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ECONOMY

17,000 State Residents Will Get Extended Benefits If Unemployment Rate Climbs High Enough

By JANICE PODSADA
The Hartford Courant
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When Connecticut's unemployment rate dipped to 7.8 percent in July from 8 percent in May and June, economists took it as a sign that recession-related job losses were finally starting to level off.

But the slowing pace of unemployment, if it continues, could hurt about 17,000 jobless workers in the state. They would be eligible for seven additional weeks of federal unemployment benefits — but only if the jobless rate jumps to 8.2 percent in August.

August's unemployment rate will be announced Thursday by the state Department of Labor.

So what will that report bring — a lower unemployment rate that points toward recovery, or a higher rate that will trigger extra benefits that would help thousands of the state's jobless?

"It's a Catch-22 situation," said Nancy Steffens, a spokeswoman for the Department of Labor. "You want the unemployment rate to go down, but you also want to support people. It's taking longer to find a job."

Connecticut becomes eligible for an extra seven weeks of federal jobless benefits if its unemployment rate averages 8 percent for three

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consecutive months.

The state's current average is 7.9 percent. Unless the jobless rate measures 8.2 percent in August, the additional seven weeks of jobless benefits, which could total as much as \$37 million, won't kick in.

The forecast for the state is that August's unemployment rate won't jump that high, but will hold steady at about 7.8 percent or rise slightly to 7.9 percent, said Steve Lanza, executive editor of The Connecticut Economy at the University of Connecticut.

Donald Klepper-Smith, chairman of the governor's council of economic advisers, said that he expects the unemployment rate to climb to 8 percent.

Both predict that the state's unemployment rate eventually will climb to 9 percent or even 10 percent over the next several months.

"Getting up to 8.2 percent is a little bit of a stretch in one month's period of time," Lanza said.

The nation's unemployment rate was 9.7 percent in August.

As the government continues to extend federal unemployment benefits, some economists are beginning to question the extensions. If someone can't find a job after more than 72 weeks — that's the combined total of state and federal unemployment benefits in Connecticut now — they wonder if the recession might not be entirely to blame.

Some question whether the 72 weeks, the most ever offered, is proving to be a disincentive to finding a job or accepting work.

"Seventy-two weeks is a very, very long time," said Mark Calabria, director of financial regulation studies at the Cato Institute in Washington. "The onset of the recession was December 2007. The bulk of the job losses have been in the last six to eight months."

"So the majority of those who are out of work are eligible for unemployment benefits for the next couple of months. If anybody's running out of unemployment benefits now at 72 weeks, their job loss probably pre-dated the recession," Calabria said.

Others say the recession's start date of December 2007 is an arbitrary one.

"We all know the economy was going downhill long before then," Lanza said. "The fact is, those folks that exhausted the standard unemployment benefits did so when the economy was on the skid."

"To some extent, having this social safety net may take some of the urgency out of the need to go out and find work, but the whole point of extending benefits in times like these is to provide these folks with help," he said. "We're looking at the deepest recession since the Great Depression — they're not making this up. The unemployed aren't sitting around and watching high-def TV."

The recession has affected all sectors of the economy, according to the labor department.

"We're working with chemists, mathematicians, teachers, retail people," Steffens said. "It's really reached into every sector. The jobs are out there, but employers are able to really pick who they want and how many they want."

Each week, 450 people exhaust their 72 weeks of unemployment benefits. The average weekly unemployment check is \$311, the labor department said.

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Wow...Waitforme...GREAT source. So unbiased with no reason whatsoever to twist or contort facts.
pwn3d (09/14/2009, 1:05 PM)

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As one of those 17,000 awaiting the news about the unemployment rate, I contacted the DOL Unemployment Division 2 weeks ago and asked if I would be eligible for the final extension, as I had an option to move in with someone. I was told yes, you will receive the extension, and to just keep filing and the extension would just kick in automatically. Well, I'm down to my last check, no job, and now the option to move in with a friend is gone, and, today I learn that there probably won't receive an extension. That would have been really good information to have...so I suggest that the customer service representatives at DOL have accurate information...people's lives are at stake.

Ronnie777 (09/14/2009, 1:03 PM)

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This guy from the Cato Institute is out of his mind. I just found a temporary job after 66 WEEKS of looking. I know people who have been out of work for 1-1/2 years - that my friends is 78 weeks. And these people are ACTIVELY LOOKING FOR WORK. It astounds me how these economists can continue looking through their rose colored glasses.

Docqualizer (09/14/2009, 12:38 PM)

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