

UNEMPLOYMENT

FACT SHEET

Renewing Federal Emergency Unemployment Benefits: Vital for Women & Families – and the Economy

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Persistently high unemployment – and historic levels of long-term unemployment – necessitate renewing federal emergency unemployment insurance benefits that are set to expire in December 2013.

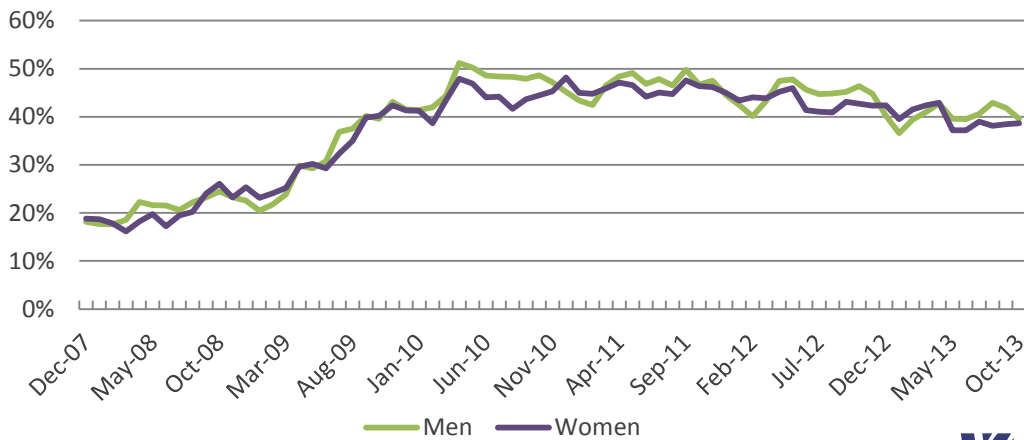
More than four years after the severe recession that began in December 2007 officially ended in June 2009, the slow economic recovery has brought the national unemployment rate below 8 percent – but job seekers continue to outnumber job openings by almost three to one,¹ and the ranks of the long-term unemployed remain at historic levels. Improvement in the national unemployment rate over the past year has been due entirely to people dropping out of, or not entering, the labor force due to weak job opportunities.² As of October 2013, more than one in three jobless workers – nearly 4.1 million Americans – had been unemployed for more than six months.³

Federal emergency unemployment benefits for long-term unemployed workers who have exhausted their state benefits (typically 26 weeks) are set to expire at the end of December. These benefits have played a critical role in the recovery, helping families avoid falling into poverty and spurring continued job growth by keeping dollars flowing into the economy. Allowing benefits to expire while unemployment remains very high would not only cut off a lifeline to unemployed workers and their families, it would also slow economic growth and cause the labor market to lose hundreds of thousands of jobs.⁴ Renewing federal unemployment benefits as part of the year-end budget measures would help the long-term unemployed and promote a stronger recovery.

KEY FACTS

- The national unemployment rate was 7.3 percent in October 2013, and nearly four of every ten adult jobless workers had been unemployed for over six months.
- Congress has never allowed federal emergency unemployment benefits to expire when the share of jobless workers who were unemployed after 26 weeks was above 23.1 percent. As of October 2013, 36.1 percent of all jobless workers had been unemployed for more than 26 weeks.
- If Congress fails to reauthorize federal unemployment benefits before the end of the year, 1.3 million workers will have their benefits cut off during the holiday season and an additional 850,000 who exhaust their state benefits will not receive federal benefits in early 2014 – harming families and jeopardizing the recovery.

Percentage of Adult Jobless Workers Who Were Unemployed After 26 Weeks



Source: NWLC calculations from Bureau of Labor Statistics data.

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Long-term unemployment is at historically high levels for women and men.

- When the recession officially ended in June 2009, the percentage of jobless adult workers out of work and seeking employment for 27 weeks or more was at 30.1 percent;⁵ the highest level in more than three decades.⁶ Since then, the percentage climbed to a peak of 49.9 percent in April 2010 and remained at 39.2 percent in October 2013.⁷ Long-term unemployment among adult women has risen from 29.3 percent in June 2009 to 38.6 percent in October 2013 – a 9.3 percentage point increase.⁸ Adult men's long-term unemployment has increased by 8.9 percentage points over this period, to 39.6 percent in October 2013.⁹
- Older workers are more likely to be unemployed for long periods of time. In October 2013, more than half of jobless women (51.6 percent) and men (51.0 percent) 55 to 64 had been searching for work for over six months. Approximately four in ten jobless women (38.7 percent) and men (43.9 percent) 65 and older also had been searching for work for over six months.¹⁰
- Many of the long-term unemployed have been looking for work for much longer than 26 weeks, making continued federal benefits critical for both women and men. In October 2013, nearly three in ten adult jobless men and women were still looking for work after a year of searching.¹¹

