

John J. Heldrich Center for Workforce Development

research brief

The Long-Term Unemployed and Unemployment Insurance: Evidence from a Panel Study of Workers Who Lost a Job During the Great Recession

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SUMMARY OF KEY FINDINGS

A national random panel survey of American workers who lost a job during the Great Recession, conducted from August 2009 to August 2011, found the following:

1. As of August 2011, 43% of respondents were employed either full or part time, 41% were unemployed and looking for work, and the rest were not in the labor force.
2. Twenty-three percent of **unemployed** workers received unemployment benefits during the previous year; 68% of **employed** respondents received Unemployment Insurance (UI) benefits.
3. **A demographic profile of the unemployed and employed who received and did not receive UI benefits reveals that unemployed** workers who had not received UI benefits in the past year were somewhat younger and had a lower income than the unemployed workers who had received UI benefits. Among the **currently employed** workers, those who did not receive benefits were also more likely to be younger women than those who received benefits.
4. Those who **exhausted** UI benefits were more likely to be male workers with a high school education or less than other UI recipients. Roughly a third of this group earned \$30,000 or less, a third earned from \$31,000 to \$59,000, and 38% earned \$60,000 or more.
5. Overall, both the unemployed and reemployed respondents were struggling financially. Almost half (45%) described their financial condition as flat out “poor.” UI recipients **were more likely** to report that their family finances had deteriorated.

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6. Fifty-two percent of the panelists said their economic situation had a **major** impact on their family; three in four (76%) respondents who exhausted their UI said the economy had a major impact on their family. Half of the panel members said they have reduced spending on food (52%) and transportation (48%), and 44% cut back on health care spending.
7. Among the respondents who are still unemployed, half have been unemployed for **more than two years**. Six in ten of those individuals borrowed money from family and friends and sold possessions to make ends meet. Nearly as many (55%) cut back on visits to their doctors. Significant numbers also increased their debt and/or missed credit card payments. Four in ten were forced to rely on Food Stamps or charities to feed themselves and their families. One in five moved in with family or friends to save money.
8. Among the reemployed, one-quarter found new employment within two months; 40% were back to work within six months; about one in four said it took between six months and a year to find a job; another quarter found a job in one to two years. Five percent of **current jobholders** in the panel were out of work more than two years before they found another job.
9. Those who did not receive UI were more likely to obtain a job within less than a year. Among those who had exhausted their unemployment benefits before getting another job, most took more than a year.
10. Among the reemployed, just over half took a cut in pay. UI recipients were twice as likely to experience lower pay as those who did not receive UI benefits (59% versus 32%) And 64% of exhaustees said they were forced to take a pay cut in order to find new full-time employment.
11. In the month before the survey, 76% of the unemployed workers applied for a job with an employer, 68% scoured newspaper job advertisements, 66% examined online job boards, 59% contacted friends or family members about a job, 57% sent an e-mail to a potential employer, and 54% called a potential employer about a job.
12. Unemployed workers who received benefits were **more likely** to have been proactive in seeking work than those who did not receive UI. UI recipients reported more hours devoted to the job search and more frequently contact friends and examine job postings.
13. One in ten unemployed workers enrolled in an education class to help them improve their job search skills and 14% took an occupational skills training class. Thirty-eight percent of those who enrolled in an education and training course received help from a government agency or program; the rest paid for it themselves.
14. Two out of three (69%) unemployed respondents and 80% of those who received UI said they would be willing to take a cut in pay in order to get a new job.

15. **Unemployed** workers who had not received benefits in the past year were more likely than those who did receive benefits to say that government should be primarily responsible for helping unemployed workers. In contrast, for **currently employed** workers, those who had received UI benefits were more supportive of government action than those who had not received benefits.
16. There was widespread support for governmental actions to **lower unemployment** including longer-term training programs to help people change careers (78%), tax credits for businesses that hire workers (70%), and direct job creation programs for unemployed workers (69%).
17. Extension of UI benefits was either supported or strongly supported by 90% of those who are still unemployed and 75% of those who exhausted their benefits. Fifty-six percent of employed workers who did not receive UI benefits opposed extending UI.
18. There is also support for requiring unemployed workers receiving benefits to enter training programs as a condition of receiving benefits. Three out of five respondents support or strongly supported this idea. Fifty-nine percent of employed workers who received UI supported this proposal along with similar numbers who remain unemployed and /or who exhausted their unemployment benefits.
19. Majorities also several policies to **improve the economy**: creating jobs through direct government spending (55%), cutting wage taxes (53%), providing more UI for unemployed workers (52%), and spending on construction projects (49%). Two-thirds (67%) also favored cutting government spending to reduce the deficit.

INTRODUCTION

The central purposes of this brief are to present the key findings from a panel study of the long-term unemployment workers who reported that they lost a job during the Great Recession and to examine differences and similarities among unemployed workers who did and did not receive UI. The brief will also highlight the experiences of those who exhausted their UI benefits before they were able to find another job.

Since August 2009, the John J. Heldrich Center for Workforce Development at Rutgers University has conducted four surveys of a national random sample of unemployed American workers who lost a job during the Great Recession.¹ The Center first conducted a random probability sample of 1,202 respondents in August 2009. Eligibility was defined as those who had been unemployed at some point in the prior 12 months (between September 2008 and August 2009). Of this group, 76% were unemployed and looking for work, 5% were unemployed but not looking for work, and 19% were employed when first interviewed in August 2009.

¹ The project is funded by the Heldrich Center. Data collection was performed by Knowledge Networks of Palo Alto, California. Additional research and support was conducted by Mark Szeltner of the Edward J. Bloustein School of Planning and Public Policy at Rutgers University.

The Heldrich Center re-interviewed 908 respondents (76% of the original sample) seven months later in March 2010. At that time, 54% were unemployed and looking for a job, 13% were unemployed but not looking, and 33% were employed. The entire sample of 908 constitutes Wave 2. Researchers followed up eight months later in November 2010, and successfully re-contacted 764 respondents (64% of the original sample). Wave 3 surveys found 43% who were unemployed and looking for work, 11% who were working part time but looking for full-time work, 8% who were working part time and not looking for full-time work, 13% who were unemployed but not looking for work, and 26% who were employed full time.

The fourth wave of surveys, conducted in August 2011, marks the two-year anniversary of the initial study. The Heldrich Center successfully re-interviewed 675 respondents, or 56% of the initial sample.² The number employed either full or part time stood at 43%, while 41% are unemployed and looking for work, and the remaining 17% are not in the labor force. A more detailed profile of employment status, presented in Table 1, shows that the number holding full-time jobs ranges from just 27% to 33%. The 41% looking for full-time jobs comprises 33% who are jobless, and another 8% who have part-time employment but are looking for full-time work. The 17% who are no longer in the labor market encompasses 10% who do not want a job, 4% who have gone back to school, and another 3% who simply noted they were doing volunteer work. The full results for all four waves of interviews can be found at www.heldrich.rutgers.edu.

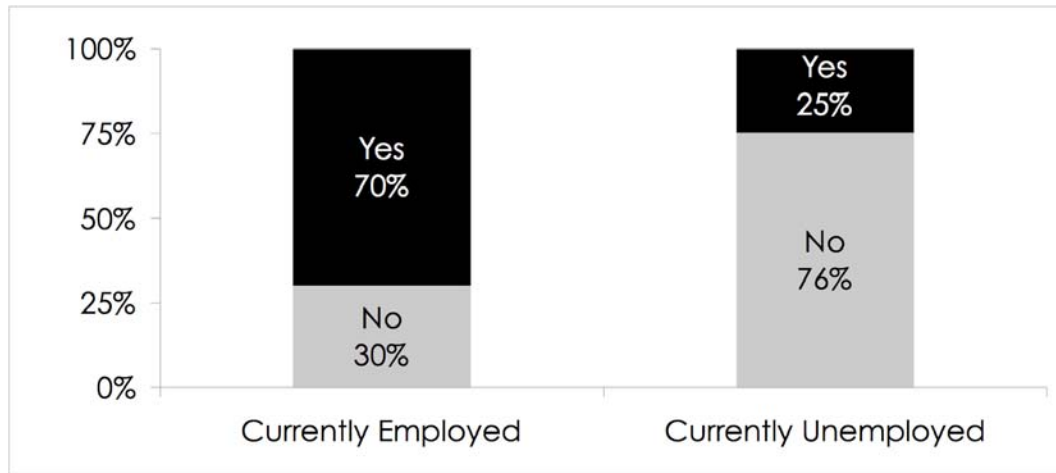
TABLE 1: PANEL EMPLOYMENT STATUS

	August 2011	November 2010	March 2010	August 2009
Unemployed and looking	41%	54%	54%	76%
Jobless and looking	33%	43%		
Part time, looking for full time	8%	11%		
Unemployed, <i>not</i> looking	17%	13%	13%	5%
Don't want a job	4%			
Discouraged, out of labor market	6%			
In school	4%			
Doing volunteer work	3%			
Employed	43%	34%	33%	19%
Full time	27%	26%		
Self-employed (full time or part time)	6%			
Part time	7%	8%		
Part time, in school	3%			
Total	101%	101%	100%	100%
Numbers of respondents	(675)	(764)	(908)	(1,202)

² Information about panel attrition is presented in Appendix A.

