

FOR IMMEDIATE RELEASE:
Wednesday, February 25, 2004

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NEWS RELEASE

760,000 JOBLESS DENIED AID — AND COUNTING

Large Numbers of Unemployed Go Without Aid As Administration Remains Silent on Whether to Restart Federal Assistance Program

From late December, when the federal program designed to help the long-term unemployed began phasing out, through the end of February, an estimated 760,000 jobless workers will have exhausted their regular unemployment benefits without receiving additional aid, according to new projections by the Center on Budget and Policy Priorities. This suggests both that the job market continues to be soft and that the federal unemployment program should be restarted.

“Last week the Administration backed off its own optimistic job-growth projections for the rest of the year,” said Isaac Shapiro, senior fellow at the Center. “Now that it has begun to recognize the hard realities of the current labor market, the Administration also needs to recognize that the federal unemployment program was switched off too soon and should be resumed.”

The 760,000 figure is based on previously released data for December, just-released data for January, and a Center estimate for February. New Labor Department data for January show that about 350,000 individuals exhausted their regular unemployment benefits last month and received no further unemployment assistance. In no other month on record, with data available back to 1971, have there been so many “exhaustees.” (The attached table provides state-by-state data on the number of exhaustees in January.)

Nevertheless, legislation to restart the federal unemployment benefits program is languishing in Congress. The House recently passed a measure to restart the program, but the Senate leadership has yet to permit a vote on the matter. The Administration has remained non-committal on whether the program should resume.

“Despite his repeated expressions of concern for the unemployed, President Bush has so far ignored the plight of three-quarters of a million individuals who have gone without unemployment

Key Findings

- Because the federal unemployment program was not extended, by the end of February an estimated 760,000 workers will exhaust their regular unemployment benefits and not receive federal aid.
- 350,000 workers exhausted their regular benefits in January and received no further federal assistance, a record for a single month.
- The Administration has repeatedly refused to take a position on whether the federal unemployment program should resume.

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aid,” continued Shapiro. “If the President were to end his silence and express support for resuming federal aid to the unemployed, it is likely Congress would soon reinstate these benefits.”

End of Federal Program Means More Workers Going Without Help Each Week

The Temporary Extended Unemployment Compensation (TEUC) program was created in March 2002 to provide additional weeks of federally funded unemployment benefits to jobless workers who have run out of regular, state-funded unemployment benefits but have not found a job. Congress has created similar temporary programs during other periods of labor-market weakness in recognition of the fact that it takes longer to find jobs during such periods.

TEUC provided up to 13 weeks of benefits to most workers who participated in it. After being extended twice, it began phasing out in late December. Individuals who exhaust their regular unemployment benefits after December 20 are not eligible for TEUC aid.

From December 20 through the end of February, an estimated 786,000 individuals will exhaust their regular unemployment benefits. About 26,000 of them will qualify for additional unemployment aid through the permanent, but quite limited, federal/state “extended benefits” unemployment program. The remaining 760,000 individuals will not qualify for additional aid.

As a result, Congress’s failure to extend TEUC will have harmed about 760,000 jobless workers by the end of February, a figure that will rise each week thereafter.

Record Number of Exhaustees in January

The just-released Labor Department data for January 2004 are striking. In January:

- Some 365,000 individuals exhausted their regular unemployment benefits.
- An estimated 14,000 of these individuals then qualified for additional aid under the “extended benefits” program. (Four states qualified for extended benefits at the beginning of the month. Only Alaska qualified by the end of the month.)
- Thus, about 350,000 individuals exhausted their regular benefits and did not qualify for more unemployment aid. In no other month on record have so many of the unemployed exhausted regular benefits and not qualified for further assistance. (This finding holds even if the number of exhaustees in previous years is adjusted upward to reflect the growth in the labor force since then.)

These results are consistent with a prediction made in a recent Center report, *Unmet Need Hits Record Level for the Unemployed*. The report forecast that exhaustions in January would set a monthly record. Actual exhaustions in January, though slightly (six percent) lower than the report projected, still were larger than in any other month on record. The January data also support the report’s prediction that the first half of 2004 will see record numbers of exhaustions.¹

¹ This report had also projected that if the TEUC program is not restarted, more workers will exhaust their regular unemployment benefits and not receive further aid in the first six months of 2004 than in any other six-month period on record, even after adjusting for the growth in the labor force. The report estimated that nearly two million

Would It Be Better Just to Wait for Jobs to Come Back?

