

How long should we help the unemployed?



PHOTO: JOHN MOORE/GETTY IMAGES

By [Tami Luhby](#), senior writer

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NEW YORK (CNNMoney.com) -- Two years of unemployment benefits just isn't enough for some jobless Americans.

Though Congress has extended unemployment insurance to an unprecedented 99 weeks, the safety net is not proving sufficient for hundreds of thousands of people who say they simply cannot find a job in this weak economy.

Up to a million people could find themselves with neither a paycheck nor an unemployment check by year's end, according to preliminary estimates by one advocacy group.

These folks are begging lawmakers to extend the duration of benefits into the

triple digits. Scores have emailed CNNMoney.com, detailing their desperation. But there's no movement currently in Congress to add more weeks.

"People will endure extreme hardship," said Andrew Stettner, deputy director of the National Employment Law Project. "We can't just let everyone fall off of this cliff."

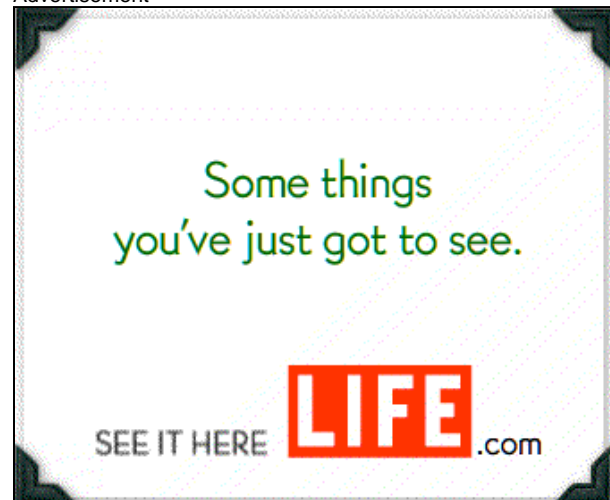
But a growing chorus of economists and lawmakers say another extension would be the worst thing for the unemployed. It would likely further delay these Americans' re-entry into the workforce.

"If you are subsidized to stay out of the workforce, many people will," said Alan Reynolds, senior fellow at The Cato Institute, a libertarian think tank.

Also, any additional extensions will cost big bucks, money that Washington, D.C., doesn't have at the moment. The federal government is expected to spend \$156 billion on jobless benefits in fiscal 2010, which began Oct. 1.

One thing all sides agree on is that the Great

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Recession has wreaked havoc on the job market. Even though the economy is creeping back to health, employers have not resumed hiring. That leaves 16 million people without jobs, 11 million of whom are receiving unemployment benefits.

Nearly a quarter of all jobless have been out of work for a year or more, the highest rate since records started being kept shortly after World War II, according to the Pew Fiscal Analysis Initiative. That's equivalent to the entire state of Connecticut being unemployed.

Responding to this crisis, Congress has extended federally funded unemployment benefits on several occasions. So now the jobless receive the standard 26 weeks of state-paid benefits and then can apply for up to 73 additional weeks of federally funded unemployment insurance.

This far surpasses the previous record for unemployment benefits, which totaled 65 weeks during the recession of the mid-1970s. Yet advocates want Congress to once again extend the duration of benefits. Unemployment insurance, they argue, keeps people from defaulting on their mortgages and turning to public services, such as welfare and emergency housing. The payments keep food on the table and the lights on.

For M.K. Reed, the \$265 weekly check allowed her to pay the mortgage and utilities in her Jefferson, Ga., mobile home. Reed, single and turning 60 in the fall, lost her job in the real estate industry two years ago.

Since then, she has applied to hundreds of positions in the public and private sectors

and just got certified as a phlebotomy technician, hoping a job drawing blood will land her a spot in the healthier medical industry. Reed has been trying to sell her house so she can move to a state with a better economy, but she's had no takers.

Despite her efforts, she's had only four interviews and no offers. Her jobless benefits ran out last week.

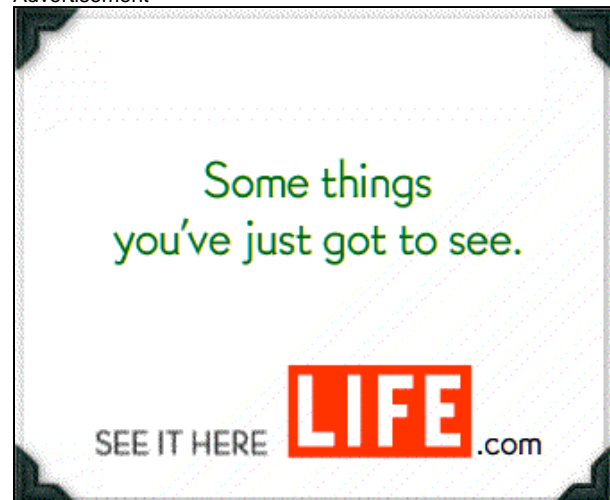
Now desperate and out of savings, she's putting her mother's and grandmother's furniture, china and silverware on eBay, which she thinks is worth \$10,000. She'll be lucky if she clears \$1,000, she said. After that, she doesn't know what she'll do.

"I'm just trying to sell everything I've got to hang on here," said Reed.

Unemployment checks have also helped revive the economy, according to Mark Zandi, chief economist at Moody's Analytics. The jobless tend to spend every dollar they receive.

"While consumer spending has since notably

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improved, it remains fragile and would likely weaken again if emergency UI benefits were not extended," he testified before Congress recently. "The recovery would struggle to evolve into an expansion as anticipated."

Others, however, argue that the reason there are so many people still out of work is because they have unemployment benefits to fall back on. If they weren't getting a weekly check, they'd be forced to get a job.

"People think that when benefits run out, most people will still be unemployed," Reynolds said. But "most will accept jobs that are less than ideal shortly before benefits run out."

Though Labor Department statistics say there are 5.5 job seekers for every opening, Reynolds said there is work available if people are willing to relocate or take jobs in a different field.

Unemployment benefits can actually hurt people's chances of finding work, he said. Their skills get rusty and they have more trouble explaining the long gap on their resumes.

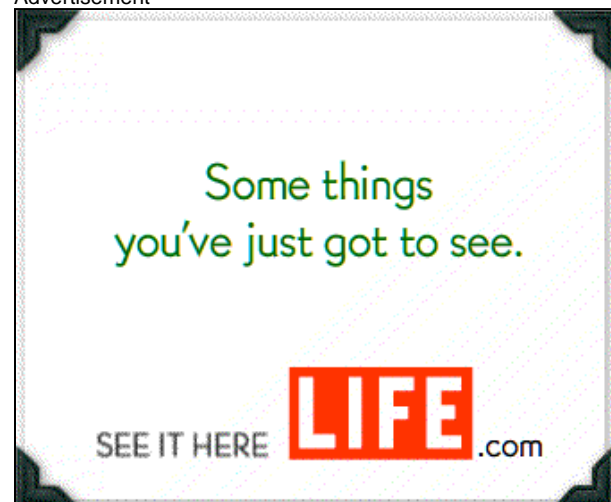
Even if Congress does extend benefits one more time, the jobless should expect that one to be the last, said Phillip Swagel, business professor at Georgetown University and former Treasury Department chief economist under President George W. Bush.

The jobs picture is starting to brighten, Swagel said. The use of temporary workers is up and employees' weekly hours are up -- both signs that companies should start hiring soon.

"We're getting close to the point where there shouldn't be more extensions," Swagel said.



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