ISSUE BRIEF

# SHARE OF UNEMPLOYED RECEIVING JOBLESS AID WILL HIT RECORD LOW IF CONGRESS FAILS TO RENEW FEDERAL UNEMPLOYMENT INSURANCE

NATIONAL EMPLOYMENT LAW PROJECT
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The budget deal agreed upon by House and Senate negotiators last week fails to renew the federal unemployment insurance program. Unless Congress reauthorizes the program by December 28th, 1.3 million long-term unemployed workers and their families will be abruptly cut off from federal unemployment insurance at the end of the month. Nearly two million more will reach the end of their state jobless aid by mid-2014 and have no access to additional federal support.

As documented in this brief, absent a renewal of the Emergency Unemployment Compensation (EUC) program by Congress, *just one in four unemployed workers (26 percent) will be receiving jobless aid as of January 2014. Not only is this the lowest share during this downturn, it is the lowest since the U.S. Department of Labor first started recording this information in 1950.* This swift drop in coverage will occur amid already falling numbers of jobless workers receiving aid, and despite the fact that the labor market is still weaker than it was before the recession began in December 2007 and before Congress first authorized the EUC program in June 2008.

Legislation introduced by Senator Jack Reed of Rhode Island and Representative Sander Levin of Michigan (S.1747/H.R.3546) would renew the EUC program through 2014. Congressional leaders must act immediately on these measures to avert a lapse in this modest but critical lifeline for the long-term unemployed.

## Number of unemployed workers protected by jobless aid has declined much faster than unemployment levels

Table 1 compares the number of unemployed workers and jobless aid recipients in each state in calendar year 2010 (the year the national unemployment rate peaked during this downturn), with the same figures in the 12 months ending September 2013 (the most recent period for which state unemployment insurance data are available). It shows that while the number of unemployed workers in each state declined by 21 percent over this period, on average, the number of workers receiving unemployment insurance—either regular or federal—experienced a much sharper decline of 50 percent, on average.[1] *Today, just 4 in 10 unemployed workers (41 percent) are receiving either state or federal jobless aid, down from nearly two-thirds (65 percent) in calendar year 2010.*

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The decline in the number of workers receiving jobless aid is a function of several factors. First, the recovery from the Great Recession has been weaker than any since the Great Depression, which means that many workers are exhausting their state and federal benefits before finding a new job. The economy still must add eight million jobs to make up for the losses during the downturn and to account for the jobs the economy would have added had the recession not occurred.

Additionally, the share of jobless workers receiving unemployment insurance is falling because seven states have cut the duration of their regular state programs from the decades-long standard of 26 weeks. For example, Michigan now offers a maximum of only 20 weeks; Florida adopted a sliding scale, ranging from 12 to 23 weeks, depending on the state's unemployment rate.[2] These changes mean that workers also receive fewer weeks of federal benefits, because the number of federal weeks is determined by a formula based upon the maximum duration of a state's program. On top of these changes, certain states are erecting procedural barriers in the regular program application process, preventing otherwise eligible workers from accessing any benefits at all.

Table 1 shows that every state where a regular program cut of greater than one week went into effect has experienced an above-average decline in unemployment insurance coverage since 2010. This includes Florida and South Carolina (which now provide 19 and 20 weeks, respectively), where the numbers of workers receiving jobless aid have dropped by nearly two-thirds, even though unemployment levels have declined by much smaller proportions (26 percent and 31 percent, respectively). Three additional states that reduced their durations—Georgia, Michigan, and North Carolina—also experienced significant declines in the number of workers receiving benefits.

