

Looming Financial Cliff for Long-Term Unemployed

During the past four years, Congress has enacted and reauthorized two programs—Emergency Unemployment Compensation (EUC08) and Extended Benefits (EB)—that have provided federally funded unemployment benefits to workers who lose their jobs and exhaust their state unemployment insurance before they have found new employment. These benefits have played a critical role in maintaining the economic security of millions of Americans during the Great Recession and a slow recovery that has seen record levels of long-term unemployment.ⁱ Beginning this week, however, most workers who lose their jobs and file for unemployment insurance will *not* be eligible for any federal unemployment benefits should they run out of state benefits (usually 26 weeks) before they find a new job.

Less Than Half of All Unemployed Workers Currently Receive Unemployment Insurance

- Of the 12.7 million Americans who are currently unemployed, only about 46 percent (about 5.9 million) are currently receiving any form of unemployment insurance (UI) benefits.
- Roughly 3.3 million are collecting state UI benefits, which generally cover the first 26 weeks of benefits.ⁱⁱ About 2.6 million are receiving federal UI benefits, which cover periods of unemployment after a worker has exhausted any state benefits.ⁱⁱⁱ

All Federal Unemployment Insurance Programs Are Scheduled to Expire in December

- By the end of August, the federal-state Extended Benefits (EB) program, which provided 13 or 20 weeks of benefits to unemployed workers in 35 states, will have drawn to a close, with more than 500,000 workers having been cut off benefits since the beginning of the year.^{iv}
- Under the Middle Class Tax Relief and Job Creation Act of 2012, enacted in February, Congress began scaling down available benefits under the federal Emergency Unemployment Compensation (EUC08) program. Starting in September, states with the lowest unemployment rates (below 6 percent) will provide only 14 weeks of EUC benefits. States with the highest unemployment (9 percent and above) will provide 47 weeks of federal benefits.^v
- The EUC program is scheduled to expire at the end of December 2012. Workers who lose their jobs during the first week of July and thereafter will thus face having no federal benefits when they exhaust state UI benefits. Unlike prior authorizations of the EUC program, which provided for a graduated phase-out of eligibility for workers receiving benefits on the scheduled expiration date, workers receiving EUC at the end of the year face a “hard” cut-off: their benefits will stop. This means that

unless Congress reauthorizes the EUC program by the end of December, *no* unemployed worker will receive *any* federal unemployment benefits for the weeks after December 29, 2012.

If Congress Allows Emergency Unemployment Compensation Program to End, More Than Two-Thirds of Unemployed Workers Will Not Have Jobless Aid in 2013

- According to the most recent U.S. Labor Department data, only about 27 percent of the unemployed are receiving state UI benefits.^{vi} If the federal EUC program is not renewed, only those workers eligible for state unemployment insurance will be receiving any form of unemployment benefit. As a result, more than two out of every three unemployed workers will enter 2013 without any unemployment insurance. In 2010, about two-thirds of the unemployed were receiving some form of unemployment insurance under either a state or federal program.^{vii}

National Long-Term Unemployment Crisis Remains Severe; Eliminating Federal Unemployment Insurance Will Only Make Things Worse

- While the economy is improving, the labor market is not generating enough jobs for the 12.7 million workers seeking employment. The economy added just 96,000 jobs, on average, in each month from March to May, which is barely enough to keep up with labor force growth. In April, there were more than three times as many jobless workers as job openings.^{viii}
- The average unemployed worker in the United States is jobless for approximately 40 weeks. Nearly half—47.9 percent—of unemployed workers receiving state UI benefits run out of them without having found employment.
- If Congress lets the current EUC program die at the end of the year, the average unemployed American (who currently needs nine months to find a job) will be facing an average of three months of joblessness without any unemployment benefits. And in states that have begun cutting their state UI programs, unemployed workers will confront the destabilizing effects of losing unemployment insurance even sooner. In Florida, Georgia, Michigan, Missouri and South Carolina, state unemployment benefits will be available for a maximum of 20 weeks or less in 2013.^{ix}
- If Congress does not renew the EUC program by the end of the year, more than two million Americans will lose federal unemployment insurance during the week between Christmas and New Year's, and more than 900,000 Americans exhausting state UI benefits are estimated to join them in the first three months of 2013.^x

ENDNOTES

ⁱ Executive Office of the President, [Unemployment Insurance Extensions and Reforms in the American Jobs Act](#), December 2011.

ⁱⁱ Since last year, seven states have reduced the maximum weeks of state UI benefits to below 26 weeks. Michigan, Missouri and South Carolina provide a maximum of 20 weeks. Florida and Georgia have adopted sliding scales tied to the state's unemployment rate; Georgia currently provides a maximum of 20 weeks and Florida has a 23 week maximum. Arkansas and Illinois have 25 week maximums.

ⁱⁱⁱ Nearly all of these federal benefits are through the Emergency Unemployment Compensation (EUC08) program, which was first enacted by Congress in June 2008. Less than 50,000 claimants are receiving benefits through a second federally funded program—Extended Benefits (EB)—which will have been completely phased out by the end of the summer.

^{iv} National Employment Law Project, [Phase-out of Federal Unemployment Insurance](#), June 2012.

^v National Employment Law Project, [Phase-out of Federal Unemployment Insurance](#), June 2012.

^{vi} U.S. Department of Labor, Employment and Training Administration, UI Data Summary, 1st Quarter 2012. This covers the 12 months ending March 2012 and includes the UCFE and UCX programs.

^{vii} U.S. Department of Labor, Employment and Training Administration, UI Data Summary, 4th Quarter 2010.

^{viii} U.S. Department of Labor, Bureau of Labor Statistics, Job Openings and Labor Turnover, April 2012.

^{ix} Florida's maximum duration is tied to the state's unemployment rate in the third quarter of the previous calendar year; currently the state pays up to 23 weeks. If the state's average unemployment rate in the third quarter of 2012 remains at its current level (8.6 percent in May), the maximum duration will drop to 19 weeks in 2013. For more information, see NELP, [Unraveling the Unemployment Insurance Lifeline](#), August 2011.

^x This refers roughly to the number of unemployed workers expected to still be receiving EUC when the program expires (currently 2.6 million workers are on EUC). The number of workers estimated to exhaust regular state UI over the first calendar quarter of 2013 equals the estimated number of state UI program inflows from July to September 2012 multiplied by the average state UI program exhaustion rate (47.9 percent) covering the twelve months ending May 2012.