

Long-Term Unemployment Crisis Compels Renewal of Federal Jobless Aid

THE ISSUE

What sets the Great Recession and the ensuing slow recovery apart from all other downturns since the Great Depression is the unprecedented level of long-term unemployment, or joblessness lasting for six months or longer. Of the 12 million people unemployed today, nearly five million (or 40 percent) are long-term unemployed; and most of them have been unemployed for at least one year. Until our economy can create enough quality jobs to employ the millions who want but cannot find work, Congress must ensure the Emergency Unemployment Compensation (EUC) program remains firmly in place. If Congress lets this lifeline lapse, two million long-term unemployed workers and their families will enter the New Year struggling simply to sustain themselves. Nearly one million more will join their ranks over the first quarter of 2013.

THE FACTS

- Long-term unemployment after the Great Recession rose to a record 4.4 percent of the labor force (or 45 percent of all unemployed), even though total unemployment peaked at 10.0 percent, just below the record of 10.8 percent reached after the early-1980s recession (see Figure). By comparison, in the 1980s, long-term unemployment reached just 2.6 percent (or 26 percent of all unemployed). Had long-term unemployment maintained its earlier relationship to total unemployment during this recession, it would have been significantly lower, between 20 and 25 percent ([Congressional Budget Office](#)).
- Older unemployed workers have been hit especially hard by prolonged joblessness this recession. The share of workers unemployed for at least one year increased most dramatically among this age group, from 15 percent in 2007 to 42 percent in 2011 ([NELP](#)). Among workers displaced between 2009 and 2011, those ages 55 and up were the least likely to be reemployed by 2012 ([U.S. Department of Labor](#)).



Scharrie Chambers, a mother of three from Allentown, Pennsylvania, was laid off in June 2012 when her employer outsourced her mobile-call-center job overseas. Despite her extraordinary efforts

to find new work—which included relocating to another state for four months—she is still looking for work. Her state unemployment benefits end this month.

“I started my job search before the layoff, but the job market in the Allentown area is very tough, even for someone like me with an outstanding work history and diverse industry experience. I have a solid customer service background in telecommunications, in banking, and in the health insurance field.”

“That’s why I figured I would look for work in the Charlotte, North Carolina area, which is more of a banking and insurance center. I relocated there in August. But I found it just as tough there, with the local unemployment rate at 9.4 percent.”

“I have applied for more than 200 jobs, and I am at it every single day, scouring every site and job posting, looking in both North Carolina and Pennsylvania. This has been extremely difficult for my family. At least we’ve been able to count on some help with bills, rent, and food from the unemployment insurance.”

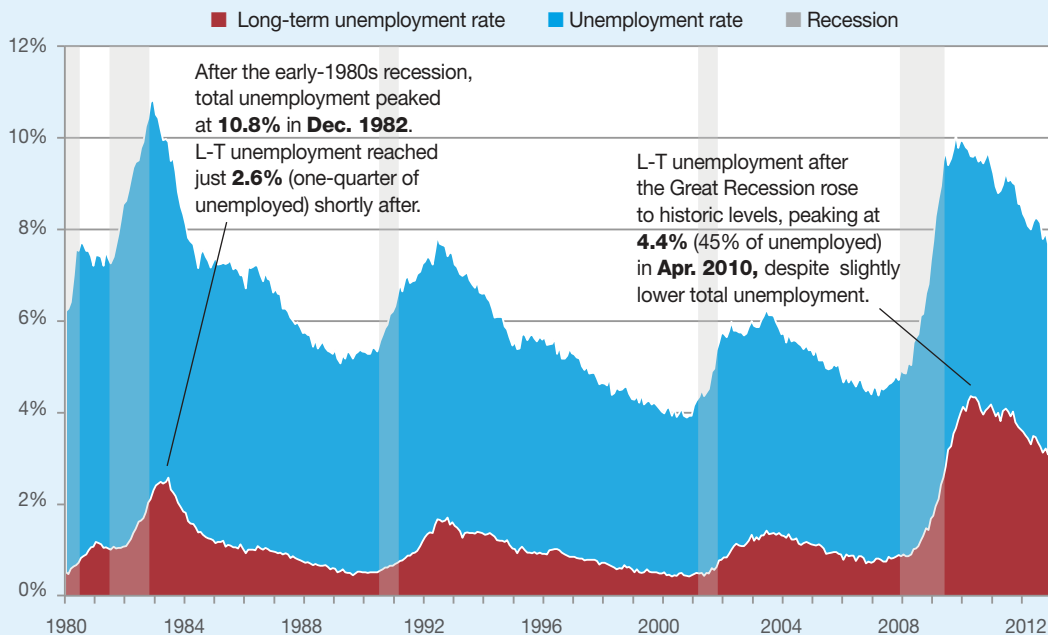
“But if Congress doesn’t renew the federal unemployment insurance program for 2013, I will be cut off right before New Year’s. My 13-year-old boy and I are now headed back to Allentown. I don’t know what we’ll do if my unemployment benefits stop while I am still looking for work. Congress needs to act on this!”

- Recent research from Harvard economist Raj Chetty shows that any increase in the duration of joblessness resulting from the availability of additional weeks of unemployment insurance is mostly due to a more intensive job search effort by claimants, and not a reduced incentive to accept a job, since state and federal eligibility rules require that they conduct an active search for work. University of California at Berkeley economist Jesse Rothstein documents a similar effect, attributing just a minor share of the increase in unemployment over the downturn to the federal extensions. And most of it

was due to recipients staying in the labor force and looking for a new job.

As NELP documents, unemployment insurance helps families avoid poverty, provides a crucial bridge to reemployment, and keeps our consumer-driven economy afloat. Without the EUC program, the share of jobless workers with unemployment insurance next year will reach a new low. No matter the outcome in the coming days around so-called fiscal cliff negotiations, it is imperative for Congress to come together to reauthorize EUC for 2013.

Long-Term Jobless in Aftermath of Great Recession Account for Record Share of Unemployed



CONGRESS MUST ACT

Congress should immediately renew the Emergency Unemployment Compensation program through 2013, and provide additional funding to support model programs that address the employment needs of the long-term unemployed.

About NELP and UnemployedWorkers.org

The National Employment Law Project is a non-partisan, not-for-profit organization that conducts research and advocates on issues affecting low-wage and unemployed workers. NELP promotes policies to create good jobs, enforce hard-won workplace rights, and help unemployed workers regain their economic footing. UnemployedWorkers.org, a project of NELP, is a grassroots online campaign and informational portal that serves, engages, and informs unemployed workers. For more about NELP, please visit www.nelp.org.