Of the workers who reported they were unemployed in August 2011, only 23% had received unemployment benefits at any time in the past year. In contrast, among those who are now employed, 68% reported that they had received UI benefits. Of those who were still receiving assistance from extended UI, most were very concerned that their benefits would run out before they found another job. (See Figure 1).

FIGURE 1: HAVE YOU RECEIVED UNEMPLOYMENT BENEFITS FROM THE GOVERNMENT AT ANY TIME IN THE PAST 12 MONTHS? (WAVE 4, AUGUST 2011)



A demographic profile of the unemployed and employed who received and did not receive UI benefits reveals that unemployed workers who had not received UI benefits in the past year were somewhat younger and had a lower income than the unemployed workers who had received UI benefits. Among the currently employed workers, those who did not receive benefits were also more likely to be younger women than those who received benefits (See Table 2).

Financial Situation

The unemployed and formerly unemployed remain in dire economic straits. Only 19% rated their personal financial situation as either “excellent” or “good.” Another 37% said they are in “only fair” shape and almost half (45%) described their financial condition as flat out “poor”. Comparing their financial situation to two years ago, more than half said their financial shape has gotten worse and just 15% said it has gotten better (see Figure 2).

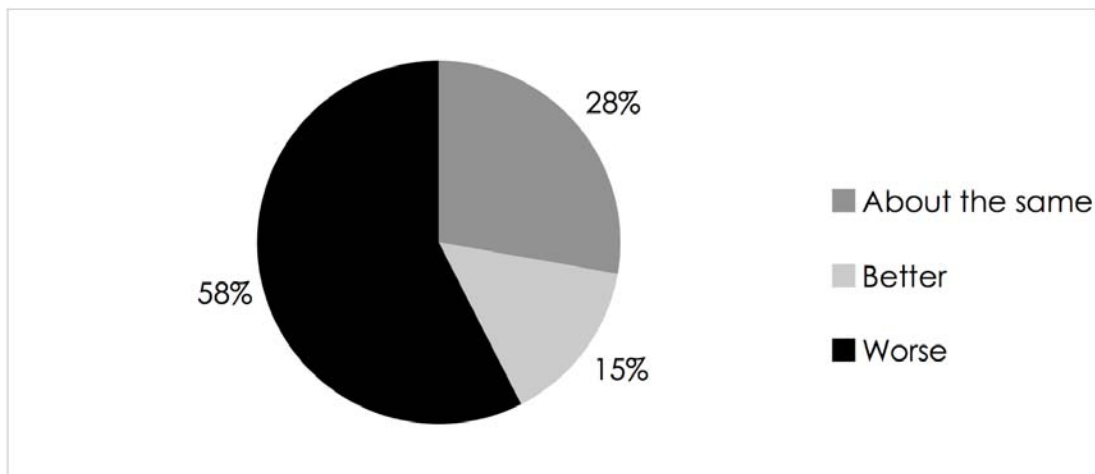
TABLE 2: PROFILE OF UI RECIPIENTS, THOSE WHO DID NOT RECEIVE UI, AND EXHAUSTEES

	Employed		Unemployed		Exhaustees
	Did Receive	Did NOT Receive	Did Receive	Did NOT Receive	
Age					
18-29	20%	61%	35%	36%	30%
30-44	31%	24%	18%	37%	23%
45-59	39%	13%	40%	22%	40%
60+	9%	2%	7%	5%	7%
Total	99%	100%	100%	100%	100%
Gender					
Male	69%	52%	63%	57%	72%
Female	31%	48%	37%	44%	28%
Total	100%	100%	100%	101%	100%
Race					
White	72%	60%	52%	53%	64%
Black	15%	13%	14%	25%	17%
Other	2%	11%	3%	5%	2%
Hispanic	8%	12%	30%	16%	16%
2 or more races	3%	3%	2%	1%	1%
Total	100%	99%	101%	100%	100%
Income					
\$30,000 or less	25%	23%	47%	60%	30%
\$30,000-\$59,000	33%	38%	30%	17%	32%
\$60,000 or more	42%	39%	22%	24%	38%
Total	100%	100%	99%	101%	100%
Education					
Less than high school	6%	1%	17%	17%	65%
High school	32%	28%	38%	39%	17%
Some college	36%	43%	25%	30%	2%
Bachelor's degree or higher	26%	28%	20%	14%	16%
Total	100%	100%	100%	100%	100%
Family Size					
1	13%	8%	17%	17%	16%
2	34%	21%	23%	28%	31%
3	22%	18%	31%	23%	28%
4	12%	16%	13%	17%	6%
5 or more	19%	37%	16%	15%	19%
Total	100%	100%	100%	100%	100%

TABLE 2: PROFILE OF UI RECIPIENTS, THOSE WHO DID NOT RECEIVE UI, AND EXHAUSTEES (continued)

Marital Status					
Married	53%	39%	32%	29%	33%
Widowed	1%	0%	3%	3%	2%
Divorced	12%	5%	14%	6%	11%
Separated	0%	0%	3%	5%	2%
Never married	22%	49%	33%	49%	32%
Living with partner	12%	7%	16%	8%	20%
Total	100%	100%	100%	100%	100%
Other than yourself, are there adults (18 or older) living in your house?					
Yes	79%	78%	71%	75%	73%
No	21%	23%	29%	26%	27%
Total	100%	101%	100%	101%	100%
Do any of the other adults living with you contribute to the household's finances?					
Yes	74%	77%	91%	86%	84%
No	26%	24%	9%	15%	16%
Total	100%	101%	100%	101%	100%
Number of respondents	(190)	(86)	(117)	(381)	(127)

FIGURE 2: COMPARED TO TWO YEARS AGO, IS YOUR FAMILY'S FINANCIAL SITUATION?



Among those who were able to find a job and those who remained unemployed, UI recipients **were more likely** to report that their family finances had deteriorated (see Table 3).

TABLE 3: COMPARED TO TWO YEARS AGO, IS YOUR FAMILY’S FINANCIAL SITUATION:

	Employed		Unemployed		Exhaustees
	Did Receive	Did NOT Receive	Did Receive	Did NOT Receive	
Better	23%	20%	10%	6%	11%
Worse	50%	32%	76%	62%	71%
About the same	27%	48%	15%	31%	17%
Total	100%	100%	101%	99%	99%
Number of respondents	(190)	(86)	(117)	(381)	(127)

When asked to think about how much they have in salary and savings now as opposed to when the recession started, 67% said they have less, including a massive 53% who said they have **a lot** less. At this point in time, only 4 in 10 believe they will get back to the level they were at before the recession started. The other 60% believe this will be a permanent change in their economic fortunes.

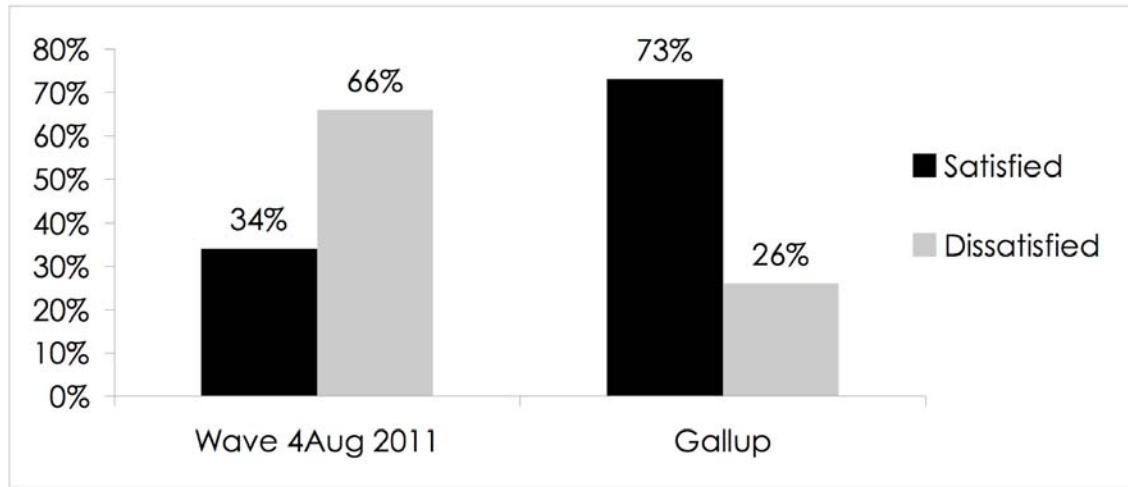
Just how far out of the economic mainstream the unemployed have fallen can be seen by comparing their answers with a national sample of all Americans conducted by the Gallup organization at about the same time. In July 2011, 73% of the public said they were satisfied with their standard of living and 26% were dissatisfied, a margin of 47 percentage points to the positive.³

The Heldrich Center survey of those either currently or previously unemployed conducted in August 2011 finds one-third satisfied and two-thirds dissatisfied with their standard of living, a margin of 32 percentage points to the negative (see Figure 3). Whereas 50% of all Americans said they would be able to make a major purchase such as a car or appliance or make a major home repair if needed, only 21% of those having had a bout with unemployment said they could do so.

