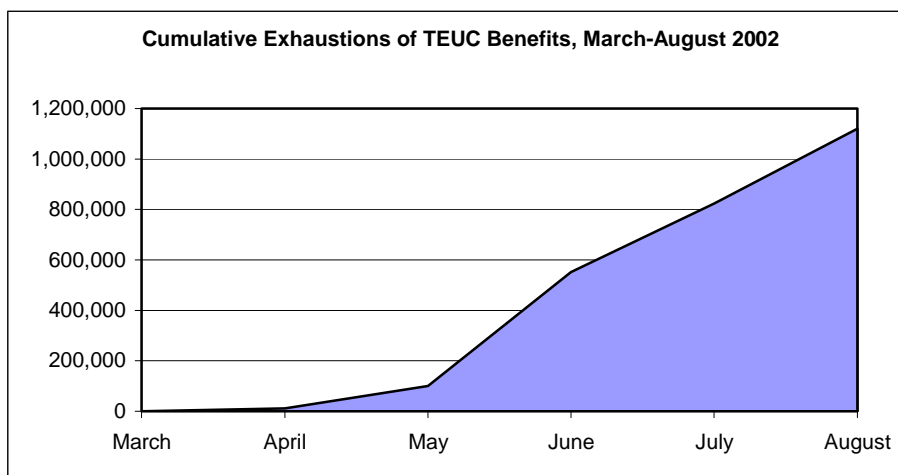


## **NUMBER OF WORKERS WHO HAVE EXHAUSTED FEDERAL UNEMPLOYMENT INSURANCE BENEFITS PASSES THE ONE MILLION MARK**

### **Latest Data Also Show that Long-term Unemployment Situation Remains Serious**

by Wendell Primus and Jessica Goldberg

The number of unemployed workers who have run out of the additional weeks of unemployment benefits that this year's stimulus legislation provided has now passed the one million mark and continues to climb. New Labor Department data show that by the end of August, more than 1.1 million workers had exhausted their additional weeks of federal benefits without finding work.



Once workers exhaust these benefits, no further unemployment insurance assistance is generally available. Only unemployed workers living in Oregon and Washington can receive any additional unemployment benefits after the benefits they receive under the federal Temporary Emergency Unemployment Compensation program (TEUC) — the program the stimulus legislation established — run out. (Jobless workers in Oregon and Washington may receive up to 13 additional weeks of benefits through the federal-state Extended Benefits program.) More than 99 percent of the 1.1 million workers who have exhausted their federal TEUC benefits qualify for no further unemployment assistance.

In New York, by the end of August, 135,000 workers had exhausted their TEUC benefits without finding work. More than 94,000 workers had exhausted benefits in Texas. Some 75,000 workers had exhausted benefits in Florida, while 70,000 had exhausted benefits in Illinois. (See Table 1 for the number of workers who had exhausted TEUC benefits in each state by the end of August.)

Many workers who have run out of all benefits from the unemployment insurance system face economic hardship. A large number of these workers have been unemployed for 39 weeks or more, and subsisted during those weeks on unemployment benefits that average \$254 a week. Unemployment benefits typically replace less than half of a worker's lost wages. When workers exhaust unemployment benefits before finding work, they receive neither an unemployment check nor a paycheck.

By the end of September, an estimated 1.5 million workers will have exhausted their TEUC benefits. By the end of December, the total is expected to reach 2.2 million.<sup>1</sup>

According to Massachusetts Institute of Technology economist Jonathan Gruber, the vast majority of those who lose their jobs have fewer than two months worth of savings, an amount that is insufficient to finance lengthy periods of unemployment.<sup>2</sup> Since the unemployment situation has not improved since the stimulus legislation was enacted in March (the unemployment rate is as high today as it was then) and the Congressional Budget Office is projecting the unemployment rate will remain at about six percent until the second half of 2003, many jobless workers are likely to face precarious financial situations in the months ahead.

## **Long-term Unemployment Is Not Abating**

One of the best measures of long-term unemployment is the number of workers whose *regular* state-funded unemployment benefits run out before they find work. Since most workers who get regular unemployment benefits can receive 26 weeks of those benefits, those whose regular benefits run out before they find work usually have been unemployed for at least half a year. And long-term unemployment is generally defined as unemployment that has lasted at least half a year.

