

Prolonged Aid to Unemployed Is Running Out

ERIK ECKHOLM

Published: Sunday, August 2, 2009 at 5:13 a.m.

Last Modified: Sunday, August 2, 2009 at 5:13 a.m.

Over the coming months, as many as 1.5 million jobless Americans will exhaust their unemployment insurance benefits, ending what for some has been a last bulwark against foreclosures and destitution.

Because of emergency extensions already enacted by Congress, laid-off workers in nearly half the states can collect benefits for up to 79 weeks, the longest period since the unemployment insurance program was created in the 1930s. But unemployment in this recession has proved to be especially tenacious, and a wave of job-seekers is using up even this prolonged aid.

Tens of thousands of workers have already used up their benefits, and the numbers are expected to soar in the months to come, reaching half a million by the end of September and 1.5 million by the end of the year, according to new projections by the National Employment Law Project, a private research group.

Unemployment insurance is now a lifeline for nine million Americans, with payments averaging just over \$300 per week, varying by state and work history. While many recipients find new jobs before exhausting their benefits, large numbers in the current recession have been unable to find work for a year or more.

Calls are rising for Congress to pass yet another extension this fall, possibly adding 13 more weeks of coverage in states with especially high unemployment. As of June, the national unemployment rate was 9.5 percent, reaching 15.2 percent in Michigan. Even if the recession begins to ease, economists say, jobs will remain scarce for some time to come.

"If more help is not on the way, by September a huge wave of workers will start running out of their critical extended benefits, and many will have nothing left to get by on even as work keeps getting harder to find," said Maurice Emsellem, a policy director of the employment law project.

For many desperate job seekers, any extension will seem a blessing. Pamela C. Lampley of Dillon, S.C., said she sat outside the post office last month and cried because "it was the first Wednesday in quite some time that I've gone to the mailbox and left without an unemployment check." The jobless rate in her state is 12.1 percent.

Ms. Lampley, 40, who is married with three children, lost her job as a human resources officer in January 2008 and had been receiving \$351 a week, which covered the groceries and gas. Even so, she and her husband, who still has work as a machinist, were sinking into debt. Now, still poorer, she feels devastated because they cannot buy their son a laptop to take to college and she cannot give her 9-year-old son money for the movies.

In Ohio, where unemployment is 11.1 percent, Cathy Nixon, 39, a mother of four teenagers from Lorain, has been out of work for much of the time since June 2007, and her benefits — \$313 a week — run out in September. Ms. Nixon is already fighting foreclosure and said she feared that when the benefits end, "we'll be homeless." She was unable to afford summer camp and baseball activities for her children, despite scrimping on basics.

Raymond Crouse of Columbus operated heavy construction machinery but has found no work since 2007. Mr. Crouse is 72 and receives Social Security but said that was not enough to live on. The \$190 a month he has received in unemployment benefits enabled him and his wife to hang on to the house they bought 15 years ago, he said. But with the benefits ending next month, he fears that they will not keep up.

In ordinary times, employers pay into a state insurance fund, and workers who lose jobs draw benefits for up to 26 weeks. During recessions, Congress has often paid for extended coverage for an extra 13 or even 20 weeks.

In 2008, as the recession deepened, Congress provided 33 extra weeks of benefits. Earlier this year, President Obama's stimulus plan offered an additional 20 weeks in states where unemployment surpassed 8 percent, if they adopted new federally recommended rules governing these extra weeks. (South Carolina did not make the changes, and benefits there are running out more quickly.)

Currently, people can draw benefits for up to 79 weeks in 24 states and from 46 weeks to 72 weeks in others.

The stimulus law also, through the end of the year, provided an extra \$25 a week to all recipients, exempted a portion of benefits from federal

income tax and subsidized Cobra health payments for the unemployed.

Representative Jim McDermott, Democrat of Washington and chairman of the House Subcommittee on Income Security and Family Support, said he would introduce a bill in September to provide yet another 13 weeks of coverage in states with unemployment rates of 9 percent or higher. "Legislators will line up quickly when they start getting calls from desperate constituents," he said in a telephone interview.

The cost would be \$40 billion to \$70 billion, but the expense would be temporary, Mr. McDermott said.

Some business groups remain skeptical. Douglas Holmes, president of UWC, a group in Washington that represents businesses on unemployment issues, said that there were early glimmers of economic progress and that it was premature to extend benefits again. The money might be better spent, Mr. Holmes said, creating jobs and training people to move into emerging industries.

Traditionally, many economists have been leery of prolonged unemployment benefits because they can reduce the incentive to seek work. But that should not be a concern now because jobs remain so scarce, said Lawrence Katz, a labor economist at Harvard.

For every job that becomes available, about six people are looking, Dr. Katz said. "Unemployment insurance gives income to families who are really suffering and can't find work even if they are hustling to look," he said.

With the economy still listing, he added, a temporary extension can provide a quick fiscal stimulus. And, Dr. Katz said, when people exhaust unemployment and health insurance, many end up applying for disability benefits, which become a large, unending drain on the Treasury.

Ms. Lampley, whose benefits have ended, described the tough job market. She used to make nearly \$15 an hour and has unsuccessfully sought office and clerical work at \$8 an hour. Mr. Crouse said that even if new building projects were planned, construction slows in the winter cold.

And Ms. Nixon said that she had interviewed endlessly for jobs in real estate and office work and that even her teenagers could not find fast-food jobs because laid-off adults were filling them.

"I can't find a job," she said, "and you can't survive if you don't work."

<http://www.theledger.com/article/20090802/ZNYT01/908023015?Title=Prolonged-Aid-to-Unemployed-Is-Running-Out>