

29,500 long-term unemployed Michigan workers lose benefits

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Nearly 30,000 “long-term” unemployed workers in Michigan—those out of work for more than 6 months—had their Extended Benefits (EB) assistance abruptly disqualified as of February 18. The EB assistance is the last extension program available for workers who have exhausted all other forms of emergency unemployment compensation. The disqualification comes as a result of new federal thresholds established in the bipartisan unemployment extension legislation passed by Congress and the Obama administration in December 2011.

Under the EB program, unemployed workers have traditionally been entitled to five months of extended unemployment assistance. However, for most on the program, the recent lapse was announced after only four weeks of extension benefits.

The program was terminated because the official state unemployment rate dropped under the newly established 9.9 percent threshold in January. Michigan currently has an official unemployment rate of 9.3 percent. The real unemployment rate, among other measures of social conditions in the economically decimated manufacturing state, is far higher.

The “triggering off” of EB assistance in Michigan, announced on January 28 and given a three-week phase-out period, comes on the heels of a federal reauthorization of unemployment benefits passed by Congress late last year. Hailed by the Obama administration as a form of emergency relief to the unemployed because it extended federal benefits by two months, in reality it has now paved the way for the elimination of emergency extension assistance throughout the country.

The federal reauthorization stealthily inserted complex regulatory formulas that now hold that if a state unemployment rate falls below a particular

threshold, EB benefits will automatically be discontinued. Michigan and Maine are the first two states to lose their EB benefits, but it is expected that all 32 states on the program will have their assistance discontinued this year.

As of mid-January, there were approximately 475,000 people across the United States depending on EB benefits, according to the Bureau of Labor Statistics.

The Obama administration was the first to propose the elimination of the EB programs as a supposed “compromise” with Republicans in order to get payroll tax cut legislation through this past week.

The elimination of the EB program in Michigan is also just the latest in a year-long assault on the state’s unemployed workers by Republican governor Rick Snyder and his bipartisan counterparts in the legislature. In March 2011, Snyder signed into law a bill that made Michigan the first state to reduce unemployment benefits from 26 to 20 weeks. That legislation went into effect on January 15, two weeks before the EB announcement. In December 2011, Snyder and the legislature also signed into law another bill that makes it easier to withhold three additional weeks of unemployment benefits and eliminates benefits entirely for certain unemployed workers who voluntarily take extremely low-paying jobs.

Michigan’s official January unemployment rate of 9.3 percent, a drop from 11.4 percent in 2010, is grossly misrepresented as a sign of social improvement for workers. In reality, the situation is extremely dire, and the discontinuation of EB benefits will be catastrophic for tens of thousands of Michiganders.

While the official unemployment rate may have dropped slightly in Michigan, the U-6 rate, which measures real unemployment in terms of labor underutilization, was over 20 percent as of July 2011

according to the Bureau of Labor Statistics. The real unemployment rate for Detroit— Michigan’s largest city—hovers around a staggering 50 percent. The jobless numbers do not take into account the estimated 275,000 residents who have reportedly dropped out of the workforce entirely. The youth unemployment rate in Michigan is one of the worst in the country, according to a recent study by the Center for Labor Market Studies at Northeastern University.

The unemployment numbers also do not even begin to paint a picture of the social misery facing workers in other ways. More than 400,000 households throughout the state had their gas, electricity, or both disconnected in 2011. Half of the school-age children in the state now qualify for free lunch, in which families become officially eligible when they make 185 percent of the official poverty line.

A report from the Mackinac Center for Public Policy indicated that one in five residents, in a state of 9.9 million people, received government assistance in some form during 2011. Despite the supposed economic upturn, there were more than 152,000 new recipients of state assistance between 2010 and 2011 alone. The same report indicated that at least 1.9 million residents now receive food assistance.

The automotive industry is the one area in the state where jobs have started to return in meager form, only after the Obama administration forced GM and Chrysler into a restructuring plan in 2009 based on the gutting of workers’ salaries and benefits. To the extent that auto jobs are returning for some workers in Michigan, it is based on grossly diminished benefits and wages, which are 50 to 60 percent less for new-hires than they were in 2007.

It is in this social and economic context that long-term jobless workers will be dropped completely from unemployment assistance. There is also a possibility that other forms of unemployment extensions currently available—such as the Emergency Unemployment Compensation (EUC)—will be discontinued by early March for tens of thousands of other jobless workers.

The policy, nakedly spearheaded by the Obama administration, is meant to serve as a model for all other states. That it corresponds to a supposed brightening of the state’s economic situation is a calculated lie, put forth by both the Democrats and Republicans in order to roll back critical social services

for the working class in the midst of the greatest economic crisis since the 1930s.

These cuts are part of a frontal assault on the most vulnerable sections of the working class, committed by Democratic and Republican politicians at both the state and federal level. Only the Socialist Equality Party fights for the unconditional right of every unemployed worker to a guaranteed, decent-paying job.



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