

# UNEMPLOYMENT

## FACT SHEET

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

(Updated December 2012)

*Persistently high unemployment – and historic levels of long-term unemployment – necessitate renewing federal emergency unemployment insurance benefits that are set to expire in December 2012.*

More than three 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 more than three to one,<sup>1</sup> and the ranks of the long-term unemployed remain at historic levels. As of November 2012, more than four out of ten jobless workers – nearly 4.8 million Americans – had been unemployed for more than six months.<sup>2</sup>

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, according to the Economic Policy Institute (EPI), contribute to “the single largest projected economic drag posed by federal fiscal policy.”<sup>3</sup> As Congress debates whether to extend a number of provisions set to expire in the months ahead,<sup>4</sup> it must prioritize renewing federal unemployment benefits to help the long-term unemployed and promote a stronger recovery.

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

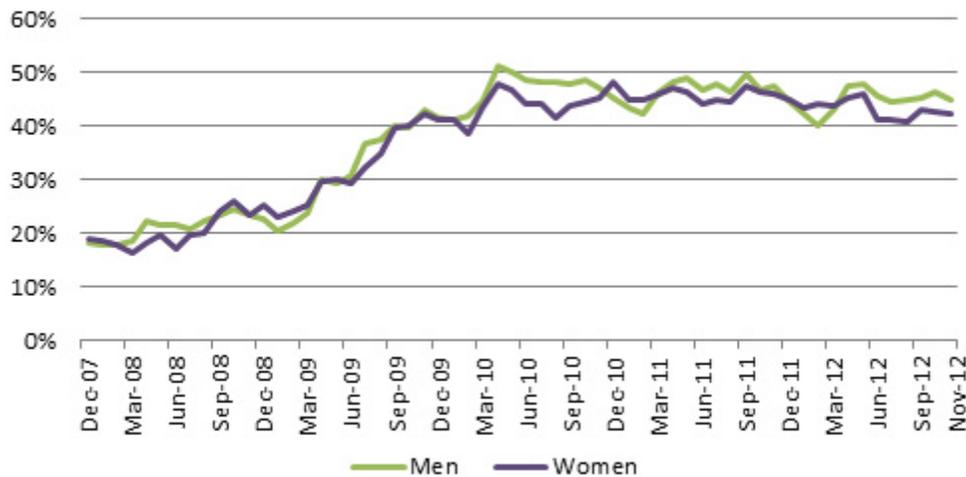
- When the recession officially ended in June 2009, the percentage of jobless adult workers out of work and seeking employment for 27 weeks or more was at

#### KEY FACTS

- **The national unemployment rate was 7.7 percent in November 2012. Congress has never allowed federal emergency unemployment benefits to expire when the unemployment rate was above 7.2 percent.**
- **More than four of every ten jobless workers have been unemployed for over six months.**
- **If Congress fails to reauthorize federal unemployment benefits before the end of the year, over two million workers will have their benefits cut off during the holiday season – harming families and jeopardizing the recovery.**

30.1 percent,<sup>5</sup> the highest level in more than three decades.<sup>6</sup> Since then, the percentage climbed to a peak of 49.9 percent in April 2010 and remained at 43.6 percent in November 2012.<sup>7</sup> Long-term unemployment among adult women has risen from 29.3 percent in June 2009 to 42.3 percent in November 2012 – a 13.0 percentage point increase. Adult men’s long-term unemployment has increased by 14.1 percentage points over this period, to 44.8 percent in November 2012.<sup>8</sup>

## Percentage of Adult Jobless Workers Who Were Unemployed After 27 Weeks



Source: NWLC calculations from Bureau of Labor Statistics.

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- Older workers are more likely to be unemployed for long periods of time. In November 2012, more than half of jobless women (53.9 percent) and men (56.4 percent) ages 55 to 64 had been searching for work for over six months. More than half of jobless women (53.3 percent) and more than four in ten jobless men (44.1 percent) 65 and older also had been searching for work for over six months.<sup>9</sup>
- Many of the long-term unemployed have been looking for work for much longer than 27 weeks, making continued federal benefits critical for both women and men. For example, between December 2011 and November 2012, almost one out of three jobless adult women (31.2 percent) and jobless adult men (32.3 percent) were still looking for work after a year of searching.<sup>10</sup>

