

LONG-TERM UNEMPLOYMENT; Extended jobless benefits face end

By Michael E. Kanell

December 13, 2013

The federal net that has been catching many of the long-term unemployed is about to dissolve.

Unless Congress unexpectedly reverses course, extended unemployment benefits for an estimated 1.3 million Americans, including about 43,000 Georgians, nearly half the number of people receiving unemployment benefits in the state, will expire Dec. 28.

While saving billions in tax dollars, the end of the federal extension likely will cost in other ways, advocates for the unemployed say. More people will be forced from their homes by foreclosures, and there will be less stimulus for the economy, they say.

But opponents of the extension argue that the unemployment rate has been falling and that the program has already gone on much longer than after any previous recession.

"I think most economists agree that extending unemployment benefits increases the duration of unemployment and raises the level of unemployment --- it's just a question of how much," said Michael Tanner, senior fellow at the libertarian-oriented Cato Institute. "People do increase their job search just before their benefits expire.

Dale Sexton was laid off from his job back in the summer. The Woodstock man worries about the federal debt but said the benefits are meeting an urgent need.

"I read that they don't want to encourage us to stay out of work, and I think, sure. I'm getting one-tenth of what my salary was and I'm going to keep doing this because it's so much fun?" he said.

Sexton, a former software product manager whose wife is a part-time retail clerk, said the loss of benefits will force some difficult choices on the couple.

"I'll have to keep pulling money out of retirement or else default on my mortgage. After Christmas, I'll have to decide."

It's unlikely that any deal to extend unemployment benefits will be hammered out before lawmakers adjourn today for the holiday break. Republicans have argued against any extensions without budget cuts elsewhere. Senate Majority Leader Harry Reid said Thursday that the issue will be the first taken up when Congress reconvenes after the holidays --- and that benefits could be made retroactive.

Earlier this year, the number of weeks that a jobless worker can receive Georgia benefits was cut. The maximum is now 18 weeks, but a jobless worker who has still not found work after his or her state benefits run out could potentially receive up to 47 weeks more in federally funded extended benefits.

Proponents say the payments --- up to \$330 a week in Georgia --- are good for the economy.

A recent study concluded that even generous unemployment benefits do not affect the efforts of the unemployed to find a job. Published in Social Indicators Research, that study paralleled a 2011 study by Congress' Joint Economic Committee.

But critics question those conclusions, arguing that benefits encourage joblessness by softening the blow of layoffs.

A lot depends on savings and whether there are other members of the family working, Tanner said. "It's not clear cut. But it does have an impact."

Moreover, benefits are counterproductive, he said. "We're borrowing this money in order to pay these unemployment benefits, and the increased deficit actually slows employment growth and job creation."

Still, some federal budget watchdog groups say that budget-cutting should take a backseat for now to the jobs crisis.

"I think that Congress should act on extending benefits," said Josh Gordon, policy director for the Concord Coalition, a group that has long lobbied to slash government debt. "You extend the program in the short-term."

The short term is where the crisis is, said Kai Williams, 38, of East Point.

She has been unemployed since November of last year and currently receives \$307 a week in extended benefits. "My rent is \$975 a month, so that is barely enough for the rent."

Losing that check could be disastrous, she said. "That means I can't pay my rent. I can't pay my light bill. I can't pay anything."

Similar extensions have been offered after seven previous recessions but none to this many people for this long.

This recovery is weaker than any other since the Great Depression and far fewer jobs have been added to the economy.

Odds against job seekers --- especially the long-term unemployed --- are not good.

"I think we are in unprecedented territory," said labor economist Jeffrey Wenger of the University of Georgia. "We have not ever seen the long-term unemployed be so disadvantaged in the labor market."

Many unemployed workers do not qualify for jobless benefits --- for instance, if they were fired for cause or were self-employed or had been in school. Many of those who do qualify receive less than the maximum payment.

More than 380,000 people in the state are unemployed and looking for work. But as of early this month, just 42,654 Georgians were receiving the federal benefit extensions, while 47,427 were getting state benefits, according to Sam Hall, spokesman for the Georgia Department of Labor.

Not all recipients are on the financial edge.

Marius Rogneby III, of Marietta, lost his job in February as an account executive for a large company. But he had prepared for a rainy day, avoiding debt and pouring money into savings when he could. And when he saw the layoff coming, he refinanced his mortgage, lengthened its period and slashed the monthly payment by more than half.

He has had only a handful of interviews, but he's encouraged: Twice he's been the second choice for jobs.

He doesn't want to lose the extension, which pays about \$250 after taxes, he said. "If I do, we'll have to start drawing down on our emergency fund. But that's what it's there for."

The national unemployment rate has dipped from double digits in the depths of the recession to 7 percent last month. Georgia, where recovery has been even more sluggish, has a jobless rate of 8.1 percent.

Imogene Harris, 43, of Lilburn scoffs at the idea that hiring has picked up enough to justify ending the federal extension.

Out of work since early 2012, she receives \$307 a week in benefits. "I read that the economy is getting hot, but I don't see it," she said. "I just came from the unemployment office and it was completely full."

How different is the job market for the long-term unemployed? Read our report on Georgia's most recent jobless figures and use our interactive graphic to compare the length of job searches.