



U.S. IN RECESSION

Unemployment extensions causing confusion for some Minnesotans

by Annie Baxter, Minnesota Public Radio December 8, 2009

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St. Paul, Minn. — A slew of extensions prolonging federal jobless benefits are coming to an end later this month, and the change is causing confusion for some unemployed Minnesotans, and prompting debate over additional extensions.

The maximum period that newly laid-off workers can collect unemployment checks will fall from nearly two years, to less than one.

If you're laid off, you normally qualify for up to half a year of unemployment insurance checks.

With the recession swallowing up millions of jobs, Congress tacked on three emergency extensions of varying lengths, known as tiers. Combined, they provide up to 47 additional weeks of benefits.

The eligibility period for those tiers is ending, and that's leaving people like Sam Ingram with some questions.

"It doesn't seem sensible to me ... to be sun setting unemployment benefits."

- State economist Tom Stinson

He recently received a letter from the state about his unemployment.

"It's just telling me that I'm close to exhausting my benefits, but I can apply for an emergency extension, I think there are up to 20 weeks available. But I'm not I'm not sure if I'm eligible for this," Ingram said.

Ingram got laid off from his job as a corporate business analyst six months ago. He's 28, single, has a cheap apartment in Minneapolis and money in savings to cushion his finances.

Still, Ingram's unemployment checks have made life a lot easier, and he hopes they'll keep coming. But he's heard that some extensions are expiring and he doesn't know how that will affect his benefits.

"I'm not sure exactly where mine stand, if I can extend them or what. I'm kind of confused about the whole situation," he said.

He's not alone.

Workers nationwide are likely engaged in one giant, collective head-scratch, wondering what happens to their benefits, as the three federal emergency extensions expire.

Extension changes

For Minnesotans who lose their jobs after January 1, the maximum period of benefits falls dramatically: from 93 weeks to 39 weeks. That's also true for people who are already jobless but won't exhaust their regular benefits by year's end.

If you've been laid off and did qualify for one of the extensions, you can keep collecting benefits until you use up all the weeks available in that extension period.

However, you can't progress to the next tier of the three emergency extensions.

And there's one more thing. There is one extension still in effect in Minnesota that extends the normal unemployment benefit period from a half year to the 39 weeks.

Even for the experts, like Lee Nelson, the state's chief unemployment benefits attorney, the situation is really complicated.

"Try to explain this to people who are looking for a job and they're anxious, and they don't care about this being in this tier or that tier or on this extension or that extension," Nelson said.

The end of eligibility for extensions is not going to push scores of people from the unemployment rolls -- at least not immediately, according to Nelson.

But he said the ranks of workers who have exhausted all extensions will eventually spike.

"Absent some federal enactment, we're predicting that by the first part of February, there will be fairly large numbers, in the area of 1,000 plus people a week, who will be exhausting their entitlement," Nelson said.

This makes Minnesota state economist Tom Stinson nervous.

"It doesn't seem sensible to me, in the middle of a period of extremely high unemployment, to be sun setting unemployment benefits," he said.

Stinson said the economy is still in a fragile state, and booting people off unemployment insurance will slow the recovery. He supports continuing the extensions for laid-off workers.

"It's not likely that these people are abusing the system or anything like that. We're still losing jobs, we're not gaining jobs," said Stinson.

Stinson is against any attempt to give longer extensions to workers in states where the unemployment rate is higher than the national average. He argues that the recession was national, and extensions should be evenly distributed.

Tad DeHaven, a budget analyst with the Cato Institute, a libertarian-leaning think tank, opposes any extension. He said jobless benefits prolong unemployment, because people prefer to collect unemployment instead of taking low-wage jobs.

"You'll hold out and try to wait for something better because you're getting subsidized not to take that job," DeHaven said.

And that, he said, makes things tough on those employers who need workers.

But in the end, he thinks Congress will extend benefits anyway.

"They have the votes," he said. "When you've already written up a \$1.4 trillion deficit, you'll probably have another trillion-dollar deficit, and until the repercussions of that start to hit home, the politicians have a free pass to continue doing what they've been doing."

The Democrats in Minnesota's Congressional delegation mostly support extending benefits. The Republicans are expressing more hesitation.

Republican representatives John Kline and Erik Paulsen say they will carefully evaluate any such proposals. Rep. Michelle Bachmann opposes further extensions and prefers tax breaks instead.

Minnesota's two U.S. Senators, Democrats Amy Klobuchar and Al Franken have joined nearly two dozen of their Senate colleagues in calling for quick action to provide more help for the unemployed.

Klobuchar said the Senate is currently embroiled in a debate about health care, but she's optimistic that extensions of the assistance programs will be provided in a timely manner.

"I don't have a crystal ball to predict exactly when this will get done with the Senate's cumbersome rules, but I will say that I'm part of a group of senators that are pushing Majority Leader Reid to get this done this year and get this done as soon as possible," Klobuchar said.

Klobuchar and her colleagues have sent a letter urging Democratic Majority Leader Harry Reid to make continuation of the assistance a "high priority."

There's concern that the health care debate in the Senate could stall consideration of the extensions. The question is whether President Obama's support for extensions will translate to more urgent attention.

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