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Addendum

## A Year or More: The High Cost of Long-Term Unemployment

In the third quarter of 2011 (the three month period from July to September), approximately 31.8 percent of the nearly 14 million Americans who were unemployed had been jobless for a year or more, according to the U.S. Department of Labor's Bureau of Labor Statistics data. That percentage translates into more than 4.4 million people, nearly the population of Louisiana.

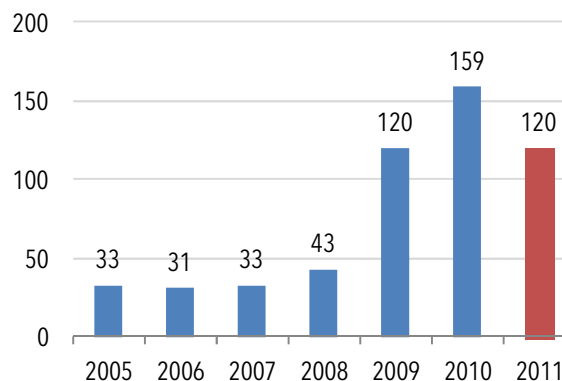
The challenge of long-term unemployment has persisted over the last year, even as the overall unemployment rate has improved somewhat. *A Year or More: The High Cost of Long-Term Unemployment*, a report released by the Pew Fiscal Analysis Initiative in April 2010, found that in December 2009, 23 percent of the 14.7 million unemployed had been out of work for a year or longer.

### Unemployment Insurance Spending

Spending on unemployment is projected to total \$120 billion in fiscal year (FY) 2011, according to the Congressional Budget Office's (CBO) August 2011

Figure 1

Spending on Unemployment Insurance (\$billions), FYs 2005-2011



SOURCE: Pew analysis of Congressional Budget Office data (2005-2011).

NOTES: Amount for 2011 is a projection.

*Budget and Economic Outlook: An Update* (see Figure 1).<sup>1</sup>

The 2011 estimated total unemployment spending remains well above pre-recession years. In each fiscal year between 2005 and 2007, spending on unemployment benefits ranged from \$31 billion to \$33 billion.

The \$120 billion is about \$40 billion below the \$159 billion peak in spending on unemployment in FY2010.

According to CBO, this change is largely due to two factors: the decline in claims for unemployment insurance benefits and new legislation in some states that reduces the number of weeks an

individual can receive unemployment benefits.

### Long-Term Unemployment: Age, Education, and Industry

Pew’s analysis of unemployment data for the third quarter of 2011, based on data released by the Bureau of Labor Statistics, illuminates the scope of the United States’ long-term unemployment challenge. Between the third quarter of 2009 and the third quarter of 2011, the percentage of workers who had been jobless for a year or longer nearly doubled from 16 percent (2.5 million) to 31.8 percent (4.4 million) (see Figure 2).

Figure 2

#### Historical Long-Term Unemployment

Percent of Total Unemployed Who Were Out of Work for 52 Weeks or More

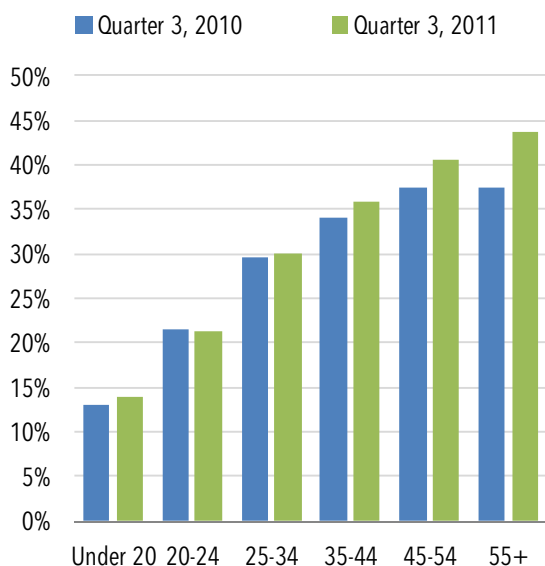


SOURCE: Pew analysis of Current Population Survey data.

NOTES: Data is not seasonally adjusted; Data is shown by quarter.

Figure 3

Unemployment for One Year or More, by Age  
Percent of Total Unemployed



SOURCE: Pew analysis of Current Population Survey data.

NOTES: Data is not seasonally adjusted.

Long-term unemployment is occurring among people of all ages. But the data show that once they lose their jobs, older workers are the most likely to remain out of work for a year or longer. In the third quarter of 2011, more than 43 percent of unemployed workers older than 55 had been out of work for at least a year (see Figure 3 and Table 1).