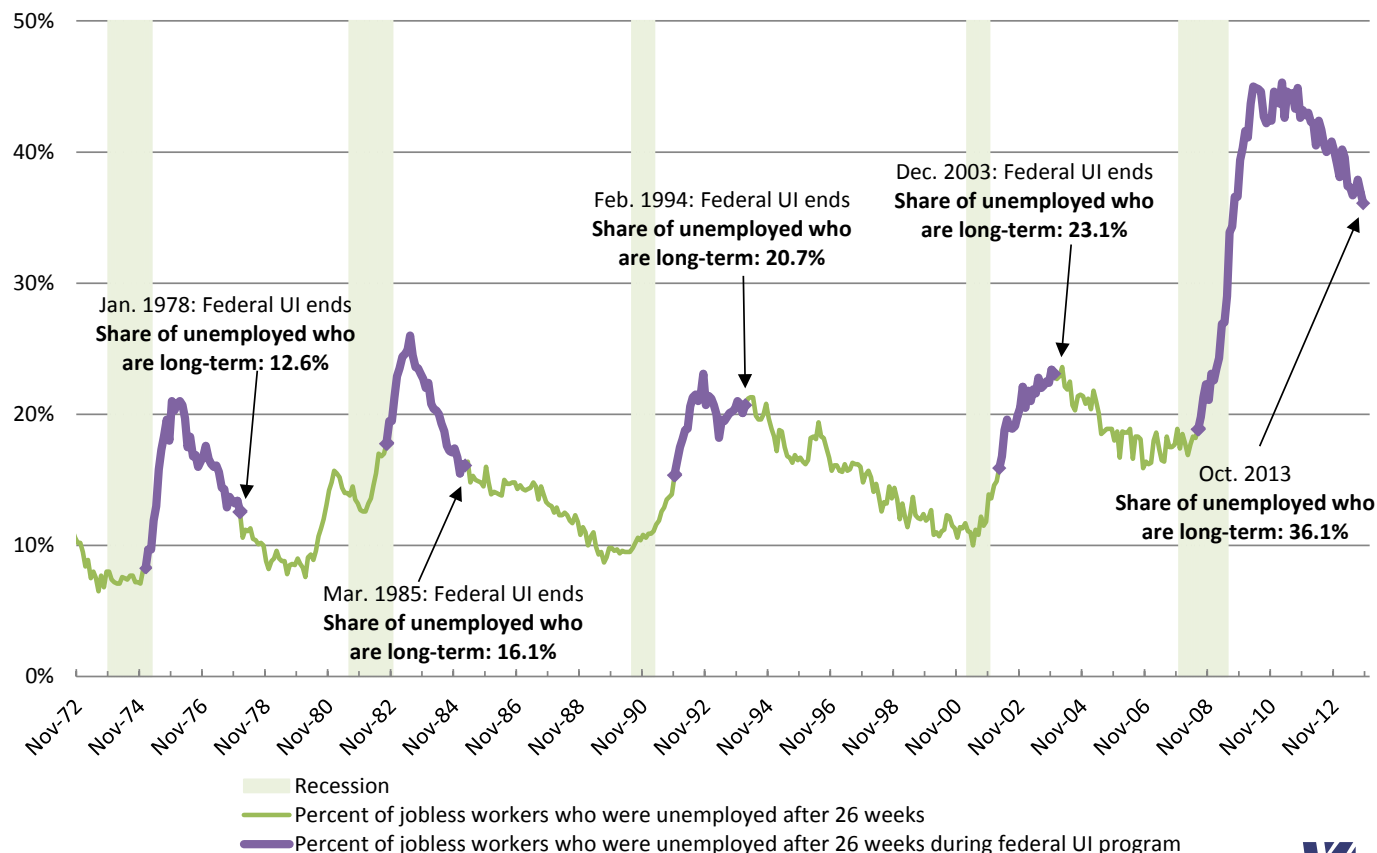
Federal unemployment insurance (UI) benefits help unemployed workers, their families, and the economy.

- Due in large part to federally funded benefits, UI kept over 1.7 million people (including 655,000 women and 446,000 children) from falling into poverty in 2012.¹²
- Because recipients generally spend UI benefits quickly to meet basic needs, the benefits are a critical tool to increase economic activity during periods of persistent high unemployment.¹³
- The Economic Policy Institute estimates that maintaining federal emergency UI benefits in 2014 would generate up to \$37.8 billion in economic activity, supporting 310,000 jobs.¹⁴

Persistently high unemployment – and historic levels of long-term unemployment – necessitate continued federal emergency UI benefits.

