

Majority of Jobless in U.S. Don't Get Benefits

By ANTON TROIANOVSKI
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When the July employment report comes out Friday, U.S. payrolls are likely to shrink by an additional 68,000, according to economists. But a substantial number of those who lose their jobs won't get unemployment benefits -- even though Congress recently took steps to bolster the program.

Only 37% of the country's unemployed received benefits in 2007, down from 55% in 1958 and 44% in 2001, according to the Labor Department. The others have exhausted their benefits, haven't applied or don't qualify.

Those who don't qualify include many part-time workers, people who quit or were fired, and workers who didn't earn enough money in a one-year "base period" that often excludes the most recent three to six months. Worker advocates say the New Deal-era system hasn't been updated enough to reflect an age of more-frequent job changes, more part-time work and falling union membership.

Most states' base period encompasses the first four of the last five completed quarters. Before records were computerized, it was difficult to tabulate more-recent earnings.

Unemployment insurance was "intended to largely support traditional male breadwinners in traditional, manufacturing-type jobs," says labor economist Lawrence F. Katz. "It's not necessarily set up for people who have multiple jobs, for people who work in and out of different jobs, for people in part-time work."

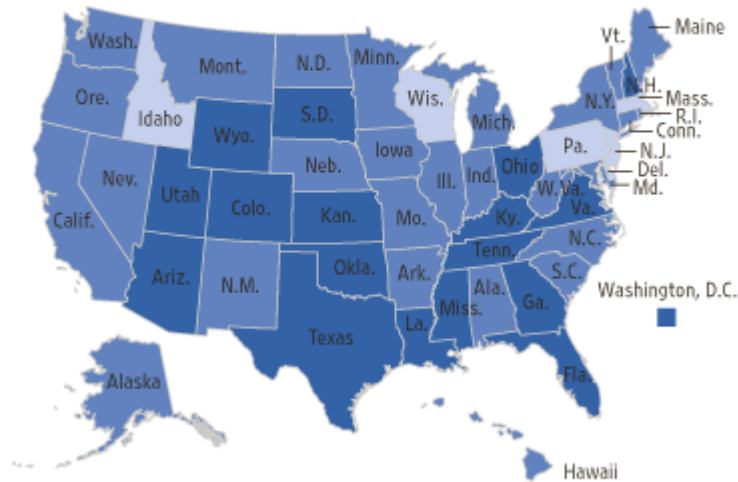
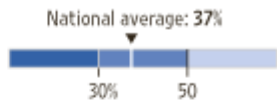
In Ohio, people filing for unemployment insurance need to have an average weekly wage of \$206 -- 27.5% of the state average -- in their base period in order to qualify. That excludes many low-income workers forced to work part time, such as people at temp agencies with erratic work schedules.

"You have people who already weren't earning very much to begin with, but when they lose their job, they need the protection of unemployment benefits to keep them from becoming homeless," says Anita Myerson, a lawyer at the Legal Aid Society of Cleveland.

The economy has shed 438,000 jobs so far this year, leaving 8.5 million Americans unemployed. The long-term unemployment rate rose 37% in the past 12 months.

Who's Covered

Percentage of unemployed who receive unemployment insurance



Congress in June passed a temporary 13-week extension to unemployment benefits. But the federal program adds a new requirement: Workers need to have been employed for at least 20 weeks during their base period to qualify for the extension.

Critics say the unemployment-insurance program covers too few people and unfairly excludes women and low-income workers who can work only part time because of family requirements or don't make enough money to qualify. Fewer than 15% of low-wage workers get benefits, according to the Government Accountability Office.

Many businesses resist an expansion of coverage, fearing higher taxes amid tough economic times and arguing that beleaguered state trust funds can't handle more payouts.

Caught in the middle are millions of unemployed workers who don't receive benefits.

"We're up against the wall here," says Michael Cottle, a 40-year-old married father of four in Browns Mills, N.J. He made \$30 an hour as an information-technology consultant before being laid off in May 2007. Now he finds himself being rejected for janitorial jobs and accepting food donations from family and friends. The unemployment-insurance payments he received have run out, but when he applied for the emergency extension, he learned he didn't qualify. He had worked 18 weeks in the base period -- two short of the minimum. "I know there are a bunch of people out there who got left out who really need help," Mr. Cottle said.

A bill that would provide \$7 billion in incentives for states to allow part-time workers to receive benefits and for people's most recent earnings to be counted passed the House in October. The Senate will take up the legislation as early as the fall.

Many states have already adopted some of the changes, including 21 that allow unemployed workers to use an "alternative base period" when applying for benefits. The National Employment Law Project, a group lobbying for the bill, says that roughly 300,000 additional workers would qualify for benefits if all states adopted an alternative base period, at a total annual cost of about \$550 million.

Regular unemployment benefits are paid out of state trust funds, which get most of their money from taxes on employers. A federal fund, also paid for by employer payroll taxes, covers the costs of administering the unemployment-insurance programs in all states and helps pay for extended benefits at times of high unemployment.

Opponents of the pending congressional bill -- including the White House and many business advocates -- say those changes should continue to be left up to the states. "Texas knows what's best for Texas," said Larry Temple, the executive director of the state's work-force commission. The Texas legislature has blocked efforts to instate an alternative base period and allow part-time workers to be covered.

Some opponents of the bill also argue that unemployment insurance is rightly limited in scope, and that employers shouldn't be the ones funding a broad-based social-safety net. "It is not the panacea for everyone who happens not to be working," says Doug Holmes, president of UWC, an advocacy group that represents employers.

The health of the state trust funds is another issue. The money in state trust funds totals about \$38 billion as compared with some \$54 billion before the 2001 recession. States such as Michigan, Ohio and New York, struck by high unemployment and slowing economic growth, are seeing their funds run dry.

There are other challenges to getting people covered: Some people are reluctant to accept benefits, seeing them as welfare; others don't know what they are entitled to.

Among populous states, the recipient rate for 2007 ranges from 19% in Texas to 61% in Pennsylvania. Wayne Vroman, who studies unemployment insurance for the Urban Institute in Washington, says that low recipient rates tend to be self-reinforcing: fewer people apply for benefits if the state program is perceived to be less welcoming.

That may be the case in Maryland, where 35% of the unemployed get benefits. Silver Spring, Md., resident Lynette Fluitt, 40, said she has waited two months since losing her job to file for benefits because of a previous bad experience. "They make like you're asking them for something, like they're giving you a handout," she said. "It makes you not want to go in, even though you know it's yours."

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