Oregon budget cuts, recession darken outlook for unemployed

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Funds for Oregon's emergency unemployment benefits program will be exhausted this week, spelling the end of the program and the axing of payments to over 3,000 workers.

The failure of the US Senate to pass a critical extension of unemployment benefits last week finds its reflection in Oregon with the expiration of the Oregon Emergency Benefits (OEB) program. Tens of thousands of workers are finding themselves stripped of their only source of income through no fault of their own.

Since the beginning of the year more than 14,000 recipients in the state have depleted all extensions, with the projection that 64,000 more workers will be dropped by November. Many have spent over two years on the dole and are still unable to find employment. Currently, over 3,000 workers per month are losing their benefits.

The Oregon Legislature passed the OEB last year with a paltry $30 million to provide an additional two to four weeks of benefits for those workers who have used up all federal benefits. The unemployment rate in Oregon has historically hovered one to two percentage points above the national rate. For the months of March, April and May the unemployment rate has remained flat at 10.6 percent. The employment of 4,451 Census workers, whose jobs end this summer, has helped to keep these figures flat.

According to Oregon's unemployment office website, as of this past February over 213,000 Oregon residents were claiming some form of unemployment insurance benefit. A statement on the site explains, "[T]here are over 46 percent more people receiving unemployment insurance benefits now than there were this time last year."

Despite the legion of workers who are collecting unemployment benefits, a full 25 percent are ineligible due to a variety of restrictions such as sufficient time worked or income earned, or such as the many workers in Oregon's large agricultural sector who are not covered. Even those who are deemed eligible face a series of bureaucratic hurdles designed to deny coverage. One unemployed blogger advised, "Remember, every extension has some type of paperwork to fill out, either online OR mailed or, heaven forbid, you'll have to call—plan on waiting at least 35 minutes to get a live person. And the state, at least here in Oregon, could care less whether you draw your benefits or not."

The possibility of an economic upswing providing jobs has been dampened by last Friday's US Labor Department report that 125,000 jobs were lost in June. The prognosis of a "jobless recovery" where corporations and banks resume raking in fat profits, while unemployment continues at the same rate, or even increases, has become the reality. Oregon's economic forecast from June states, "The good news is [the] consensus that the recession, in the US and Oregon, is over. The cloudy news is the strength of this recovery and the prospects for the job market."

Adding additional murkiness to this cloud is Oregon's entry into the top five states experiencing the most home foreclosures. With an unexpected rise of 20 percent in the first quarter of the year, Oregon is now the number three state in the country in foreclosures. Admitting that its numbers are probably 30 to 50 percent short, the New York Federal Reserve Bank estimated that about 22,653 Oregon homeowners are in foreclosure, a rate unseen since the Great Depression. Washington State has also joined Oregon in entering the top five states leading in foreclosures.

Meanwhile, new home sales have declined 37.7

percent in May with the expiration of the homebuyer credit. This is the slowest sales pace since 1963.

For tens of thousands of workers here, the loss of their jobs has condemned them to homelessness and destitution. The response of the Obama administration, however, has been to ignore the desperate plight of working class families while funding trillion dollar bank bailouts and wars of conquest in Iraq and Afghanistan.

Additionally, Oregon faces yet another shortfall in its budget. At the end of May, the state announced a $577 million shortage in tax revenue. Democratic Governor Ted Kulongowki responded with announcing a nine percent across-the-board cut in all state agencies effective July 1, a measure that even the *Portland Business Journal* called “brutal.”

The Department of Human Services (DHS), where many of the workers dropped from unemployment insurance and their families would turn to for assistance, was required to cut over $158 million from its budget. DHS Director Bruce Goldberg stated in a June 11 memo to employees that, “after years of tough times, things are going to get even tougher.”

These cuts are occurring in a period of all-time high demand for food stamps, which increased 17 percent from a year ago and 46 percent since the beginning of the recession, and Temporary Assistance to Needy Families, which increased 5 percent from a year ago and 35 percent since the recession began, as well as a myriad of other services.

Nineteen percent, or one out of every five Oregon residents, relies on food stamps in order to feed themselves. This compares to a national figure of 12.9 percent.

The number of families on TANF would be much larger except for the incredibly low income trigger required to qualify for benefits under that program. For a family of four the maximum income is limited at $795 per month along with an asset limit of $2,500.

Last week 2,400 seniors and people with disabilities receiving state-paid home health care of more than 20 hours per month were informed by DHS that their assistance will be terminated at the end of July.

The proposed cuts will also eliminate $259 million from K-12 education. Portland, Oregon’s largest city, will see its school district slash 10 percent of its teachers in the next few weeks as it implements cuts totaling $19.4 million. Portland Public School Superintendent Carole Smith has called for an increased work load for the remaining teachers. She announced that, “High school staffing also will suffer substantial cuts and significant increases in class sizes, particularly in core classes.” Class size will increase as the ratio of teacher to student rises beyond the current 1 to 20.

The Oregon university system will lose $31.6 million from its funding and anticipates a 15-percent cut in the next biennial budget for 2011-2013. Counter-intuitively, a direct effect of the recession has benefited the finances of the universities: the return to school of large numbers of jobless workers seeking to upgrade their resumes has helped swell tuition income for the schools. Tuition charges have also gone up, the most recent being a 6.2 percent increase.