



National Employment Law Project

From the National Employment Law Project

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NATIONAL EMPLOYMENT LAW PROJECT STATEMENT ON JULY EMPLOYMENT REPORT

Record Breaking Long-Term Unemployment, Even as Job Losses Slow

NELP: “Extension of Federal Aid Needed for Wave of Workers Exhausting Benefits”

Christine L. Owens, Executive Director, National Employment Law Project

“The decline in job cuts last month and recent reduction in new claims for jobless benefits are positive signs the avalanche of bad economic news is slowing. Employers shed 247,000 jobs in July, 196,000 less than the month before. But, while the slashing of jobs may be easing, the unemployment crisis persists and for the long-term unemployed, it has gotten worse,” said Christine L. Owens, Executive Director of the National Employment Law Project.

“Long-term unemployment reached epic proportions in July, climbing to disturbing levels that surpass all records. Never in the history of the unemployment insurance program have more workers been unemployed for such prolonged periods of time,” said Owens. “An unprecedented 5 million — one out of three jobless workers — have been unemployed for six months or more, and their families are straining to meet basic needs in an economy that has not yet begun to produce jobs.”

Last month, roughly 14.5 million workers were officially unemployed, and the jobless rate dropped to a still elevated level of 9.4%. Much of the drop in the unemployment rate had to do with workers giving up on their search for work. In fact, the percentage of adult Americans who are employed (the employment-population ratio) declined again in July. The percentage of jobless workers out of work for six months or longer surged to another all-time high of 33.8%, while the average length of unemployment increased to 25.1 weeks.

“Leaders in Washington and in the states took important steps earlier this year that have paid off in slowing job loss and providing desperately needed assistance to jobless workers and their communities. This includes actions by many states, made possible by the recovery legislation, to extend unemployment benefits to more workers and expand the duration of coverage. But with the long-term unemployment crisis deepening, more must be done to ensure jobless workers and their families get essential assistance, local communities are boosted by unemployment dollars flowing back into their economies, and the green shoots of recovery grow and flourish, rather than withering on the vine,” said Owens.

According to a recent NELP analysis, over 500,000 workers will exhaust their 20 to 53 weeks of federally-funded unemployment benefits without finding work by the end of September, with an additional million Americans running out of this critical life line by the end of the year.

“We are coming up on a tidal wave of need for more extensions and for help from the federal government. With this huge wave of exhaustions just around the corner, Americans who have for months struggled to stay afloat while searching for work need additional assistance through more benefits, and our economy clearly needs the jolt these benefits would provide,” said Owens.

NELP has called on Congress and the Obama administration to expand unemployment benefits for long-term jobless workers in all states, providing a minimum of 10 weeks of additional benefits for workers in all states, with the number of weeks increasing progressively to a high of 20 weeks of additional benefits for workers in states with unemployment rates surpassing 11 percent.

Earlier steps taken by Congress and the President in the American Recovery and Reinvestment Act have played a critical role in keeping families afloat, saving resources for states, and stabilizing and boosting local economies. The Recovery Act provided 100% federal funding for 20 to 53 weeks of extended benefits, depending on states’ unemployment rates, which today are covering 3.25 million workers. In addition, more than 9.2 million workers are receiving a boost of \$100 a month in their unemployment checks, and all jobless workers collecting benefits this year and next will benefit from the suspension of income taxes on the first \$2400 in aid. These dollars in the hands of jobless workers have flowed backed into communities and states, boosting consumption and saving jobs. According to Moody’s Economist.com economist Mark Zandi, the nation would have lost an additional 500,000 jobs in the second quarter of this year without the help of the stimulus legislation.

“Congress and President Obama took decisive steps to respond to the unemployment crisis with a major increase in jobless benefits that has supported the families hit hardest by the downturn and helped boost the nation’s economy. Now they must act again when they return in September to expand jobless benefits to prevent more hardship and deeper economic decline. Jobless benefits are one of the most efficient and effective means for boosting the economy, and are indispensable to the millions of unemployed workers still unable to find jobs in this economy,” said Owens.

Last weekend, Democratic and Republican Congressional leaders and Obama administration officials voiced approval for a new round of federal support to unemployed workers, including Democratic Congressman Charles Rangel, chairman of the House Ways and Means Committee, Republican Senator Jim DeMint, National Economic Council Director Larry Summers, and Dr. Christina Romer, head of the Council of Economic Advisors.

NELP’s state-by-state breakdown details the number of workers who will exhaust benefits by the end of September and through the end of 2009: http://nelp.3cdn.net/fc4bd4e4ad6f2e26c6_oqm6i2qrf.pdf.