

Addendum: A Year or More: The High Cost of Long-Term Unemployment October 7, 2010

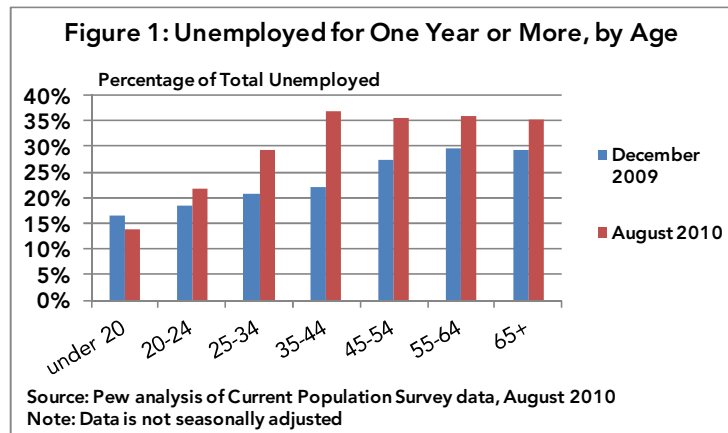
In April 2010, the Pew Fiscal Analysis Initiative released *A Year or More: The High Cost of Long-Term Unemployment*, which found that in December 2009, **23 percent** of the 14.7 million unemployed Americans—**3.4 million people**, roughly the population of Connecticut—had been out of work for a year or longer. The 23 percent rate was the highest since World War II.

Pew’s analysis of the latest data from the U.S. Department of Labor’s Bureau of Labor Statistics shows that the problem has grown worse in the months since: In August 2010, **30 percent** of the 14.8 million Americans who were unemployed had been jobless for a year or more. That translates into more than **4.4 million people**, roughly equivalent to the population of Louisiana.

Federal spending on unemployment benefits will total **\$160 billion** in fiscal year 2010, roughly five times more than spending in each of the years immediately preceding the recession, according to the Congressional Budget Office’s August 2010 *Budget and Economic Outlook*. In each fiscal year between 2005 and 2007, federal spending on unemployment benefits ranged between \$31 billion and \$33 billion. The \$160 billion total is slightly less than the \$168 billion estimate included in Pew’s April 2010 report. This change is due to several factors, including revised economic forecasts, technical changes to projections and a lapse in emergency unemployment benefit eligibility in June.

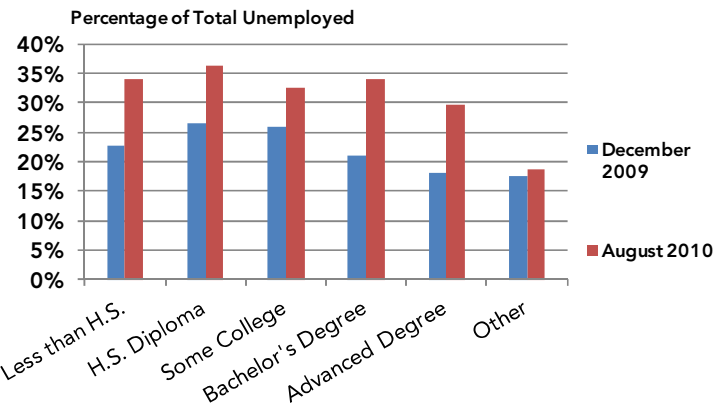
Pew’s analysis of the latest data, which was released in September 2010 by the U.S. Department of Labor’s Bureau of Labor Statistics, illuminates the scope of America’s unemployment problem:

- The number of people unemployed for a year or longer increased by nearly 30 percent between December 2009 and August 2010.
- Long-term unemployment is occurring among people of all ages, but the new data show that unemployed workers who are 35 or older are most likely to remain out of work for a year or longer: More than a third of them have been out of work at least a year (see Figure 1).
- Unemployed workers between the ages of 35 and 44 saw the largest jump in their one-year unemployment rate between December 2009 and August 2010. The latest survey shows that 37 percent of unemployed workers between the ages of 35 and 44 have been jobless for a year or more, compared to 22 percent last December.



- Once a person is out of work, a high level of education provides only limited protection against a long period of unemployment. Thirty-four percent of unemployed workers with a bachelor's degree have been without work for a year or longer, compared to 36 percent of unemployed high school graduates, and 34 percent of unemployed high school drop-outs (see Figure 2).

