

When Unemployment Insurance Runs Out: An Action Plan to Help America's Long-Term Unemployed

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Executive Summary

Since the onset of the 2007 recession, the unemployment insurance (UI) program has provided a vital lifeline for record numbers of workers and their families to meet their basic needs while they struggle to find work. However, as a result of the prolonged jobs crisis and recent cuts to federal and state unemployment benefits, literally millions of workers are reaching the end of their benefits, often without any other means of support.

In fact, the U.S. Government Accountability Office (GAO) estimates that 5.5 million workers exhausted their state and federal unemployment benefits from 2007 to 2011. And thus far in 2012, more than half a million workers have reached the end of their federally-funded benefits. These numbers will continue to climb as the maximum weeks of federally-funded benefits are further reduced this month by federal law (down to 47 weeks in the highest unemployment states). Roughly half to three-fourths of these workers arrived at the end of their unemployment benefits without securing a new job despite their considerable work-search efforts and only a limited proportion of them have accessed the Supplemental Nutrition Assistance Program (SNAP) and other safety net programs.

This crisis will peak in December if the federal unemployment benefits are not reauthorized by Congress, at which time roughly two million workers will be abruptly terminated from the program. Thus, the situation requires an unprecedented and coordinated response by local, state and federal officials, working across agencies to ensure that these families do not fall through the cracks of the social safety net programs that are available to them. As Governor Dannel Malloy of Connecticut recently put it, the waves of workers reaching the end of their unemployment benefits requires an aggressive "action plan" prepared jointly with public, non-profit and private sectors to elevate and prioritize the issue.

Several states are making positive strides reaching out to these vulnerable workers to ensure that they receive job training, subsidized jobs, SNAP, mortgage assistance, protection against abusive creditors and other available assistance to help them get back on their feet. To adequately respond to the current plague of long-term unemployment, there can be no substitute for an aggressive federal and state job creation agenda. In the meantime, however, the states and the federal government cannot ignore the reality of these struggling families facing a hostile job market without the critical support provided by their UI benefits. To prevent further hardship, Congress must also reauthorize the extension of jobless benefits without delay.

This guide assembles the best practices adopted across the states and at the federal level to target the special needs of those workers reaching the end of their unemployment benefits. It features a step-by-step approach, which includes the following priority actions:

Step 1: Aggressively Pursue and Promote Job Creation -States should pursue direct job creation strategies, including specialized programs (e.g., Pathways to Employment in Connecticut and Mississippi’s STEPS program) that help put the long-term unemployed back to work. And the federal government should promote job creation in the states by issuing waivers under the Workforce Investment Act to maximize access to “on-the-job training” and public service employment programs.

Step 2: Target Outreach to Workers Exhausting Unemployment Benefits -State UI agencies should reach out to their counterpart social services agencies to immediately identify and target those workers exhausting UI, then set up a “rapid response” process to deliver information (in-person, where possible) on the various social services available in the state, including food stamps, Medicaid, mortgage assistance, and other safety net programs.

Step 3: Track Workers Exhausting UI Benefits -Following the lead of Washington, Connecticut, Nevada, and Pennsylvania, the states should actively track and report data on the number of people reaching the end of their UI benefits while also surveying their demographic and reemployment characteristics and their rates of access to SNAP and other safety net programs. The U.S. Department of Labor and the Department of Health and Human Services should require reporting of this information.

Step 4: Maximize Coordination across State and Local Agencies -As exemplified by the Connecticut model, states should take advantage of the opportunity presented by the situation and break down the silos that often exist between the state UI and social services agencies to develop a joint action plan that maximizes and delivers a broad range of services and benefits to workers and their families exhausting their UI benefits.

Step 5: Maximize Access to Income Support and Basic Needs Programs - With the help of federal agencies, including the Departments of Labor, Agriculture and Health and Human Services, states should make use of their administrative flexibility to facilitate and increase access to SNAP, federal “needs-based payments” for workers in training, Medicaid and mortgage assistance to workers reaching the end of their UI benefits.

Step 6: Minimize Barriers to Re-employment - The states should enforce and expand laws to remove barriers to re-employment by limiting the unfair use of credit checks in employment and prohibiting discrimination against the unemployed in hiring. The U.S. Equal Employment Opportunity Commission, the Federal Trade Commission and other federal enforcement agencies can also play a key role by enforcing the civil rights and consumer laws that protect against employer abuses that target vulnerable unemployed workers.