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OCTOBER LABOR MARKET DATA INDICATE CONTINUED LACK OF JOB GROWTH IS TRANSLATING INTO A RISE IN LONG-TERM UNEMPLOYMENT

Through September, 1.5 Million Workers Had Exhausted Temporary UI Benefits

The overall labor market in October is best characterized as being stagnant. The unemployment rate of 5.7 percent is described by the Bureau of Labor Statistics as being “about unchanged” from its 5.6 percent rate in September, which is the same description it applied to the very slight drop in nonfarm payroll employment of 5,000 jobs. What has not been stagnant, however, is the level of long-term unemployment, which is again on the rise.

- For two months in a row the overall number of jobs in the economy has ticked down, falling by 13,000 from August to September and by 5,000 from September to October. This pattern is in slight contrast to the period from April through July when nonfarm payroll employment was growing, albeit at a very slow pace. The overall number of jobs today is a mere 5,000 higher than the number at the end of last year.
- The number of private sector jobs is actually 190,000 lower than it was in December of last year. This modest drop in private-sector jobs has been offset by a modest increase in government jobs of 195,000.
- The long-term unemployment situation has worsened in each of the past two months. There were 1.66 million workers unemployed for 27 weeks or longer in October, an increase of 71,000 over the prior month and of 182,000 over August. One of every five of the unemployed has been out of work for more than six months.
- The proportion of the unemployed who have been out of work for at least six months is larger now than it has been so far in the current downturn, and is larger, in fact, than it has been in any month in eight years.
- The number of job losers who have been let go permanently by their employers (as opposed to being on temporary layoff) jumped by 146,000 to 3.68 million. This figure has now increased three months in a row, with the cumulative increase amounting to 326,000 since July. This is significant because these job losers are likely to face long periods of unemployment.

The Labor Department also recently released new data on the number of individuals exhausting their unemployment insurance benefits. These data, which go through September, further confirm the continued significance of the problem of long-term unemployment. A Center on Budget and Policies Priorities report on these data released earlier this week found:¹

- In September more than 370,000 people ran out of their temporary federal unemployment benefits before finding work. That brings the total number of people who have run out of temporary federal benefits to nearly 1.5 million. (This temporary benefits program was enacted in March this year to provide assistance to those workers who had exhausted their regular, state benefits.)
- The pace of exhaustion under the current temporary federal unemployment benefits program is much faster than it was under the comparable federal program in place during the recession of the early 1990s. In the first seven months that the current program has been in operation, *three times as many* workers exhausted their federal benefits as did so during a comparable period a decade ago.
- Large numbers of individuals also continue to exhaust their regular, state unemployment benefits before finding employment. Indeed, in September the “exhaustion rate” — the ratio of workers exhausting regular unemployment benefits to those who first received benefits six months ago — was higher than in any previous September on record, including the Septembers during the recession of the early 1990s and during the severe recession of the early 1980s.² This is another troubling indicator of how difficult it now is for workers who have lost their job to find a new one.

“The numerous disturbing indicators of the depth of the long-term unemployment problem should not be ignored by policymakers,” said Wendell Primus, director of the Center’s income security division. “Jobless workers are having great difficulty finding employment in today’s stagnant labor market, and are deserving of more assistance than is being provided by the weak temporary federal unemployment assistance program now in place.”

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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.

¹ Wendell Primus, Isaac Shapiro, and Jessica Goldberg, “370,000 Workers Exhaust Temporary Federal Unemployment Benefits in September Alone,” Center on Budget and Policy Priorities, October 29, 2002.

² These data are available back to 1980.