Overall, just over half (52%) of the Heldrich Center panel study said their economic situation has had a **major** impact on their family; another 43% said it has had at least a minor impact. However, over three in four (76%) respondents who exhausted their UI said that economy had a major impact on their family.

³ Gallup well-being index, July 2011.

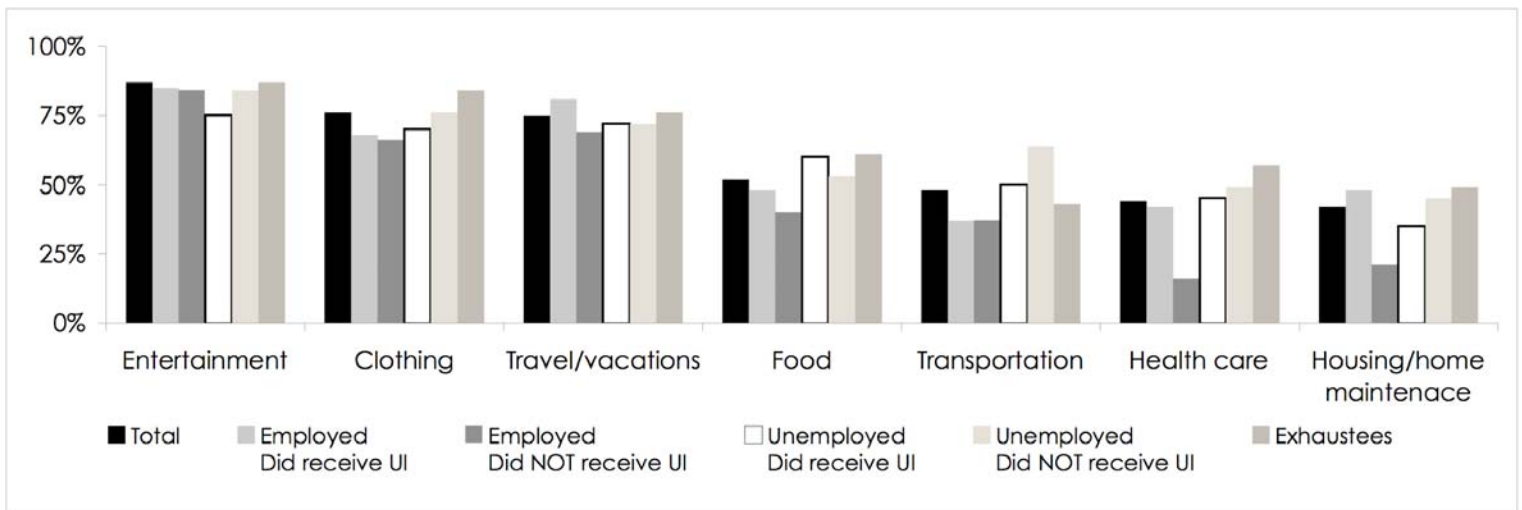
FIGURE 3: SATISFACTION WITH STANDARD OF LIVING



Just under half said the recession and unemployment have caused a **major** change in their lifestyle, with fully one in three saying they had to make do without something they thought of as **essential**. When asked where they “have reduced spending so much that it has made a difference in your family’s day-to-day life,” three-quarters or more cited entertainment, clothing, and travel or vacations. The next set of cuts, while less in number, is in more critical quality-of-life areas. Half said they have reduced spending on food (52%) and transportation (48%), and 44% have cut back on health care so much that it has made a difference in the quality of day-to-day life. About the same number (42%) cut expenditures on housing or home maintenance.

Those who received UI benefits and those who did not reported significant reductions in nearly all categories examined in the survey (see Figure 4).

FIGURE 4: AREAS WHERE RESPONDENTS REDUCED SPENDING SO MUCH THAT IT MADE A DIFFERENCE IN FAMILY’S DAY-TO-DAY LIFE:

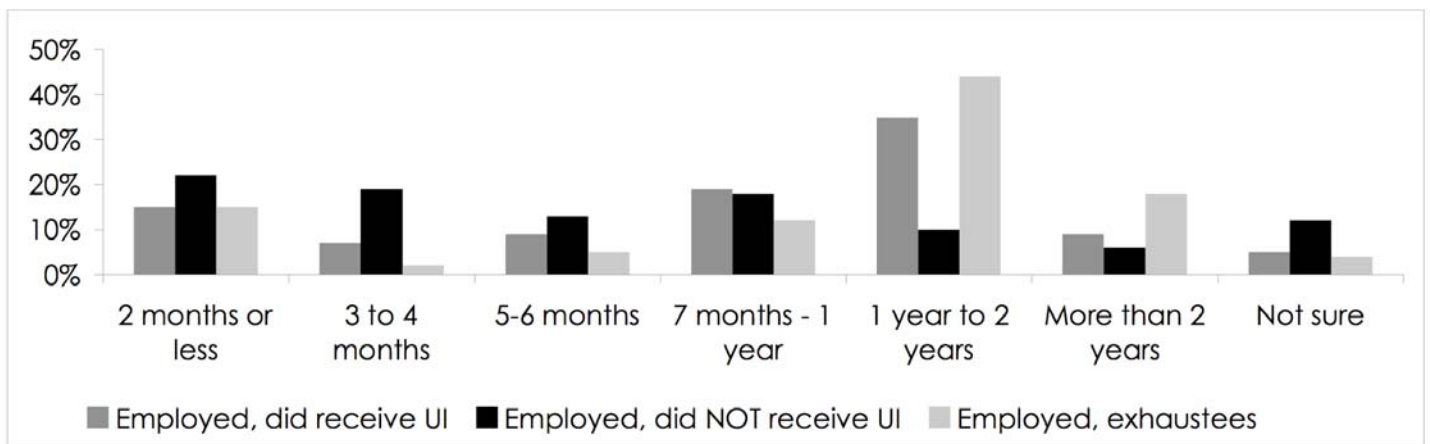


Retirement plans have also been drastically altered by workers' stay on the unemployment rolls. Some 70% said they have changed their plans in this area, with equal numbers (35%) saying they plan to retire **earlier** and **later** than they had originally planned. Half of those over age 50 now said they plan to take Social Security as soon as they are able, up from 41% in the November 2010 survey.

CURRENTLY EMPLOYED

Even among the fortunate respondents who got new jobs, those jobs did not come quickly. Just one-quarter found new employment within two months and, overall, 40% were back to work within six months. For about one in four, it took between six months and a year before they found new work, with another quarter taking between one and two years. Five percent of **current jobholders** were out of work more than two years (see Figure 5). Those who did not receive UI were more likely to obtain a job within less than a year. Among those who had exhausted their unemployment benefits before getting another, most took more than a year.

FIGURE 5: HOW LONG WERE YOU ACTIVELY SEEKING EMPLOYMENT BEFORE YOU FOUND A JOB?



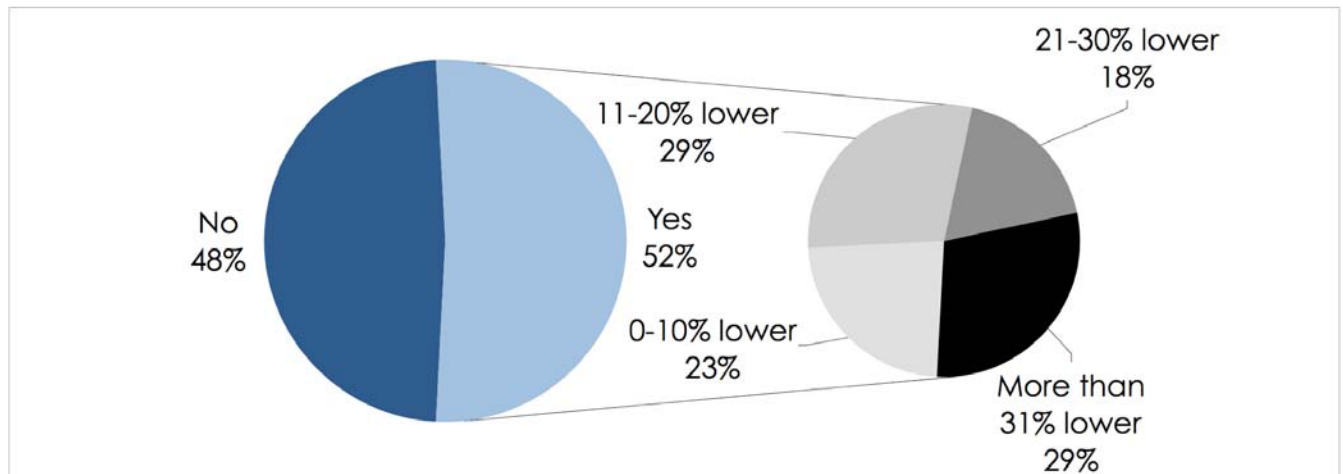
Among those who obtained another job, 59% of UI recipients (and 64% of exhaustees) said they were forced to take a pay cut in order to find new full-time employment. In contrast, 32% of those who did not receive UI benefits were forced to take a pay cut (see Table 4).