- On June 30, 2008, with unemployment at 5.6 percent, President Bush signed into law a new Emergency Unemployment Compensation program (known as EUC08) to extend unemployment benefits beyond the maximum 26 weeks generally provided through the standard federal-state unemployment insurance program. Congress has enacted similar emergency extensions during seven previous economic downturns over the past 50 years.¹⁶

Federal Emergency Unemployment Benefits in Response to Recessions



Sources: National Bureau of Economic Research and NWLC calculations from Bureau of Labor Statistics data.

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- During the past 50 years, Congress has not allowed federal emergency UI benefits to expire when the share of jobless workers who were unemployed after 26 weeks was above 23.1 percent – and the current share of jobless workers who are long-term unemployed is 36.1 percent.¹⁷

Unless Congress extends them, federal UI benefits will expire in December 2013.

- The federal benefits available to workers who have exhausted their state UI benefits have diminished over the course of the recovery, as legislation enacted in February 2012 reduced the total number of benefit weeks available under EUC08 and the Extended Benefits program phased out in all states (see next page).¹⁸ Federal UI benefit amounts have also been reduced due to sequestration cuts and now average \$269 per week, down from \$296 about a year ago.¹⁹ Unless Congress acts, no federal UI benefits will be available in 2014.

- The most recent extension of the EUC08 program requires a hard cut-off for all federal UI benefits at the end of the year (in contrast to some prior extensions that allowed a gradual phase-out of benefits). Accordingly, all EUC08 payments will end abruptly for all claimants on December 28, 2013.²⁰ If Congress fails to reauthorize federal unemployment insurance benefits before the end of the year, 1.3 million workers will be cut off from UI during the holiday season, and an additional 850,000 workers who exhaust their state benefits during the first three months of 2014 will not be able to access any federal benefits.²¹ The National Employment Law Project estimates that only about a quarter of unemployed workers will receive UI if federal benefits are allowed to expire.²²

Failure to continue federal unemployment benefits while unemployment and long-term unemployment remain painfully high would have devastating consequences for workers, their families, and the economy.

How many weeks of unemployment benefits are available?

Most states provide 26 weeks of regular UI benefits to eligible unemployed workers. The EUC08 program allows unemployed workers who have exhausted their state benefits to qualify for successive tiers of federal benefits if unemployment in their state reaches specified levels. Under certain conditions, the Extended Benefits (EB) program allows states to provide an additional 13 to 20 weeks of benefits.

Between June 2009 and December 2011, a total of 99 weeks of UI benefits were available in states with the highest levels of unemployment – up to 26 weeks of state benefits, 20 weeks of EB benefits, and 53 weeks of EUC08 benefits.

In 2012, the maximum total weeks of benefits available to jobless workers gradually dropped to 73 weeks, as the EB program phased out and legislation enacted in February 2012 reduced the number of weeks available under EUC08. Today, only workers in states with unemployment at or above 9.0 percent may be eligible for 73 weeks of benefits; in most states, the maximum is between 40 weeks and 63 weeks of benefits. For example:

- A jobless worker in a state with an unemployment rate of 5.9 percent currently may receive no more than 40 total weeks of UI benefits (26 weeks of state benefits, 14 weeks of EUC08 benefits). Through May 2012, the same worker could have received up to 60 weeks of benefits (26 weeks of state benefits, 34 weeks of EUC08 benefits).
- A jobless worker in a state with an unemployment rate of 8.6 percent currently may receive no more than 63 total weeks of UI benefits (26 weeks of state benefits, 37 weeks of EUC08 benefits). Through May 2012, the same worker could have received up to 99 weeks of benefits (26 weeks of state benefits and 53 weeks of EUC08 benefits, plus 20 weeks of EB benefits in some states).

