Adding to Recession’s Pain, Thousands to Lose Jobless Benefits

By PATRICK McGEEHAN and MATHEW R. WARREN

Just as the recession is throwing people out of work at an alarming rate, the unemployment insurance system in New York and many other states will start cutting off benefits this week for thousands of people who have been unable to find jobs since early last year.

About 50,000 New Yorkers who had been collecting unemployment checks for 11 months — the longest stretch that benefits have been available since the last recession eight years ago — will stop receiving weekly payments this week, according to the State Labor Department.

In normal circumstances, people laid off from full-time jobs can collect benefits for up to 26 weeks, after which they fall off the rolls. But some of the people who will lose benefits this week have been on unemployment for 46 weeks because Congress approved extensions of jobless benefits twice last year.

This will be the first time since the early 1990s that workers are exhausting benefits that have been extended twice because of an economic downturn. The inability of those people to find work after so many months provides a stark reminder of the weakness of the job market, officials and experts say.

For many of those facing the loss of that lifeline, the next step may be welfare, experts say.

Julio Ponce, a 55-year-old chef, has been using his weekly $352 unemployment check to pay the rent on his apartment in the Bushwick section of Brooklyn since he lost his job at a center for the elderly more than a year ago. But he said he did not know how he would cover the $800 monthly rent after his unemployment benefits lapsed this week.

“No one is helping me,” said Mr. Ponce, who was faxing his résumé to hotels and restaurants from an employment office in Downtown Brooklyn on Thursday. “I’ve applied for public assistance, but I don’t think I’m going to get it.”

Extended benefits are also about to expire over the next week or two in Massachusetts, Texas, Virginia, Pennsylvania and at least 20 other states, according to the National Employment Law Project, a nonprofit organization that advocates for lower-wage workers. No official estimates exist for how many people would lose their benefits in those states, but experts said it was likely to exceed 200,000.

In Philadelphia, Tony Green, 38, said he was due to collect the last of his checks by Jan. 25. His twice-extended benefits have amounted to $470 a month after taxes, forcing him to give up a rented house in the Fox Chase section of the city and move with his two teenage children to a place in North Philadelphia that he described as “drug-infested and dirty.”

Mr. Green said he had sold his car and borrowed more than $10,000, mostly on “maxed-out” credit cards. He has been taking construction jobs to supplement his benefits, but said he feared the extra income would dry up as the economy contracted.
“People are really tapped out,” he said.

Unemployment insurance, a federal system that is administered by the states, was intended as a stopgap, half-year source of relief, not a long-term source of income. But last year, as the economy slumped and the unemployment rate rose, Congress approved two extensions of jobless benefits, one for 13 weeks and the second for up to 20 additional weeks. The national unemployment rate rose again in December to 7.2 percent, a 16-year high, the government reported Friday.

However, New York and about two dozen other states have not yet qualified for the full 20 weeks of the second extension, because their jobless rates have been lower than other states. The latest extension was limited to seven weeks in states where the unemployment rate had not averaged at least 6 percent for three consecutive months. New Jersey and Connecticut have already qualified for the full extension.

New York’s unemployment rate has been rising in recent months, surpassing 6 percent in November. But the rate will have to jump again this month for workers in the state to qualify for the full 13-week extension.

The formula for triggering the availability of more emergency benefits has left New York’s commissioner of labor, M. Patricia Smith, in the odd position of rooting for a higher jobless rate.

“We’ve seen over the last year a large jump in the number of people who do exhaust benefits because, as the economic climate gets worse and worse, it becomes harder to become re-employed,” Ms. Smith said Thursday.

The program providing the additional 33 weeks of benefits is scheduled to expire March 31, meaning no extended benefits would be available after that date. But Congress is considering legislation supported by President-elect Barack Obama that would continue the program until the end of the year.

Each month, about 18,000 state residents use the last of their regular benefits, and most of them immediately seek to start collecting extended benefits, according to the Labor Department. About 116,000 New Yorkers are collecting extended benefits now, including those who will receive their final checks this week.

Unemployed workers in New York not only receive fewer weeks of extended benefits than jobless residents of neighboring states, they also receive smaller checks. The maximum weekly benefit in New York is $405, a limit that has not changed in more than eight years because state lawmakers have been unwilling to raise the payroll tax that finances unemployment benefits. In New Jersey, the top rate for unemployment benefits is $584; Connecticut’s is $576.

Paulette Walker, 45, said she had depleted almost all of her savings since she lost a job as an employee-benefits representative for Cigna Healthcare, where she had worked for 17 years. She has been renting a room from her ex-husband’s family in Crown Heights, Brooklyn, but fears she will not be able to afford even those humble lodgings if her $331 weekly benefits run out in three weeks, as scheduled.

“I worked all my life and there’s nothing wrong with me,” Ms. Walker, a Jamaican immigrant, said, as she broke down crying. “I’m living with my ex-in-laws because I don’t have any family here. When my benefits finish, I don’t know how I’m going to pay for that room.”

Emanuel During, 55, whose extended benefits expired last week, said he had resorted to substituting a bottle of soda for a meal at dinnertime. Mr. During, who lives alone in Flatbush, Brooklyn, and does not qualify for food stamps, said he had been searching for work since he was dismissed a year ago by the school-bus company he drove for.
“I feel hopeless. I’ve been applying for all different types of jobs,” said Mr. During, who said he applied for more than 20 jobs in the last few months and was considering training to drive a tractor-trailer. “What I was doing, there’s nothing. It’s dead, it’s dead.”

Running out of unemployment benefits “can become a real breaking point for families,” said Andrew Stettner, deputy director of the National Employment Law Project. “You’ll see a big increase in poverty among these families. Some people will have to go on welfare. It’s very destabilizing. In less than a year, they’ve gone from working class to poor.”

The first step for many people whose benefits lapse is to take “survival jobs,” low-paying positions that do not make use of their skills, Mr. Stettner said. Several New Yorkers who were at or near the end of their unemployment benefits said that they might have to resort to menial jobs rather than continue pursuing the sort of work they were trained for.

Eric Mio, 40, who has been working sporadically as a driver for a moving company, said his benefits would run out in a few weeks. He is receiving assistance from the state to study to become an electrician, but he said he might have to settle for a lower-paying job in the meantime.

“I’ve been lucky, things come through,” said Mr. Mio, who lives alone in the Williamsbridge section of the Bronx. “It’s just enough. I’m keeping a roof over my head and food in my belly. But I don’t go out anymore.”

If he can no longer collect unemployment, he said, “I guess I’ll go to the supermarket and bag groceries.”

Jon Hurdle contributed reporting from Philadelphia.

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