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FOR IMMEDIATE RELEASE:
October 4, 2002

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BEHIND THE NEW UNEMPLOYMENT FIGURES: LONG-TERM JOBLESSNESS IS RISING

Congress Must Act to Help Workers Whose Benefits are Running Out

The Bureau of Labor Statistics called the September unemployment rate of 5.6 percent "essentially unchanged" from the August level. The new labor market data confirm the need for action in the Unemployment Insurance program to both provide additional weeks of benefits to workers who have exhausted (or are about to exhaust) their temporary federal benefits and to extend the expiration date of the Temporary Extended Unemployment Compensation program. Despite the small drop in the unemployment rate, there are some troubling aspects of the report released this morning:

- Payroll employment, generally considered a more reliable indicator of the employment situation than the household survey, declined by 43,000 jobs between August and September. Most of the job losses were in the manufacturing industry, which lost 35,000 jobs, and retail business, which lost 16,000 jobs. These losses were only partially offset by gains in service-sector jobs. (Payroll employment data comes from a survey of 350,000 business establishments; it is not always consistent with the household survey data that forms the basis for the unemployment rate.)
- The long-term unemployment situation worsened despite the small decrease in the overall unemployment rate. There were 1.59 million workers unemployed for 27 weeks or longer in September, compared to 1.47 million the month before. Of the total unemployed, 19.5 percent were unemployed for more than six months. In September, the long-term unemployed accounted for the largest share of total unemployment thus far in the current downturn, and a larger share of total unemployment than in any month since November 1994.
- Data on the duration of unemployment confirm the worsening long-term unemployment situation. Average duration of unemployment increased to 17.8 weeks in September, the longest average duration since the current recession began and longer than any average duration since December 1994. On average, unemployed workers are out of work 4.5 weeks longer this September than they were in September 2001.

- The number of job losers who are not on temporary layoff increased for the second month in a row, to 3.54 million; an increase of 200,000 since July. This is significant because these job losers are likely to face long periods of unemployment.

Although the overall unemployment rate declined from 5.7 to 5.6 percent, the unemployment rates for adult men (5.2 percent) and adult women (4.9 percent) were unchanged from their August levels. Only the unemployment rate for teenagers declined, from 17.2 percent in August to 15.7 percent in September. None of the changes were statistically significant.

Additional data indicate that weak labor market conditions persist. September data reported by the BLS reference the week ending September 14. Additional unemployment insurance data has since been collected by the Department of Labor. Initial claims for unemployment insurance (UI) increased in both of the weeks since the September unemployment rate was determined. In the week ending September 28, there were 417,000 initial UI claims, an increase of 5,000 from the previous week and the sixth week in a row in which more than 400,000 claims were reported. Additionally, the more stable four-week average number of initial claims for the week ending September 28 was 423,000, the highest level since May 2002.

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