TABLE 4: FORCED TO TAKE A CUT IN PAY IN ORDER TO FIND NEW FULL-TIME EMPLOYMENT

	Employed		Employed Exhaustees
	Did Receive	Did NOT Receive	
Yes	59%	32%	64%
No	41%	69%	36%
Total	100%	101%	100%
Number of respondents	(190)	(86)	(82)

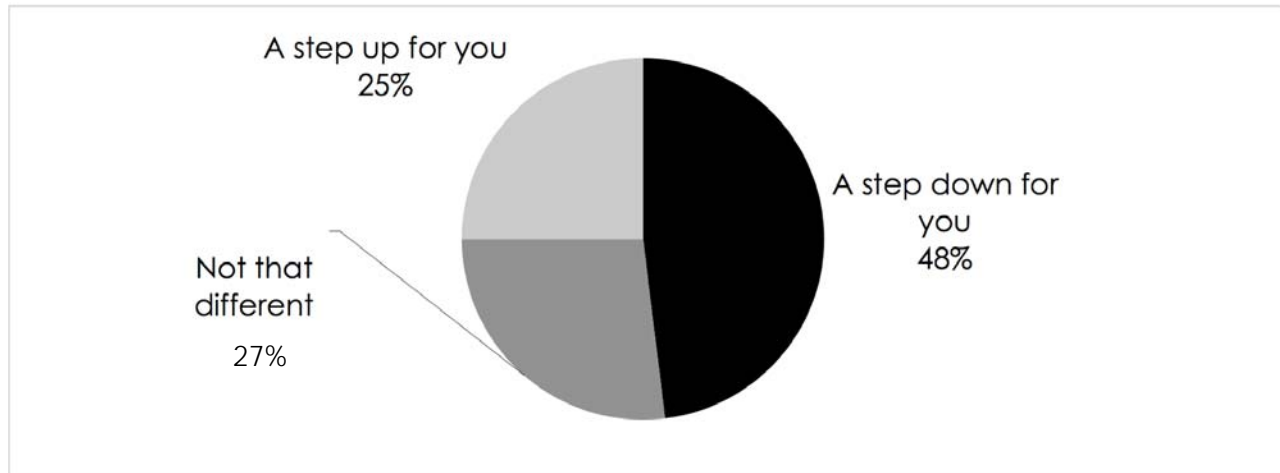
For the entire group of reemployed workers, the reductions in pay in the new job, compared to their previous job, varied greatly. The reductions were relatively minor for the quarter of workers who lost 10% or less of their salary. However, 29% lost between 11% and 20%, 18% saw a reduction in salary of 21% to 30%, and 29% took an even larger reduction in salary to become reemployed (see Figure 6). Additionally, 30% said they took a reduction in benefits.

FIGURE 6: WERE YOU FORCED TO TAKE A PAY CUT TO FIND NEW FULL-TIME EMPLOYMENT? IF SO, HOW MUCH LOWER IS YOUR INCOME COMPARED TO YOUR LAST FULL-TIME JOB?



Moreover, it is clear that a large number of these newly reemployed had to make sacrifices just to get back into the work world. More than half (56%) said they took their new job as something to get them by while they look for something better; just 44% said their job is something they really want to do in the long term. More described their new jobs as a step down rather than a step up by a margin of almost two to one. The remaining quarter said there is little difference (see Figure 7).

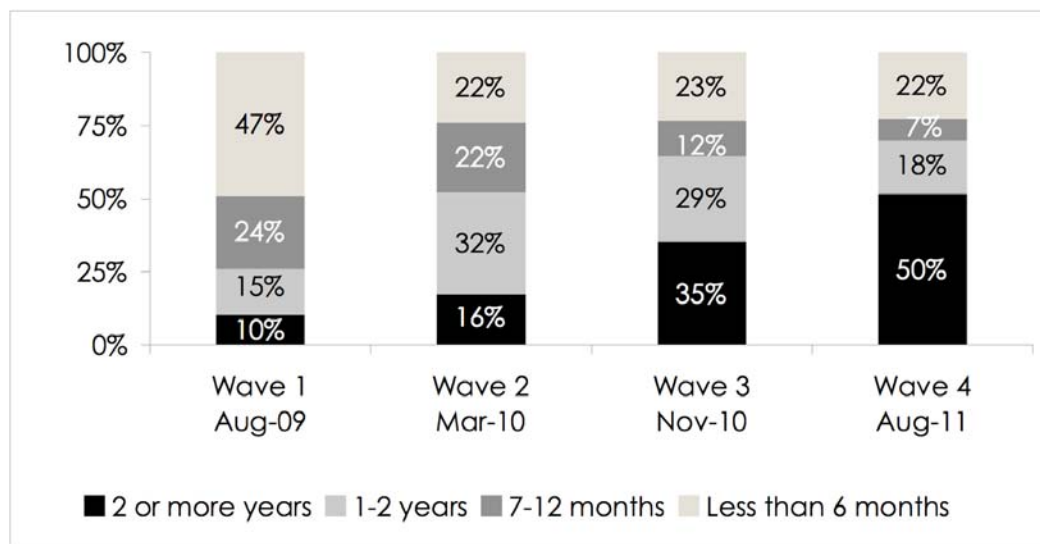
FIGURE 7: ALL THINGS CONSIDERED, IS YOUR NEW JOB?



CURRENTLY UNEMPLOYED

Among respondents who are still seeking employment, fully half have now been unemployed for more than two years (see the next section on the long-term unemployed for more on this set of individuals.) Another 18% have been actively seeking employment without success for over a year and 7% have been looking for a job for seven months to a year. As shown in Figure 8, the proportion of those who are among the long-term unemployed — defined by the federal Bureau of Labor Statistics as more than six months — has continued to grow since the Heldrich Center first surveyed its national sample of individuals who lost a job in the prior year. It was 53% in August 2009; in August 2011, 78% had been unemployed for more than six months.

FIGURE 8: HOW LONG HAVE YOU BEEN ACTIVELY SEEKING EMPLOYMENT?



The inability of this large group of workers to find full-time employment is not for lack of effort on their part. Though they have been unsuccessful, the vast majority continues to work hard at the task of finding work. In the month before the survey was conducted, 76% of these unemployed workers applied for a job with an employer, 68% scoured newspaper job advertisements, 66% examined online job boards, 59% contacted friends or family members about a job, and 57% sent an e-mail to a potential employer. Finally, 54% called a potential employer about a job. Six in ten unemployed workers reported that they had spent at least two hours looking for a job on three days of the previous seven-day week. One in four said they spent at least two hours looking for work on five days of the previous week. Despite their efforts to find employment, only 56% made it to a job interview. Of those who were interviewed for a job, the majority had at least three or more interviews.

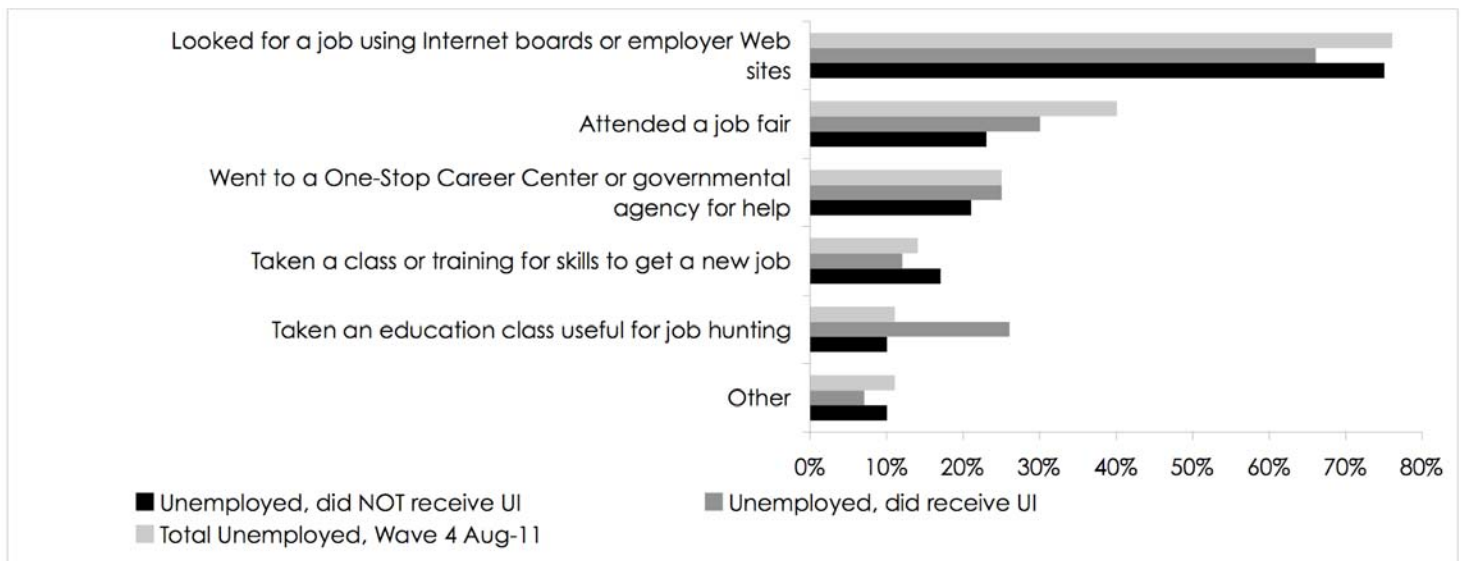
Turning to the experiences of **unemployed** UI recipients and non-UI recipients, the Heldrich Center’s findings suggest that unemployed workers who received benefits were **more likely** to have been proactive in seeking another job (see Table 5). They reported more hours devoted to the job search than those who did not receive benefits and they more frequently reported contacting friends, examining job postings, and so on. They were also more likely to have been on a job interview. The difference in behavior may be attributed in part to the fact that those who receive UI are likely to receive more advice, encouragement, training, and/or requirements to be proactive in their job search than those who are not receiving benefits.

