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The Effects of Expiring Extended Unemployment Benefits on Wichita and the State of Kansas

The United States Congress created the Emergency Unemployment Compensation (EUC) program in June of 2008 to extend the number of weeks long-term unemployed workers could collect unemployment compensation. Under the standard unemployment compensation program, an unemployed worker could collect unemployment benefits for up to 26 weeks. When the EUC program was renewed in 2012, it provided for a maximum of 73 weeks of unemployment compensation for workers in some states. The number of additional weeks of compensation provided for each state under the EUC program varied based on the seasonally adjusted unemployment rate for that state. The EUC program was not renewed by Congress for 2014 and expired on December 31st, 2013, which immediately ended unemployment compensation for all unemployed workers receiving compensation from the EUC program.

For Kansas in 2013, the EUC program provided an additional 14 weeks of unemployment compensation, providing unemployed workers in Kansas with a total of 40 weeks of unemployment compensation from both the regular unemployment compensation program and the EUC program. According to the Kansas Department of Labor, 4,845 unemployed workers in the state of Kansas collected unemployment compensation from the EUC program in the third quarter of 2013, which is 13.4 percent of all Kansas workers collecting unemployment compensation.

A paper for the Brookings Institute, "Unemployment Insurance and Job Search in the Great Recession," finds that nationwide, the effects of the EUC program have been to increase the unemployment rate by approximately 0.5 percentage points, as approximately 20 percent of those on the EUC program would exit unemployment in its absence. Approximately 30 percent of this increase in the unemployment rate is due to a reduced reemployment rate among the unemployed, and 70 percent is due to a decrease in the rate at which unemployed workers exit the labor force.

Using the estimates in the Brookings Institute paper and applying them to the state of Kansas, approximately 980 unemployed workers in Kansas will leave unemployment as a result of the expiration of the EUC program. Roughly 295 unemployed workers are projected to be reemployed more rapidly

than if they had remained on the EUC program, and roughly 685 unemployed workers are anticipated to exit the labor force due to the end of the program. These workers exiting unemployment are projected to reduce the unemployment rate in Kansas by approximately 0.1 percent.

In the Wichita metropolitan area, 1,251 workers were receiving unemployment compensation from the EUC program in the third quarter of 2013. Using the Brookings paper's estimates, approximately 250 unemployed Wichita workers are predicted to exit unemployment. Roughly 175 unemployed workers are anticipated to exit the labor force, while approximately 75 are anticipated to become reemployed sooner than if they had remained on the EUC program.

Labor Force Statistics - October 2013 (Not Seasonally Adjusted)				
	Labor Force	Employed	Unemployed	Unemployment Rate
Kansas	1,488,306	1,422,689	65,617	4.4%
Wichita	297,983	280,661	17,322	5.8%

Source: Bureau of Labor Statistics Local Area Unemployment Statistics

References

Rothstein, Jesse. "Unemployment Insurance and Job Search in the Great Recession" (October 2011). *Brookings Papers on Economic Activity*, Fall 2011, p.p. 143-210.