



As jobless rate falls, long-term unemployment benefits for many are ending

As the jobless rate declines, Washington is phasing out its extended aid to states, affecting tens of thousands of people.

BY DIANE STAFFORD | MAY 18, 2012
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About 236,000 long-term U.S. job hunters this month ran out of unemployment benefits.

They joined about 134,000 who had exhausted their benefits in April, and about 40,000 whose checks ended in January or February.

In states around the country, including Missouri and Kansas, the State Extended Benefits program has ended.

That program was tacked onto a companion federal emergency benefits program that also is scheduled to end by the end of this year.

The phased shutdown is creating conjecture about whether the jobless recipients will ramp up their job hunts and land work — or whether social service agencies will see an even greater influx of clients needing help because their sources of income have run dry.

The state extended-benefits program was financed by the federal government because of continued joblessness spawned by the Great Recession. When a state's average jobless rate stayed above a certain threshold, the program added about three months' worth of unemployment checks on top of other emergency compensation.

"I'm in a bad situation. I've run out," said Sarah Thurman, a civil engineer who was downsized from Black & Veatch in 2010.

Back then the Kansas City woman had just had a baby and wasn't in a hurry to go back to work. But as the economy continued to slump and household finances got tighter, she began to look for engineering jobs again.

“In the first year I was very particular in my job search,” Thurman said. “Now I’m looking for anything. I just spent two hours filling out an application for Toys ‘R’ Us and the next morning had a rejection saying they had more-qualified applicants.”

In addition to the end of the extended state program, three “tiers” of the federal Emergency Unemployment Compensation program also are phasing out.

Unless Congress extends that program — as it has several times since the first tier was established in July 2008 — all of the federal tiers are scheduled to end completely on Dec. 29.

Because this is an election year and no one can precisely estimate what the unemployment rate will be later this year, the program’s future is unknown.

Eligibility for some federal tiers, which had helped authorize as many as 99 weeks of jobless benefits for some workers, already has disappeared in many states. In Missouri, about 725 people a week are running out of all federal benefits available to them. In Kansas, about 284 a week are getting their final payments.

About 7 million Americans get unemployment insurance checks each week. It’s a fluid population. In the most recent week, about 370,000 newly jobless workers filed for first-time benefits, while others found work or cycled off eligibility.

Recipients — whose checks average slightly under \$300 a week nationally — are among just over half of all unemployed workers who are eligible for benefits. Workers have to have been employed long enough and earned enough money from an employer in the system to qualify for the aid.

Eligibility is an individual and complicated thing, and many recipients aren’t sure whether they’re facing their last checks or not.

“I’ve worked in human resources for years, so I kind of know how unemployment insurance works,” said Rosann Speer of Overland Park, who is trying to find out whether her 38 weeks of jobless benefits are all she’ll get.

“I may be running out in two weeks,” Speer said. “I should be more adept at finding out this information, but it’s difficult to get answers, so I’m left in panic mode.”

She, like many of the long-term unemployed, has cashed in her 401(k) savings to live on.

“I’m applying for just anything,” she said. “At this point it’s survival mode. If my checks end I can pay my rent one more month at the sacrifice of not paying other things.”

Extend or not?

Economists and politicians have strongly divided opinions about whether the cutoff of the checks will serve as an economic spark or drain.

James Sherk, a senior policy analyst in labor economics at the Heritage Foundation, is in the “spark” camp. Sherk has written that extended benefits increase the time workers stay unemployed because the unemployment checks are a cushion that allows them to be pickier about the kind of jobs they seek rather than just taking any jobs.

Also opposed to long-term benefits is Chris Edwards, an economist at the Cato Institute. Edwards, editor of DownsizingGovernment.org, says extended benefits are a drain on the federal budget and cause higher unemployment taxes to be levied against businesses to pay for the programs. He also thinks that the system is ripe for fraud and that unemployment checks detract from personal responsibility.

On the flip side is Carl Van Horn, director of the John J. Heldrich Center for Workforce Development at Rutgers University. Van Horn says the rules attached to receiving jobless benefits produce more aggressive job hunts, coupled with more job-hunting assistance from the Labor Department offices, where applicants are required to report their job-search activities.

He and others say that without jobless benefits — and in a continued lackluster job market — unemployment checks keep many recipients from having to use other government safety net programs such as food stamps, disability insurance, Social Security, Medicare or Medicaid.

‘They’re struggling’

At Catholic Charities, which serves the Kansas City and St. Joseph area, staff members are seeing that happen.

“We have some skilled professionals who have gone through all their benefits and exhausted their savings and now are going to the food pantries,” said Jan Motl, director of community services. “They’re devastated and humiliated. They’re struggling.”

Carrie Rosetti, supervisor of housing at the agency, said she also was seeing clients in their foreclosure intervention program who have gone through all their savings along with their unemployment benefits and are “desperate to work out of the hole.”

At the National Employment Law Project, which tracks unemployment program changes nationally, executive director Christine Owens said the state extended programs were phasing out because state unemployment rates were dropping. That’s a good thing on its face.

But “job openings are not taking the place of these cuts,” Owens said, noting that many of the long-term unemployed still can’t find work.

Across the country, employers generally prefer to hire people who have remained in the workplace or had only brief jobless periods rather than people who have been out of work a long time.

Fair or not, the presumption is that their skills are rusty or that their long unemployment indicates a less-than-vigorous will to work.

“Over the years there have been eight major recessions, each time during which Congress provided federal extensions of unemployment benefits,” said George Wentworth, a lawyer and unemployment expert with the National Employment Law Project.

“Typically, Congress increased the number of available weeks as unemployment got worse and then scaled them back as the economy got better, until the emergency program ultimately disappeared.

“What’s different about this recession is the continued deep level of unemployment. Right now, 41 percent of the unemployed have been out of work long term.”