

# US: Record number of long-term unemployed losing benefits

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A Washington think tank estimates that a record number of US workers will run out of unemployment benefits during the first six months of 2004. The Center for Budget and Policy Priorities (CBPP), working with data from the Labor Department, forecasts that some 2 million workers will exhaust their 26 weeks of state-funded benefits without finding a job and will have no further income support.

The CBPP estimates that because Congress has not renewed supplemental federal unemployment benefits, more than 375,000 US workers will exhaust their regular state benefits in January with no income to fall back on.

"In no other month on record—and in no other six-month period for which data are available—have so many unemployed workers exhausted their regular unemployment benefits without being able to receive additional aid," according to the CBPP estimates for the first half of 2004, which optimistically predict an improved labor market.

Starting on December 21, 2003, long-term unemployed workers began being denied entry into the federal Temporary Employees Unemployment Compensation (TEUC) program—providing up to 13 weeks (and in certain "high unemployment" states, 26 weeks) of federal extended benefits to workers who have run out of their 26 weeks of state unemployment benefits—despite a seriously depressed job market. Those who got laid off before that date continue receiving benefits until their respective extensions are exhausted.

The CBPP researchers examined figures back to 1973 and adjusted previous long-term unemployed figures upward to reflect subsequent growth in the US labor force. Even so, they report: "Two and one-half times as many unemployed workers would exhaust their regular benefits without qualifying for additional aid in January 2004 than in any January on record."

According to their findings, only January 1983 saw a higher number of long-term unemployed exhausting their state benefits without finding a job (they received federal assistance). In 1983 there were 420,953 people long-term unemployed compared to 391,618 in January 2004. About 150,000 in an average January exhaust their benefits without federal supplemental relief.

In the recessions in the early 1980s and 1990s the number of

long-term unemployed dropped considerably over the three years that extended benefits were in place. In the three Januarys since the 2001 recession officially ended, the number of long-term unemployed has actually increased.

All long-term unemployed received extended benefits after exhausting state benefits during the last two years. But while there are 377,279 exhaustees this January, unless TEUC is reinstated there will be no income for these people, even though the average job search period is five months, a 20-year high. By comparison, in all three years of high unemployment associated with the recessions of the early 1980s and early 1990s, the number without extended benefits was zero.

The CBPP predicts that California will have 314,344 regular program exhaustees not qualifying for additional aid in the first six months of 2004; Texas will have 125,370; and New York a near-record 157,093.

Several industrial states are experiencing the highest number of exhaustees on record. This includes Michigan, Pennsylvania, Indiana and North Carolina. Some smaller states—Vermont, Arkansas and Idaho—also fall into this category. Oregon will supplement some of its record number of exhaustees with state benefits.

The CBPP notes "The most dramatic story is in North Carolina. The 61,600 unemployed workers who are expected to exhaust their regular benefits without being able to receive further aid is 50 percent higher than the next highest level on record."

In January 2004, Michigan, Oregon and Washington state lost separate extended benefits under a highly restricted federal program. This leaves only Alaska with any supplemental relief.

New Labor Department figures released last Friday show 112,000 new jobs were created in January. The dismal December 2003 figure was also adjusted up slightly to 16,000 new jobs created. Both monthly figures are below even the 150,000 jobs needed to absorb new monthly entrants into the workforce.

Since the recession officially ended in September 2001 the economic recovery has been dubbed a "jobless" or "job loss" recovery. The number of manufacturing jobs lost over the past four years is nearing 3 million, with the Labor Department reporting 11,000 more industrial jobs wiped out in January

2004.

Official unemployment dropped slightly to 5.6 percent, down from 6.3 percent last June. More than 8 million people were officially listed as unemployed in the United States last month, but this figure does not provide a true picture of the employment situation. The Labor Department only counts as unemployed people who have actively sought work during the previous four weeks, and excludes millions who have simply given up looking for work. Also, large numbers of workers are involuntarily working part-time because they cannot find full-time jobs. The true rate of unemployment, including “marginally attached” workers, is closer to 11 percent.

The Economic Policy Institute (EPI) notes that less than 40 percent of jobless workers qualify for UI benefits. A large portion of those who qualify do not receive the full 26 weeks of benefits. In most states people working in part-time, temporary, low-wage jobs or as independent contractors do not receive benefits or receive them at a reduced level. For example, a minimum-wage worker who worked half time for half a year is not eligible for benefits in New York state. Thirty-one states exclude benefits to part-time workers. This particularly affects women, who make up 70 percent of the part-time labor force.

Unemployed workers have not faced such circumstances since the “War on Poverty” programs were instituted 40 years ago. Many states have eliminated any last-ditch support for long-term unemployed adults with no children in the home. Older workers with 20 and 30 years now being laid off in industries can quickly go through every penny saved over decades of work and still get no help.

Desperate American workers, including the unemployed, are forced to rely on refinancing their homes and living on the equity or credit card debt at usurious interest rates to pay for basic necessities.

An important new report from the National Urban League\* (NUL) notes these trends as well as the growth in long-term unemployed as a percentage of the total unemployed among both black and white workers and the disproportionate rate of exhaustees among minority workers.

The NUL researchers note: “Some 70 percent of workers receiving the federal unemployment extension of benefits are dropping off benefit rolls because their time has elapsed, not because they are finding other jobs. Minorities represent a higher share of long-term unemployed: 29.5 percent African Americans versus 21.1 percent whites.” This compares to 8.9 percent and 18.3 percent of unemployed, respectively, in February 2001.

Despite the unprecedented hardship represented by these figures, TEUC and TEUC-X, the supplemental federal program that funded an additional 13-week extension in states with high rates of “insured unemployed,” are not expected to be renewed soon, if at all.

The TEUC program was set up by the federal government in March 2002, as the first job losses of the 2001 recession began

to pile up. The program was subsequently renewed two times after a public outcry obliged Congress to respond to the plight of the unemployed. When the first expiration date in December 2002 passed without renewal, the long-term unemployed began to be abruptly cut off all benefits. Though benefits were reinstated retroactively when Congress reconvened after the New Year, hundreds of thousands of unemployed workers endured a dark Christmas at the end of 2002. In May 2003 the program was extended once more until December 31, 2003; the termination again fell during the year-end holiday period. This year there has been no serious move in Congress to extend the benefits.

The CBPP notes that the cost of a third six-month extension of federal extended unemployment insurance would amount to one-fortieth of the \$264 billion in Bush’s tax cuts for 2004. These cuts flow largely to the richest one percent of US population.

Bush and the Congress have made it clear they are opposed to continuing or expanding unemployment benefits. By cutting benefits they seek to force the unemployed into the lowest paying jobs, without benefits and with the worst working conditions.

In a cynical maneuver last week, House Democrats, joined by 39 Republicans, set up an unfunded benefit system in an empty gesture to go on record as supporting the unemployed while providing no actual help.

The so-called economic recovery registered at the end of 2001 has been based almost entirely on record increases in productivity as American corporations continue transferring production to low-wage havens overseas while sweating out more work from those still on the job in the US. As US firms try to maintain profit rates and global competitiveness, productivity has seen the highest average annual increases since the 1960s.

Even as long-term unemployment reaches record levels, the US Labor Department reported in January that the average workweek climbed by 0.2 hour to 33.7 hours. The manufacturing workweek increased by 0.3 hour to 40.9 hours.

*\*National Urban League Quarterly Jobs Report (QJR-01-2004): New Findings on Recessions and their Impact on African American Unemployment, Jobs and Income. Located at: <http://www.nul.org>*



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