

THE LONG-TERM UNEMPLOYED

A look at those who draw unemployment benefits for longer than 26 weeks

By **TIFFANY SCHERRER**

When Alaska workers apply for unemployment insurance benefits, the amount of their weekly payment and the number of weeks they can collect depend on their earnings and how long they had worked.

During stable economic periods, the maximum number of weeks an unemployed worker can qualify for and collect benefits is 26. When the economy worsens, extended benefit programs kick in for some workers who

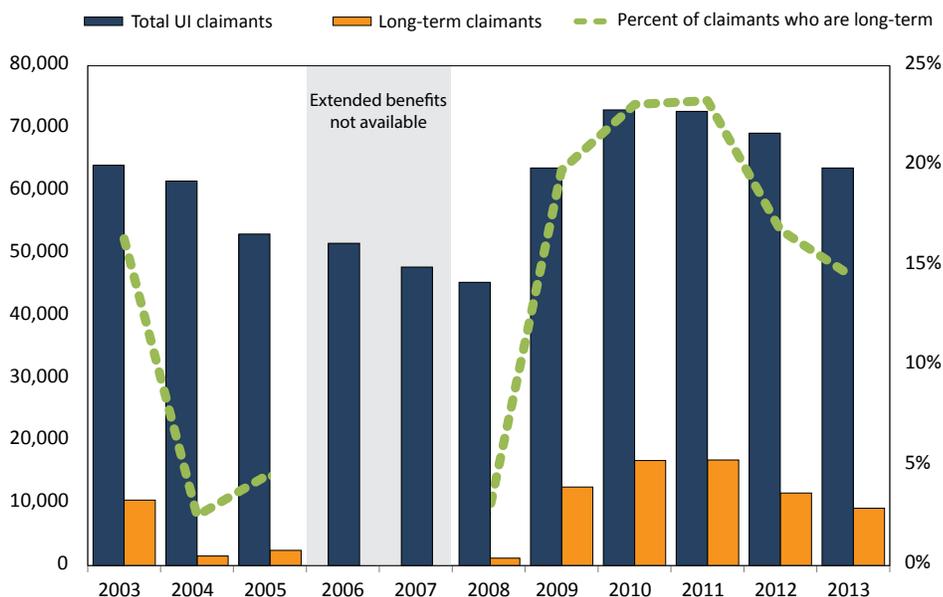
have exhausted their allowed weeks. For this article, the “long-term unemployed” are those who continue to collect benefits past 26 weeks. The long-term claimant rate, shown in Exhibit 1, is the percentage of all unemployment insurance claimants who are long-term unemployed.

Types of extended benefits

Two extension programs were available during the most recent recession. The standard extended benefits

