

Revised December 4, 2001

NUMBER OF INDIVIDUALS EXHAUSTING UNEMPLOYMENT INSURANCE BENEFITS ALREADY UP SHARPLY

735,000 Exhaustees in Third Quarter Up 42 Percent from Preceding Year
by Isaac Shapiro

A key issue in the debate over an economic stimulus package concerns the degree to which additional weeks of unemployment insurance benefits should be provided to individuals who exhaust their regular benefits. The Administration and some Members of Congress have argued that such benefits should be provided only to workers who lose their jobs after September 11. Since regular UI benefits typically last 26 weeks, these workers, if they qualify for UI benefits, would typically not be expected to exhaust these benefits until March 2002. The premise behind this approach is that the problem with individuals exhausting their benefits will not really start until then.

The problem of individuals exhausting their UI benefits, however, is already growing rapidly, reflecting the onset of economic problems even before the tragedy of September 11. Indeed, the Business Cycle Dating Committee of the National Bureau of Economic Research recently determined that the economic expansion ended in March 2001, and that a recession started at that time.

The number of exhaustees began to increase significantly in April of this year, with the pace of this increase accelerating in recent months. According to data from the U.S. Department of Labor:

- The number of unemployed workers exhausting their regular UI benefits was 20 percent higher in April 2001 than in April 2000. Similar increases were experienced in May and June of 2001. (The approach followed here is to compare figures in similar months of the year; this is necessary since the UI exhaustion data are not seasonally adjusted.)
- Then in July 2001, the pace of exhaustion began to accelerate, with the number of exhaustees rising to a level 38 percent above the level in July 2000.
- In September of this year, the latest month for which these data are now available, the number of exhaustees was *54 percent* higher than in September of last year.
- On a quarterly basis, the total number of individuals exhausting their UI benefits between July and September 2001 equaled 735,000, which represents a 42 percent

increase over the comparable quarter of 2000.¹

- In 14 states, the number of exhaustees rose by more than 60 percent from the third quarter of 2000 to the third quarter of 2001. These states are Oklahoma (where the number more than doubled, rising by 111 percent), Georgia (96%), South Dakota (95%), North Carolina (94%), Indiana (91%), Michigan (88%), South Carolina (84%), Ohio (82%), Minnesota (81%), Tennessee (68%), Colorado (65%), Utah (65%), Wisconsin (66%), and Arkansas (62%). (Data for all the states are included in the attached table).

None of the individuals who exhausted their regular UI benefits between July and September have been able to receive additional weeks of unemployment benefits. The triggers necessary for a state to qualify to pay additional weeks of benefits under the extended benefits program that is part of current law are so restrictive that no state now is able to qualify. As a result, a growing number of unemployed individuals must deplete or exhaust their resources, or try to go on welfare, to make ends meet. A significant number of the unemployed already appear to be falling through the safety net.

¹ The specific month-by-month figures are as follows. In 2000, the number of exhaustees was 181,500 in April, 192,600 in May, 164,400 in June, 185,400 in July, 183,400 in August, and 148,700 in September. In 2001, the number of exhaustees was 217,000 in April, 223,400 in May, 198,000 in June, 256,700 in July, 248,600 in August, and 229,400 in September. Because of the lack of seasonal adjustment, month-to-month fluctuations within a particular year (such as the drop in the number of exhaustees between August 2001 and September of 2001) may not reflect the actual changes in the labor market between those months.

Change In the Number of Unemployed Workers Who Exhausted Unemployment Benefits
Between 3rd Quarter, 2000 and 3rd Quarter 2001

	Q3 2000	Q3 2001	Change	% Change
Alabama	6,334	9,814	3,480	54.9%
Alaska	2,901	2,931	30	1.0%
Arizona	7,501	9,916	2,415	32.2%
Arkansas	5,147	8,346	3,199	62.2%
California	84,163	101,534	17,371	20.6%
Colorado	4,851	8,011	3,160	65.1%
Connecticut	6,093	8,701	2,608	42.8%
Delaware	1,172	1,616	444	37.9%
DC	2,317	2,169	-148	-6.3%
Florida	22,891	31,020	8,129	35.5%
Georgia	9,931	19,498	9,567	96.3%
Hawaii	1,585	1,915	330	20.8%
Idaho	1,978	3,031	1,053	53.2%
Illinois	24,103	35,635	11,532	47.8%
Indiana	7,942	15,173	7,231	91.0%
Iowa	3,364	4,829	1,465	43.5%
Kansas	4,205	5,077	872	20.7%
Kentucky	4,853	7,340	2,487	51.2%
Louisiana	5,501	6,621	1,120	20.4%
Maine	1,468	1,715	247	16.8%
Maryland	6,805	8,500	1,695	24.9%
Massachusetts	12,938	17,847	4,909	37.9%
Michigan	17,145	32,168	15,023	87.6%
Minnesota	5,303	9,576	4,273	80.6%
Mississippi	4,064	6,299	2,235	55.0%
Missouri	9,279	13,023	3,744	40.3%
Montana	1,257	1,570	313	24.9%
Nebraska	1,994	2,747	753	37.8%
Nevada	5,079	6,398	1,319	26.0%
New Hampshire	NA	NA	NA	NA
New Jersey	25,679	33,422	7,743	30.2%
New Mexico	2,028	2,400	372	18.3%
New York	49,334	65,490	16,156	32.7%
North Carolina	10,547	20,422	9,875	93.6%
North Dakota	504	434	-70	-13.9%
Ohio	12,731	23,212	10,481	82.3%
Oklahoma	2,999	6,320	3,321	110.7%
Oregon	8,474	12,928	4,454	52.6%
Pennsylvania	24,894	35,436	10,542	42.3%
Puerto Rico	14,300	16,514	2,214	15.5%
Rhode Island	3,070	3,320	250	8.1%
South Carolina	5,432	9,981	4,549	83.7%
South Dakota	105	205	100	95.2%
Tennessee	11,240	18,862	7,622	67.8%
Texas	40,614	54,710	14,096	34.7%
Utah	2,601	4,283	1,682	64.7%
Vermont	453	640	187	41.3%
Virginia	6,143	8,018	1,875	30.5%
Washington	12,822	17,352	4,530	35.3%
West Virginia	2,378	2,745	367	15.4%
Wisconsin	8,730	14,507	5,777	66.2%
Wyoming	459	442	-17	-3.7%
United States	517,400	734,700	217,300	42.0%

These figures reflect the total number of exhaustees from July, August and September. They are not seasonally adjusted. Data for New Hampshire are not comparable to the data for other states.