
Economic Policy Institute

National Employment Law Project

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LONG-TERM JOBLESSNESS GROWS DESPITE LOWER UNEMPLOYMENT RATES Women and White-Collar Workers Now Vulnerable

Three and a half years into this recovery, one in five unemployed Americans has been out of work for six months or more – marking the first time ever that so many jobless have been out of work for so long while the unemployment rate is relatively low and falling, according to a report from the Economic Policy Institute (EPI) and the National Employment Law Project (NELP).

Rising Stakes of Job Loss: Stubborn Long-term Joblessness Amid Falling Unemployment Rates shows how this current trend of long-term joblessness – where people have been out of work 27 or more weeks – is not only worse than previous economic cycles, but more widespread among American families. Some of the findings of the report – by EPI economist Sylvia Allegretto and NELP policy analyst Andrew Stettner – include:

- Women represented 43% of long-term jobless workers from 2001-2004, up from 35% from the comparable period in 1990-1993, creating a direct impact on children and families, especially for single mothers.
- After experiencing historic labor market gains during the late 1990s, African-American long-term unemployment was still worse than during the 1990-1993 period.
- Long-term unemployment is hitting occupations more broadly. From the 1990s recovery to the 2001 recovery, the average share of long-term unemployed white-collar workers grew by 6 percentage points.

“This job market is too weak for many to quickly move through spells of unemployment,” said Allegretto. “And the long-term unemployed, once benefits are exhausted, typically face higher debt and instability. Yet the unemployment rate belies these lengthy jobless spells.”

The share of long-term unemployed reached 20% in October 2002—11 months into recovery. But that share has stayed above 20% ever since—31 consecutive months and still counting—creating an unprecedented streak even when the unemployment rate varied between 5.2% and 6.3%, relatively low figures that belie the labor market’s persistent weakness. In comparison, the share of long-term unemployed averaged just 12.3% for all months since January 1948 with similar unemployment levels. *Raising Stakes* further puts this long-term phenomenon into context by examining overall job trends, including the length of time – 46 months – it has taken to reclaim peak level employment following the 2001 recession.

The authors also suggest policies to combat the toll of long-term unemployment, including extension of unemployment insurance benefits beyond six months and the use of a better calculation – based on the total number of jobs in the economy – to determine assistance need.

“An outstanding pattern has emerged. Even when the overall economy is growing, laid off workers are enduring excruciating job searches,” said Stettner. “This trend is a threat to the economic security of working families and demands a more concerted public policy response.”

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The Economic Policy Institute is an independent, nonprofit, nonpartisan research institute – or “think tank” – that researches the impact of economic trends and policies on working people in the United States and around the world.