

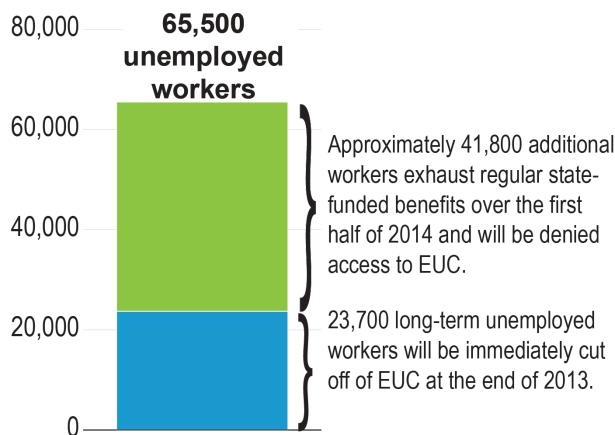


Thousands of Jobless Wisconsin Workers Face Termination of Unemployment Benefits

Thousands of out-of-work Wisconsinites who have been searching for a job for a long time will lose their unemployment benefits at the end of the year, making it harder for them to put food on the table and make ends meet, unless Congress acts. Loss of the benefits would also be a blow to Wisconsin's economy, since those affected would have less to spend on necessities.

Unemployed workers who have been searching for a job for longer than 26 weeks can currently receive unemployment benefits through federal Emergency Unemployment Compensation (EUC). But this lifeline is slated to end December 28, despite persistently high unemployment and the boost that these benefits provide to the economy. The maximum duration of unemployment benefits in Wisconsin will drop by more than half, from 54 weeks to 26 weeks. For unemployed workers already receiving EUC, benefits will come to an abrupt end.

Long-Time Unemployed Wisconsin Workers to Lose Federal Benefits



Source: NELP, Committee on Ways and Means WISCONSIN BUDGET PROJECT

Failure to renew the federal program will cost jobless workers an estimated \$25.2 billion in the coming year, leaving them less to spend on groceries, clothes, housing, and other necessities. Wisconsin's share of those benefits has averaged \$35.1 million per month so far in 2013. That money represents an important infusion of funds into Wisconsin's economy, especially for the communities with the highest unemployment rates.

Long-Time Unemployed Wisconsin Workers to Lose Benefits

Unless Congress stops the federal unemployment benefit program from ending, 23,700 long-term unemployed workers in Wisconsin will be immediately cut off EUC at the end of 2013, as shown in the chart below.

Some 41,800 additional workers will exhaust their state-funded 26 weeks of unemployment benefits in the first half of 2014, and will be denied access to federal unemployment benefits.

That means a total of 65,500 jobless workers in Wisconsin will lose access to benefits either immediately or over the following six months. To put that number in context, that is about as many people as live in the city of Eau Claire.

Nationally, 2.2 million unemployed workers will lose access to EUC benefits at the end of 2013 and in the first half of 2014, according to the National Employment Law Project.

Loss of EUC Would Hinder Local Economies

Federal unemployment benefits serve two purposes: They provide a lifeline to long-term unemployed workers, and they increase spending in the economy and create jobs. Most unemployment benefits are spent immediately at local grocery stores and other businesses, pumping money into the economy and creating jobs.

Issue Brief #9
2013

Cutting off EUC and the spending that those benefits allow will cost the national economy 310,000 jobs next year, according to the Economic Policy Institute, and has the potential to reduce the economy's growth by 0.4 percentage points. This job loss will occur at a time when job growth is already slow.

Local economies in northern Wisconsin will be hit particularly hard by the loss of federal unemployment benefits. That's because unemployment rates are highest in the rural northern part of the state, as shown in the map. The five counties with the highest unemployment rates — Vilas, Sawyer, Bayfield, Iron, and Menominee Counties — are all in that region.

Many workers in these counties and in other areas with high rates of joblessness will be hurt if EUC ends at the end of the year. At that point, jobless workers in those communities and elsewhere will have access to a maximum of only 26 weeks of benefits, down from the current 54 weeks.

EUC Slated to End Despite Persistently High Long-Term Unemployment

In the wake of the recession, the number of people who have been unemployed for an extended period is still troublingly high. Currently, 36% of all jobless workers have been unemployed at least six months. That is the highest rate of long-term unemployment in more than three decades — at no other time between 1980 and the current economic downturn did that figure reach as high as 26%.

The average unemployed worker has been searching for a job for 36 weeks, and the search is often much longer for older workers and those in communities with high unemployment. These figures don't include the many "discouraged" workers who have stopped looking for work and dropped out of the workforce.

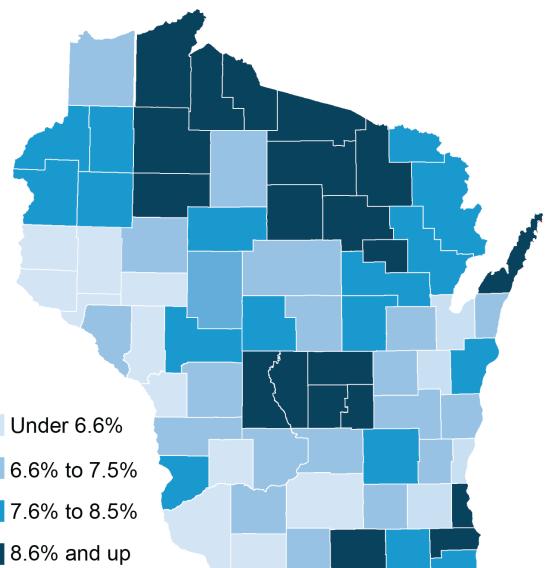
Given the persistently high rate of long-term unemployment, it is premature to end all federal unemployment benefits.

It's Too Soon to End EUC

Unless EUC is renewed, 1.3 million jobless workers, including nearly 24,000 in Wisconsin, will abruptly lose all of their unemployment income at the end of December. Even more jobless workers will be affected as they exhaust their state-funded benefits. For most of those individuals, the termination of their

Rural North to be Hit Hardest by End of EUC

Unemployment rates are highest in northern Wisconsin. The map shows the average unemployment rate for 2013, not seasonally adjusted.



COUNTY	UNEMPLOYMENT RATE
Vilas County	10.5%
Sawyer County	10.9%
Bayfield County	10.9%
Iron County	12.4%
Menominee County	15.6%

Source: Wisconsin Department of Workforce Development
WISCONSIN BUDGET PROJECT

federal benefits will eliminate their only source of income, and that looming threat will cause a bleak holiday season for many families.

Rather than ending federal unemployment benefits abruptly, Congress should phase them out slowly as the economy improves. At a time when there are nearly three times as many jobless workers as job vacancies and the economy is at risk of sliding back into recession, it is premature to cut off this lifeline for unemployed workers and economically depressed communities.

Tamarine Cornelius