TABLE 5: WHAT HAVE YOU RECENTLY DONE IN YOUR JOB SEARCH?

	Unemployed	
	Did Receive	Did NOT Receive
Sent in an application to a potential employer		
Yesterday/last Friday	32%	17%
Within 7 days	38%	42%
Within last month	22%	18%
Not in the last month	8%	24%
Sent an email to a potential employer to inquire about a job		
Yesterday/last Friday	13%	16%
Within 7 days	49%	33%
Within last month	17%	15%
Not in the last month	21%	36%
Called a potential employer to inquire about a job		
Yesterday/last Friday	15%	17%
Within 7 days	31%	28%
Within last month	29%	17%
Not in the last month	25%	38%
Used an online job board (like Monster, Hot Jobs, Career Builder), (like Craigslist), or online company job boards to look for a job		
Yesterday/last Friday	34%	29%
Within 7 days	34%	31%
Within last month	22%	11%
Not in the last month	9%	30%
Looked at a newspaper classifieds job ads		
Yesterday/last Friday	44%	25%
Within 7 days	22%	40%
Within last month	18%	13%
Not in the last month	16%	23%
Contacted a friend of family member about a job		
Yesterday/last Friday	26%	13%
Within 7 days	23%	37%
Within last month	15%	21%
Not in the last month	36%	30%
Number of respondents	(117)	(381)

Although the unemployed workers have been very active in searching for work — with 76% using job boards and 40% going to job fairs — far fewer received help from government agencies or had taken education and training classes. Only 1 in 10 workers (11%) enrolled in an education class to help them improve their job search skills and only 14% took a class to gain new occupational skills that might aid them in getting a job (Figure 9). Forty-six percent of those who enrolled in an education and training course either paid for it or were assisted by a family member; 38% got support from a government agency. The receipt of UI does not appear to affect the general trend in job search behavior, but certain job activities appear to vary among the unemployed receiving UI benefits and those who did not. Comparing those who did receive UI and those who did not, workers receiving UI were more likely to attend a job fair, seek support from a government agency, and take a class that was useful for job hunting than the unemployed who did not receive UI. Nearly 1 out of 4 workers (26%) who did receive UI took a class useful for job training compared to just 1 out of 10 workers (10%) who did not receive UI. However, those not receiving UI were more likely to search Internet job boards and take classes or training for skills to get a new job. Seventy-five percent of workers not receiving UI used the Internet to search for jobs compared to 67% of those receiving UI.

FIGURE 9: WHAT HAVE YOU DONE IN THE PAST 12 MONTHS TO HELP YOU GET A JOB?

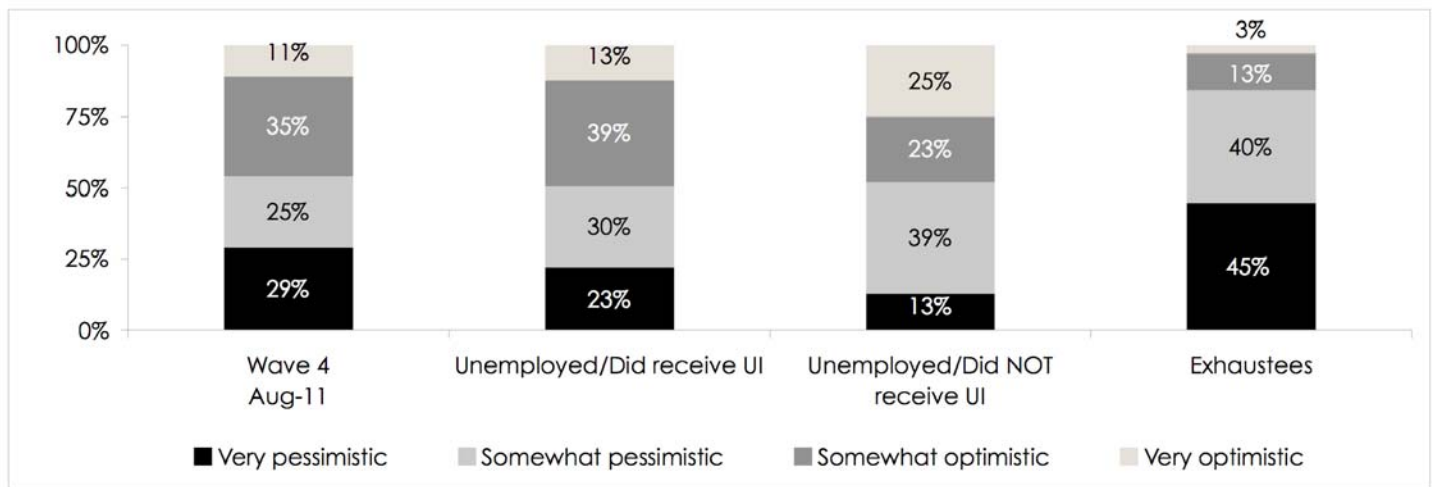


The percentage of the unemployed engaged in education and skills upgrading has actually declined since they were initially interviewed two years ago. For example, among those who were unemployed two years ago, 23% had taken a class to improve their skills in the previous 12 months, compared with 14% of those still unemployed in August 2011 who had done so in the previous 12-month period. Also, whereas 36% of the unemployed had gone to a government agency or One-Stop Career Center for help when they were interviewed in August 2009, 25% of those who are still unemployed reported they had done so in the prior 12 months of the August 2011 survey.

The workers who remain unemployed are, for the most part, willing to make sacrifices in order to get back into the job market. Two out of three (69%) unemployed respondents and 80% of those who received UI said they would be willing to take a cut in pay in order to get a new job. About one in three expect that they will be paid less than their last job. And nearly 6 in 10 said they had seriously considered changing careers in order to get a new job.

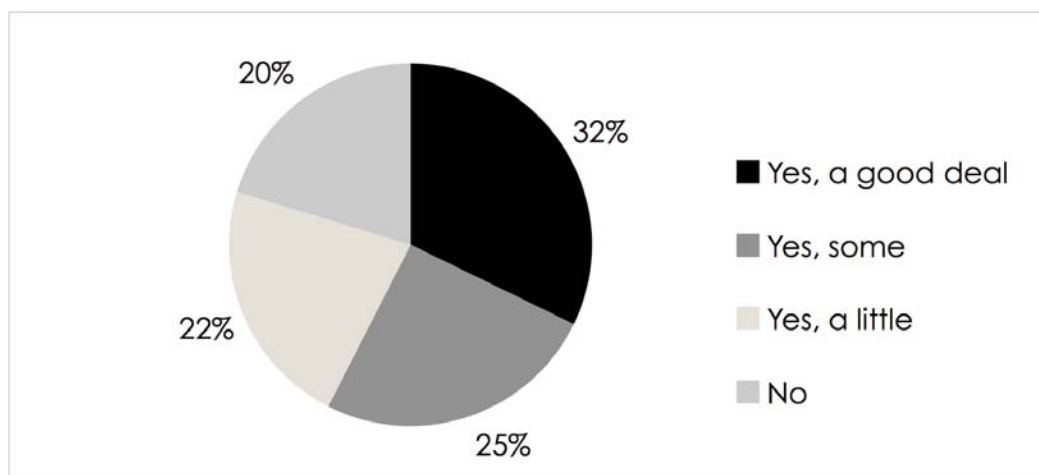
Given the harsh realities of the economy, more than half of unemployed workers (54%) and 85% of people who exhausted their unemployment benefits remain pessimistic about finding a new job in the near future. And as the economic downturn and slow recovery lingered, the optimism of the unemployed has declined, as shown in Figure 10.

FIGURE 10: WHAT IS YOUR CURRENT OUTLOOK ON FINDING A NEW JOB IN THE NEAR FUTURE?



The vast majority of unemployed workers also have experienced stress in their relationships with friends and family. Over one in four workers (27%) reported a good deal of stress and another 32% said they had experienced some additional stress (see Figure 11). Seven percent of those who reported stress said they had become more dependent on alcohol and drugs. Significant numbers of unemployed respondents reported changes in sleeping patterns (76%) and strains in family relationships (61%). Perhaps due to feelings of embarrassment or shame (63%) over being out of work, one of every two respondents also indicated that they avoided social situations with friends and acquaintances (50%) and that they had lost contact with close friends (44%). Overall, isolation and estrangement from people in their social networks are likely to make it ever more difficult for these workers to find new employment opportunities.

FIGURE 11: HAS YOUR UNEMPLOYMENT CAUSED STRESS IN YOUR RELATIONSHIPS WITH FAMILY OR FRIENDS?



