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354,000 EXHAUST JOBLESS AID IN MARCH, SETTING A ONE-MONTH RECORD

Total Unemployed Denied Federal Aid Approaches 1.5 Million

By Isaac Shapiro

The number of individuals exhausting their regular state unemployment benefits in March without qualifying for any additional federal unemployment assistance eclipsed the record high that was set just two months ago, in January 2004. New Labor Department data show that in March about 354,000 jobless workers exhausted their regular benefits without being able to receive additional federal aid. In no other month on record, with data available back to 1971, have there been so many “exhaustees.”

Further, from late December, when the federal program designed to help the long-term unemployed began phasing out, through the end of April, nearly 1.5 million jobless workers will have exhausted their regular unemployment benefits without receiving additional aid. For a period of this length, this is also a record number of exhaustees. (This analysis includes state-by-state data on the number of exhaustees from late December through April.)

These data suggest that the welcome news that jobs grew by 308,000 in March has yet to have had much of a spillover benefit to the long-term unemployed. To the contrary, the same labor market report showing the March jobs growth also showed, if anything, an *increase* in long-term unemployment.

These findings are consistent with Congressional testimony given by Federal Reserve Chair Alan Greenspan just a few days ago. He noted that “an exceptionally high number” of unemployed are losing their unemployment benefits and reiterated his support for resuming temporary federal benefits, saying “I think it’s a good idea largely because of the size of the degree of exhaustions.”¹

Chairman Greenspan’s focus on exhaustion levels as the key indicator in assessing whether temporary federal benefits should be resumed is appropriate. It is, after all, those individuals who exhaust their regular benefits who constitute the target of this aid.

¹ Transcript from Federal Document Clearing House, as distributed by Bloomberg news service, of the question and answer session of the testimony of Alan Greenspan, Chairman of the Board of Governors of the Federal Reserve System, before the Joint Economic Committee, April 21, 2004.

The March Record

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. TEUC provided up to 13 weeks of benefits to most workers who participated in it. Individuals who have exhausted their regular unemployment benefits since December 20 have not been eligible for TEUC aid.

The Labor Department just released new information on the number of unemployed individuals exhausting their regular unemployment benefits in March. It shows:

- More than 356,000 individuals exhausted their regular state unemployment benefits. About 2,600 of them qualified for additional unemployment aid through the permanent, but quite limited, federal/state “extended benefits” unemployment program; these individuals reside in Alaska, the only state currently qualifying for this program. The remaining 354,000 individuals will not qualify for additional federal aid.
- The 354,000 exhaustees in March set a new monthly record.² The previous record was set in January 2004, when 348,000 of the unemployed exhausted their regular benefits but did not qualify for further aid.

Total Going Without Aid Approaches 1.5 Million

The Center on Budget and Policy Priorities has been keeping a running tally of the number of workers who have exhausted their regular benefits and gone without federal aid. Last month’s report estimated that 1,122,000 unemployed workers would exhaust their regular benefits and go without federal aid from December 20 through the end of March.³ The actual exhaustion data just released for March permit a precise calculation of total exhaustions from late December through March. The actual figure was slightly higher — 1,135,000.

Based in significant part on the March data, this analysis estimates the number of unemployed who will exhaust their regular benefits in April, thereby creating a current estimate of how many unemployed have exhausted their regular benefits and gone without federal aid since the TEUC program was phased out.

- From late December through the end of April, an estimated 1.5 million unemployed individuals will have exhausted their regular unemployment benefits.

² 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.

³ Isaac Shapiro, “More Than One Million of the Unemployed Have Now Been Denied Aid Due to End of Federal Program,” Center on Budget and Policy Priorities, March 25, 2004.

About 30,000 of them will have qualified for additional unemployment aid through the federal/state extended benefits program.⁴ The remaining 1.47 million individuals will not qualify for any federal unemployment benefits.

- The 1.47 million jobless workers exhausting their regular benefits and going with federal aid from late December through April also is higher than the number of such exhaustees in any other period of comparable length on record.⁵

Table 1 at the back of this analysis breaks out these figures on a state basis. It shows that throughout the nation large numbers of individuals are exhausting their regular benefits and going without federal aid.

