

NEWS RELEASE

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THREE-FOURTHS OF JOBLESS WORKERS ARE RUNNING OUT OF FEDERAL UNEMPLOYMENT BENEFITS BEFORE FINDING WORK

Weak Federal Program Unable to Cope with Poor Job Market

The temporary federal program set up last year to provide unemployment benefits to the long-term unemployed is failing to provide sufficient weeks of benefits to tide them over until they can find new jobs, a new Center report finds.

- Since the federal program started in March 2002, two-thirds of all jobless workers receiving benefits from it have run out of these benefits without finding work.
- The situation may be worsening. The share of workers whose benefits ran out before they found a job was even higher — three out of four — in July and August, the most recent months for which data are available.

This failure reflects a fundamental mismatch between the temporary federal program (known as Temporary Extended Unemployment Compensation, or TEUC) and the current job market. TEUC provides fewer weeks of unemployment benefits on average than the temporary federal unemployment program that Congress established in the last economic downturn. Yet today's job market has resisted improvement more stubbornly than in any economic recovery in decades.

As a result, through August a total of 3.8 million jobless workers had run out of federal benefits without finding a job. This is a substantially higher number than exhausted their federal benefits when an analogous program was in place in the early 1990s.

TEUC "isn't designed in a way that would enable it to cope with the serious weaknesses in the current labor market," stated Isaac Shapiro, the report's author. "Given the continued lack of jobs, which is likely to persist for some time, it makes sense to strengthen the program by providing workers more weeks of benefits."

As of September, 2.1 million jobless workers — nearly a quarter of the total unemployed population — had been out of work for half a year or more, a striking sign of hard it has been for jobless workers to find employment. The share of the unemployed who have been unemployed for more than half a year is at its highest level in 20 years.

Recent Data Show Continuing Job Shortage

The total number of jobs in the economy has dropped by 2.7 million since its last peak, in February 2001, and by 1 million since the official end of the economic downturn in November 2001.

A recent study by the Federal Reserve Bank of New York, as well as a recent study by the Congressional Budget Office, found that the decline in the number of jobs this far into an economic recovery is *unprecedented in the post-World War II era*.

The economy added 57,000 jobs in September, the first increase in over half a year. At this pace of job growth, however, the total number of jobs will not return to its February 2001 level until August 2007.

What Should Be Done?

The TEUC program is currently scheduled to begin phasing out at the end of this year; no new unemployed workers will be able to qualify for the program after December 31. A wide range of labor market data indicate that the program should be extended before Congress departs, but also that action should be taken now to increase the number of weeks of benefits it provides.

“It can be extraordinarily difficult for an unemployed worker to find a job today,” concluded Shapiro, “but the current duration of federal assistance does not reflect that harsh reality.”

The Center’s report, *The Mismatch Between Federal Unemployment Benefits and Current Labor Market Realities*, is available on the Center’s website at <http://www.cbpp.org/10-15-03ui.htm>.

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