks of benefits. Under the earlier program, each worker was eligible for at least 20 weeks of benefits some ten months after the program was enacted, while under TEUC, most workers were eligible for a maximum of 13 weeks of benefits.

In addition, while both programs provided additional assistance to states designated as “high-unemployment” states, TEUC used much stricter criteria than the earlier program to determine if a state had high unemployment; currently *only three states* meet TEUC’s criteria.

- Finding jobs has been difficult for those who have exhausted their TEUC benefits because the labor market remains weak. *There are 1.5 million fewer jobs today than in March 2001*, when the current downturn began, and the number of jobs in the economy has been essentially stagnant for several months. The current unemployment rate of 6.0 percent ties with April 2002 for the highest rate in nearly 9 years and is higher than when the TEUC program was created. Long-term unemployment (as measured by the 12-month average number of workers exhausting their regular state unemployment benefits) has increased in every month since March 2001.

**Workers Left Out of Extension of Temporary Federal
Benefits**

	Number of Workers Who Have Exhausted TEUC and Remain Unemployed
Alabama	12,300
Alaska	3,700
Arizona	12,200
Arkansas	10,200
California	108,500
Colorado	17,000
Connecticut	15,400
Delaware	2,000
District of Columbia	3,700
Florida	58,500
Georgia	27,600
Hawaii	3,100
Idaho	3,200
Illinois	53,100
Indiana	20,600
Iowa	8,700
Kansas	7,200
Kentucky	10,700
Louisiana	10,500
Maine	2,900
Maryland	10,900
Massachusetts	30,600
Michigan	49,200
Minnesota	17,400
Mississippi	7,400
Missouri	15,600
Montana	2,800
Nebraska	3,200
Nevada	8,800
New Hampshire	1,200
New Jersey	47,800
New Mexico	2,400
New York	84,200
North Carolina	37,600
North Dakota	1,000
Ohio	43,500
Oklahoma	9,000
Oregon	13,300
Pennsylvania	44,000
Rhode Island	5,200
South Carolina	18,800
South Dakota	400
Tennessee	27,400
Texas	56,800
Utah	8,900
Vermont	1,300
Virginia	14,700
Washington	31,500
West Virginia	3,300
Wisconsin	22,200
Wyoming	700
Total	1,012,200