LONG-TERM UNEMPLOYED

Half of the unemployed workers interviewed in August 2011 have been unable to find a full-time job for **more than two years**. The characteristics of these very long-term unemployed workers are different from the overall group of unemployed workers in some important respects, as shown in Table 6. Overall, those who have been unemployed for more than two years are much more likely than other unemployed workers to have a family income of less than \$30,000. They are more likely to be middle-aged workers — 30 to 59 years of age. These long-term unemployed workers are also somewhat more likely to a college degree. The longest-term unemployed workers are similar to other unemployed workers on race and gender characteristics.

Because most of these workers have long since received their last unemployment check and only one in five are currently working part time, 9 out of 10 of these workers assessed their financial situation as only fair or poor, with 69% saying it is poor. Over three in four said that the recession had a major impact on their family, and the majority (55%) believes that their new, lower standard of living will be permanent. Four in ten said that it will take at least six years for their family to recover. The extent of their financial difficulties is revealed in the answers to the Heldrich Center's questions about what they have had to cut from their budgets. Half said that they were forced to give up things that are essential (50%). For example, 62% reduced spending on health care, 65% reduced their food budget, and 58% cut back on housing and home upkeep.

TABLE 6: PROFILE OF LONG-TERM UNEMPLOYED

	Long-Term Unemployed (more than 2 years)	Other Unemployed
Age		
18-29	18%	39%
30-44	40%	29%
45-59	35%	24%
60+	7%	7%
Total	100%	99%
Gender		
Male	58%	60%
Female	42%	40%
Total	100%	100%
Race		
White	57%	57%
Black	22%	18%
Other	5%	5%
Hispanic	16%	18%
2 or more races	1%	2%
Total	101%	100%
Income		
\$30,000 or less	58%	43%
\$30,000-\$59,000	19%	26%
\$60,000 or more	23%	31%
Total	100%	100%
Education		
Less than high school	14%	14%
High school	33%	39%
Some college	30%	30%
Bachelor's degree or higher	23%	17%
Total	100%	100%

The very long-term unemployed were also forced to make many other painful personal decisions, and with more frequency than those who were unemployed for shorter periods. As shown in Table 7, 6 in 10 of these individuals said they borrowed money from family and friends and sold possessions to make ends meet. Nearly as many (55%) also cut back on visits to their doctors. Significant numbers also took a part-time job they did not like or a job below their education level, increased their debt, and /or missed credit card payments. Four in ten were forced to rely on Food Stamps or charities to feed themselves and their families. One in five moved in with family or friends to save money. Similar financial difficulties were reported by those who did and did not receive UI benefits. Unemployed workers who were eligible and obtained benefits were somewhat less likely to sell possessions or move in with family or friends, or cut back on visits to their doctors or medical care.

More than two years of unemployment has also taken a personal toll on most of the respondents to the survey. Over 90% said that their employment situation had caused stress in their relationships with friends and family, with nearly half (45%) saying it had caused a good deal of stress. Compared to other workers who have not been out of work for more than two years, the long-term unemployed are more likely to report that they are losing sleep (85% versus 75%), more likely to avoid social situations (62% versus 52%), and feeling ashamed or embarrassed about being jobless (74% versus 62%). Twenty-eight percent also said they have seen negative changes in their children's behavior, compared to 17% of those with shorter durations of unemployment who reported such changes.

Those who have suffered the longest periods of unemployment — more than two years — are much more pessimistic about their prospects for finding a job in the near future — 62% versus 48%. One in ten of the long-term unemployed workers believe they will never find another job. Of those who think they will eventually get another job, half believe they will be paid less than their last job, compared with 36% of the remainder of the respondents who expressed that view.

Long-term unemployed workers also have a very pessimistic view about the U.S. economy. Only 3% believe that good jobs with good pay will soon return to the U.S. economy, compared with 10% of the total survey. Over three in four (76%) believe that the economy has undergone a fundamental and lasting change. And 6 in 10 (59%) said that hard work and determination are no guarantee of success for most people. Fifty percent of the total sample held that view.

TABLE 7: WHICH OF THE FOLLOWING HAVE YOU DONE SINCE BECOMING UNEMPLOYED?

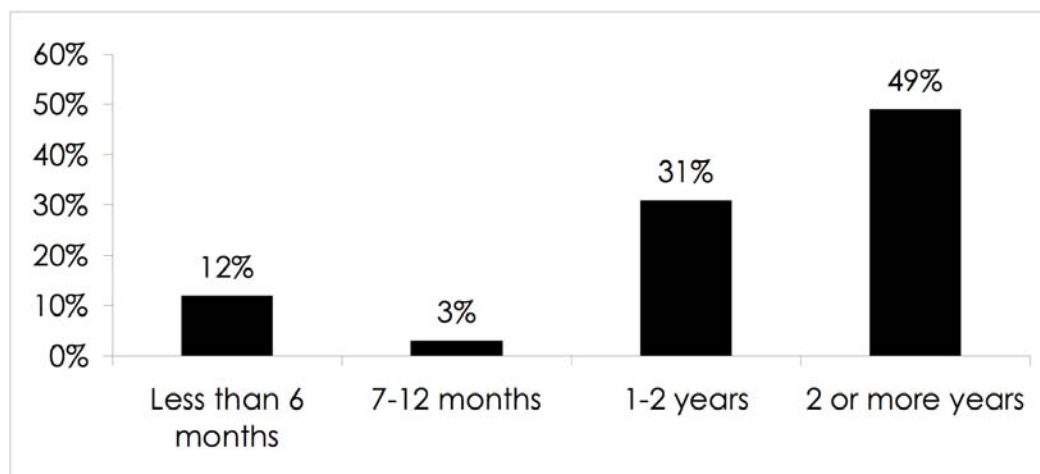
	Long-term unemployed (more than 2 years)	Other Unemployed	Employed		Unemployed		Exhaustees
			Did Receive	Did NOT Receive	Did Receive	Did NOT Receive	
Sold some of your possessions to make ends meet	60%	40%	36%	26%	42%	54%	42%
Moved in with family or friends to save money	20%	18%	10%	23%	17%	22%	20%
Borrowed money from family or friends, other than adult children	60%	45%	50%	38%	55%	54%	49%
Missed a mortgage payment	26%	19%	20%	15%	21%	24%	5%
Taken a job you did not like	40%	27%	27%	29%	28%	30%	40%
Taken a job below your education or experience levels	36%	26%	46%	32%	22%	25%	36%
Missed a credit card payment	28%	20%	22%	24%	21%	26%	16%
Forced to move to a different house or apartment	20%	10%	9%	23%	9%	14%	7%
Increased credit card debt	31%	28%	41%	27%	25%	27%	20%
Used food stamps or received food from a nonprofit or religious organization	38%	32%	18%	19%	34%	38%	33%
Cut back on visits to the doctor or medical treatment	55%	42%	49%	34%	40%	48%	45%
NUMBER OF RESPONDENTS	(136)	(362)	(190)	(86)	(117)	(381)	(127)

OLDER WORKERS

Less than one in four workers (23%) over 50 years of age are working full time. Another 7% are working part time and do not want a full-time job, and another 4% are self-employed. Far more are unemployed and looking for work (35%) or are working part time while searching for full-time work (6%). A little over one in five have left the labor market altogether.

Even for those who found another job, reemployment came with significant sacrifices. Half (48%) did not find a job for over a year, and when they did, it was likely in a different field and accompanied by a pay cut. Among the “lucky” ones able to find jobs, 42% said their new field of employment was “very different” from their last one. Just 40% ended up in positions where the skill set necessary to be successful was “very close” to the one they had. Moreover, 60% of those getting new employment took a pay cut, and often a substantial one. By a margin of 50% to 18%, more described their new jobs as a step down than a step up.

**FIGURE 12: HOW LONG HAVE YOU BEEN ACTIVELY SEEKING EMPLOYMENT?
(RESPONDENTS 50 YEARS OR OLDER)**



A staggering number of those unemployed over age 50 have been waiting and hoping for a very long time. Eighty percent have been looking for over one year, including almost 50% who have been looking for more than two years (see Figure 12). More are pessimistic than optimistic by a margin of two to one about finding a job in the near future, and some 63% of those over 50 believe they will never have another full-time job in their field. A substantial number (82%) reported stress that manifests itself in a number of ways:

- 76% reported changes in sleep patterns
- 70% said there has been a strain in family relationships

- 62% felt embarrassed or ashamed about being out of work
- 46% avoided social situations with friends and acquaintances
- 37% reported having more arguments than usual with family or friends

The employed and unemployed alike have drained their savings accounts — 85% said they have less in savings and income than before the recession. This includes 62% who said they have a **lot** less — over one-third said they have lost more than 50% of the savings and income with which they started. Some three-quarters of those over 50 reported having changed their retirement plans: 40% said they are going to have to work longer than they expected; 35% said they are not going to be able to work as long as they expected. Just under half (46%) expect to file for Social Security earlier than they wanted to; another 18% already have done so. One-third of those over 50 have no health insurance and half said they have already cut back on health care expenses.

