

November's long-term unemployed

Filers who ran out of regular benefits as of November

By JENNA LUHRS

Although the pandemic is ongoing, some Alaskans returned to work over the summer after the mandatory shutdowns in March and April. Between early July and late November, the insured unemployment rate, which is the percentage of the eligible workforce receiving unemployment benefits, fell from 15.3 percent to 6.7 percent.

The number of claimants unemployed because of the pandemic peaked at 67,600 in early May, then declined by an average of 8 percent each month between June and September. The decline stopped in September, however, and more than 39,000 people filed unemployment insurance claims for the last week of November.

Among those who received benefits between March and November, about 6,700, or 8 percent, had been unemployed for 26-plus weeks or had otherwise exhausted their regular unemployment benefits and received extended benefits or payments under the new pandemic relief programs.

The U.S. Bureau of Labor Statistics defines the long-term unemployed as those out of work for 26 weeks or longer, but for the analysis of November's long-term claimants later in this article, we

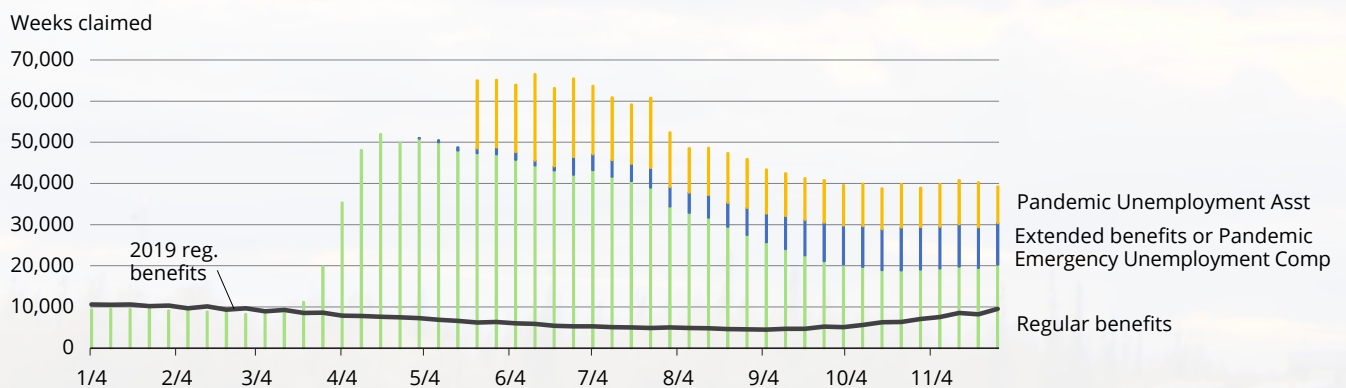
included everyone who maxed out their allowed weeks of regular benefits, regardless of duration. (In Alaska, claimants can collect regular benefits for 16 to 26 weeks.) Expanding that group provided a more comprehensive picture of the unemployed Alaskans who needed additional aid because of the pandemic.

What is long-term unemployment, and what are its consequences?

Those out of work for at least 26 weeks, or about six months, are considered long-term unemployed. The pandemic led to a large number of long-term claimants in Alaska and the United States. As of December, the long-term unemployed represented 2.5 percent of the U.S. labor force, up from 0.7 percent in February. The percentage hadn't been that high since December 2013, when the nation was still recovering from the Great Recession.

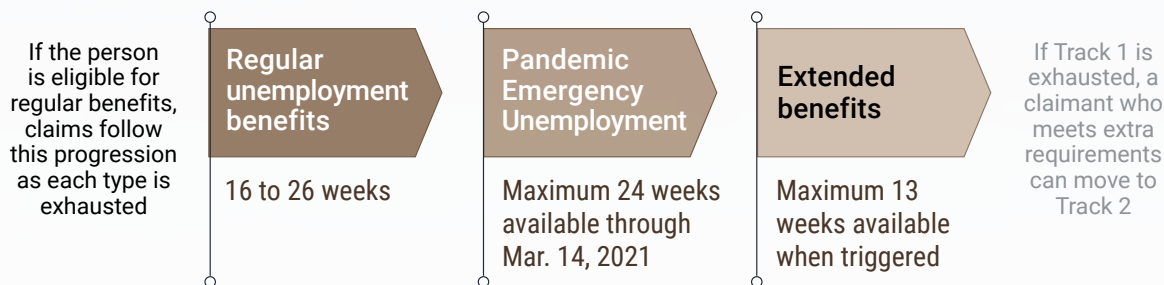
When unemployment lasts longer than a season or otherwise drags on for more than 26 weeks, job seekers can become discouraged. When they stop looking for work, they are no longer considered unemployed and are dropped from the labor force count altogether.

