

Unemployment Filings Average One For Every Six Pennsylvanians *Food Stamps, Medical Assistance, Weeks On Unemployment On The Rise*

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SATURDAY, SEPTEMBER 18, 2010

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With 9.2 percent of Pennsylvania's workforce still unemployed, state Department of Labor and Industry (DL&I) data show unemployment compensation claims on the rise, averaging one for every six Pennsylvanians, and unemployment compensation payments per capita more than doubling since 2007.

When the recession started in December/ 2007, the state paid an average \$180.34 in unemployment compensation per capita. In 2009, it rose to \$398.78.

In 2007, there were 1.25 million filings for unemployment, averaging about one in 10 Pennsylvanians. In 2009, it had risen to one out of six, at 2,026,055 initial claims, a 62 percent increase.

In contrast, the amount paid out in state funded cash assistance, more commonly known as welfare, has gone down from \$626.2 million during 2006-2007 to \$447.2 million for 2008-2009, a 28 percent cut.

Still, more Pennsylvanians receive food stamps, from 1.1 million individuals in 2006-2007, about 9.3 percent of the population, to 1.3 million in 2008-2009, nearly 11 percent of the population. Food stamp assistance cost Pennsylvanians \$1.7 million last year, a 38 percent increase since the start of the recession.

Michael Tanner, a senior fellow at the Cato Institute in Washington, D.C., said the cost to the states will continue to go up over the next few years, even while assistance from the federal government for welfare costs disappears.

“When you have more people unemployed or moving into poverty,

programs automatically increase,” Mr. Tanner said. “Part of it is baked in the cake. Part of it is a deliberate decision by the Obama administration to ease eligibility requirements or to expand subsidies within the various programs.”

Earlier this year Congress expanded unemployment compensation and eligibility, but Mr. Tanner said the real problem is when states expand benefits in down economic times, those benefits do not expire when the recovery recovers.

“The Obama administration said if you add more people, there will be additional money for you, which caused a lot of states to undo their welfare reforms,” said Mr. Tanner. “Now having eased their restrictions, many of these states are going to find themselves with higher state costs.”

The other concern facing states which expanded their anti-poverty programs during the recession is taxpayer funded medical assistance, which has also increased. In 2007-2008, over 1.9 million Pennsylvanians, or about 15.2 percent of the population, were receiving some medical benefit from the commonwealth. 609,900 were also receiving cash assistance.

Last year, over 2 million Pennsylvanians, or about 16.48 percent of the total population, were receiving state medical assistance. 622,576 were also receiving cash assistance.

Dennis Olmsted, medical economist for the Pennsylvania Medical Society, a professional association for doctors and physicians in the Commonwealth, said the state is faced with a serious issue and is trying to address it by incentivizing the supply of doctors in the state.

“There are current issues in Pennsylvania, where the payment levels for providers is not adequate to deliver the cost of that care,” said Mr. Olmsted. “We have to be cautious. It’s great to give people insurance, but if B doesn’t equal C, it doesn’t help.”

Even without the increase in medical assistance, he said Pennsylvania would be faced with an increase in health-care demand due to recent

federal legislation and because the state has an aging population.

“The health-system reform law does do one thing that helps primary care - for two years the payment levels have to equate to the Medicaid levels,” said Mr. Olmsted. “That’s good for two years, but what happens once the two-year period is over? Nobody knows at this point what that’s gonna look like a few years down the road. It’s not just demand from those now eligible for medical assistance, but those who are available for commercial insurance in the exchanges.”

And while the numbers for 2010 are still incomplete, they indicate the number of Pennsylvanians seeking cash and medical assistance, and the number filings for unemployment, are not going down anytime soon. Between January and July of this year, the state DL&I has received 951,908 unemployment claims, and the number of weeks of unemployment compensation paid out is already more than half what it was last year.

Pennsylvania’s unemployment fraud rate last year was 4.68 percent, the ninth highest in the nation, and cost the state over \$374 million.

“You have a ratchet effect with these programs,” said Mr. Tanner. “In hard economic times we loosen the requirements and expand the program. When the economy becomes good again it becomes very hard to cut back, so they always work in one direction, toward expansion.”

Population figures include all Pennsylvanians.