16 of America's 50 states forking out unemployment benefits

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Washington, July 24 (ANI): The impact of the global financial meltdown on the United States can be gleaned from the fact that sixteen of the country's fifty states are currently doling out unemployment benefits.

The number of unemployed Americans has doubled since 2007 to 15 million. About 9.5 million people are collecting benefits, up from about 2.5 million two years ago. Spending is expected to reach nearly 100 billion dollars this year, about triple what it was two years ago.

A New York Times report says that these states are now paying benefits with borrowed cash, and warned that their number could double by the year's end.

Call centers and Web sites have been overwhelmed, leaving frustrated workers sometimes fighting for days to file an application.

According to the report, while the strained program still makes more than 80 percent of initial payments within three weeks — slightly below the standard set under federal law — cases that require individual review are especially prone to delay.

Thirty-eight states are still failing to make those decisions within the federal deadline.

For workers who survive a paycheck at a time, even a week's delay can mean a missed rent payment or foregone meals.

The report blames the current crisis on years of state and federal neglect.

With millions of jobs lost and major industries on the ropes, America's array of government aid — including unemployment insurance, food stamps and cash welfare — is being tested as never before, says the NYT.

With benefit funds at a dangerous low even before the recession began, states are taking on billions of dollars in debt and increasing the pressure to raise taxes or cut aid.

Citing the example of Kenneth Kottwitz, a laid-off cabinet maker in Phoenix, the NYT report says that he waited three months for his benefits to arrive.

He exhausted his savings, and has now lost his apartment and moved to a homeless shelter.

Some analysts say the delays might have been even worse.

Rich Hobbie, director of the National Association of State Workforce Agencies, which represents the program's administrators, said: "Considering the significant problems in the program, unemployment is responding well."

The Recovery Act passed in February provides states with an additional 500 million dollars for administration. Under the act, interest payments have been suspended till 2011 for states paying benefits with federal loans.

Nationally, the program is the worst financial shape since the early 1980s, when back-to-back recessions left more than half the states borrowing from the federal government. Tax increases and benefit restraints gradually rebuilt the funds, then states changed course and pushed taxes well below historical levels.

From 1960 to 1990, the tax rate averaged about 1.1 percent of overall payroll. Over the last decade, it fell to 0.65 percent. That represents a tax cut of 40 percent.

Measured against a decade's payroll, that saved employers 165 billion dollars. But by 2007, when the recession began, the average state had just six months of recession-level benefits in reserve, half the recommended sum. (ANI)

http://www.sindhtoday.net/news/1/33763.htm