Weekly claims for unemployment insurance benefits, all programs

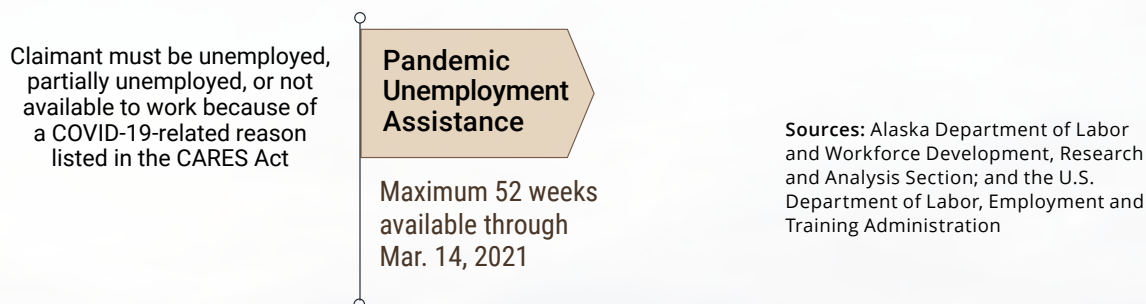


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Track 1: Qualifies for regular unemployment benefits



Track 2: Self-employed, part-time, short work history, or otherwise ineligible for Track 1



For an individual, long-term unemployment is financially disastrous — but the damage it causes often goes further, raising the risk of depression and poor health and reducing future earnings as claimants struggle to reenter the workforce.

Being out of a job for a prolonged period makes it increasingly difficult to return to work, as it can render a person's skills obsolete or undermine work history. Gaps on a resume can make employers hesitant to hire, spurring a cycle where applicants go longer and longer without work. And for some people, business disruptions during the pandemic created an additional obstacle to finding and keeping a job.

New programs helped bridge the gap, were extended in December

The unusual recession caused by COVID-19 prompted the creation of additional unemployment benefit programs designed to inject money into the economy and help displaced workers faster than other types of aid. The relief programs were massive in scope, serving more than 83,000 people in Alaska by November and disbursing more than \$773 million (not including Pandemic Unemployment Assistance).

For all types of claimants, the federal CARES Act included a provision that increased the weekly benefit amount by \$600 from March through July.

In March, Congress also created two new programs for the unemployed who didn't qualify for or had exhausted regular unemployment benefits, and who remained out of work because of COVID-19.

The first, called Pandemic Emergency Unemployment Compensation, authorized an additional 13 weeks of benefits in 2020 for those who surpassed the maximum 26 weeks.

The other, Pandemic Unemployment Assistance, provided a total of 39 weeks of benefits in 2020 to workers who didn't qualify for regular unemployment insurance, extending eligibility to the self-employed, freelancers, and gig workers who otherwise couldn't collect. These claimants are excluded from the next section's detailed data on November's long-term claimants because PUA's atypical coverage doesn't generate the same type of worker data as the other programs.

Between all of these programs, those who were eligible could have received up to 39 weeks of benefit payments before the two new programs expired on Dec. 26.

Both were reauthorized by a second stimulus package that was signed into law in mid-December, which we'll discuss at the end of this article.

Extended benefits switched on again in mid-April 2020

Extended benefits also became available in mid-April after the unemployment rate rose to 13.5 percent. Extended benefits switch on when specific economic conditions are met and typically become available annually in Alaska because of our seasonal economy.

In April, workers became eligible for an additional 13 weeks beyond the exhaustion of Pandemic Unemployment Emergency Compensation, which increased to 20 weeks in July as Alaska entered a high-unemployment period, then was reduced to 13 weeks again on Dec. 12.

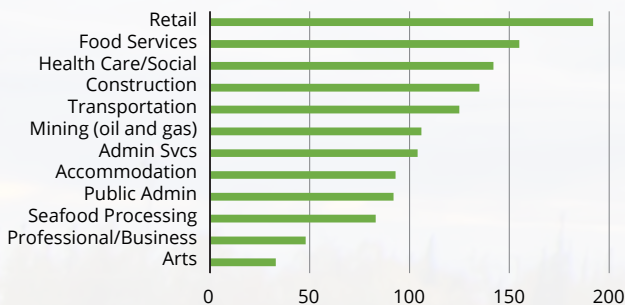
A look at those paid by the extension programs in November

While claims data from the most recent stimulus package aren't yet available, we have detailed information on the claimants who had maxed out their allowed weeks of regular benefits as of November.

Of Alaska's 31,749 total November claimants, 1,502, or 4.8 percent, had exhausted regular benefits or received weekly payments from one of the 2020 extension programs besides PUA.