Congressional resistance to resuming the TEUC program has largely been based on the argument that the program is no longer needed because the labor market is improving. A related argument is that providing federal benefits prolongs unemployment spells by reducing unemployed workers' incentive to find a new job.

The Administration has sidestepped the issue, refusing to take a position on whether federal unemployment benefits should be continued. Its rhetoric has focused on job creation, with President Bush and others consistently saying they will not be satisfied until every American who wants a job has one.

There is no question that, at some point, the labor market will have recovered sufficiently that the temporary federal benefits program will no longer be needed. That point, however, has not yet been reached. There are 2.4 million fewer jobs in the economy than when the recession began. Even at *double* the pace of job growth in January, when 112,000 jobs were created, it would take until the end of the year for this jobs deficit to be closed.

“Everyone — especially the unemployed themselves — agree that a new job is the best response to unemployment,” said Shapiro. “But the cold truth is that it will take some time before enough jobs are created that long-term unemployment returns to normal levels.”

Further, if the existence of federal unemployment benefits had been the main reason the unemployed were not finding jobs, the number of workers exhausting their regular unemployment benefits should not have been exceptionally large in January, since the federal program was no longer open to these workers. In fact, exhaustions hit a record high level in January.

“Those who suggest that federal unemployment benefits will cause large numbers of the unemployed not to search hard enough for work misunderstand both current labor market conditions and the unemployed,” concluded Shapiro. “Long-term unemployment remains pervasive because there are not enough jobs, not because of the modest government aid that some of the unemployed receive.”

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.

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unemployed workers will exhaust their regular benefits from January to June 2004 and go without further aid. If this estimate is lowered by six percent (reflecting the fact that the actual level for January was six percent below the January prediction used in the estimate), the finding still holds; there will still be a record number of exhaustees in the first half of 2004.

**Table 1
Exhaustions in January 2004**

State	Number of unemployed exhausting their regular benefits	Number then qualifying for federal/state "extended benefits"	Number of regular program exhaustees not qualifying for additional federal aid
Alabama	3,374	0	3,374
Alaska	1,791	1,791	0
Arizona	3,830	0	3,830
Arkansas	3,339	0	3,339
California	59,634	0	59,634
Colorado	4,682	0	4,682
Connecticut	4,737	0	4,737
Delaware	858	0	858
Dist of Columbia	1,048	0	1,048
Florida	13,233	0	13,233
Georgia	14,244	0	14,244
Hawaii	811	0	811
Idaho	1,690	0	1,690
Illinois	17,679	0	17,679
Indiana	7,745	0	7,745
Iowa	2,449	0	2,449
Kansas	3,084	0	3,084
Kentucky	2,860	0	2,860
Louisiana	6,162	0	6,162
Maine	976	0	976
Maryland	4,231	0	4,231
Massachusetts	5,002	0	5,002
Michigan	13,479	7,392	6,087
Minnesota	5,790	0	5,790
Mississippi	2,143	0	2,143
Missouri	6,655	0	6,655
Montana	892	0	892
Nebraska	1,559	0	1,559
Nevada	2,515	0	2,515
New Hampshire	520	0	520
New Jersey	15,167	0	15,167
New Mexico	1,434	0	1,434
New York	40,605	0	40,605
North Carolina	10,831	0	10,831
North Dakota	468	0	468
Ohio	10,555	0	10,555
Oklahoma	2,734	0	2,734
Oregon	6,559	2,116	4,443
Pennsylvania	17,050	0	17,050
Puerto Rico	5,028	0	5,028
Rhode Island	1,409	0	1,409
South Carolina	4,516	0	4,516
South Dakota	175	0	175
Tennessee	5,802	0	5,802
Texas	23,328	0	23,328
Utah	1,819	0	1,819
Vermont	415	0	415
Virgin Islands	88	0	88
Virginia	4,466	0	4,466
Washington	6,851	2,210	4,641
West Virginia	1,312	0	1,312
Wisconsin	6,920	0	6,920
Wyoming	398	0	398
Total	364,942	13,509	351,433

Source: U.S. Department of Labor. Extended benefit estimates by the Center; extended benefits were in place in Michigan, Oregon, and Washington for part of January, and in Alaska for the entire month.