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

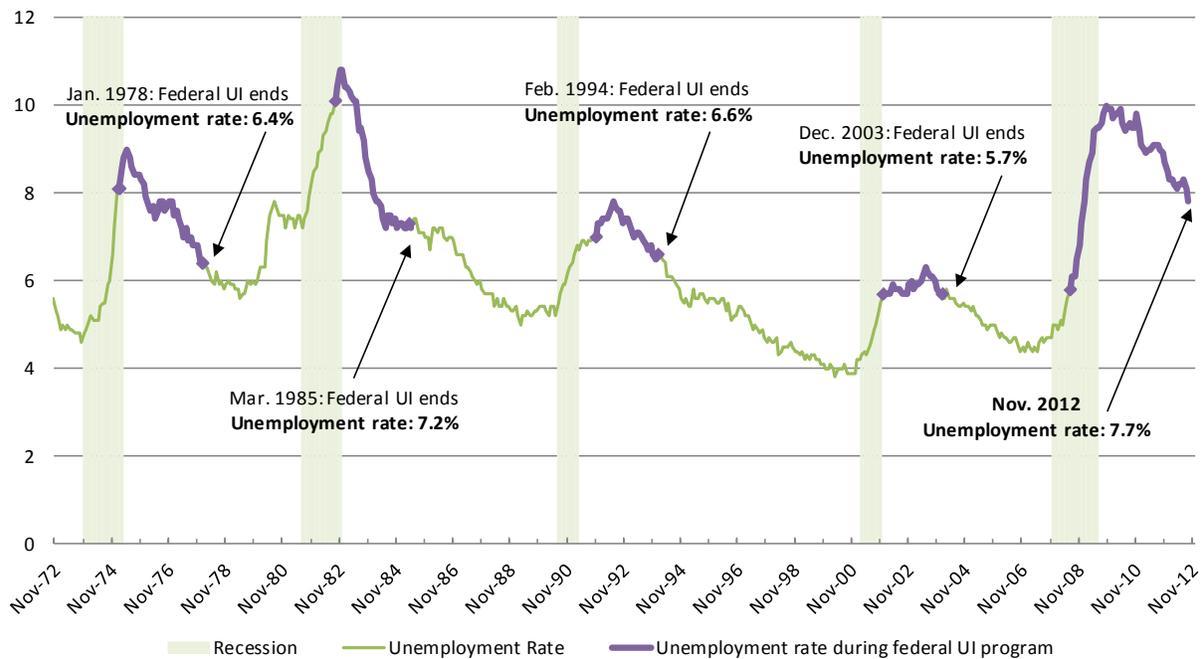
- Due in large part to federally funded benefits, UI kept over 2.3 million people (including 833,000 women and 621,000 children) from falling out of the middle class and into poverty in 2011.<sup>11</sup>
- Because recipients generally spend UI benefits quickly to meet basic needs, the benefits generate up to two dollars in GDP growth for every federal dollar invested.<sup>12</sup>

- Maintaining federal emergency UI benefits in 2013 would generate up to \$48 billion in economic activity and create 300,000 to 400,000 jobs.<sup>13</sup>

### Persistently high unemployment – and historic levels of long-term unemployment – necessitate continued federal emergency UI benefits, which have never been terminated when the unemployment rate was above 7.2 percent.

- On June 30, 2008, with unemployment at 5.6 percent,<sup>14</sup> 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.<sup>15</sup>
- During the past 50 years, Congress has not allowed federal emergency UI benefits to expire when the unemployment rate was above 7.2 percent<sup>16</sup> – and the current unemployment rate is 7.7 percent.<sup>17</sup>

## Federal Emergency Unemployment Benefits in Response to Recessions



Sources: Center on Budget & Policy Priorities, National Bureau of Economic Research, and NWLC calculations from Bureau of Labor Statistics.

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### Unless Congress extends them, federal UI benefits will expire in December 2012.

- 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).<sup>18</sup> Unless Congress acts, no federal UI benefits will be available after December 29, 2012.<sup>19</sup>
- The February extension of the EUC08 program requires a hard cut-off for all federal UI benefits at the end of the year (in contrast to prior extensions that allowed a gradual phase-out of benefits). Accordingly, all EUC08 payments will end abruptly for all claimants on December 29, 2012. Workers who lose their jobs after September 2012 will only be eligible for state unemployment benefits (26 weeks in most states) and will not receive any federal UI payments.<sup>20</sup>

- If Congress fails to reauthorize federal unemployment insurance benefits before the end of the year, over two million workers will be cut off from UI during the holiday season,<sup>21</sup> and an additional 900,000 workers who reach the end of their 26 weeks of state benefits during the first three months of 2013 will not be able to access any federal benefits.<sup>22</sup> EPI estimates that only about a quarter of unemployed workers will receive UI if federal benefits are allowed to expire – the lowest share on record.<sup>23</sup>

*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 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. 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).

