

TRAINING AND EMPLOYMENT NOTICE	NO. 37-16
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TO: AFFILIATE AMERICAN JOB CENTER DIRECTORS
 COMPREHENSIVE AMERICAN JOB CENTER DIRECTORS
 WORKFORCE INNOVATION OPPORTUNITIES ACT (WIOA) 166 INDIAN
 AND NATIVE AMERICAN GRANTEEES
 DEPARTMENT OF LABOR EMPLOYMENT AND TRAINING
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FROM: PORTIA WU /s/
 Assistant Secretary

SUBJECT: Release and Availability of a Final Report Entitled: Exhaustees of Extended
 Unemployment: Coping with the Aftermath of the Great Recession

1. Purpose. The Employment and Training Administration (ETA) announces the release and availability of a final report, “Exhaustees of Extended Benefits Programs: Coping with the Aftermath of the Great Recession.” This report examines the extent to which Unemployment Compensation (UC) recipients collected all benefits to which they were entitled (“exhausting” their benefits), in the context of the Great Recession and the extended potential duration of benefits, at that time; and assesses the outcomes for these individuals relative to other unemployed workers.

2. Background. The Great Recession, which according to the US National Bureau of Economic Research (the official arbiter of US recessions), began in December 2007 and ended in June 2009, was characterized by the longest average unemployment durations seen since World War II. One consequence of such long spells of unemployment is that large numbers of workers were still unemployed after collecting all of the weeks of regular Unemployment Insurance (UI) benefits to which they were entitled. To extend support to these unemployed workers, two major initiatives were implemented, that increased the number of weeks of benefits that workers could collect: 1) The Emergency Unemployment Compensation Act of 2008 (EUC08) program, which was extended and expanded by the American Recovery and Reinvestment Act of 2009 and other legislation; and 2) full federal funding of the Extended Benefits (EB) program in states with atypically high unemployment rates. Up to 99 weeks of benefits were available through the UI, EB, and EUC08 programs in states with the weakest labor markets; this represents the largest number of weeks that unemployed workers could receive benefits in the history of the

Unemployment Compensation (UC) system. Availability of these benefits enabled unemployed workers to search for work for a longer period before collecting all of, “exhausting” their UC entitlements.

To learn about the extent to which UC recipients exhausted these long benefit entitlements during the Great Recession and its aftermath, the U.S. Department of Labor (DOL), Employment and Training Administration commissioned Mathematica Policy Research to conduct this research study. This report examines the extent to which such benefit exhaustions occurred and assesses the outcomes experienced by those who exhausted their entitlements to all available UC benefits relative to other groups of unemployed workers.

3. Project Description. This study focused on three general questions related to the exhaustion of all available UC benefits:

- How many UC recipients exhausted their UC entitlements and what were the major factors associated with exhaustion of benefits?
- How did exhaustees fare in terms of their labor market outcomes, household economic circumstances, and participation in reemployment programs and programs of income support?
- How did the outcomes for UC exhaustees compare to the outcomes of individuals with long unemployment spells that did not collect UC benefits?

To address the first two questions listed above, the researchers primarily used a data file prepared for an earlier, DOL-sponsored study of EUC08 and related programs (Hock et al. 2016). This data file combined 1) administrative data about UC claims, employment, and earnings, and 2) survey data from 10 states of recipients who filed UI initial claims between January 2008 and September 2009. The administrative data covered January 2008 through September 2012, and the survey was conducted from December 2013 to August 2014, four to six years following the UI initial claim. The data file provided a comprehensive picture of UC recipients’ benefit collection patterns and their outcomes. To address the third research question, the researchers analyzed data from the Displaced Worker Supplement to the Current Population Survey for workers laid off in 2009 and interviewed two to three years later. The researchers supplemented this analysis by looking at workers laid off earlier and later in the economic downturn and recovery to learn about patterns in the characteristics and outcomes of unemployed workers over time.

4. Key Study Findings. The key study findings have been grouped under each of the three basic questions that related to the exhaustion of all available UC benefits:

- **The exhaustion rate and factors associated with exhaustion of benefits**
 - The study focused on “single claim recipients,” which constituted 55 percent of the UC recipients in the data. Forty-five percent of the individuals were “multi-claim recipients,” who started collecting UI benefits from January 2008 to September 2009, and also collected benefits as a result of another UI claim during the following three years.

- Twenty-six percent of single-claim recipients exhausted all of the UC benefits to which they were entitled. Overall, these exhaustees collected an average of 87 weeks of benefits compared to 28 weeks of benefits for non-exhaustees. Two-thirds of exhaustees collected 91 or more weeks of benefits.
 - Recipients who exhausted all of the UC benefits available to them tended to come from groups that have historically had longer jobless spells and higher exhaustion rates.
 - A multivariate examination of the likelihood of exhaustion, revealed important findings about gender and expectations of recall to prior jobs. The greater likelihood for women exhausting their UC entitlements did not hold up when controlling for other factors affecting exhaustion. The results also showed the unexpected result that women with young children were less likely to exhaust than other women.
- **Exhaustees’ post-claim outcomes**
 - Exhaustees had much lower rates of employment in the three years following their UI initial claims.
 - Four to six years after their initial claims, exhaustees were much less likely than non-exhaustees to be employed and more likely to be out of the labor force.
 - Exhaustees experienced greater losses in household incomes than did non-exhaustees.
 - Exhaustees were more likely than non-exhaustees to participate in programs providing income support.
 - Exhaustees (67 percent) were more likely than non-exhaustees (60 percent) to contact an American Job Center or similar services as part of their job search during the first three months after their job separation. Most of the difference occurred because exhaustees who reported that they expected to be recalled to their prior jobs, were more likely than non-exhaustees with similar expectations to visit AJCs.
- **Differences in outcomes between UC recipients and non-recipients**
 - The post-layoff experiences of displaced workers who did not receive UC benefits were quite varied—a large portion of them had short unemployment spells and a large portion had long unemployment spells.
 - Non-recipients, relative to UC recipients, both with long jobless spells, were less likely to become reemployed in the subsequent few years following their layoff.
 - Non-recipients with long jobless spells had lower household incomes than did recipients who experienced long-term joblessness.

5. Inquiries. To view an abstract of this publications, as well as to download the full report of the study, please visit the ETA Research Publication Database Web site at:

<http://wdr.doleta.gov/research/keyword.cfm>.