Historically low number of Americans receiving unemployment benefits due to increasing restrictions

Jacob Crosse
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Seemingly every week a new report is released extolling the strength of the US economy and the recovery since the Great Recession, which took place from 2007 through 2009. Those who seek to uphold the current social order invariably point to historically low job unemployment numbers and inflated earnings reports and valuations from various Wall Street firms and banks as proof of their assertions.

At the height of the Great Recession the unemployment rate in the US reached double digits for the first time in a generation, according to the Bureau of Labor Statistics, with over 13.52 million workers or 10 percent of the labor force unable to find adequate full-time work.

A decade later bourgeois economists from the *New York Times* to the *Washington Post* agree that the recovery is complete, pointing to the same department's current unemployment statistics; as of October 2019 the BLS reports that the unemployment rate in the United States is at 3.6 percent, with approximately 5.85 million workers in the US currently searching for full-time work.

However, the official percentage of unemployed workers is misleading, as workers who have ceased to regularly look for work are not counted, nor does the rate reflect workers who are forced to accept part-time work instead of full-time work. As is the case with millions of workers in the US, many are forced to work multiple jobs to scrape together enough earnings to survive, inflating the jobs total, devaluing the number of unemployed workers calculated searching for work and decrease the unemployment rate.

Unemployment insurance varies from state to state, but generally the employer contributes approximately six percent in payroll taxes to fund the insurance should a business decide it is in their interests to lay off employees or shut down without notice. These funds guarantee if a layoff or shutdown occurs, workers jobless through no fault of their own are not left without any income as they search for a new job or seek to get rehired.

Until recently, those eligible would expect to receive weekly paychecks for up to 26 weeks. These weekly checks, much less than what an employee could expect to make if they worked a regular full-time shift, would help pay for living expenses as a worker searched for a new job.

This "safety net" is woefully inadequate to survive on, with weekly payouts in almost every US state on average being less than $400 per week, or 20 to 25 percent of a worker's typical take-home pay. During and after the Great Recession, millions of Americans were forced to rely on unemployment insurance as their only source of income for months at a time.

Due to chronic under-funding, several states, including North Carolina, Michigan and Alabama, were obliged to borrow money from the federal government to pay out unemployment insurance to eligible workers. In order to pay back these borrowed funds, several states enacted tougher regulations to prevent future eligible workers from receiving benefits, instead of properly funding the program or raising taxes on businesses.

While state and federal governments allowed Wall Street criminals to collect exorbitant bonuses as millions of Americans lost their homes and jobs, state legislatures, no matter what party, and the Obama administration proceeded to pass tougher rules and restrictions, not on the ones responsible for the recession, but instead on those who were suffering the brunt of the ruling class' criminal financial chicanery. These new rules included passing stringent drug-testing procedures meant to prevent laid-off workers from accessing much needed benefits.

While the CEOs of hedge funds, banks, and corporations have yet to submit a urine sample in connection with their theft of billions of dollars, workers across multiple states are having to submit to invasive and unconstitutional drug testing in order to be eligible to receive meager financial assistance.

The first of these new rules were codified in the Middle Class Tax Relief and Job Creation Act of 2012, which also included amendments to the Social Security Act. On October 4, 2019, after being directed by the Trump administration, the Department of Labor enacted the Final Rule change, which in the department’s own words, “allows states and employers a more flexible” approach in deciding how drug-testing procedures would be implemented.

Drug-testing procedures went into effect on November 4, 2019 and give states and the corporations that operate within them broad discretion in determining who gets tested and for what. These new rules further incentivize employers, who might not have previously drug-tested employees, to begin such procedures.

In addition to drug-testing recipients, ten states passed laws cutting the 26-week period during which one could collect benefits. A new law passed by the Alabama state legislature and taking effect in 2020 will reduce the period a worker could receive insurance by 12 weeks, from 26 to only 14. In rare circumstances, a worker may be eligible for an additional week of benefits if they complete certain job training requirements or programs. These programs can take hours to complete, and are generally unpaid.

Five more states adopted stricter work-search requirements, forcing applicants to apply for jobs, even if they had no intention of taking them or were unqualified, in order to continue receiving benefits. Job searchers are forced to keep logs, in many cases both physical and digital, which must be updated or the benefits will be terminated. Finally, several states also trimmed the percentage employers would be obliged to contribute while also adopting measures forcing employees to contribute to their own insurance if they wanted to remain eligible.

The aim of these initiatives is not to root out “fraud” as is claimed. Dozens of studies and investigations have proven that unemployment insurance fraud is extremely hard to perpetrate and the benefits are obviously minimal.

Instead these new regulations were implemented to deter those who were eligible from even applying in the first place. Last year only 28 percent of those who applied for unemployment benefits were accepted, down from 37 percent in 2000. Unemployment insurance claims hit a 49-year low in April 2019. Only 192,000 applications were received, the lowest in a single week since September 1969.

The state of North Carolina has seen a drastic decrease in percentage of benefits paid out following the passage of stricter laws in 2012 and 2013. While nearly 25 percent of unemployed North Carolina workers received benefits in 2012, only 10 percent received benefits in 2018.

While North Carolina is one of the worst states as far as percentage of eligible workers receiving benefits, several other southern states also rank near the bottom regarding the weekly payout of benefits and the percentage of workers receiving any form of assistance. According to 2018 statistics compiled by the Department of Labor, Tennessee has the lowest weekly payout of any state, with the average worker only receiving $144 a week in benefits, or roughly $576 a month. Mississippi and Louisiana are the second- and third-lowest weekly payout respectively, with Mississippi paying out $206 on average a week and Louisiana not much better with only $210 paid out per week.

The decline in the number of workers receiving unemployment pay is not a sign of a “strong economy, humming along,” but instead a warning signal that millions of workers are not receiving the resources they need in order to survive or find a new job.

Another indicator of a “strong economy” which capitalist economists frequently cite is the strength of the “job market.” This strength, we are told, is expressed in the US economy adding jobs every month for 109 straight months. This “growth,” coupled with an increase in the number of employees quitting their jobs voluntarily, from a low of 1.3 percent in 2009, to nearly 2.3 percent in 2019, is further “proof” that workers are so secure in their living situation, compared to a decade ago, that they are able to freely quit and find new and rewarding work.

Neither of these statistics, however, are an accurate portrayal of the economic reality facing the vast majority of the US working population, or an economic “recovery” has left millions worse off than they were 10, 15 or 20 years ago.

Wealth inequality in the United States has continued to grow while the corporations that control the political system and both parties have continued to wage a counterrevolution against any and all economic and social gains made in previous generations, including the bipartisan assault on unemployment insurance benefits.