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Addendum

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

In the first quarter of 2012 (the 3-month period from January to March), approximately 29.5 percent of the nearly 13.3 million Americans who were unemployed had been jobless for a year or more, according to data released by the U.S. Department of Labor's Bureau of Labor Statistics (BLS). That percentage translates into 3.9 million workers, slightly more than the population of Oregon.

The challenge of long-term unemployment has persisted, even as the overall unemployment rate has continued to improve. According to Pew analysis of Current Population Survey (CPS) data from the BLS, the percentage of jobless workers who had been unemployed for a year or more reached a peak of 31.8 percent in the third quarter of 2011. Despite modest improvement in the first quarter of 2012, the rate of long-term

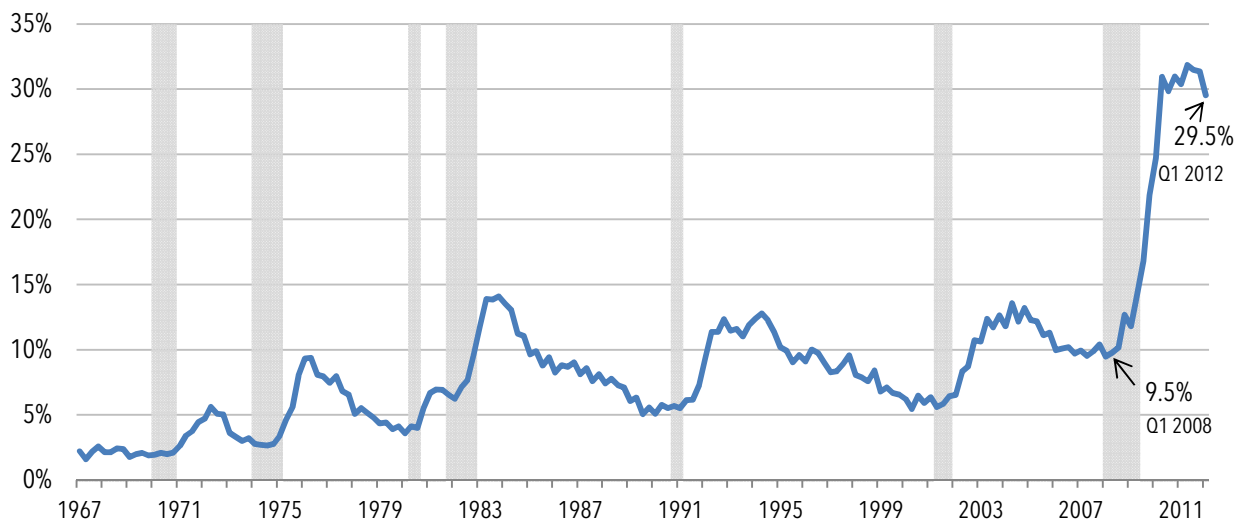
unemployment among the jobless remained stubbornly high. In fact, it was more than triple the 9.5 percent rate that it was in the first quarter of 2008, the first quarter of the Great Recession (see Figure 1).

As discussed in *A Year or More: The High Cost of Long-Term Unemployment*, a report released by the Pew Fiscal Analysis Initiative in April 2010, persistently high long-term unemployment has significant implications for families, government budgets, and the country's overall economic and social health. The longer workers remain unemployed, the more likely they may lose skills and professional contacts, making workforce reentry even more challenging. Skill erosion may lead to lower future income for individuals and, for the economy as a whole, lower productivity and lost output.

Figure 1

Historical Long-Term Unemployment

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



SOURCE: Pew analysis of Bureau of Labor Statistics and National Bureau of Economic Research data.

NOTE: Data are not seasonally adjusted. Data are shown by quarter. National Bureau of Economic Research recessions are shaded.

Unemployment Insurance Spending

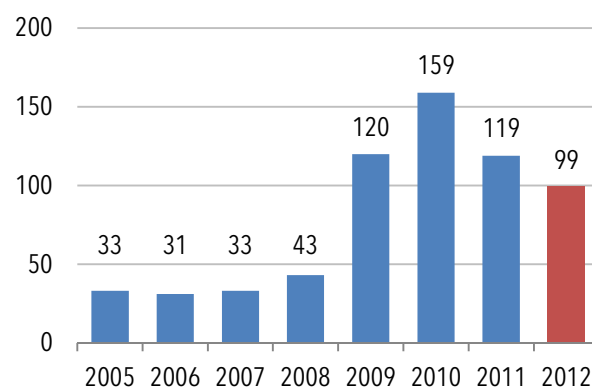
Spending for unemployment compensation is projected to total \$99 billion in fiscal year (FY) 2012, according to the Congressional Budget Office’s (CBO) March 2012 updated budget projections. Over half, or roughly \$51 billion, is for spending for emergency and extended unemployment benefits.