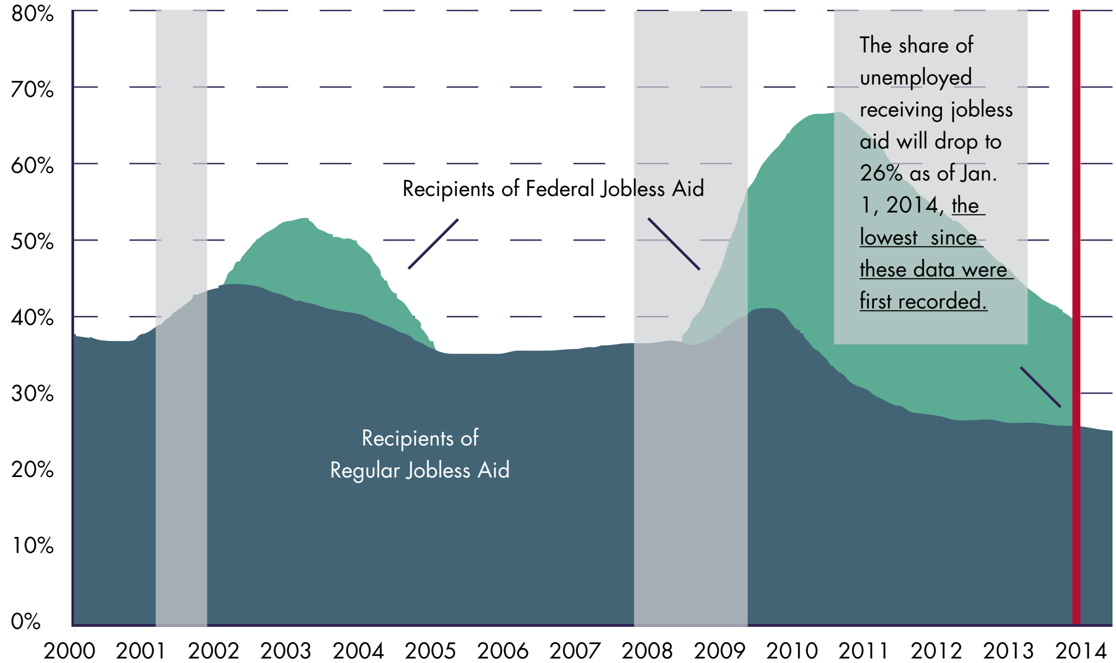
Finally, the federal unemployment insurance program has been scaled back significantly as a result of reductions enacted by Congress in February 2012. As part of these changes, Congress elected not to update the criteria under which states qualified for the federal Extended Benefits (EB) program, which provides 13 or 20 additional weeks. As a result, most states stopped paying these benefits by the middle of 2012; currently, no states qualify for EB.[3]

Furthermore, the February 2012 federal legislation reduced the number of EUC weeks available to states to between 14 and 47, depending on their unemployment rates. The number of EUC weeks currently offered by most states is much lower than the 47-week maximum due to gradually declining unemployment. As of December 15th, states were paying 29 weeks of EUC benefits, on average, compared with nearly double this amount (59 weeks) in January 2012, before the federal legislation took effect.[4]

## Failure by Congress to renew federal jobless aid will result in lowest share of unemployed workers receiving aid on record

Figure 1 shows the percentage of unemployed workers receiving regular or federal jobless aid in every month since January 2000. Should Congress fail to renew the EUC program, the share of unemployed workers receiving unemployment insurance benefits will drop from an already depressed

*Figure 1.* PERCENTAGE OF UNEMPLOYED WORKERS RECEIVING JOBLESS AID IN EVERY MONTH SINCE 2000 (shaded areas represent a recession)




Notes: Figures are based on 12-month moving averages to account for seasonality. The temporary federal extensions program following the 2001 recession, known as Temporary Extended Unemployment Compensation, provided up to 26 additional weeks in two tiers to exhaustees of state benefits. Data for December 2013 and later are estimated based on the latest average yearly rates of decline in unemployment insurance recipients and unemployment.

Source: Author's calculations of UI weekly claims data for all programs from the U.S Department of Labor, Employment and Training Administration.

rate of 41 percent over the last year to just 26 percent, as current EUC recipients, who comprise approximately 15 percent of all unemployed workers, will have their benefits cut off at once. This is represented in the figure with the red line on the right-hand side marking the expiration. This is not only the lowest percentage of unemployed workers receiving benefits in over a decade, it is the lowest share since the federal government started collecting this information in 1950.

The EUC program is the central federal policy addressing the crisis of long-term unemployment this recession and slow recovery. For Congress to further limit basic protections for unemployed workers while they look for a new job amid already falling rates of unemployment insurance coverage, while Congress does nothing to advance significant job creation measures, demonstrates a poor awareness of the realities of the current economy and a callous disregard for the circumstances of families experiencing unemployment.

## Conclusion

Even with its reduced scope and coverage, federal unemployment insurance remains a crucial source of protection for substantial numbers of unemployed workers. A renewal by Congress of the current EUC program would provide for a gradual draw-down of program weeks over the course of 2014 as state unemployment rates continue to fall, as originally intended when the current structure was enacted in a bi-partisan compromise in February 2012.

Today, 41 percent of unemployed workers are receiving either state or federal jobless aid, down from 65 percent in calendar year 2010. If Congress fails to renew EUC, that share will plummet to a record-low 26 percent in January 2014—the lowest since the U.S. Department of Labor first started recording this information in 1950. Congress must not turn its backs on the long-term unemployed during one of the weakest recoveries on record. Without further delay, Congress must renew Emergency Unemployment Compensation through 2014.