- 1 Heidi Shierholz & Lawrence Mishel, Economic Policy Institute (EPI), Issue Brief: Labor Market Will Lose 310,000 Jobs In 2014 If Unemployment Insurance Extensions Expire, at 2 (Nov. 2013), available at <http://s3.epi.org/files/2013/ib371-ui-extension.pdf>. Job seekers to openings ratio is for August 2013.
- 2 Id.
- 3 NWLC calculations from U.S. Dep't of Labor, Bureau of Labor Statistics (BLS), Current Population Survey (CPS), Table A-12, <http://www.bls.gov/news.release/empst12.htm> (last visited Nov. 8, 2013). Figures are for all individuals 16 and older.
- 4 Shierholz & Mishel, *supra* note 1, at 1.
- 5 NWLC calculations from U.S. Dep't of Labor, BLS, Table A-36, June 2009, 56 Emp. & Earnings No. 7, at 46 (2009), available at <http://www.bls.gov/opub/ee/empearn200907.pdf>. Rate is for individuals 20 and older.
- 6 NWLC calculations from BLS Series Report, <http://data.bls.gov/cgi-bin/srgate> (last visited Nov. 12, 2013). Rates are for individuals 20 and older. Rates calculated using series codes LNU03000024 and LNU03008641.
- 7 Id.
- 8 Id. Rates are for individuals 20 and older. Rates retrieved using series code LNU03025711.
- 9 Id. Rates are for individuals 20 and older. Rates retrieved using series code LNU03025710.
- 10 NWLC calculations from U.S. Dep't of Labor, Bureau of Labor Statistics (BLS), Current Population Survey (CPS), Table A-36, <http://www.bls.gov/web/empst/cpseea36.htm> (last visited Nov. 8, 2013).
- 11 NWLC calculations from BLS CPS data using Series Report, <http://data.bls.gov/cgi-bin/srgate> (last visited Nov. 8, 2013). Calculations are for individuals 20 and older. Codes used: LNU03000002, LNU03000014, LNU03008735, LNU03008740, LNU03000001, LNU03000013, LNU03008714, and LNU03008719. Figures are 27.2 percent for adult women and 27.9 percent for adult men.
- 12 NWLC calculations based on U.S. Census Bureau, Current Population Survey, 2013 Annual Social and Economic Supplement (using CPS Table Creator), <http://www.census.gov/cps/data/cpstablecreator.html> (last visited Nov. 12, 2013).
- 13 See generally Shierholz & Mishel, *supra* note 1. See also Wayne Vroman, Urban Institute & IMPAQ Int'l, The Role of Unemployment Insurance as an Automatic Stabilizer During a Recession (2010), available at http://wdr.doleta.gov/research/FullText_Documents/ETAOP2010-10.pdf.
- 14 Shierholz & Mishel, *supra* note 1, at 2.
- 15 U.S. Dep't of Labor, BLS, CPS, Table A-1, <http://www.bls.gov/webapps/legacy/cpsatab1.htm> (last visited Dec. 10, 2012). Rate is for individuals 16 and older.
- 16 Julie M. Whittaker & Katelin P. Isaacs, Cong. Research Serv., Unemployment Insurance: Legislative Issues in the 113th Congress, at 3 (Sept. 2013).
- 17 Share of unemployed who are long-term unemployed from NWLC calculations from BLS Table A-12, *supra* note 3. Periods of federal emergency unemployment benefits from Julie M. Whittaker & Katelin P. Isaacs, Cong. Research Serv., Extending Unemployment Compensation Benefits During Recessions, at 25 (May 2013). Dates of recessions from the Nat'l Bureau of Economic Research, US Business Cycle Expansions and Contractions (Sept. 2010), available at http://www.nber.org/cycles/US_Business_Cycle_Expansions_and_Contractions_20120423.pdf.
- 18 Under certain conditions, the Extended Benefits (EB) program allows states with high unemployment rates to provide 13 to 20 weeks of benefits to unemployed workers who have exhausted their regular state benefits in addition to EUC08 benefits. Congress authorized full federal funding for the Extended Benefits (EB) program under the 2009 American Recovery and Reinvestment Act (ARRA) and subsequent legislation. See Whittaker & Isaacs, *supra* note 16, at 6-7. As of September 2012, the EB program had phased out in all states. Nat'l Employment Law Project, Phase-Out of Federal Unemployment Insurance, at 3 (Sept. 2012), available at http://www.nelp.org/page/-/UI/2012/EUC_fact_sheet.pdf?nocdn=1. For more information, see Ctr. on Budget & Policy Priorities, Policy Basics: How Many Weeks of Unemployment Insurance Are Available? (Nov. 2013), available at http://www.cbpp.org/files/PolicyBasics_UI_Weeks.pdf.
- 19 Nat'l Employment Law Project, More Than 2 Million Unemployed Workers Will Lose Jobless Aid By Early 2014 If Congress Allows Federal Benefits to Shut Down By Year's End, at 4 (Nov. 2013), available at <http://www.nelp.org/page/-/UI/2013/Issue-Brief-Two-Million-Unemployed-Lose-Federal-Jobless-Aid-Shut-Down.pdf?nocdn=1>.
- 20 Whittaker & Isaacs, *supra* note 16, at 4. The EUC08 program ends December 29, 2013 in New York.
- 21 Nat'l Employment Law Project, *supra* note 19, at 1.
- 22 Id. at 4.