Figure 2: Unemployed for One Year or More, by Education



Source: Pew analysis of Current Population Survey data, August 2010
 Note: Data is not seasonally adjusted; H.S. = High School; education categories only include workers age 25 and over; "Other" includes individuals under age 25

Table 1: Unemployment by Age

| | <u>under 20</u> | <u>20-24</u> | <u>25-34</u> | <u>35-44</u> | <u>45-54</u> | <u>55-64</u> | <u>65+</u> | <u>Total</u> |
|------------------------------|-----------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| In Thousands | | | | | | | | |
| Employed | 4,859 | 13,202 | 30,429 | 30,612 | 32,986 | 21,571 | 6,260 | 139,919 |
| Unemployed | | | | | | | | |
| Less than 26 weeks | 1,304 | 1,498 | 1,825 | 1,281 | 1,435 | 868 | 273 | 8,486 |
| 27-51 weeks | 97 | 279 | 428 | 322 | 411 | 263 | 46 | 1,847 |
| 52 weeks or more | 226 | 498 | 940 | 931 | 1,020 | 638 | 173 | 4,426 |
| Total | 1,627 | 2,276 | 3,193 | 2,535 | 2,867 | 1,770 | 492 | 14,759 |
| Labor Force | | | | | | | | |
| | 6,486 | 15,478 | 33,622 | 33,147 | 35,853 | 23,341 | 6,751 | 154,678 |
| As Percentage of Labor Force | | | | | | | | |
| Unemployed | 25.1% | 14.7% | 9.5% | 7.6% | 8.0% | 7.6% | 7.3% | 9.5% |
| Less than 26 weeks | 20.1% | 9.7% | 5.4% | 3.9% | 4.0% | 3.7% | 4.1% | 5.5% |
| 27-51 weeks | 1.5% | 1.8% | 1.3% | 1.0% | 1.1% | 1.1% | 0.7% | 1.2% |
| 52 weeks or more | 3.5% | 3.2% | 2.8% | 2.8% | 2.8% | 2.7% | 2.6% | 2.9% |
| As Percentage of Unemployed | | | | | | | | |
| Unemployed | | | | | | | | |
| Less than 26 weeks | 80.2% | 65.8% | 57.2% | 50.5% | 50.1% | 49.1% | 55.6% | 57.5% |
| 27-51 weeks | 6.0% | 12.3% | 13.4% | 12.7% | 14.4% | 14.9% | 9.3% | 12.5% |
| 52 weeks or more | 13.9% | 21.9% | 29.4% | 36.7% | 35.6% | 36.0% | 35.1% | 30.0% |

Source: Pew analysis of Current Population Survey data, August 2010

Notes: Data is not seasonally adjusted; numbers may not sum to totals due to rounding

| Table 2: Unemployment by Education | | | | | | | |
|--|-----------------------------|---------------------------|-----------------|----------------------|--------------------|--------|---------|
| | Less than High School | High School Diploma | Some College | Bachelor's Degree | Advanced Degree | Other | Total |
| In Thousands | | | | | | | |
| Employed | 10,189 | 34,458 | 33,751 | 27,879 | 15,581 | 18,061 | 139,919 |
| Unemployed | | | | | | | |
| Less than 26 weeks | 812 | 1,822 | 1,745 | 887 | 419 | 2,803 | 8,486 |
| 27-51 weeks | 219 | 531 | 494 | 173 | 54 | 376 | 1,847 |
| 52 weeks or more | 531 | 1,346 | 1,084 | 543 | 198 | 724 | 4,426 |
| Total | 1,562 | 3,698 | 3,323 | 1,603 | 671 | 3,903 | 14,759 |
| Labor Force | | | | | | | |
| | 11,750 | 38,156 | 37,074 | 29,482 | 16,251 | 21,964 | 154,678 |
| As Percentage of Labor Force | | | | | | | |
| Unemployed | 13.3% | 9.7% | 9.0% | 5.4% | 4.1% | 17.8% | 9.5% |
| Less than 26 weeks | 6.9% | 4.8% | 4.7% | 3.0% | 2.6% | 12.8% | 5.5% |
| 27-51 weeks | 1.9% | 1.4% | 1.3% | 0.6% | 0.3% | 1.7% | 1.2% |
| 52 weeks or more | 4.5% | 3.5% | 2.9% | 1.8% | 1.2% | 3.3% | 2.9% |
| As Percentage of Unemployed | | | | | | | |
| Unemployed | | | | | | | |
| Less than 26 weeks | 52.0% | 49.3% | 52.5% | 55.3% | 62.4% | 71.8% | 57.5% |
| 27-51 weeks | 14.0% | 14.3% | 14.9% | 10.8% | 8.0% | 9.6% | 12.5% |
| 52 weeks or more | 34.0% | 36.4% | 32.6% | 33.9% | 29.5% | 18.5% | 30.0% |
| Source: Pew analysis of Current Population Survey data, August 2010 | | | | | | | |
| Note: Data is not seasonally adjusted; education categories only include workers age 25 and over; "Other" includes individuals under age 25; numbers may not sum to totals due to rounding | | | | | | | |