1 Number and Rate of Long-Term Claimants

ALASKA, 2003 TO 2013

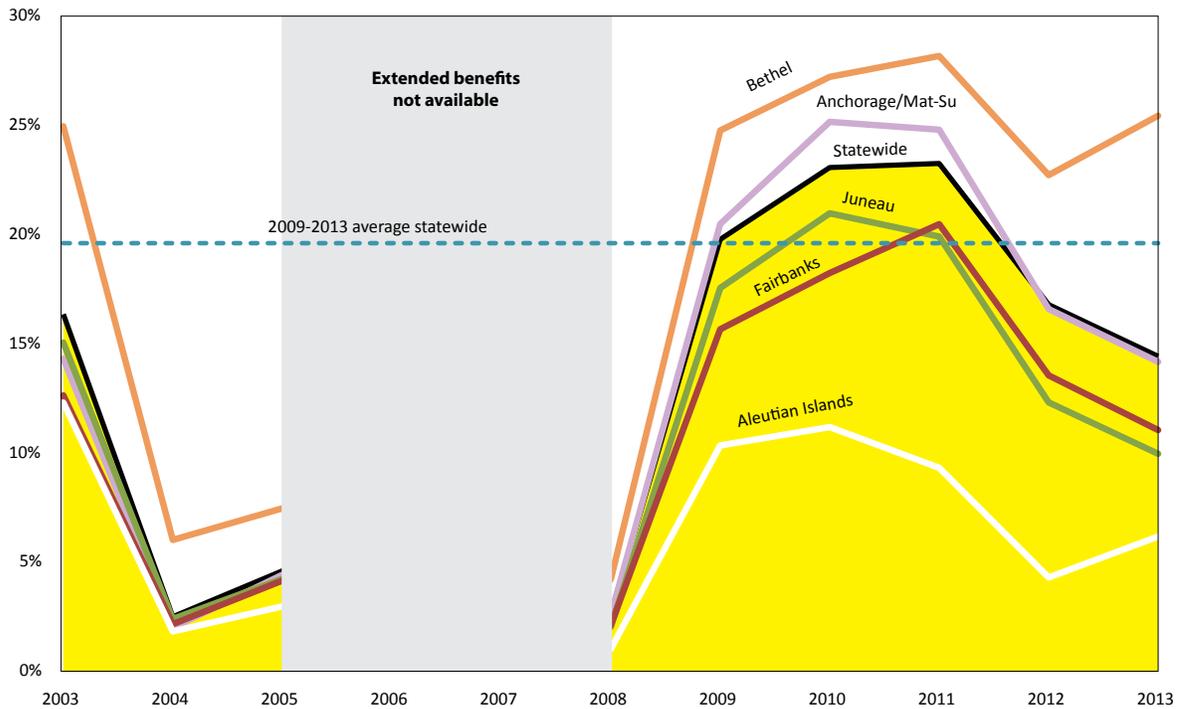


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

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Long-Term Claimant Rate by Borough or Census Area

ALASKA, 2003 TO 2013



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

program turns on automatically when certain unemployment rates are reached and was available for much of the 2009-2013 period. This program provides an additional 13 weeks of benefits in most cases and up to 20 when unemployment rates warrant.

The second program was the Emergency Unemployment Compensation program, or EUC08, a federal extension program Congress passed as part of the Supplemental Appropriations Act of 2008. This one-time, temporary program provided up to an additional 53 weeks of benefits to those who qualified.

Together, these two extension programs plus the 26 weeks of regular benefits allowed for up to 99 total benefit weeks.

It's important to note that by definition, long-term claimants only exist and can be measured when extended benefit programs are available. During years when extended benefits are not in place — 2006 and 2007, for example — the rate is automatically zero because no one can collect benefits longer than 26 weeks.

Long-term claimant rate:

The percentage of claimants who draw unemployment checks longer than 26 weeks when extended benefits are available.

The rate peaked in 2011

In May 2008, the three-month moving average total unemployment rate reached a level that triggered extended benefits through the regular program, with Congress first approving Emergency Unemployment Compensation benefits for

that November.

Unemployment insurance claims increased by 60 percent from 2008 to 2011. During that period, the average time that claimants collected benefits increased from 12 weeks to 18 weeks, a 50 percent rise.

At the height of unemployment insurance claims in 2011, 23.3 percent of Alaska claimants collected benefits longer than 26 weeks, which was 3.7 percentage points higher than the 2009 to 2013 average of 19.6 percent. (See Exhibit 2.)

Regionally, 24.8 percent of claimants in the Anchorage/Matanuska-Susitna area were long-term unemployed in 2011. That was higher than Juneau (20 percent) and Fairbanks (20.5 percent), but the highest rate was in

Bethel at 28 percent. Since 2011, the statewide long-term claimant rate has fallen to 14.4 percent.

Although the most recent recession technically ended in June 2009, the extended benefit program stayed in place until the end of 2013. From 2009 to 2013, the unemployment insurance program served 150,662 people and paid more than \$1.3 billion in benefits, 35 percent of which was federally funded.

In that same period, 47,751 claimants were long-term unemployed. They collected for an average of 37 weeks, in contrast to the 12-week average for the shorter-term claimants. Although the long-term unemployed collected longer, their average weekly benefit was 10 percent lower, at \$181. The lower benefit amount is mainly due to lower average income among long-term claimants when they were working.

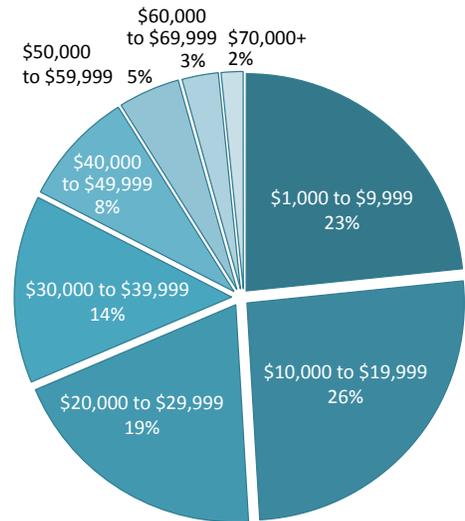
Income levels and age

Lower-income workers make up the largest portion of the long-term unemployed. (See Exhibit 3.) Between 2009 and 2013, 23 percent of all long-term unemployed claimants had annual incomes below \$10,000, and more than 80 percent made less than \$40,000.