The FY 2012 projection is \$60 billion below the FY 2010 spending peak of \$159 billion, reflecting CBO’s expectation that the number of people receiving unemployment benefits will continue to decline. Nonetheless, it is about three times the level of spending

that it was in each of the pre-recession years, when spending ranged from \$31 billion to \$33 billion (see Figure 2).

Figure 2

Spending on Unemployment Insurance (\$billions), FYs 2005-2012



SOURCE: Pew analysis of Congressional Budget Office data (2005-2012).

NOTE: Amount for 2012 is a projection.

Long-Term Unemployment: Age, Education, and Industry

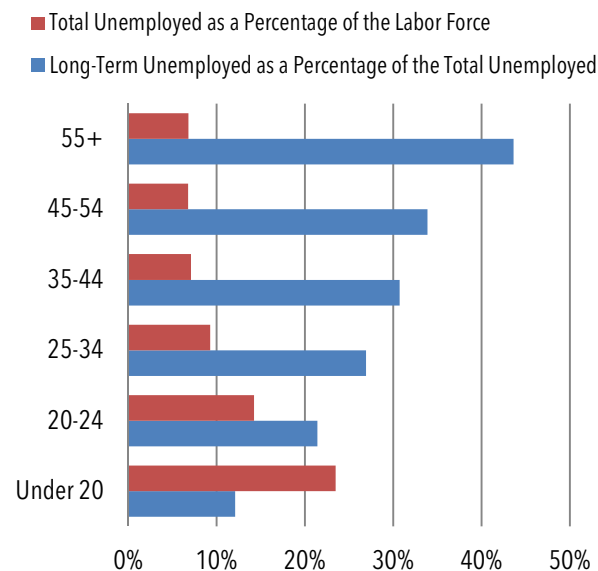
Pew’s analysis of unemployment data for the first quarter of 2012, based on CPS data, illuminates the scope of the United States’ long-term unemployment challenge.

Age

In the first quarter of 2012, older workers were less likely to lose their jobs in the first place. But the data show that once they lost their jobs, older workers were more likely to have been jobless for a year or longer.

Figure 3

Total Unemployed and Long-Term Unemployed Within Each Age Group, Quarter 1, 2012

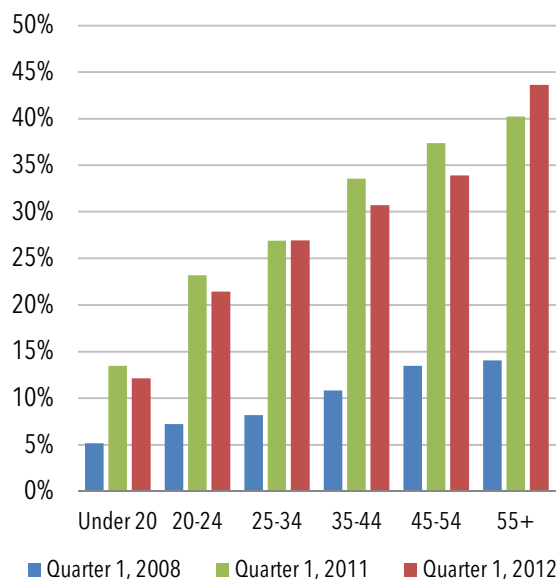


SOURCE: Pew analysis of Current Population Survey data.

NOTE: Data are not seasonally adjusted. Pew defines long-term unemployment as a jobless period of a year or longer.

Figure 4

Long-Term Unemployed Within Each Age Group, Quarter 1, 2008, 2011, 2012
Percentage of Total Unemployed



SOURCE: Pew analysis of Current Population Survey data.

NOTE: Data are not seasonally adjusted. Pew defines long-term unemployment as a jobless period of a year or longer.

During this period, nearly 44 percent of unemployed workers older than age 55 had been out of work for at least a year, compared with 12 percent of the unemployed workers under age 20 (see Figure 3 and Table 1).

The percentage of jobless workers who had been unemployed for a year or more in the first quarter of 2012 was more than twice the rate it was at the beginning of the Great Recession (the first quarter of 2008) for all age groups (see Figure 4). However, the percentage fell or remained the same for most age groups compared with the first quarter of 2011.

