

Extended unemployment benefits being cut in US

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Extended benefits for hundreds of thousands of jobless workers will begin being phased out at the end of this month. Starting in June unemployed workers who use up their 26 weeks of regular unemployment benefits will no longer qualify for extended payments, which continued three to six months.

As a result, in June alone, 350,000 unemployed workers who will exhaust their Unemployment Insurance (UI) benefits will not be able to receive the extended benefits.

Darnel Tanksley, 46, is one of them. A laid-off telecommunications worker living in Philadelphia, Pennsylvania, his unemployment benefits will run out in mid-June. "I am struggling. I am going from bill to bill," Darnel said. "Right now I have to pay my gas bill tomorrow and after that there are two more bills that I have to pay."

Darnel's gas was cut off earlier and in order to get it turned back on he had to sign an agreement that he would make his payments by the seventh day of each month. Otherwise, the gas company will disconnect him again. "I don't know what I will do when benefits run out. I hope I find a job by then."

Darnel is among the growing number of unemployed whose benefits are running out before they have been able to find work. According to Labor Department figures, more than 20 percent of all unemployed have been out of work for more than 26 weeks, the maximum length of time for standard unemployment benefits.

This figure is rising rapidly. In each of the past 24 months more workers have exhausted their unemployment benefits than in the corresponding month the year before. According to a report issued by the Center on Budget and Policy Priorities, the "unemployment exhausting rate" reached 43 percent during the past 12 months, reaching an all-time high of 50 percent in February, the last month figures were available. The exhaustion rate is based on the number of

jobless workers losing benefits each month compared to the number who began receiving payments six months earlier.

Darnel lost his job as a telephone-switching technician in November 2001. With nearly 20 years in the telecommunications industry, he says he has only seen a few available positions in the field since being laid off. "It used to be that there were jobs everywhere," said Darnel, who started with MCI and first went to Sprint and then to Teligent, where he worked until he was laid off.

"You would get settled in at one job and people would call you and offer you more money and better benefits, so I would take it," Darnel explained. Then he got caught up in the downturn: "Telecommunications has lost more jobs than any other section of the economy. It is impossible to find work there now."

Now he says businesses are using the high unemployment to pick only those who already have the skills they are seeking: "People only want you if you are a perfect fit. I have years of education and training in telecom repair but I went for two job interviews today. One was doing customer service and I think I did pretty well on that one. The other turned out to be for a radio repairman. I don't think they are going to call me. I fixed phones not radios. It used to be that if you knew the Windows 95 computer operating system and you went to a job where they were looking for a Windows 2000 person, they would say you can learn it, and you could, and they would hire you. Now they only want people who already know exactly what they want."

The layoff situation is not getting any better. Last week the job placement firm Challenger, Gray and Christmas said layoffs announced by US firms in April surged 71 percent to 146,399 from 85,396, the month before. There were already half a million of such announcements so far this year.

Contrary to the suggestions made by the Bush

administration and the media that the US economy would improve once the Iraq war ended, Challenger Chief Executive John Challenger said, “The sharp increase in job cuts last month should serve as a warning that it is premature to conclude that the quick end to the war in Iraq will bring a quick turnaround in the economy and job market.”

In addition to the continuing layoffs in manufacturing, government agencies became the largest single sector announcing layoffs, with more than 57,000 job cuts last month. State and local governments have been cutting services and laying off workers in record numbers to overcome budget shortfalls. This year state governments are facing \$25 billion budget deficits and another \$75 billion next year.

Making matters worse for the unemployed, extended benefits now last for a much shorter period than in previous recessions. The current program only pays an additional 13 weeks of benefits in all but three states that qualify for 26 weeks of additional benefits. By contrast, during the recession of the early 1990s extended benefits initially lasted 33 weeks in high-unemployment states and 26 weeks in the rest. Congress later cut the benefits down to 26 weeks in high-unemployment states and 20 weeks elsewhere.

The extended benefits program in the 1990s was also in place over a longer time frame, nearly four years. Congress first passed the current extended benefit program in March 2002, a year after the official start of the recession. Only workers who were laid off after September 11, 2001 could qualify and the program was temporarily ended last December. In January, Congress voted to extend the program another eight months. New applications will no longer be accepted after the end of May, while those already receiving benefits will continue until they run out.

Higher levels of long-term unemployment and a shorter period of benefit coverage means more jobless workers are simply running out of support before finding another job. Since March of 2002, 4.7 million unemployed workers went onto the extended benefits program. Of those, more than half—2.6 million—used up the additional 13 weeks before finding a job. It is estimated that 1.1 million of them are still unemployed and receiving no benefits at all.

Furthermore, most of those losing their jobs receive no unemployment benefits at all. That is because most states do not pay benefits or pay at a reduced rate to low-wage, part-time, temporary or contract employees. Of the 8.8

million officially unemployed, less than 4 million or only about 45 percent receive benefits. Every state has different requirements, but no state provides benefits to more than half of their unemployed workers. Florida and Texas are two of the worst states, where only about 30 percent of those who lose their jobs are able to qualify for unemployment benefits.

In addition to the 8.8 million workers who the government recognizes as “unemployed” another 4.4 million are listed as “discouraged” workers—those who have given up looking in the recent period—and another 4.8 million are working part-time jobs but want full-time employment. In total 18 million workers are either unemployed or underemployed.

Another problem confronted by the unemployed is high-level stress. “Two weeks ago I took my son to see a baseball game. I bought us general admission tickets; they were \$6 for him and \$10 for me. But I feel guilty about it. Whenever I do something for pleasure now I feel that I really should be using the money for bills or to look for work. I could have printed another 100 resumes with that money. It adds a lot of stress to my life.”

Both the Bush administration and Congress have made clear they oppose continuing or expanding unemployment benefits. By cutting benefits they seek to force the unemployed into the lowest paying jobs, without benefits and the worst conditions.

Darnel used to make \$25 an hour. Now he is hoping that two jobs he has applied for will come through. Both jobs—a janitor with the post office and an elevator operator—pay \$10 an hour. Darnel, who had been working part-time sorting mail, was offered a job installing telecom circuits on a contractual basis. He was told he would be paid for each circuit he installed, but after a month he had not been given a single circuit to install, so he left.

When his unemployment benefits end Darnel says he will have to take any job he can get. “Unemployment benefits are what keeps me out of McDonald’s,” he said. “When they end I will have to take any minimum wage job that is offered to me. The problem is that I will push out someone who is less educated than me and they will have nothing.”



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