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## ENDNOTES

1 Regular benefits include State benefits, Unemployment Compensation for Ex-servicemembers, and Unemployment Compensation for Federal Employees; federal benefits include Extended Benefits and Emergency Unemployment Compensation 2008.

2 Arkansas pays up to 25 weeks. Michigan, Missouri, and South Carolina each pay up to 20 weeks. Florida claimants may receive between 12 and 23 weeks, depending on the seasonally adjusted state unemployment rate in the third quarter of the previous calendar year. Georgia and North Carolina also instituted sliding scales, ranging from 14 to 20 weeks, and from 12 to 20 weeks, respectively. The maximum duration for claimants in both states is determined by the seasonally adjusted unemployment rate applicable to the six-month period in which the initial claim is filed. State unemployment in the preceding April applies to July to December; state unemployment in the preceding October applies to January to June. Kansas, a low unemployment state, will institute a sliding scale ranging from 16 to 26 weeks beginning January 1st. The precise figure will be based on the three-month seasonally adjusted state unemployment rate at the beginning of the claimant's benefit year. For more information, please see: https://www.fas.org/sgp/crs/misc/R41859.pdf.

3 Both Idaho and New York triggered onto Extended Benefits over the second half of 2012 after most states had become ineligible due to rising unemployment levels in those states.

4 This is based on the latest available trigger notice from the U.S. Department of Labor, here: http://workforcesecurity.doleta.gov/unemploy/euc_trigger/2013/euc_120813.html. The average value for 2012 accounts for the reductions in state durations that took effect in 2011 in Arkansas, Missouri, and South Carolina.