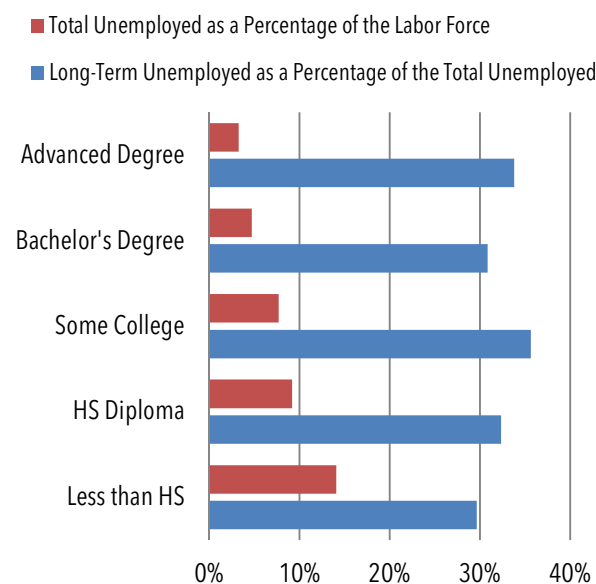
For older workers, the long-term unemployment situation continued to worsen during the last year.

Education

In the first quarter of 2012, individuals with higher levels of education were less likely to lose their jobs in the first place. However, once a worker became unemployed, long-term joblessness was distributed fairly evenly across all education levels. During this period, approximately 31 percent of unemployed workers with a bachelor's degree were without work for a year or longer, compared with about 32 percent

Figure 5

Total Unemployed and Long-Term Unemployed Within Each Education Category, Quarter 1, 2012



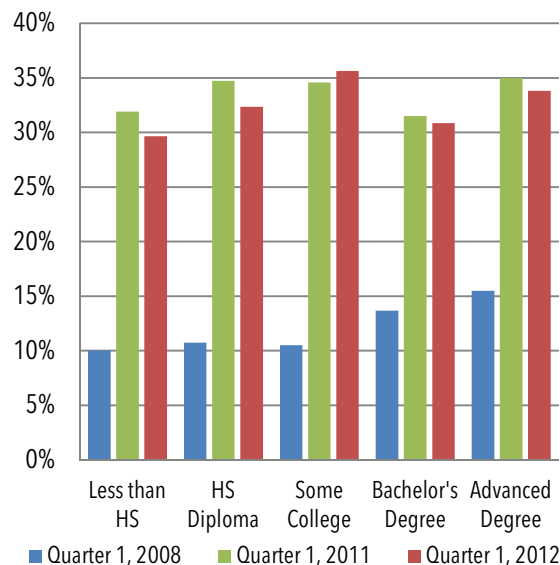
SOURCE: Pew analysis of Current Population Survey data.

NOTE: Data are not seasonally adjusted. Pew defines long-term unemployment as a jobless period of a year or longer. "HS" is High School. Education categories include workers age 25 and over.

Figure 6

Long-Term Unemployed Within Each Education Category, Quarter 1, 2008, 2011, 2012

Percentage of Total Unemployed



SOURCE: Pew analysis of Current Population Survey data.

NOTE: Data are not seasonally adjusted. Pew defines long-term unemployment as a jobless period of a year or longer. "HS" is High School. Education categories include workers age 25 and over.

of jobless high school graduates, and nearly 30 percent of unemployed workers who had not completed high school (see Figure 5 and Table 2).

The percentage of unemployed workers who had been jobless for a year or more in the first quarter of 2012 declined somewhat across most education levels compared with the first quarter of 2011 (see Figure 6). Yet it remained well above the rate it was at the beginning of the Great Recession (the first quarter of 2008).

Unemployed workers with a bachelor's or advanced degree in the first quarter of 2012 were more than twice as likely to have been jobless for a year or more than these same groups in the first quarter of 2008. Jobless workers without a college degree in the first quarter of 2012 were nearly three times as likely to have been long-term unemployed compared with their counterparts in the first quarter of 2008.

Industry

Long-term unemployment continues to cut across nearly every industry and occupation (see Table 3). Even in fields with relatively low overall unemployment rates, many workers who lose their jobs remain jobless for a long time. In the first quarter of 2012, more than 22 percent of unemployed workers in every industry (except mining and agriculture) had been out of work for a year or longer. In the information and financial activities industries, the percentage of jobless workers who had been unemployed for a year or longer was over 35 percent. ■

Methodology

The long-term unemployment numbers presented in this report draw from the Basic Monthly CPS public-use microdata released by the 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. Duplicate records were removed.

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 or contact Samantha Lasky at slasky@pewtrusts.org or 202-540-6390.

