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**HOUSE AVOIDS CLEAN EXTENSION OF UNEMPLOYMENT BENEFITS AS 80,000
UNEMPLOYED WORKERS EXHAUST THEIR BENEFITS EACH WEEK
State-by-State Data Are Also Disturbing**

by Wendell Primus, Isaac Shapiro, and Jessica Goldberg

The House of Representatives opted not to schedule a clean vote on the Senate-passed measure to provide 13 additional weeks of unemployment insurance (UI) benefits to workers who have exhausted their regular benefits. Rather, on February 14 the House passed essentially the same stimulus bill that it passed in December, even though this measure was able to garner only 48 of the 60 votes in the Senate required for adoption. With the number of workers exhausting their unemployment benefits mounting — it is growing by about 80,000 each week, on average, or at a pace of 11,000 a day — the House approach jeopardizes quick enactment of the additional weeks of benefits for these workers.

In contrast to the House approach, the Senate — after being unable to reach the needed 60 votes for a stripped-down version of the stimulus bill — adopted a simple extension of UI benefits by unanimous consent. The Senate approach is intended to ensure that those who have exhausted their benefits since September 11 and have been unable to return to work, as well as the more than two million unemployed workers expected to exhaust their benefits by mid-year, would continue to receive benefits for an additional 13 weeks just as they have during every recession since the 1960s. By refusing to take up a clean extension of UI benefits, the House places at risk the timely enactment of these benefits for those hit hardest by the recession.

This analysis explains the projection that two million unemployed workers will exhaust their benefits in the first half of 2002, an average of 80,000 per week. It also provides data on the number of workers in each state who have exhausted their unemployment benefits from September 11 until the end of last year, as well as the number projected to exhaust benefits in the first half of 2002. For instance, the data show that in California, which has the largest number of exhaustees, about 153,000 workers exhausted their regular benefits from September 11 to December 31, 2001. We estimate an additional 303,000 Californian workers will likely exhaust their benefits in the first six months of 2002 — or 11,600 workers per week, on average.

More Than Two Million Workers Will Exhaust Benefits in First Half of 2002

More than two million unemployed workers are likely to exhaust their regular weeks of unemployment insurance benefits in the first six months of 2002, with about one million exhaustions occurring in each of the first and second quarters. On average, 11,000 workers are exhausting their benefits each day, and about 80,000 each week. The estimate that two million workers will exhaust their benefits in the first half of 2002 is comparable to estimates made by

the Congressional Budget Office. It represents a sharp increase over the number of workers who exhausted their benefits in the first and second quarters of 2001.

The large anticipated number of expected exhaustions in the first six months of 2002 is due primarily to the very large number of people who began receiving unemployment benefits during the last six months of 2001. Since the number of people who began receiving benefits in the second half of 2001 is known, it is possible to project the level of exhaustions during the first half of 2002 with a fair degree of certainty.

Number of Actual and Projected Unemployed Workers Exhausting Regular Unemployment Benefits		
Actual Number of Workers Exhausting UI Benefits 9/11/01 to 12/31/01	Projected Number of Workers Exhausting UI Benefits 1/01/02 to 6/31/02	Average Number of Workers Projected to Exhaust UI Benefits Each Week 1/01/02 to 6/31/02
1.0 million	2.1 million	80,980

As shown in the table above, one million workers exhausted their UI benefits between September 11 and the end of 2001. Although many of these workers may have found new employment since exhausting their benefits, a significant portion are no doubt still seeking work and thus would be eligible for additional weeks of benefits if Congress provides such benefits. In addition to these workers, another 2.1 million — or more than 80,000 per week — are projected to exhaust their benefits during the first six months of 2002 and would potentially be eligible for additional benefits.

In each of the last five recessions, federally funded weeks of additional benefits have been made available to workers in all states who are facing the end of their period of eligibility for regular UI benefits, which typically are provided for 26 weeks, and who are unable to find new jobs or return to their former employment. But because the federal government has not provided additional weeks in this recession, the vast majority of those exhausting their regular benefits will receive no unemployment benefits to replace their lost wages, unless Congress and the President take action. Even adjusting for growth in the labor force since 1973, the number of exhaustees who do not receive any additional weeks of benefits is expected to be larger in the first quarter of 2002 than in the first quarter of any other year at least since the early 1970s.

(Currently, about six percent of exhaustees reside in the four states in which additional weeks of benefits have been or soon will be provided. The other 94 percent of the more than two million anticipated exhaustees are not receiving additional unemployment assistance. That is, of the approximately 80,000 workers currently estimated to be exhausting their regular UI benefits each week, more than 75,000 are not receiving additional weeks of assistance.)

The number of workers who exhaust their benefits is expected to be more than 750,000 higher during the first half of 2002 than it was during the first half of 2001. The increases

between the corresponding periods in 2001 and 2002 in the number of workers who exhaust their regular unemployment benefits are expected to be larger than the increases experienced during the recession of the early 1990s, even though the unemployment rate was much higher then.