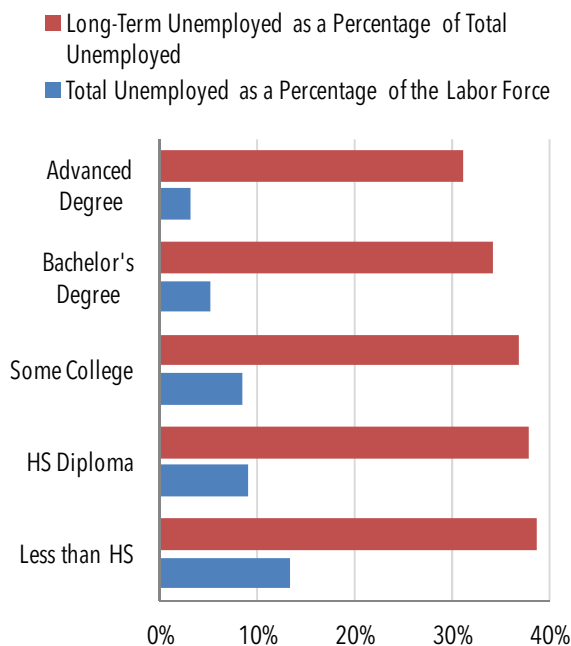
Although individuals with higher levels of education are less likely to lose their jobs in the first place, once they are unemployed, long-term joblessness is distributed across all education levels, similar to the third quarter of last year.

In the third quarter of 2011, 34 percent of unemployed workers with a bachelor’s degree had been without work for a year or longer, compared to nearly 38 percent of jobless high school graduates and approximately 39 percent of unemployed people who have not completed high school (see Figure 4 and Table 2).

Long-term unemployment continues to cut across nearly every industry and occupation. Even in fields with relatively low overall unemployment rates, workers who lose their jobs are

Figure 4

Total Unemployed vs. Long-Term Unemployed, by Education Level



SOURCE: Pew analysis of Current Population Survey data.

NOTES: Data is not seasonally adjusted; “HS” is High School; Education categories include workers age 25 and over.

remaining jobless for a long time. In the third quarter of 2011, more than 20 percent of unemployed workers in every industry had been out of work for a year or longer. In certain industries, such as mining, manufacturing, transportation and utilities, and financial activities, the percentage of workers who had been jobless for a year or longer is over 40 percent (see Table 3). ■

## Methodology

The long-term unemployment numbers presented in this report draw from the Basic Monthly Current Population Survey (CPS) public-use microdata released by the Bureau of Labor Statistics (BLS) and the U.S. Census Bureau. The data are not seasonally-adjusted. Past internal BLS analyses have found that the 52-week-or-longer unemployment series displays minimal seasonal factors. The data are aggregated quarterly to reduce statistical noise.

Census and BLS regularly “mask” or perturb the age variable in the public use CPS data to protect the confidentiality of the individuals in the sample. The current age perturbation process can lead to small differences in certain official data and public use data.

For more information about age perturbation in the CPS, see:

[http://www.census.gov/cps/user\\_note\\_age\\_estimates.html](http://www.census.gov/cps/user_note_age_estimates.html)

## Endnotes

<sup>1</sup> Final spending totals for 2011 are expected from the U.S. Department of the Treasury at the end of November.

Sara Bencic and Ernest V. Tedeschi wrote this addendum.

The **Pew Fiscal Analysis Initiative** seeks to increase fiscal accountability, responsibility, and transparency by providing independent and unbiased information to policy makers and the public as they consider the major policy issues facing our nation. For additional information, please visit [www.pewtrusts.org](http://www.pewtrusts.org) or contact Samantha Lasky at [slasky@pewtrusts.org](mailto:slasky@pewtrusts.org) or 202-540-6390.

PEW FISCAL ANALYSIS INITIATIVE

Table 1

Unemployment by Age, Quarter 3, 2011

	Under 20	20-24	25-34	35-44	45-54	55+	Total
<b>Total Labor Force</b>	<b>6,292</b>	<b>15,511</b>	<b>33,838</b>	<b>32,519</b>	<b>35,304</b>	<b>30,929</b>	<b>154,393</b>
Employed	4,721	13,258	30,657	30,135	32,822	28,814	140,407
Unemployed	1,571	2,253	3,181	2,384	2,482	2,115	13,986
Less than 26 weeks	1,240	1,519	1,783	1,222	1,148	922	7,833
27-51 weeks	111	251	443	309	326	270	1,712
52 weeks or more	219	482	955	853	1,008	923	4,440
<b>As Percentage of Labor Force</b>							
Unemployed	25.0%	14.5%	9.4%	7.3%	7.0%	6.8%	9.1%
Less than 26 weeks	19.7%	9.8%	5.3%	3.8%	3.3%	3.0%	5.1%
27-51 weeks	1.8%	1.6%	1.3%	1.0%	0.9%	0.9%	1.1%
52 weeks or more	3.5%	3.1%	2.8%	2.6%	2.9%	3.0%	2.9%
<b>As Percentage of Unemployed</b>							
Unemployed	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less than 26 weeks	78.9%	67.4%	56.0%	51.2%	46.3%	43.6%	56.0%
27-51 weeks	7.1%	11.1%	13.9%	13.0%	13.1%	12.8%	12.2%
52 weeks or more	13.9%	21.4%	30.0%	35.8%	40.6%	43.6%	31.8%

SOURCE: Pew analysis of Current Population Survey data, July through September 2011.

NOTES: Data is not seasonally adjusted; Numbers may not sum to totals due to rounding.