Labor Department data indicate that long-term unemployment is much greater than it was a year ago.

- The number of jobless workers who exhausted their regular unemployment benefits in August 2002 was 46 percent higher than the number of who exhausted such benefits in August 2001.

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<sup>1</sup> The total number of workers who have exhausted their TEUC benefits increased from 823,000 at the end of July to 1.12 million at the end of August, an increase of 290,000. This might suggest the total number of exhaustions by the end of September would be 1.4 million rather than 1.5 million. The number of exhaustions in August, however, was lower than the number that is expected in September. Under the TEUC program, workers in "high unemployment" states receive an additional 13 weeks of benefits once they exhaust their initial 13 weeks. Since the TEUC program did not start until March and many states quickly lost "high unemployment" status, only workers in California, Idaho, Massachusetts, New Jersey, and Pennsylvania could actually receive 26 weeks of TEUC benefits. Such workers will begin to exhaust benefits in September. In other words, September is the first month in which workers receiving 26 weeks of TEUC benefits can run out of these benefits. Since California, New Jersey, and Pennsylvania are large states, the number of exhaustions will be substantially higher in September than it was in August.

<sup>2</sup> Gruber, Jonathan. "The Consumption Smoothing Benefits of Unemployment Insurance." *The American Economic Review*, Volume 87, Issue 1 (March 1997), 192-205.

- The number who exhausted their regular unemployment benefits in the first six months of 2002 is 75 percent greater than the number who exhausted these benefits in the first eight months of 2001, and is more than double the number who exhausted these benefits during the same months of 2000.



The number of unemployed workers who exhausted their regular unemployment benefits in the most recent six-month period — the months from March-August 2002 — was greater in every state in the nation than the number of workers who exhausted regular unemployment benefits during the comparable six-month period of 2000. In 31 states, the number of workers who exhausted their regular unemployment benefits between March and August of 2002 was more than double the number who exhausted benefits in the comparable six-month period of 2000.

In 13 of these states, the number of workers who exhausted their regular unemployment benefits over the past six months was at least 150 percent greater than the number who exhausted these benefits during the same six months of 2000. These 13 states are: North Carolina (where the number of workers exhausting their regular benefits between March and August 2002 was 225 percent larger — or more than triple — the number exhausting benefits in the comparable six months of 2000); Colorado (where the number of exhaustees was 218 percent greater); South Dakota (217 percent); Georgia (197 percent); South Carolina (197 percent); Minnesota (176 percent); Vermont (171 percent); Indiana (164 percent); Ohio (162 percent); Utah (159 percent); Wisconsin (159 percent); Massachusetts (156 percent); and Oklahoma (156 percent). (See Table 2.)

**Table 1. Total Number of Workers Receiving and Exhausting Federal TEUC Benefits**

	<b>Workers Who Received One or More Weeks of TEUC Benefits, March-August</b>	<b>Workers Exhausting TEUC Benefits, March-August***</b>
Alabama*	37,401	13,518
Alaska	10,420	3,505
Arizona	31,153	13,199
Arkansas	21,531	9,506
California**	398,917	73,727
Colorado	35,631	16,808
Connecticut	38,407	15,890
Delaware	5,817	2,348
District of Columbia*	10,161	4,856
Florida	154,320	75,045
Georgia	79,056	52,090
Hawaii	13,323	4,041
Idaho	11,254	3,140
Illinois	149,823	71,037
Indiana	52,576	26,057
Iowa	25,220	10,096
Kansas	18,143	5,678
Kentucky	33,075	13,817
Louisiana	30,594	11,717
Maine	9,322	3,579
Maryland	39,522	16,111
Massachusetts	115,493	24,890
Michigan	120,067	50,359
Minnesota	45,454	21,161
Mississippi	28,175	12,800
Missouri	48,086	22,336
Montana*	4,680	1,700
Nebraska*	9,172	3,607
Nevada	22,364	11,267
New Hampshire	4,310	1,774
New Jersey	155,702	24,207
New Mexico	6,675	3,571
New York	264,034	134,992
North Carolina	86,465	36,531
North Dakota	4,359	1,317
Ohio	94,697	44,385
Oklahoma	19,401	9,434
Oregon*	56,595	1,123
Pennsylvania**	174,035	48,192
Rhode Island*	11,572	5,750
South Carolina	46,760	22,128
South Dakota	1,053	414
Tennessee	76,291	36,233
Texas	244,615	94,212
Utah	20,548	7,647
Vermont	3,771	1,281
Virginia	41,712	19,178
Washington	87,661	7,699
West Virginia	10,420	3,783
Wisconsin	54,157	21,982
Wyoming	1,358	1,115
<b>Total</b>	<b>3,065,349</b>	<b>1,120,832</b>

