New attacks on unemployment benefits in the US

Fred Mazelis
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While the Obama administration trumpets the allegedly good news that the official US jobless rate has fallen to 8.3 percent, millions of unemployed workers are facing new attacks on their unemployment benefits, in the form of tightened eligibility standards and cuts in the duration of benefits.

In the past year, 11 out of the 50 states have implemented cutbacks in the form of eligibility or duration. Last week Georgia became the latest in this list, when its legislature adopted a bill that reduced state benefits from 26 weeks to a sliding scale of between 14 and 20 weeks, depending on the state unemployment rate.

Florida enacted similar cuts last year, reducing the duration of benefits from 26 weeks to between 12 and 23 weeks. These and other recent cuts represent the first time that states have reduced the duration of jobless benefits below the minimal level of 6 months.

The jobless benefit system in the United States, which dates from the 1930s, is a complicated patchwork that varies widely by state, is consistently underfunded, and has sharply reduced eligibility for benefits in recent decades. It is jointly funded by the states and the federal government, but the basic benefits are set and administered by the separate states.

Nationwide only 37 percent of the unemployed receive benefits, with millions of part time workers, the self-employed and many other categories denied coverage. Most states provide a maximum benefit of between $300 and $400 a week, hardly enough to meet rent or mortgage payments, let alone other pressing needs. Even in New Jersey, where the maximum benefit is $584 weekly, the average benefit is nearly $200 less, and only about 50 percent of the unemployed receive any benefits at all.

The state unemployment benefit system is facing the biggest financial crisis in its history as a consequence of the financial and real estate crash that began more than four years ago. The much-touted “recovery” has still not come close to restoring the millions of jobs destroyed. Meanwhile states have been faced with an avalanche of jobless benefit claims, even as many, including Georgia, have granted massive tax cuts for business, thus deepening their current crisis.

In the past, especially in the1980s, many states were forced to borrow heavily from the federal government in order to continue providing state unemployment payments. Economic recoveries have generally enabled them to pay back these loans, but this time, in the midst of the deepest crisis since the 1930s, is different. So far more than 30 states have borrowed heavily—about $45.7 billion, to be exact—from the federal government. The federal Labor Department estimates that this number will grow to about 40 states out of a total of 50 by the fourth quarter of 2013, and that the total amount borrowed will rise to more than $90 billion.

The Republican majority in the Georgia Legislature justified its latest attack on the unemployed with the claim that it was necessary to pay back the $760 million the state has borrowed in recent years to prevent the state’s unemployment insurance trust fund from going broke. Democrats, however, while opposing some of the details of the Republican plan, are thoroughly complicit in the assault on the unemployed and every section of the working class.

The clearest illustration of this is the recent federal legislation in Washington that extended the federal payroll tax cut and drastically cut extended unemployment benefits in the guise of continuing these emergency benefits.

Extended benefits, in which the federal government supplements state benefits during recessions, have been reduced from 99 weeks to 73 weeks in states with unemployment rates above 9 percent. In other states, even though unemployment continues to ravage small towns and large cities alike, the duration of benefits was cut from a maximum of 93 weeks to only 63 weeks.

The impact of this recent legislation, signed by Obama less than two months ago after a last-minute deal with Congressional Republicans, was shown by the announcement this week that the state of Washington will reduce its long-term unemployment benefits from 99 to 73 weeks as of April 21. The move was triggered by the fact that the state's unemployment rate had dropped to 8.2 percent in February.

Washington state officials estimate that 12,500 of the unemployed will lose their benefits immediately as of April 21, and more than 11,000 others will exhaust their benefits within the following eight weeks. Another 40,000 of the unemployed will probably be affected during the second half of 2012.

This figure, tens of thousands of workers and their families in Washington, covers only one of the 50 states, with a current population of about 6.8 million, less than 2 percent of the US total. There are currently more than 24 million unemployed or underemployed in the US. The cuts agreed to by the Obama administration will affect hundreds of thousands if not millions of unemployed workers in the coming months.