PEW FISCAL ANALYSIS INITIATIVE

Table 2

Unemployment by Education, Quarter 3, 2011

	Less than HS	HS Diploma	Some College	BA/BS Degree	Adv. Degree	Other	Total
<b>Total Labor Force</b>	<b>11,708</b>	<b>37,064</b>	<b>37,004</b>	<b>29,668</b>	<b>17,146</b>	<b>21,803</b>	<b>154,393</b>
Employed	10,132	33,705	33,884	28,122	16,585	17,979	140,407
Unemployed	1,576	3,359	3,121	1,546	561	3,823	13,986
Less than 26 weeks	771	1,645	1,528	819	311	2,759	7,833
27-51 weeks	193	443	439	198	75	363	1,712
52 weeks or more	612	1,271	1,153	528	175	701	4,440
<b>As Percentage of Labor Force</b>							
Unemployed	13.5%	9.1%	8.4%	5.2%	3.3%	17.5%	9.1%
Less than 26 weeks	6.6%	4.4%	4.1%	2.8%	1.8%	12.7%	5.1%
27-51 weeks	1.7%	1.2%	1.2%	0.7%	0.4%	1.7%	1.1%
52 weeks or more	5.2%	3.4%	3.1%	1.8%	1.0%	3.2%	2.9%
<b>As Percentage of Unemployed</b>							
Unemployed	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less than 26 weeks	48.9%	49.0%	49.0%	53.0%	55.4%	72.2%	56.0%
27-51 weeks	12.3%	13.2%	14.1%	12.8%	13.4%	9.5%	12.2%
52 weeks or more	38.8%	37.8%	36.9%	34.2%	31.2%	18.3%	31.8%

SOURCE: Pew analysis of Current Population Survey data, July through September 2011.

NOTES: Data is not seasonally adjusted; Numbers may not sum to totals due to rounding; Education categories only include workers age 25 and over; "Other" includes individuals under age 25; "HS" is High School.

PEW FISCAL ANALYSIS INITIATIVE

Table 3

Unemployment by Industry, Quarter 3, 2011

	Agriculture, Forestry, & Fishing	Mining	Construction	Manufacturing	Wholesale & Retail Trade	Transportation & Utilities	Information	Financial Activities	Professional & Business	Educational & Health	Leisure & Hospitality	Other Services	Public Admin.	Other/Unknown	Total
<b>Total Labor Force</b>	<b>2,608</b>	<b>920</b>	<b>10,680</b>	<b>15,784</b>	<b>21,574</b>	<b>7,994</b>	<b>3,315</b>	<b>10,028</b>	<b>17,544</b>	<b>33,036</b>	<b>14,749</b>	<b>7,468</b>	<b>7,155</b>	<b>1,498</b>	<b>154,393</b>
Employed	2,429	862	9,374	14,382	19,607	7,431	3,083	9,445	15,901	31,061	13,161	6,824	6,847	0	140,407
Unemployed	179	58	1,306	1,402	1,968	563	231	583	1,643	1,975	1,588	644	308	1,498	13,986
Less than 26 weeks	120	26	665	657	1,041	276	120	278	910	1,205	1,019	360	146	990	7,833
27-51 weeks	20	5	162	175	263	60	33	66	241	254	172	80	49	125	1,712
52 weeks or more	39	26	478	570	663	227	78	240	493	516	398	204	114	382	4,440
<b>As Percentage of Labor Force</b>															
Unemployed	6.9%	6.3%	12.2%	8.9%	9.1%	7.0%	7.0%	5.8%	9.4%	6.0%	10.8%	8.6%	4.3%	100.0%	9.1%
Less than 26 weeks	4.6%	2.8%	6.2%	4.2%	4.8%	3.5%	3.6%	2.8%	5.2%	3.6%	6.9%	4.8%	2.0%	66.1%	5.1%
27-51 weeks	0.8%	0.6%	1.5%	1.1%	1.2%	0.7%	1.0%	0.7%	1.4%	0.8%	1.2%	1.1%	0.7%	8.3%	1.1%
52 weeks or more	1.5%	2.8%	4.5%	3.6%	3.1%	2.8%	2.3%	2.4%	2.8%	1.6%	2.7%	2.7%	1.6%	25.5%	2.9%
<b>As Percentage of Unemployed</b>															
Unemployed	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less than 26 weeks	66.9%	45.2%	50.9%	46.9%	52.9%	49.1%	52.0%	47.6%	55.4%	61.0%	64.1%	55.9%	47.2%	66.1%	56.0%
27-51 weeks	11.4%	9.5%	12.4%	12.5%	13.4%	10.6%	14.4%	11.3%	14.7%	12.9%	10.8%	12.4%	15.8%	8.3%	12.2%
52 weeks or more	21.7%	45.3%	36.6%	40.7%	33.7%	40.3%	33.5%	41.1%	30.0%	26.1%	25.0%	31.7%	37.0%	25.5%	31.8%

SOURCE: Pew analysis of Current Population Survey data, July through September 2011.

NOTES: Data is not seasonally adjusted; Numbers may not sum to totals due to rounding; Total does not include Armed Services.