Unemployment benefits availability in US at lowest level in history

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23 March 2015

A recent report published by the Economic Policy Institute (EPI) shows that state Unemployment Insurance (UI) programs are at an all-time low in terms of providing cash assistance to jobless workers. The "UI recipiency rate," meaning the proportion of unemployed workers receiving benefits, fell to 23.1 percent in December 2014. The previous low since the program was established was 25 percent in September 1984.

The report notes that the expiration of federal emergency unemployment benefits at the end of 2013 has forced workers to rely solely on state unemployment programs. It cites the recession as the main contributing factor to the current crisis confronting jobless workers. As of March 2014, almost two million unemployed workers had lost any financial assistance.

The report deals yet another blow to the official claims that the American economy has fully recovered from the financial meltdown of 2007-2008. Since the beginning of the crisis, workers have seen mass layoffs as well as drastic cuts to social programs, wages and their standard of living overall.

The report explains that both state and federal government point to the rising level of employment as the impetus for cutting unemployment benefits. The current unemployment level of 5.5 percent is a gross underestimate, since it does not count workers who have left the labor force, because they cannot find decent-paying full-time jobs.

The US lost 7.8 million jobs between December 2007 and October 2010. Despite the growth since 2010, the US labor market is still short 5.6 million jobs to keep up with population growth. No one who has left the labor force and is no longer actively seeking work can collect unemployment benefits.

The Unemployment Insurance (UI) system is a state-administered program that is financed and, until recently, supplemented by the federal government. The system was designed to provide laid-off workers with unemployment benefits for up to 26 weeks.

After state UI programs expire, unemployed workers previously could rely on an extension of benefits by the federal government. The Emergency Unemployment Compensation (EUC) program was passed in 2008 in the middle of the financial meltdown, providing a maximum of 63 weeks of additional benefits. Since it was scrapped in 2013, millions of the unemployed have lost these extended benefits.

In an appearance March 18 at the City Club of Cleveland, Ohio, President Obama declared that he is "going to take a little credit" for the anemic growth that has occurred over the past five years. "It was the result of decisions my administration made, with some [Democratic] members of Congress who are here, to prevent a second depression," he said. "A lot of those decisions were controversial."

Throughout the crisis as well as the so-called "recovery," the Obama administration has aided and abetted the drive by the banks and major corporations to reap dizzyingly high profits through the destruction of the living standards of the working class. Despite numerous attempts at posturing as the defender of the "middle class," neither President Obama nor any section of Congress made a serious attempt to extend unemployment benefits when they expired last year. Meanwhile, in the "2015 Economic Report of the President," released last month, Obama outlined a plan to slash corporate taxes by as much as 10 percent.

The EPI report outlines key findings from a sample of states that have made cuts to unemployment benefits. Since 2011, nine states have cut the maximum time for which jobless workers may receive benefits: Arkansas, Florida, Georgia, Illinois, Kansas, Michigan, Missouri, North Carolina and South Carolina.

As early as 2011, when unemployment was still at 8.9 percent, states already began enacting restrictive legislation designed to cut unemployment benefit payments. With the expiration of federal extended benefits, the unemployed have become totally dependent on these shrunken state UI programs, finding it increasingly difficult to obtain coverage.

Eight states saw sharp declines in short-term recipiency rates. In four states, the rates declined by between 1.7 and 8.6 times as much as the US average decline. As a result of the cuts to the duration of benefits, the recipiency rates of these eight states fell below those of all other states.

The national average UI recipiency rate in 2014 was 34.7 percent, meaning over 65 percent of unemployed workers were not receiving benefits. The overall level during this period is the lowest in the entire history of the UI program. In 21 states, over 70 percent of jobless individuals were not receiving benefits.

South Carolina has the lowest UI recipiency rate in the entire country, with only 14.8 percent of unemployed workers receiving any sort of compensation. North Carolina, which cut its duration of benefits from 26 weeks in 2013 to 14 weeks in 2014, saw a drop in recipiency rates by 14.4 percentage points—8.6 points more than the dip in the national average.

Some states have instituted “sliding scale” unemployment benefits, in which the state institutes a prolonged series of cuts to duration payments which supposedly corresponds to rising levels of employment. Kansas, for example, adopted a formula which reduced benefits from 26 weeks to 20 weeks in 2014, and will only pay out 16 weeks this year. Other states will follow a similar pattern.

In Florida, Georgia and North Carolina, where unemployment benefits cuts have been most severe, cuts in duration are following even more draconian “sliding scale” formulas. In December 2014, Florida only paid 16 weeks, Georgia paid 15 weeks and North Carolina doled out a mere 14 weeks.

Long-term unemployment is likewise an issue. UI programs only cover the short-term unemployed, with longer-term jobless workers left with no compensation whatsoever. Long-term unemployment in 2013 was more than double what it was in 2008 and shows no signs of abating. In addition, the rate of labor force participation is at its lowest level since 1978.

What the report also does not address is the low-paid character of the few jobs that have replaced those lost during the financial crisis. The vast majority of the 12 million jobs that have been created are low-wage, part-time employment. Many workers, especially youth, are forced to work multiple part-time jobs with little control over their own schedules. It is increasingly common to take on as many as two or three jobs to be able to scrape by.