Many of the jobless get no unemployment benefits

By Barbara Hagenbaugh

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When Clarence Athy lost his job laying concrete just before Thanksgiving, the 56-year-old single father did what most people do: He applied to collect unemployment benefits.

But like many Americans, Athy was denied.

Athy, of Kalispell, Mont., was told by state workers that he was not at his job long enough to collect benefits. He has applied for jobs all over town — where the unemployment rate is in the double digits — without any luck. Now, he's trying to do what he can to feed himself and his son, Calvin, 15, and keep a roof over their heads. He is behind on his rent, has turned off his telephone and next week may lose his electricity.

"I ought to get something," Athy says of unemployment benefits. "It's not like I'm not trying to get work. … I'm just trying to make a living."

Millions of unemployed Americans who have lost their jobs are in Athy's shoes. While 13.2 million people were unemployed in March, approximately 5.8 million were collecting unemployment benefits at the end of the month, double the number from a year ago, the government said Thursday. That means less than half of those who were out of work and were actively trying to find a new job were receiving unemployment benefits.

"There are so many gaps," says Monica Halas, lead attorney at Greater Boston Legal Services, which provides free legal aid to low-income people. "People think (if) they are unemployed, they are going to get unemployment. Not true."

There are a number of reasons people are ineligible for unemployment benefits. Policies vary widely by state: The proportion of unemployed people who were collecting benefits in 2008 ranged from 18% in South Dakota to 61% in Idaho, according to the National Employment Law Project.

Often, those who worked part time or who were not at their job for very long before being laid off are not eligible. That tends to disproportionately include women, low-income workers and people with more seasonal jobs, such as construction, according to the NELP. A 2007 report from the Government Accountability Office found low-wage workers were about one-third as likely to collect unemployment benefits as those earning more. People who are fired for performance issues, who quit or who were self-employed are immediately tossed out.

There are no plans to expand the safety net to those in the latter category. But Congress, as part of the stimulus bill passed this year, included $7 billion to states that change their laws to make more employees who lose their jobs because of the bad economy eligible for benefits. Money for
the unemployment insurance program, which began in 1935, comes from taxes paid by employers. Workers themselves do not pay into the unemployment insurance system.

Nineteen states qualified to receive all or part of their funds based on existing policy. One was Maine, which has been providing benefits to a wider pool of workers, including part-timers and those who left jobs because of concerns about domestic abuse or because a spouse was relocating, according to the NELP. Other states that have been more generous with benefits include Rhode Island, Washington and Massachusetts.

Policymakers in New Jersey and South Dakota have recently changed laws and received money from the stimulus pot, while others have legislation working their way through state capitals. This week, the Labor Department approved funds for Connecticut based on that state’s policy of allowing employees with shorter work histories to collect unemployment.

But lawmakers in other states have not acted, and those in at least one have actually shot down the money. Wednesday, the Republican-controlled Virginia House of Representatives, largely along party lines, rejected a measure to expand the pool of workers eligible for unemployment benefits, 46-53.

Some Republican governors, including those in Texas, Louisiana, South Carolina, Mississippi and Alabama, have spoken out against expanding unemployment benefits, arguing that eventually the federal government funds will run out, and the states will be left with a bigger cost for their unemployment insurance programs with a larger number of people on the rolls.

Katherine Cesinger, a spokeswoman for Texas Gov. Rick Perry, said expanding the unemployment system would require raising taxes on businesses, thus “hurting our job-creation climate.” Perry’s “ultimate goal is to make sure there are jobs out there, so that when this economic climate turns, folks can get back to work,” Cesinger said.

Still, those backing expansion of benefits point out that there have been successes. “We have had more victories than we have had defeats,” NELP deputy director Andrew Stettner says.

A push from Washington

The NELP estimates more than 500,000 additional people would be eligible to collect unemployment benefits if all the states take the needed legislative steps to collect the funds.