Sara Bencic and Kasia O'Neill Murray wrote this addendum.

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PEW FISCAL ANALYSIS INITIATIVE

Table 1

Unemployed Within Each Age Group, Quarter 1, 2012

	Under 20	20-24	25-34	35-44	45-54	55+	Total
As Percentage of Labor Force							
Unemployed	23.5%	14.2%	9.3%	7.1%	6.8%	6.8%	8.6%
Less than 26 weeks	18.0%	9.9%	5.8%	4.1%	3.7%	3.0%	5.1%
27-51 weeks	2.6%	1.3%	1.0%	0.9%	0.8%	0.9%	1.0%
52 weeks or more	2.8%	3.1%	2.5%	2.2%	2.3%	3.0%	2.5%
As Percentage of Unemployed							
Unemployed	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less than 26 weeks	76.7%	69.8%	62.3%	57.3%	54.2%	43.6%	58.9%
27-51 weeks	11.2%	8.8%	10.8%	12.0%	11.9%	12.8%	11.6%
52 weeks or more	12.1%	21.4%	26.9%	30.7%	33.9%	43.6%	29.5%

SOURCE: Pew analysis of Current Population Survey data, January through March 2012.

NOTE: Data are not seasonally adjusted. Data may not sum to totals due to rounding.

PEW FISCAL ANALYSIS INITIATIVE

Table 2

Unemployed Within Each Education Category, Quarter 1, 2012

	Less than HS	HS Diploma	Some College	Bachelor's Degree	Advanced Degree	Other	Total
As Percentage of Labor Force							
Unemployed	14.1%	9.2%	7.7%	4.7%	3.3%	16.6%	8.6%
Less than 26 weeks	8.8%	5.1%	4.0%	2.7%	1.8%	12.0%	5.1%
27-51 weeks	1.1%	1.1%	0.9%	0.6%	0.4%	1.6%	1.0%
52 weeks or more	4.2%	3.0%	2.7%	1.5%	1.1%	3.0%	2.5%
As Percentage of Unemployed							
Unemployed	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less than 26 weeks	62.3%	55.7%	52.1%	57.1%	54.3%	72.3%	58.9%
27-51 weeks	8.0%	12.0%	12.2%	12.1%	11.9%	9.7%	11.6%
52 weeks or more	29.7%	32.4%	35.6%	30.9%	33.8%	18.0%	29.5%

SOURCE: Pew analysis of Current Population Survey data, January through March 2012.

NOTE: Data are not seasonally adjusted. Data 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.

Table 3

Unemployed Within Each Industry, Quarter 1, 2012

	Agriculture, Forestry, & Fishing	Mining	Construction	Manufacturing	Wholesale & Retail Trade	Transportation & Utilities	Information	Financial Activities	Professional & Business	Educational & Health	Leisure & Hospitality	Public Admin.	Other Services	Total
	As Percentage of Labor Force													
Unemployed	12.5%	8.4%	16.1%	8.1%	8.8%	6.2%	8.0%	5.1%	9.2%	4.6%	11.2%	7.0%	3.8%	8.6%
Less than 26 weeks	10.0%	6.1%	10.5%	4.5%	5.3%	3.4%	4.0%	2.5%	5.7%	2.5%	7.5%	4.2%	2.1%	5.1%
27-51 weeks	0.9%	1.3%	1.4%	0.8%	0.9%	0.8%	1.1%	0.7%	0.8%	0.6%	1.1%	0.8%	0.5%	1.0%
52 weeks or more	1.6%	0.9%	4.2%	2.8%	2.6%	2.0%	2.9%	1.9%	2.6%	1.4%	2.6%	2.0%	1.2%	2.5%
As Percentage of Unemployed														
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%
Less than 26 weeks	79.9%	73.2%	64.9%	55.3%	60.5%	55.0%	50.5%	49.2%	62.0%	55.2%	67.0%	59.7%	55.0%	58.9%
27-51 weeks	7.0%	16.0%	8.9%	10.2%	9.8%	12.6%	13.5%	14.2%	9.3%	13.3%	10.2%	11.2%	13.1%	11.6%
52 weeks or more	13.1%	10.8%	26.2%	34.4%	29.7%	32.4%	36.0%	36.6%	28.8%	31.5%	22.7%	29.1%	31.9%	29.5%

SOURCE: Pew analysis of Current Population Survey data, January through March 2012.

NOTES: Data is not seasonally adjusted. Data may not sum to totals due to rounding. Persons with no work experience and persons whose last job was in the U.S. Armed Forces are included in the unemployed total.