These claimants were spread across the state but concentrated in the population centers. Anchorage

Retail had the most long-term/extension filers in November



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Claimants who exhausted regular benefits were:

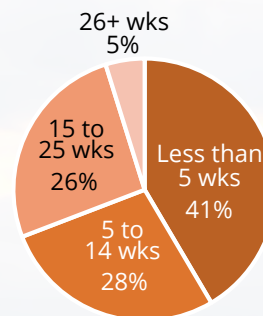
- ◆ Concentrated in urban areas
- ◆ Often from retail or food service
- ◆ Usually not seasonal workers
- ◆ 45% women, 55% men
- ◆ More likely to have dependents
- ◆ Older than short-term filers

had the most at 36 percent, followed by the Matanuska-Susitna Borough at 11 percent and the Kenai Peninsula Borough and Fairbanks, each with 8 percent.

Interstate claimants — those who earned wages in Alaska but filed for benefits from another state — made up 15 percent of the long-term and extension program claimant group. That wasn't unusual, as interstate claimants typically represent 15 percent to 20 percent of all filers. The percentage filing from outside the state was higher in the short-term group: those who claimed fewer than 26 weeks and didn't reach their limit.

The longer-term filers were spread evenly across industries and occupations, with the largest numbers having worked in retail, food service, and health

Most claimants file for less than 26 weeks



Notes: Covers all 31,749 people who filed a UI claim in November. The 26+ weeks category includes all who exhausted their allowed regular benefits, regardless of duration.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

care and social assistance. The fact that the largest numbers of claimants came from those industries suggests that pandemic-related business closures persisted into the fourth quarter of 2020.

Few long-term claimants came from highly seasonal industries; those industries had larger numbers of people filing for short periods. Just 14 percent of long-term claimants came from seafood processing and construction, for example, while 23 percent of short-term claimants did. On the other hand, long-term claimants represented slightly larger shares of oil and gas and administrative services than short-term claimants did.

By occupation, the largest numbers came from service jobs, followed by sales and clerical occupations and professional, technical, and managerial positions.

Like the rest of the country, Alaska's long-term unemployed population has skewed both male and older during the pandemic.

The largest age group among those filing for a short period was 25 to 34, and just 23 percent of filers were 55 and older. Among long-term filers, 31 percent were aged 55-plus.

Women grew as a percentage of the total unemployed over the year. Compared to the same month in 2019, the percentage of women grew by 8 percent, to 45 percent of all claimants in November.

Men still represented the majority of both short-term and long-term claimants, and the gender ratios of the two groups were similar. There was one age-related exception, though. Women were the majority of long-term claimants in the 25-to-34-year-old group, as the chart on this page shows. Notably, this is the age group most likely to claim dependents.

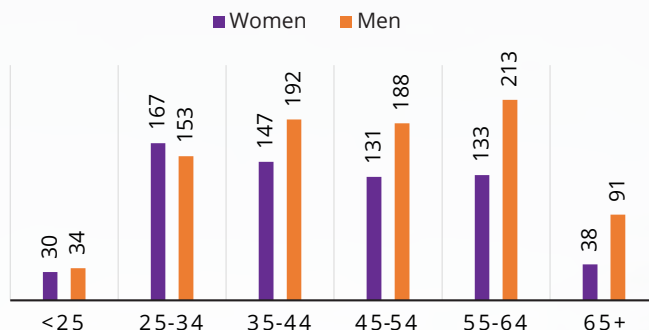
Claimants with dependents have always been eligible for a larger weekly payment, and in March, the state increased its maximum of three dependents to 10 and raised the weekly amount per dependent from \$24 to \$75.

Long-term filers were more likely to claim dependents in November, with 28 percent supporting one or more in contrast to just 22 percent among those unemployed short-term.

New stimulus package took effect in late December

As the year approached its end and the original

Men were the majority of long-term filers in all age categories but one



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

extension programs were set to expire, thousands of unemployed Alaskans faced losing their benefits.

More federal aid became available during the last week of 2020 for claimants who were eligible for remaining weeks of benefits and for others who had stopped collecting but were still eligible.

On Dec. 27, a second pandemic relief package, the Consolidated Appropriations Act, replaced the expiring CARES Act. The new legislation extended the Pandemic Emergency Unemployment Compensation program through March 14 of 2021 and Pandemic Unemployment Assistance, the program that covers some previously ineligible filers, through April 5.

Congress also added \$300 per week in benefits to all programs through March 14, a reduction from the \$600 add-on available from March through July of last year.

Additional provisions provided new compensation for people with mixed income sources and allowed states to waive repayments for any unintentional overpayments they made in 2020 as part of PUA.

The new stimulus package will ease the strain for some of the long-term unemployed, and the gradual vaccine rollout will make it possible for some to return to work this year. As we monitor how many people collect payments under the 2021 extension programs, we'll get a better idea of how much of the labor force was still unemployed one year on as a result of the pandemic.

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