Note: \*Exhaustion data for August were not reported in these states. August data were estimated based on patterns of exhaustions up to that point. \*\*Data for exhaustions in California and Pennsylvania are estimates. \*\*\* Numbers for a few other states differ from the numbers reported in a Center analysis issued on September 19. These states have submitted revised data to the Department of Labor.

**Table 2. Number of Workers Exhausting Regular Unemployment Benefits**

	Mar-Aug 2000	Mar-Aug 2001	Mar-Aug 2002	Percentage Increase, 2002 to 2000
Alabama	13,774	18,660	25,165	83%
Alaska	8,714	8,969	10,887	25%
Arizona	12,743	14,226	26,048	104%
Arkansas	11,769	15,418	22,574	92%
California	194,520	199,996	346,898	78%
Colorado	10,237	13,828	32,547	218%
Connecticut	12,292	13,785	28,013	128%
DC	4,256	4,021	10,442	145%
Delaware	2,476	3,078	4,992	102%
Florida	39,846	50,396	88,986	123%
Georgia	19,234	31,556	57,186	197%
Hawaii	3,479	3,593	7,401	113%
Idaho	6,194	7,564	11,650	88%
Illinois	47,118	59,950	108,938	131%
Indiana	17,884	31,415	47,184	164%
Iowa	8,234	11,024	17,713	115%
Kansas	8,575	9,239	17,007	98%
Kentucky	9,179	12,825	20,668	125%
Louisiana	10,951	13,411	18,127	66%
Maine	5,539	4,824	7,064	28%
Maryland	13,625	14,822	24,947	83%
Massachusetts	28,449	30,887	72,932	156%
Michigan	44,359	62,690	94,692	113%
Minnesota	13,717	19,149	37,847	176%
Mississippi	8,046	11,779	14,968	86%
Missouri	19,070	24,179	37,765	98%
Montana	3,906	4,204	5,627	44%
Nebraska	4,083	5,618	9,495	133%
Nevada	10,890	12,866	22,917	110%
New Hampshire	NA	NA	4,594	NA
New Jersey	55,913	64,421	104,310	87%
New Mexico	4,471	4,898	8,534	91%
New York	89,529	108,208	197,698	121%
North Carolina	21,846	33,992	71,083	225%
North Dakota	2,333	2,277	3,233	39%
Ohio	25,263	40,053	66,266	162%
Oklahoma	5,813	7,424	14,870	156%
Oregon	18,878	24,709	39,979	112%
Pennsylvania	49,772	60,783	103,709	108%
Rhode Island	6,746	6,653	9,869	46%
South Carolina	10,768	17,323	32,015	197%
South Dakota	333	459	1,055	217%
Tennessee	22,796	35,263	46,361	103%
Texas	83,002	94,124	191,530	131%
Utah	5,861	7,994	15,198	159%
Vermont	1,212	1,400	3,285	171%
Virginia	12,734	14,657	30,496	139%
Washington	30,606	33,633	58,803	92%
West Virginia	4,490	4,902	6,325	41%
Wisconsin	19,986	27,562	51,814	159%
Wyoming	1,392	1,441	1,933	39%
<b>Total</b>	<b>1,096,655</b>	<b>1,335,763</b>	<b>2,333,672</b>	<b>113%</b>