WHAT POLICYMAKERS IN WASHINGTON SHOULD DO

With unemployment remaining above 9% for two years, members of Congress are considering several options to foster economic growth and job creation. The Heldrich Center asked its panel of workers, all of whom were unemployed at some point during the past three years, to offer their opinions about the policies they would **support to bring down high unemployment**. Regarding government action and policies under consideration by the federal government, **unemployed** workers who had not received benefits in the past year were more likely than those who did receive benefits to say that government should be primarily responsible for helping unemployed workers (Table 8). In contrast, when the Center asked **currently employed** workers for their opinions on the government’s role, those who had received UI benefits were much more supportive of government action than those who had not received benefits.

TABLE 8: WHEN PEOPLE ARE LAID OFF FROM WORK, WHO SHOULD BE MAINLY RESPONSIBLE FOR HELPING THEM?

	Employed		Unemployed		Exhaustees
	Did Receive	Did NOT Receive	Did Receive	Did NOT Receive	
Government	50%	24%	35%	41%	56%
Employers	21%	36%	45%	30%	22%
Workers themselves	29%	40%	20%	29%	22%
Total	100%	100%	100%	100%	100%
Number of respondents	(190)	(86)	(117)	(381)	(127)

The Heldrich Center also asked respondents to consider several actions currently under consideration or proposed by policymakers. The Center pointed out that some of these policies would **require increased spending by the government**. The results in Figure 13

reveal **significant support for all the policies that were tested**, though some received more support than others. Longer-term training programs to help people change careers was supported by 78% of the respondents, followed closely by support for tax credits for businesses that hire workers, a proposal that garnered support from 70%. Direct job creation programs for unemployed workers were supported by 69% of the Americans interviewed.

Among the **still unemployed**, those who did not get any UI benefits were more supportive of long-term education and training programs, direct job creation programs, and requiring people who get UI benefits to enroll in a training program. Interestingly, people who did not receive benefits were much less likely to support expanding and continuing UI, whereas those who had received benefits thought they should be enhanced and extended to help unemployed workers (see Table 9). Those **currently employed** who did not receive UI benefits were more likely than those who did receive benefits to support long-term training programs, higher and longer UI benefits, and require people who receive benefits to engage in retraining programs.

FIGURE 13: IDEAS CONSIDERED BY GOVERNMENT OFFICIALS TO BRING DOWN UNEMPLOYMENT

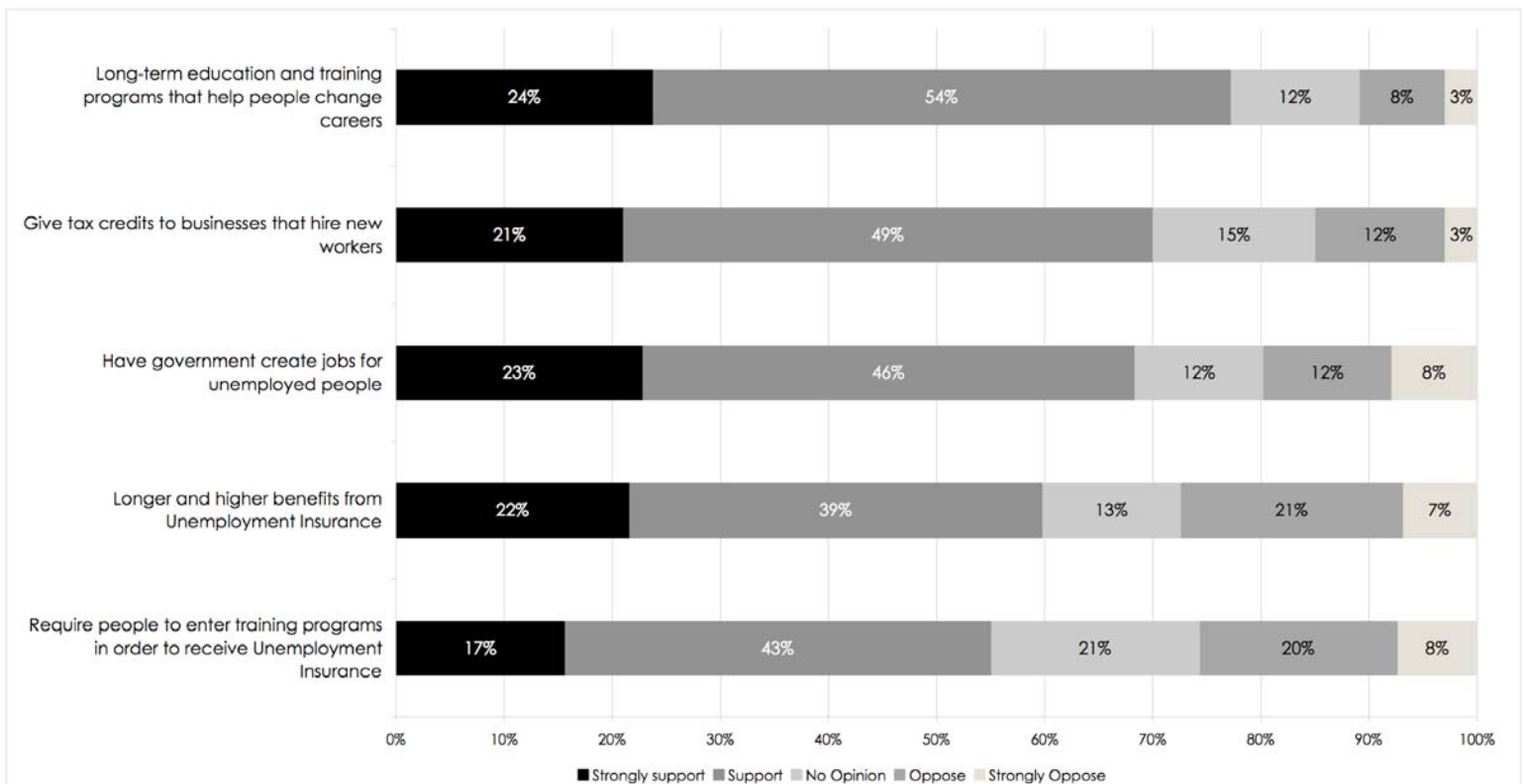


TABLE 9: SUPPORT FOR IDEAS CONSIDERED BY GOVERNMENT OFFICIALS TO BRING DOWN HIGH UNEMPLOYMENT

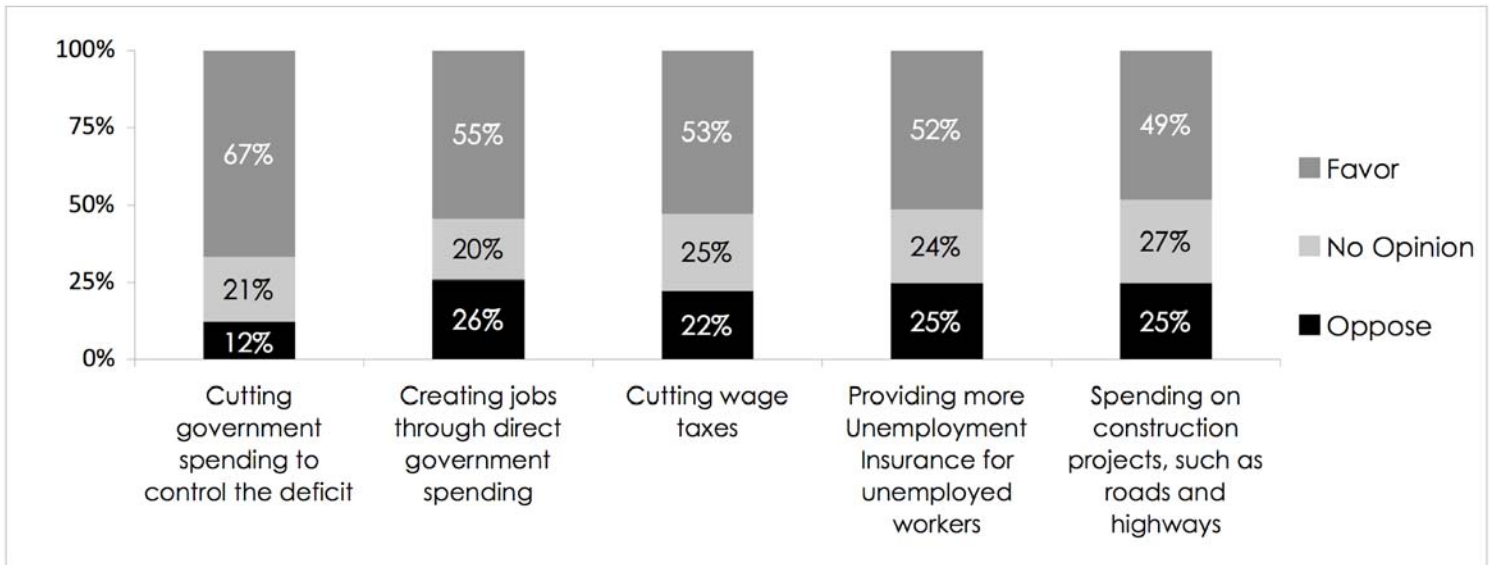
	Employed		Unemployed		Exhaustees
	Did Receive	Did NOT Receive	Did Receive	Did NOT Receive	
Long-term education and training programs that help people change careers	86%	66%	92%	80%	87%
Longer and higher benefits from UI	64%	44%	90%	63%	75%
Have government create jobs for unemployed people	73%	49%	82%	72%	79%
Require people to enter training programs in order to receive UI	59%	65%	58%	58%	53%
Give tax credits to businesses that hire new workers	76%	64%	77%	65%	74%
Number of respondents	(190)	(86)	(117)	(381)	(127)

If respondents chose more than one policy option, they were asked which policy approach would be most helpful. Support for longer-term education and training, government job creation programs, and tax credits for businesses were essentially tied, with each garnering nearly identical levels of support.