State-by-state estimates

Table 1 that follows provides state-by-state estimates of the number of unemployed workers who would potentially benefit from the federal government providing additional weeks of unemployment benefits. The table shows the actual number of unemployed workers who exhausted their regular benefits between September 11 and the end of 2001, as well as the projected number of workers who will exhaust benefits during the first six months of 2002. The estimates for the first half of 2002 are based on the known number of individuals who first began receiving regular benefits in each state in the second half of 2001, and on projected “exhaustion rates” (i.e., projections of the percentage of individuals who first began receiving benefits in the second half of 2001 who are expected to exhaust their benefits in the first half of 2002), which are based on historical experience. The appendix provides a description of the methodology. (Note: Table 2 shows both a low estimate and a high estimate of the number of workers in each state who are projected to exhaust benefits during the first half of 2002. The state-by-state estimates shown in Table 1 represent the mid-point between the low estimate and the high estimate for each state.)

Table 1: Number of UI Exhaustees Since September 11th and Projected Number During First Half of 2002

	Number of Workers Exhausting Regular Benefits, Sept. 11-Dec. 31, 2001	Projected exhaustions, first half 2002	Projected Number Exhausting Per Week, on Average
Alabama	11,700	19,250	740
Alaska	4,600	11,250	430
Arizona	11,400	25,300	970
Arkansas	10,200	23,050	890
California	152,800	302,600	11,640
Colorado	12,600	34,000	1,310
Connecticut	12,100	24,000	920
Delaware	2,200	5,100	200
DC	2,500	7,350	280
Florida	43,200	84,750	3,260
Georgia	28,100	52,700	2,030
Hawaii*	2,500	8,000	310
Idaho	4,200	11,050	430
Illinois	48,800	97,900	3,770
Indiana	19,400	46,100	1,770
Iowa	6,500	14,550	560
Kansas	5,900	9,250	360
Kentucky	9,600	19,500	750
Louisiana	8,200	15,800	610
Maine	NA	NA	NA
Maryland	10,400	21,000	810
Massachusetts	27,500	59,250	2,280
Michigan	40,100	82,250	3,160
Minnesota	14,400	30,850	1,190
Mississippi	7,700	12,950	500
Missouri	16,500	37,000	1,420
Montana	2,200	4,500	170
Nebraska	3,700	7,500	290
Nevada	9,000	28,150	1,080
New Hampshire	NA	NA	NA
New Jersey	45,900	105,700	4,070
New Mexico	3,200	7,350	280
New York	84,400	200,150	7,700
North Carolina	28,800	59,700	2,300
North Dakota	NA	NA	NA
Ohio	28,900	53,200	2,050
Oklahoma	7,000	13,250	510
Oregon*	18,700	44,250	1,700
Pennsylvania	45,700	81,700	3,140
Puerto Rico	19,600	32,900	1,270
Rhode Island	4,500	9,100	350
South Carolina	14,600	30,550	1,180
South Dakota	400	700	30
Tennessee	22,800	46,550	1,790
Texas	80,200	176,800	6,800
Utah	5,500	13,300	510
Vermont	1,100	3,000	120
Virginia	10,700	24,750	950
Virgin Islands	200	250	10
Washington*	25,500	43,100	1,660
West Virginia	2,900	4,950	190
Wisconsin**	18,800	40,200	1,550
Wyoming	600	1,400	50
National	1,004,300	2,105,450	80,980

Source: Center on Budget and Policy Priorities. Projections based on number of individuals who first received UI benefits (a known number) and recent exhaustion rates. Projections shown here are the midpoint of the projections shown in Table 2.

* These states already provide extended or additional weeks of benefits to those who exhaust their regular benefits.