March Job Growth Brings Little Relief to the Long-term Unemployed

The positive news that jobs grew by 308,000 in March received substantial attention. This figure was part of the standard Bureau of Labor Statistics monthly labor market report. What received less attention was that the report also indicated that the problems of the long-term unemployed — those out of work 27 weeks or more — appeared to grow worse:

- The number of long-term unemployed appeared to rise from 1.871 million in February to 1.988 million in March. (The rise was not statistically significant.)
- The share of the unemployed who had been out of a job for at least 27 weeks increased to 23.9 percent — nearly one in four. This is the largest share in more than 20 years (since it was 24.5 percent in July 1983).

Even Sustained Job Growth Will Not Soon Solve the Problems of the Long-term Unemployed, a Conclusion Apparently Shared by Chairman Greenspan

The hope is that the March job growth marks the beginning of sustained, significant job creation. But even if it does, the data above suggest the TEUC program should be resumed for a number of months. It will take several months or more of robust job growth to whittle the number of long-term unemployed to a more typical size.

This conclusion apparently is shared by Federal Reserve Chair Alan Greenspan. The testimony referred to earlier, in which he supported, on a temporary basis, the resumption of federal benefits to those who exhaust their regular benefits, was generally positive about near-term economic prospects. In particular, Chairman Greenspan was reasonably optimistic about

⁴ At the end of December four states qualified for the extended benefits program; now only Alaska does.

⁵ As is the case with the monthly record in March, this finding also holds even if the number of exhaustees in previous years is adjusted upward to reflect the growth in the labor force since then.

employment gains continuing at a significant pace. Yet, immediately after his optimistic comments about job growth, his testimony reads:⁶

“Still, the anxiety that many in our workforce feel will not subside quickly. In March of this year, about 85,000 jobless individuals per week exhausted their unemployment insurance benefits — more than double the 35,000 per week in September 2000. Moreover, the average duration of unemployment increased from twelve weeks in September 2000 to twenty weeks in March of this year. These developments have led to a notable rise in insecurity among workers.”

Then, as noted, in the question-and-answer period after his testimony, he expressed his support for resuming temporary federal benefits.

⁶ Statement of Alan Greenspan, Chairman of the Board of Governors of the Federal Reserve System, before the Joint Economic Committee, April 21, 2004, page 3.

Table 1. Estimated Exhaustions From Late December 2003 Through the End of April 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	14,900	0	14,900
Alaska	9,400	9,400	0
Arizona	17,100	0	17,100
Arkansas	14,100	0	14,100
California	237,800	0	237,800
Colorado	20,500	0	20,500
Connecticut	18,800	0	18,800
Delaware	3,400	0	3,400
District of Columbia	4,700	0	4,700
Florida	55,300	0	55,300
Georgia	41,900	0	41,900
Hawaii	3,000	0	3,000
Idaho	9,400	0	9,400
Illinois	69,500	0	69,500
Indiana	33,900	0	33,900
Iowa	12,200	0	12,200
Kansas	13,400	0	13,400
Kentucky	11,700	0	11,700
Louisiana	15,000	0	15,000
Maine	4,800	0	4,800
Maryland	16,100	0	16,100
Massachusetts	38,700	0	38,700
Michigan	66,800	12,700	54,100
Minnesota	25,900	0	25,900
Mississippi	8,700	0	8,700
Missouri	28,800	0	28,800
Montana	4,800	0	4,800
Nebraska	7,600	0	7,600
Nevada	10,400	0	10,400
New Hampshire	2,400	0	2,400
New Jersey	69,800	0	69,800
New Mexico	5,900	0	5,900
New York	129,200	0	129,200
North Carolina	47,800	0	47,800
North Dakota	2,900	0	2,900
Ohio	42,800	0	42,800
Oklahoma	11,800	0	11,800
Oregon	27,200	4,300	22,900
Pennsylvania	69,600	0	69,600
Puerto Rico	20,000	0	20,000
Rhode Island	6,700	0	6,700
South Carolina	19,800	0	19,800
South Dakota	700	0	700
Tennessee	26,700	0	26,700
Texas	95,100	0	95,100
Utah	8,500	0	8,500
Vermont	2,100	0	2,100
Virgin Islands	400	0	400
Virginia	21,700	0	21,700
Washington	33,600	4,700	28,800
West Virginia	5,000	0	5,000
Wisconsin	31,800	0	31,800
Wyoming	2,000	0	2,000
Total	1,502,000	31,000	1,471,000

Source: U.S. Department of Labor. Extended benefits were in place in Michigan, Oregon, and Washington through part of January, and in Alaska for the entire period.

*State figures rounded to nearest hundred, total to nearest thousand.