

Michigan unemployment benefits system in crisis

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The wave of recent layoffs has overwhelmed the state of Michigan's unemployment insurance system, with thousands of workers unable to get through online or by telephone to file claims. The state's official unemployment rate reached 10.6 percent in December, the highest in the United States.

Last week laid off workers waited in long lines at unemployment offices across Michigan. Workers outside one unemployment office in Metro Detroit started an impromptu protest, chanting "Hey Jennifer, answer the phone!" referring to Democratic Governor Jennifer Granholm.

Despite repeated promises, Michigan officials have failed to resolve problems with the state's online and telephone system for registering for unemployment insurance. According to one report, the unemployment call center was receiving 1 million calls a day. Some laid off workers are redialing 20 times and still not getting through.

Beginning in the 1990s, Michigan closed all 43 unemployment claims offices statewide, replacing them with a telephone system for accepting unemployment claims. By 2004 half the staff of the state's unemployment agency had been laid off. Over the last few years the Granholm administration has opened a handful of Michigan Unemployment Agency Problem Resolution offices, where workers can resolve claims issues in person. These are now swamped.

Unemployed workers, many without a check since losing their jobs late last year, are furious at the breakdown. According to the *Grand Rapids Press*, on January 8 the only unemployment center in all of western Michigan had five-hour waits. State officials promised at that time to add another Internet server and put state workers on overtime, but workers trying to collect benefits have seen little relief in

the ensuing two weeks.

Workers are now being told to register bi-weekly online rather than by phone, and to go to the library if they have no computer access. The glut of online claims has already crashed the computer system for unemployment insurance in three other US states—Ohio, New York and North Carolina.

There were over 400,000 people collecting benefits in Michigan in December, with 100,000 added to the rolls in November alone.

The greatest drops in employment occurred in the construction, motor vehicle and vehicle parts sectors, according to a recent report from the Michigan League for Human Services (MILHS). Part-time workers now account for one in five jobs in the state, according to MILHS.

The *World Socialist Web Site* spoke to unemployed workers at the Problem Resolution Office in Livonia, Michigan, a suburb of Detroit.

Ramonte was laid off along with hundreds of other young workers at Huron Valley Steel in early December. He was back for the second time in a week to try to get his benefits straightened out.

"I came up and waited on Tuesday, and they finally said it was resolved, but when I got the money it was only half of what I was owed. I have a family, a daughter and rent to pay. And it isn't looking good out here. We need more jobs so these people can go back to work instead of standing around here.

"We all saw how it was so easy for the banks to get that money, but they did not want to give it to the Big Three. They have all this money, and they don't want to give it to the people. I am laid off now after a year at the plant, and

now I don't know when any of us are going back to work."

Raquel was laid off from her job as an Internet sales representative for a major auto dealer in the area. "I filled out my application online," she told the WWS. "I was able to complete the form and actually received paperwork back, but I still have no money on my card. I drove in today from Sterling Heights, a distance of 35 miles, to try to get this resolved. They used to have an unemployment office in Sterling Heights, but it is now closed.

"You know about the fall in car sales, so the dealership where I worked just had nothing. Now I am here waiting to find out about my benefits."

Mike works for an auto supplier and is on a two-week furlough. He said, "I had to drive all the way up from Toledo, Ohio. I work in Michigan, so I have to file here.

"I tried to do everything online or on the phone, but neither one worked. I was able to get all the way through the online application, but when I got to the end it told me I would have to appear in person in order to sign up. Then I tried to get through on the phone to talk to someone about it, and all that happened is you call and you don't get anything.

"I started the layoff on the 5th. I called to register on my day, which goes according to your Social Security number, and could not get through. Then I tried on Thursdays and Fridays. They tell you these are days anyone can call. I would make 15 to 20 calls each day, with no results. It is clear they are just forcing people to come up here. It is really a waste of time, but I have a family to support and I have to get it straightened out.

"I have 10 years working in the auto industry. I went into the service when I graduated, and when I got out I went to college. I got my BA when I was 28 and an MBA when I was 32. I am actually in a better situation than others who are here, because I know I have a job to go back to.

"The company saved two-and-a-half million dollars with this furlough. They had let go 2,200 people already because of the problems in the auto industry. My buddy at Eaton said they just eliminated 5,500 jobs. You have to think about how much it will take to bring back that many people. If I had to go out looking for a job right now, it would be almost impossible to make anywhere near my current pay."

In 1996 the Republican administration of Governor John Engler instituted a cap on unemployment benefit payments and limits on eligibility. If benefit payments had been indexed to inflation since the 1990s, the maximum would be close to \$475. But the maximum benefit is now \$380 a week, and the average weekly benefit of \$295 provides a monthly income well below the poverty level for a family of four.

Michigan has one of the strictest eligibility requirements of any state in the US. Low-wage workers are often excluded, with a minimum wage worker requiring 29 hours a week or more to qualify.

Since cutbacks began, the unemployment insurance system has eliminated one billion dollars in payments due to workers. According to MILHS, from 1995 to 2001 alone unemployment taxes on businesses were cut by one billion dollars. Tax rates levied per employee dropped almost in half, from \$446 in 1994 to \$237 in 2001.

The state has paid out more in unemployment benefits than employers paid to the insurance fund for eight years straight. Small and likely inadequate increases in insurance payments from employers will not be fully implemented until 2010.

In little over a decade, the state's unemployment reserve fund has been drained of all resources. Since 2006 the state has had to borrow money from the federal government to pay claims, and finished 2008 with \$772.5 million dollars of loans due.

Even the fund set aside to pay the interest on the unemployment insurance fund loans from the federal government is underwater, and the state is expected to dip into the its General Fund to pay the interest, which threatens more cuts in social services.



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