Labor Secretary Hilda Solis says she has personally been calling governors and state lawmakers to press them to quickly pass the laws to make them eligible to collect the federal money.

"It's going to be a little tough, but overall, people are interested," Solis said, expressing confidence states will take action.

State governments would "be leaving money on the table if they did not follow through, and that is a very bad idea in these tough economic times," says Kristin Rowe-Finkbeiner, executive director of MomsRising.org, an advocacy group of mothers. The group is conducting a letter-writing campaign urging state lawmakers to expand benefits.
Any changes in law likely would only help people who lose their jobs going forward, not those who are already unemployed.

Such action would be too late for David Bowman, 53, of Avondale, Ariz.

On Dec. 31, Bowman lost his part-time job doing sales and marketing at a friend's plumbing wholesale business. He started the job in August after he had to stop driving a truck because he had a defibrillator inserted due to heart trouble. That meant Bowman neither had a long enough work history before he was laid off nor was he working full time, both conditions for collecting unemployment in Arizona.

Bowman said he's been applying for jobs every day, but hasn't gotten an interview in more than a month. He gets a pension from the Army, but it's not enough to make ends meet, he says. He's depleted savings, lost his home in foreclosure, is behind on his rent and has filed for bankruptcy.

"I'm right now almost dead in the water," he says, noting he considers himself better off than many people because he has health benefits from the military. But he wishes he could collect unemployment.

"That kind of stings me a little bit," he says.

**Benefits running out for many**

Some people who are eligible are also running out of benefits before finding work. Benefits have been expanded in a number of states, but with the unemployment rate the highest in more than a quarter-century, workers are taking longer to find jobs, at times exhausting their eligibility. The NELP predicts more than 1.3 million people will run out of unemployment benefits during the first half of the year.

In March, the average length of unemployment was 20.1 weeks, up four weeks from a year earlier. Nearly 3.2 million had been jobless for at least 27 weeks, vs. 1.3 million a year earlier.

Legal aid groups are also reporting an increase in the number of employers contesting a former worker's claim for unemployment benefits. Because a company's future tax liability for the unemployment program is based on how many former employees have collected, it is in a firm's best interest to limit the number of those drawing benefits.

Andrew Scherer, executive director of Legal Services NYC, a non-profit group that provides free legal assistance in New York City, says his organization is seeing "explosive growth" in contested unemployment insurance cases as employers claim workers were fired because of performance. "We are seeing more overblown reaction to what otherwise might have been a minor infraction of work rules," he said.

When claims are contested, unemployment checks are delayed. That can lead to a number of issues, including possible eviction as families get behind on their rent and mortgage payments. That can put a strain on family relationships. Scherer says his organization is seeing an increase in domestic violence cases.

"Any delay is tragic for people," says Greater Boston Legal Services' Halas. "It has really serious effects in this down economy where you can't turn around and get another job."

Economists say providing money to people who are unemployed can have a broader impact on the economy.
"If you can provide some kind of income support for them, then it might generate more spending in the economy," Forward Capital chief economist Richard Moody says.

Because the unemployment insurance system is funded by companies, those who are self-employed are likely to continue to be left out.

Dale Prost, 58, says he thinks there should be some help for out-of-work, self-employed people such as himself.

"I don't think it's fair, because I pay taxes," he says.

For 10 years, he worked as a self-employed manufacturing worker, most recently supporting a transmission assembly launch at a General Motors powertrain plant. He has not had work since December 2007, the month the economy slid into recession.

Prost, of Commerce Township, Mich., said he has applied for numerous jobs, including those paying minimum wage, but for every job, there are hundreds of people applying. He and his wife are living off her salary as an office manager for a doctor, but it does not provide medical benefits. They are negotiating with their mortgage company to reduce the interest rate and lower monthly payments on their home.

"We're sitting on eggshells, because we don't know what is going to happen," he says. "We are barely holding on. I don't think I've ever had this much stress."

Contributing: Matt Kelley

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