Alaska's per capita personal income was \$50,150 in 2013. (See the article on page 16.) From 2009 to 2013, 89 percent of long-term claimants' income fell below that level.

No particular age group stands out for being long-term unemployed. (See Exhibit 4.) Between 2009 and 2013, 89 percent fell between the prime working ages of 20

3 Average Annual Income Low LONG-TERM CLAIMANTS, 2009 TO 2013



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

and 60, and they were almost evenly distributed between those ages.

Industries most affected

Among long-term claimants from 2009 to 2013, 13 percent had worked in the construction industry, 13 percent in retail trade, 11 percent in health care, and 9 percent in public administration, which encompasses most government jobs.

The recent recession disproportionately increased claims in the health care and social assistance and government sectors. By 2013, the claims levels for construction and retail trade had fallen well below 2009's levels, but health care and public administration hadn't yet recovered.

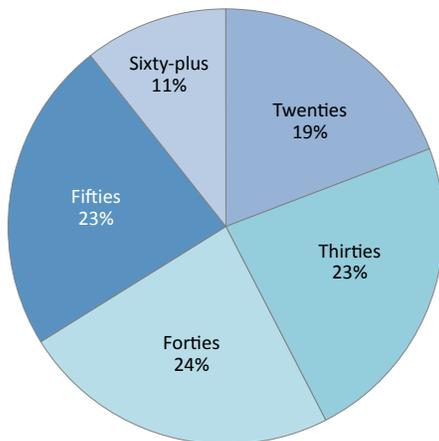
Health care and social assistance is primarily composed of jobs in doctors' offices, hospitals, and nursing care facilities, but also includes child and youth community food services and day care facilities.

Total claims for former health care and social assistance workers were 24 percent higher in 2013 than in 2009, and for public administration, claims were 10 percent higher.

Rural versus urban recovery

At the end of the emergency extended benefits period in 2013, 9,178 people statewide were still defined as

4 Long-Term Claimant Ages ALASKA, 2009 TO 2013



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

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How Long-Term and Short-Term Claimants Compare

ALASKA, 2009 TO 2013

	Collected for ≤ 26 weeks	Collected for > 26 weeks
Average annual earnings	\$29,752	\$26,025
Average age	40	42
Average number of weeks collected	12	37
Average weekly benefit amount	\$200.00	\$180.51
Percent out-of-state	21%	22%
Percent female	37%	44%
Percent male	63%	56%

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

long-term unemployed, a 46 percent drop from the peak of 16,904 in 2011. About one-third lived in rural parts of the state and almost half had annual incomes under \$20,000.

Although the recession affected all areas in Alaska, the urban areas have recovered faster, as measured by long-term unemployment. These areas are Anchorage, the Matanuska-Susitna Borough, Fairbanks North Star Borough, and Juneau. From its peak in 2011, the long-term claimant rate in urban centers fell by 10.3 percentage points, from 23.6 percent to 13.3 percent, in 2013 while the rate for rural areas only fell by seven percentage points, from 22.1 percent to 15.1 percent.

The Bethel Census Area consistently has the highest long-term claimant rate in the state. (See Exhibit 2.) It was 25.4 percent in 2013, not far below its peak of 28.2 percent in 2011.

Bethel was one of only two areas where the rate increased from 2012 to 2013 rather than falling. Residents tend to have strong family and cultural ties to the area, meaning job seekers are less likely to leave the area when work is scarce.

The Aleutian Islands are the exception to the typical rural-urban pattern. The Aleutians East Borough and Aleutians West Census Area typically have the lowest long-term claimant rates in Alaska, as fishing and seafood processing are their largest industries. These workers tend to be migratory, moving more frequently to find fishing job opportunities.

Tiffany Scherrer is an economist in Juneau. Reach her at (907) 465-4520 or tiffany.scherrer@alaska.gov.