In late 2011, Congress will be considering whether to extend UI benefits for unemployed workers who have already used up the state-funded unemployment benefits that typically provide about six months of benefit checks. Federal government action to extend UI benefits is either supported or strongly supported by 90% of those who are still unemployed and 75% of those who exhausted their benefits. The respondents that did not offer majority support for this proposal were employed workers who had never received UI — 44% of those respondents supported extending UI. The Heldrich Center also asked whether unemployed workers receiving benefits should be required to enter training programs as a condition of receiving benefits, an approach common in many advanced economies. Overall three out of five respondents supported or strongly supported this idea. Fifty-nine percent of employed workers who received UI supported this proposal along with similar numbers who remain unemployed and /or exhausted their unemployment benefits.

In order to further gauge support for different policy approaches, the Heldrich Center posed a different, but related question. This time, the panel was asked to indicate their support or opposition to policies that might be undertaken in Washington to **improve the economy**. Figure 14 shows that here, too, there is support by majorities for creating jobs through direct government spending (55%), cutting wage taxes (53%), providing more UI for unemployed workers (52%), and spending on construction projects (49%).

FIGURE 14: POSSIBLE STEPS TO IMPROVE THE ECONOMY CONSIDERED BY POLICYMAKERS IN WASHINGTON



The difficulty that policymakers may face in finding common ground, however, is revealed by the answer respondents gave to the question of whether they favor or oppose cutting government spending to reduce the deficit. Nearly 7 in 10 (67%) favored this approach. Though it is, of course, possible to spend more on reducing unemployment and improving the economy while also cutting overall spending, such policies would likely lead to significant reductions in other components of the federal budget, such as defense and entitlement spending and/or increased taxes on some or all Americans.

Overall, it is clear that the Heldrich Center’s panel of workers who represent millions and who have been hurt by the economic recession and unemployment are eager for the government to take action to ease their suffering and to get the economy moving again. While they do not think that the government is solely responsible for solving the unemployment crisis, the respondents do believe that government still has a very important role to play.

APPENDIX A. METHODOLOGY

The most recent Heldrich Center *Work Trends* survey was fielded July 21 to August 10, 2011 online. The unemployment panel series started in August 2009 with a random probability sample of 1,202 respondents who had been unemployed sometime in the previous 12 months (between September 2008 and August 2009). Over the past two years, the Heldrich Center has re-surveyed this group of unemployed workers three times: March 2010 (Wave 2), November 2010 (Wave 3), and August 2011 (Wave 4). The Heldrich Center contracted with *Knowledge Networks*, a national firm based in Palo Alto, California, for data collection services.

There is always attrition in research panels, where respondents completing the first survey do not participate in subsequent ones. Each time the Heldrich Center interviewed the unemployed panel, the number of re-interviewees completed has declined: 1,202, 908, 764, and 675 respectively. To supplement the waning panel, 423 new respondents who reported meeting the original criterion of having been out of work and looking for employment between September 2008 and August 2009 were also surveyed. These respondents were added to the original 675 to have a sufficient sample size to take a statistical look at some groups of special interest: the long-term unemployed (two years or more), those over age 50, and those with UI benefits. In addition, the section on responses to public policy questions is based on this full sample. All trend data used in this report and in the other sections, however, are based on respondents to Wave 4 who were initially surveyed in Wave 1 in August 2009.

This attrition is quite important because it may be that any changes in behaviors or perceptions over time are due to interviewing a different sample rather than real change over time. For example, is the decline from 54% to 47% in the **unemployed and looking for work** category because 99 respondents who participated in Wave 3 did not participate in Wave 4 or actually change over this time frame? The evidence suggests that the change in employment status, as well as other changes noted in this brief, are not artifact but instead real.

The data presented in Table A-1 show that 675 respondents surveyed in August 2011 constitute an almost perfectly representative sub-sample of the original group of 1,202. The left-hand column of figures in the table shows the distribution of the original sample of August 2009 on demographic characteristics, and on the critically important variable of **employment status**. The final column *in italics* shows data from those remaining in the study two years later. The table can be read as follows: In August 2009, 76% of the sample of 1,202 were unemployed and looking for work, 5% were unemployed and not looking, and 19% were employed. Even though only 675 of those original respondents completed a questionnaire in August 2011, 75% of this group reported being unemployed and looking for work on their Wave 1 survey, 5% were unemployed and not looking at that time, and 20% were employed.

TABLE A-1: SAMPLE ATTRITION IN UNEMPLOYED PANEL SURVEY BY WAVE

	Wave 1 (N=1,202) August 2009	Wave 2 (N=908) March 2010	Wave 3 (N=764) November 2010	Wave 4 (N=675) August 2011
Wave 1 Employment Status				
Unemployed and looking	76%	74%	75%	75%
Unemployed and not looking	5%	8%	8%	5%
Employed	19%	18%	18%	20%
Total	100%	100%	101%*	100%
Age				
18-29	17%	15%	16%	14%
30-44	28%	27%	28%	27%
45-59	40%	41%	40%	42%
60+	15%	17%	16%	17%
Total	100%	100%	100%	100%
Gender				
Male	50%	51%	50%	48%
Female	50%	49%	50%	52%
Total	100%	100%	100%	100%
Race				
White	68%	70%	71%	74%
All other	32%	30%	29%	26%
Total	100%	100%	100%	100%
Income				
\$30,000 or less	27%	27%	27%	25%
\$30,000-\$59,000	31%	28%	28%	28%
\$60,000 or more	42%	45%	45%	48%
Total	100%	100%	100%	101%*
Education				
High school or less	28%	25%	25%	21%
Some college	38%	39%	37%	38%
Bachelor's degree or higher	34%	37%	38%	41%
Total	100%	101%*	100%	100%

Percentage totals may not equal 100% due to rounding.

Demographic changes were also quite modest in the compositions of the sample across the four waves. The panel became a little better educated and a little more white as time unfurled. Thirty-four percent of the sample had a Bachelor's degree in August 2009. Because of non-response, subsequent waves had a bit of an education bias (better-educated people were more likely to agree to follow-up surveys), 41% of the sample at Wave 4 reported having a college education. Whereas 68% of the sample was white in Wave 1, whites were a little more likely to participate in subsequent waves, resulting in 74% of Wave 4 respondents being white.

In each of the previous waves, the data have been weighted for non-response, in essence making the new wave comparable to the old waves by ruling out attrition as a reason for differences found in the data. For example, 43% of respondents reported being unemployed in November 2010, but only 33% reported being unemployed in August 2011. By weighting for non-response, the likelihood that these differences are due to a differing sample is decreased, and instead the reader can be more confident that these are real changes over time. Because there were a few demographic differences between the respondents who had been on the panel since August 2009 (675) and the new respondents that were added at Wave 4 (423), each of the samples were weighted independently for non-response.

All surveys are subject to sampling error, which is the expected probable difference between interviewing everyone in a population versus a scientific sample drawn from that population. The sampling error for 675 respondents is approximately +/-4%, at a 95% confidence interval. Thus, if 70% of respondents said the economy has experienced fundamental and lasting changes, one would be 95% sure that the true figure would be between 66% and 74% had all workers who were unemployed between August 2008 and August 2009 been interviewed, rather than just a sample drawn from that population.

Sampling error increases as the sample size decreases, so statements based on various population subgroups, such as separate figures reported for women or men or long-term unemployed workers, are subject to more error than are statements based on the total sample. Sampling error does not take into account other sources of variation inherent in public opinion studies, such as non-response, question wording, or contextual effects.

The survey was conducted using the web-enabled KnowledgePanel®, a probability-based panel designed to be representative of the U.S. population. Initially, participants are chosen scientifically by a random selection of telephone numbers and residential addresses. Persons in selected households are then invited by telephone or by mail to participate in the panel. For those who agree to participate, but do not already have Internet access, Knowledge Networks provides at no cost a laptop and ISP connection. People who already have computers and Internet service are permitted to participate using their own equipment. Panelists then receive unique login information for accessing surveys online, and then are sent emails throughout each month inviting them to participate in research.

About the Heldrich Center

The John J. Heldrich Center for Workforce Development, based at the Edward J. Bloustein School of Planning and Public Policy at Rutgers University, is a dynamic research and policy center devoted to strengthening the nation's workforce. It is one of the nation's leading university-based centers dedicated to helping America's workers and employers respond to a rapidly changing 21st Century economy.

The Center's motto — "Solutions at Work" — reflects its commitment to offering practical solutions, based on independent research, that benefit employers, workers, and job seekers. The Center's policy recommendations and programs serve a wide range of Americans at all skill levels.

Learn more about the Heldrich Center at <http://www.heldrich.rutgers.edu>.