**Wisconsin will begin providing additional weeks of benefits on March 3rd to those who exhaust their regular benefits.

Table 2: Projected Exhaustions, First Half 2002

	Lower Bound	Upper Bound	Mid-point	Projected Percent Increase, First Half 2001 to First Half 2002
Alabama	16,800	21,700	19,250	11%
Alaska	10,500	12,000	11,250	10%
Arizona	25,100	25,500	25,300	139%
Arkansas	22,000	24,100	23,050	56%
California	301,900	303,300	302,600	56%
Colorado	31,700	36,300	34,000	181%
Connecticut	21,000	27,000	24,000	106%
Delaware	4,100	6,100	5,100	85%
DC	7,300	7,400	7,350	86%
Florida	79,300	90,200	84,750	87%
Georgia	48,600	56,800	52,700	87%
Hawaii*	7,500	8,500	8,000	135%
Idaho	9,800	12,300	11,050	40%
Illinois	94,700	101,100	97,900	89%
Indiana	46,000	46,200	46,100	57%
Iowa	13,300	15,800	14,550	33%
Kansas	8,100	10,400	9,250	8%
Kentucky	17,900	21,100	19,500	74%
Louisiana	15,200	16,400	15,800	20%
Maine	NA	NA	NA	NA
Maryland	21,000	21,000	21,000	59%
Massachusetts	58,100	60,400	59,250	108%
Michigan	79,600	84,900	82,250	51%
Minnesota	30,000	31,700	30,850	63%
Mississippi	12,600	13,300	12,950	24%
Missouri	31,900	42,100	37,000	65%
Montana	4,400	4,600	4,500	-4%
Nebraska	7,400	7,600	7,500	40%
Nevada	27,200	29,100	28,150	126%
New Hampshire	NA	NA	NA	NA
New Jersey	103,600	107,800	105,700	74%
New Mexico	5,800	8,900	7,350	58%
New York	194,700	205,600	200,150	88%
North Carolina	53,600	65,800	59,700	105%
North Dakota	NA	NA	NA	NA
Ohio	50,500	55,900	53,200	63%
Oklahoma	12,400	14,100	13,250	96%
Oregon*	42,300	46,200	44,250	97%
Pennsylvania	80,200	83,200	81,700	70%
Puerto Rico	31,600	34,200	32,900	18%
Rhode Island	9,000	9,200	9,100	43%
South Carolina	28,200	32,900	30,550	87%
South Dakota	700	700	700	51%
Tennessee	42,700	50,400	46,550	43%
Texas	174,700	178,900	176,800	103%
Utah	13,000	13,600	13,300	77%
Vermont	2,900	3,100	3,000	125%
Virginia	23,900	25,600	24,750	90%
Virgin Islands	200	300	250	23%
Washington*	42,900	43,300	43,100	37%
West Virginia	4,600	5,300	4,950	6%
Wisconsin**	39,500	40,900	40,200	56%
Wyoming	1,200	1,600	1,400	-14%
National	2,026,900	2,184,000	2,105,450	71%

Source: Center on Budget and Policy Priorities. Projections based on number of individuals who first received UI benefits (a known number) and recent exhaustion rates.

*These states already provide extended or additional weeks of benefits to those who exhaust their regular benefits.

**Wisconsin will begin providing additional weeks of benefits on March 3rd to those who exhaust their regular benefits.

Appendix. Detailed Description of Projection Methodology

A recent analysis by the Center on Budget and Policy Priorities predicted that more than two million unemployed workers will exhaust their regular unemployment insurance (UI) benefits during the first half of 2002, a figure that was confirmed by the Congressional Budget Office. This further analysis calculates expected exhaustions in each state.

The earlier analysis used the national number of people who first received UI benefits during the third and fourth quarters of 2001 and predicted exhaustion rates to determine the number of people expected to exhaust their benefits in the first half of 2002. Using the same formula and the number of people in each state who first received UI benefits during the third and fourth quarters of 2002, one can estimate the number of workers in each state who will exhaust benefits in the first half of 2002.

The earlier analysis predicting the national number of exhaustions assumed that the national exhaustion rate in the first quarter of 2002 would equal the national exhaustion rate in December 2001, and that the national exhaustion rate in the second quarter of 2002 would equal the national exhaustion rate in the fourth quarter of 2001. These assumptions followed recent seasonal patterns. One method we used to predict state exhaustions was to make the same assumptions about the state exhaustion rates as were made about the national rate; that is, we assume that in each state the first quarter 2002 exhaustion rate will equal the state's December 2001 exhaustion rate and the second quarter 2002 exhaustion rate will equal the state's fourth quarter 2001 exhaustion rate.

But because of variations in local labor markets, the seasonal pattern of the exhaustion rate is not the same in every state as it is nationally. For example, in some states the second quarter exhaustion rate is typically higher, not lower, than the first quarter exhaustion rate. So another method we used to predict state exhaustion rates was to assume that the recent increase in exhaustion rates will be maintained over the next six months. Using that method, the exhaustion rates for the first and second quarters of 2002 in each state is predicted assuming that the percentage increase between that state's fourth quarter 2000 and fourth quarter 2001 exhaustion rates will also be true for the states' first and second quarter 2001 exhaustion rates. This is probably a conservative assumption because exhaustion rates typically continue to accelerate during a recession.

Both methods of estimating state exhaustion rates yield state exhaustion levels that when summed up to the national level are consistent with the prediction of two million exhaustions nationally during the first half of 2002. Together, these two methods provide a range of exhaustions for each state (see Table 2). Data for three states (Maine, New Hampshire, and North Dakota) are not available because of data irregularities. In New Hampshire, the UI system functions on a uniform benefit calendar, so the vast majority of exhaustions come at a single point in the year.

- As shown in column four, nine states (Arizona, Colorado, Connecticut, Hawaii, Massachusetts, Nevada, North Carolina, Texas and Vermont) would have more than twice as many exhaustions in the first half of 2002 as they had in the first half of 2001.
- Another eight states (Delaware, Florida, Georgia, Illinois, New York, Oklahoma, South Carolina and Virginia), as well as the District of Columbia, would have increases of 85 and 100 percent in the number of exhaustions between the first half of 2001 and the first half of 2002.