- NWLC calculations from U.S. Dep't of Labor, Bureau of Labor Statistics (BLS), Job Openings and Labor Turnover, <http://www.bls.gov/news.release/jolts.htm> (last visited Nov. 6, 2012) and U.S. Dep't of Labor, BLS, Current Population Survey (CPS), Table A-1, <http://www.bls.gov/news.release/empsit.t01.htm> (last visited Dec. 7, 2012) [hereinafter BLS Table A-1 (2012)]. Figure is for all individuals 16 and older for October 2012.
- NWLC calculations from U.S. Dep't of Labor, BLS, CPS, Table A-12, <http://www.bls.gov/news.release/empsit.t12.htm> (last visited Dec. 7, 2012). Figures are for all individuals 16 and older.
- Josh Bivens & Andrew Fieldhouse, EPI, A Fiscal Obstacle Course, Not a Cliff, at 2, 6-7 (Sept. 2012), available at <http://www.epi.org/files/2012/ib3381.pdf>.
- See NWLC, A Roadmap to the Upcoming Federal Budget Debates (Nov. 2012), available at <http://www.nwlc.org/sites/default/files/pdfs/federalbudgetroadmap.pdf>.
- NWLC calculations from U.S. Dep't of Labor, BLS, Table A-36, June 2009, 56 Emp. & Earnings No. 7, at 46 (2009), <http://www.bls.gov/opub/ee/empearn200907.pdf> and NWLC calculations from U.S. Dep't of Labor, BLS, CPS, Table A-36, <http://www.bls.gov/web/empsit/cpseea36.htm> (last visited Dec. 10, 2012) [hereinafter BLS Table A-36 (2012)]. Rate is for individuals 20 and older.
- NWLC calculations from BLS Series Report, available at <http://data.bls.gov/cgi-bin/srgate> (last visited Dec. 10, 2012). Rates are for individuals 20 and older. Rates calculated using series codes LNU03000024 and LNU03008641.
- Ibid.
- NWLC calculations from BLS Table A-36 (2012), *supra* note 5. Rates are for individuals 20 and older.
- NWLC calculations from BLS Table A-36 (2012), *supra* note 5.
- NWLC calculations from BLS CPS data using Series Report, available at <http://data.bls.gov/cgi-bin/srgate> (last visited Dec. 10, 2012). Calculations are for individuals 20 and older. Codes used: LNU03000002, LNU03000014, LNU03008735, LNU03008740, LNU03000001, LNU03000013, LNU03008714, and LNU03008719. Figure is the average of the monthly percentage of long-term unemployed who were jobless for more than 52 weeks from December 2011 to November 2012.
- NWLC calculations based on U.S. Census Bureau, Current Population Survey, 2012 Annual Social and Economic Supplement (using CPS Table Creator), available at <http://www.census.gov/cps/data/cpstablecreator.html>.
- Wayne Vroman, Urban Institute & IMPAQ Int'l, The Role of Unemployment Insurance as an Automatic Stabilizer During a Recession, at iv (2010), available at [http://wdr.doleta.gov/research/FullText\\_Documents/ETAOP2010-10.pdf](http://wdr.doleta.gov/research/FullText_Documents/ETAOP2010-10.pdf). See also Bivens & Fieldhouse, *supra* note 3, at 7.
- Cong. Budget Office, Unemployment Insurance in the Wake of the Recent Recession, at 16 (Nov. 2012), available at [http://www.cbo.gov/sites/default/files/cbo-files/attachments/11-28-UnemploymentInsurance\\_0.pdf](http://www.cbo.gov/sites/default/files/cbo-files/attachments/11-28-UnemploymentInsurance_0.pdf); Lawrence Mishel & Heidi Shierholz, EPI, Labor Market Will Lose 400,000 Jobs in 2013 if UI Extensions Expire (Nov. 2012), available at <http://www.epi.org/files/2012/ib346-labor-market-lose-400000-jobs-ui-extensions.pdf>.
- 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.
- Julie M. Whittaker & Katelin P. Isaacs, Cong. Research Serv., Unemployment Insurance: Legislative Issues in the 112th Congress, at 2 (Sept. 2012).
- Hannah Shaw & Chad Stone, Ctr. on Budget & Policy Priorities, Key Things to Know About Unemployment Insurance, at 5 (Dec. 2011), available at <http://www.cbpp.org/files/12-16-11ui.pdf>.
- BLS Table A-1 (2012), *supra* note 1.
- 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 15, at 4-5. 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](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. 2012), available at [http://www.cbpp.org/files/PolicyBasics\\_UI\\_Weeks.pdf](http://www.cbpp.org/files/PolicyBasics_UI_Weeks.pdf).
- Nat'l Employment Law Project, *supra* note 18, at 1.
- Ibid., at 2.
- Ibid., at 1.
- Nat'l Employment Law Project, When Unemployment Insurance Runs Out: An Action Plan to Help America's Long-Term Unemployed, at 6 (Sept. 2012), available at <http://www.nelp.org/page/-/UI/2012/UIActionPlanGuide.pdf?nocdn=1>.
- Heidi Shierholz, EPI, If Emergency Unemployment Compensation Benefits Expire, Only Around A Quarter Of Unemployed Workers Will Receive UI (Sept. 2012), available at <http://www.epi.org/publication/emergency-unemployment-compensation-benefits/>.