*Table 1.* CHANGES IN UNEMPLOYMENT AND NUMBER OF WORKERS RECEIVING UNEMPLOYMENT INSURANCE BY STATE FROM 2010 TO 2013

| State | Unemployed Workers | | Unemployed Workers Receiving Benefits (Regular and Federal) | | As % of Unemployed | | Decline in Unemployed | Decline in Benefit Recipients |
|---|---|---|---|---|---|---|---|---|
| | 2010 | 2013 | 2010 | 2013 | 2010 | 2013 | | |
| Alabama | 202,200 | 145,800 | 107,600 | 46,600 | 53% | 32% | -28% | -57% |
| Alaska | 28,900 | 23,200 | 23,700 | 19,500 | 82% | 84% | -20% | -18% |
| Arizona | 323,700 | 242,700 | 180,600 | 62,500 | 56% | 26% | -25% | -65% |
| Arkansas* | 106,300 | 97,100 | 58,300 | 35,500 | 55% | 37% | -9% | -39% |
| California | 2,267,000 | 1,713,600 | 1,433,700 | 813,900 | 63% | 47% | -24% | -43% |
| Colorado | 244,700 | 197,900 | 144,300 | 67,900 | 59% | 34% | -19% | -53% |
| Connecticut | 178,100 | 150,600 | 143,600 | 89,200 | 81% | 59% | -15% | -38% |
| Delaware | 35,000 | 31,700 | 26,000 | 13,600 | 74% | 43% | -9% | -48% |
| District of Columbia | 34,700 | 31,700 | 13,000 | 14,300 | 37% | 45% | -9% | 10% |
| Florida* | 1,035,200 | 698,700 | 582,300 | 211,900 | 56% | 30% | -33% | -64% |
| Georgia* | 482,000 | 410,200 | 402,400 | 172,800 | 83% | 42% | -15% | -57% |
| Hawaii | 43,900 | 31,400 | 30,100 | 15,400 | 69% | 49% | -28% | -49% |
| Idaho | 66,200 | 49,800 | 48,800 | 20,200 | 74% | 41% | -25% | -59% |
| Illinois | 690,800 | 598,900 | 462,400 | 241,800 | 67% | 40% | -13% | -48% |
| Indiana | 318,800 | 263,100 | 198,100 | 77,600 | 62% | 29% | -17% | -61% |
| Iowa | 105,300 | 79,700 | 70,000 | 34,200 | 66% | 43% | -24% | -51% |
| Kansas* | 106,400 | 84,300 | 65,200 | 31,800 | 61% | 38% | -21% | -51% |
| Kentucky | 210,800 | 170,000 | 111,700 | 58,400 | 53% | 34% | -19% | -48% |
| Louisiana | 153,900 | 134,300 | 72,900 | 33,100 | 47% | 25% | -13% | -55% |
| Maine | 57,500 | 49,800 | 31,800 | 19,000 | 55% | 38% | -13% | -40% |
| Maryland | 240,700 | 211,200 | 123,200 | 83,100 | 51% | 39% | -12% | -33% |
| Massachusetts | 287,500 | 236,300 | 254,300 | 131,900 | 88% | 56% | -18% | -48% |
| Michigan* | 601,900 | 412,500 | 421,100 | 169,400 | 70% | 41% | -31% | -60% |
| Minnesota | 218,200 | 158,000 | 157,800 | 70,200 | 72% | 44% | -28% | -56% |
| Mississippi | 138,600 | 118,300 | 68,200 | 40,800 | 49% | 34% | -15% | -40% |
| Missouri* | 283,200 | 203,900 | 150,900 | 73,300 | 53% | 36% | -28% | -51% |
| Montana | 33,500 | 28,000 | 27,200 | 14,500 | 81% | 52% | -16% | -47% |
| Nebraska | 46,500 | 40,500 | 32,100 | 14,700 | 69% | 36% | -13% | -54% |
| Nevada | 192,100 | 132,900 | 127,200 | 56,300 | 66% | 42% | -31% | -56% |
| New Hampshire | 45,400 | 40,200 | 27,100 | 10,900 | 60% | 27% | -11% | -60% |
| New Jersey | 437,300 | 413,300 | 425,300 | 255,000 | 97% | 62% | -5% | -40% |
| New Mexico | 74,000 | 63,100 | 51,000 | 23,500 | 69% | 37% | -15% | -54% |
| New York | 827,900 | 762,100 | 645,700 | 409,100 | 78% | 54% | -8% | -37% |
| North Carolina* | 501,000 | 424,500 | 353,300 | 160,300 | 71% | 38% | -15% | -55% |
| North Dakota | 14,400 | 12,500 | 7,400 | 4,800 | 51% | 38% | -13% | -35% |
| Ohio | 586,800 | 408,300 | 346,100 | 135,400 | 59% | 33% | -30% | -61% |
| Oklahoma | 122,400 | 93,700 | 50,200 | 27,000 | 41% | 29% | -23% | -46% |
| Oregon | 211,900 | 157,000 | 172,200 | 78,300 | 81% | 50% | -26% | -55% |
| Pennsylvania | 538,400 | 507,500 | 530,100 | 296,500 | 98% | 58% | -6% | -44% |
| Rhode Island | 67,100 | 52,100 | 37,500 | 21,300 | 56% | 41% | -22% | -43% |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| South Carolina* | 241,500 | 179,300 | 146,800 | 53,200 | 61% | 30% | -26% | -64% |
| South Dakota | 22,600 | 18,300 | 6,200 | 3,100 | 27% | 17% | -19% | -50% |
| Tennessee | 302,400 | 252,600 | 164,600 | 68,700 | 54% | 27% | -16% | -58% |
| Texas | 1,007,800 | 813,200 | 473,300 | 250,600 | 47% | 31% | -19% | -47% |
| Utah | 110,400 | 68,300 | 51,600 | 20,000 | 47% | 29% | -38% | -61% |
| Vermont | 23,000 | 16,000 | 17,100 | 7,300 | 74% | 46% | -30% | -57% |
| Virginia | 293,800 | 234,500 | 115,700 | 57,900 | 39% | 25% | -20% | -50% |
| Washington | 349,100 | 250,400 | 229,900 | 108,900 | 66% | 43% | -28% | -53% |
| West Virginia | 68,000 | 54,200 | 39,900 | 26,700 | 59% | 49% | -20% | -33% |
| Wisconsin | 260,900 | 210,000 | 228,100 | 115,600 | 87% | 55% | -20% | -49% |
| Wyoming | 21,300 | 14,600 | 11,300 | 5,400 | 53% | 37% | -31% | -52% |
| **United States** | **14,861,000** | **11,791,800** | **9,698,900** | **4,872,900** | **65%** | **41%** | **-21%** | **-50%** |

Note: Data for 2010 cover the calendar year; data for 2013 cover the 12 months ending September 2013. States marked with an asterisk (*) have reduced, or will reduce as of 2014 (Kansas), the durations of their regular programs. Because North Carolina violated the federal non-reduction rule when it reduced the amount of its maximum benefit, the U.S. Department of Labor terminated its EUC agreement with the state as of the end of June 2013.

Source: Author's calculations of state unemployment data from the Bureau of Labor Statistics and monthly UI weeks claimed data for all programs from the U.S Department of Labor, Employment and Training Administration.