Highlights of GAO-12-408, a report to the Chairman, Committee on Finance, U.S. Senate

Why GAO Did This Study

The recession of 2007 to 2009 was the most severe in the United States since the 1930s, resulting in a net loss of 7.5 million jobs. Workers who lose a job through no fault of their own (referred to as “displaced workers” in this report) may turn to financial assistance offered through the Unemployment Insurance (UI) program. Currently, through benefit extensions authorized by Congress, eligible displaced workers can receive UI benefits for up to 99 weeks in certain states. However, with the slow economic recovery, some may exhaust UI benefits without finding a new job. This raises questions about how Temporary Assistance for Needy Families (TANF), a program that provides cash assistance to low-income families with children, and other support programs are aiding those who have exhausted UI benefits.

GAO was asked to examine: (1) how many of the workers who lost jobs in the recession received and exhausted UI; (2) what are the economic circumstances of those who exhausted UI, and how many received support from TANF and other programs; and (3) the extent to which UI agencies refer those exhausting UI to other support programs. GAO analyzed data from the Current Population Survey’s 2008 and 2010 Displaced Worker Supplements and the 2010 Annual Social and Economic Supplement and data from the Departments of Labor and Health and Human Services. GAO also surveyed 51 state UI agencies and conducted interviews with 16 state TANF agencies, selected to reflect a range of unemployment rate changes in recent years.

GAO is making no recommendations in this report.

View GAO-12-408. For more information, contact Kay E. Brown at (202) 512-7215 or brownke@gao.gov.

What GAO Found

Among the 15 million workers who lost jobs from 2007 to 2009, half received Unemployment Insurance (UI), and about one-fourth of the recipients exhausted UI benefits by January 2010. This represents 2 million displaced workers who exhausted UI as of early 2010, the most recent survey data available. Labor estimated that about an additional 3-1/2 million individuals exhausted benefits in 2010 and 2011.

Many of the displaced workers who exhausted UI by January 2010 appear to have faced difficult economic circumstances. Their unemployment rate was high—46 percent in January 2010. Most, however, appeared to have worked at some point in 2009 or to have been supported by another household member who was working, and some had income from assets, such as interest or dividends. Nevertheless, the poverty rate of displaced workers who exhausted UI was higher than the rate among working-age adults—18 percent compared to 13 percent, and more than 40 percent had relatively low incomes, below 200 percent of the federal poverty threshold (see figure). Few (less than 3 percent) of the households of those who exhausted UI received TANF benefits in 2009. Most would not have qualified for TANF because they did not have children age 18 or younger, a general TANF eligibility criteria. More of these households received benefits from Social Security programs (18 percent) and the Supplemental Nutrition Assistance Program (15 percent for the program formerly known as the Food Stamp Program).

While there are no federal requirements to refer those exhausting UI benefits to other support programs, most (45) of the state UI agencies GAO surveyed reported providing such individuals with information or connecting them to support programs. UI agencies made these connections in a variety of ways, such as through websites, mail, staff referrals, and interagency coordination. For example, Washington state has a multiagency workgroup which developed a resource guide that was mailed to those exhausting UI benefits and posted online and established a phone number to handle questions from these individuals.

### Income-to-Poverty Ratios of Individuals Who Exhausted UI Compared to Civilian Working-Age Adults, Based on Annual Family Incomes in 2009

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below federal poverty threshold</td>
<td>13</td>
</tr>
<tr>
<td>100-199 percent of federal poverty threshold</td>
<td>16</td>
</tr>
<tr>
<td>200 percent or more</td>
<td>71</td>
</tr>
</tbody>
</table>