

Don't Cut Benefits for Jobless Americans

Extended unemployment insurance benefits are due to expire at the end of the year, part of the encroaching “fiscal cliff.” This means tens of thousands of New Yorkers who are among the long-term unemployed will lose their benefits. Some of them are still recovering from Hurricane Sandy.

New York City is currently in the longest stretch of annual unemployment rates near or above 9 percent since 1976. In October of this year, there were over 367,000 city residents who were unemployed, nearly 200,000 more than in December 2007 when the recession began. About half of these individuals were among the long-term unemployed, defined as being out of work for more than six months. What's more, an estimated 30 percent of unemployed New Yorkers have been out of work for a year or longer.

Regular unemployment benefits last for 26 weeks. There is an argument in the conservative media that 26 weeks is enough time to find a job. But the experiences of millions of Americans in this jobless recovery have shown that that is simply not true. More puzzling is the fact that some in the business community in New York City favor ending extended unemployment benefits. The extension of benefits would keep many jobless New Yorkers from falling into poverty and allow for an easier and more efficient transition to jobs as the economy improves and businesses ramp up hiring new workers.

Long-Term Unemployment

Long-term unemployment has become an entrenched and pervasive feature of the current labor market landscape. The average duration of unemployment in New York City has lengthened since 2009, the year the recession ended — it increased from 30 weeks in that year to 41 weeks last year, almost a three month difference.

In this situation, you would think that the federal government would extend benefits for those long-term unemployed who have suffered the most. Instead, unemployment benefits are being stopped for many millions of Americans who have been jobless for longer than 26 weeks, half a year. By now, more than half a million people will have had their unemployment benefits cut off earlier than they thought.

None of this takes into account the millions of Americans who no longer qualify for unemployment benefits, who are not even counted as unemployed because they have either given up looking for work or exhausted their benefits. If we counted these people, the official figure for long-term unemployed would be much higher.

The average duration of unemployment in New York City increased from 29 weeks in 2009 to 41 weeks in 2011, so it took on average about three months longer to find a job last year if you were unemployed than it did in 2009.

Black New Yorkers had the longest average span of unemployment in 2011 of all demographic groups — 47 weeks, or 11 months. Unemployed persons age 55-64 in the city had an average

unemployed span of 46 weeks in 2011. Older women, can expect to be out of work for almost a year on average.

Recognizing the impact of the Great Recession on joblessness, Congress has repeatedly acted to extend federal unemployment insurance benefits, which kicked in after receipt of the maximum 26 weeks of state unemployment insurance benefits. But the zeal for fiscal austerity, spurred by growth in the federal deficit, along with a slowly but steadily declining national unemployment rate, led Congress to enact legislation phasing out of extended unemployment insurance benefits.

States with lower unemployment rates would have federal unemployment insurance benefits phased out faster. By the end of this year, anyone receiving federal unemployment insurance benefits will no longer receive such benefits beginning January 2013.

Making Ends Meet

Cutting off unemployment benefits for long-term jobless New Yorkers would be a disaster. If someone who loses a job is out of work for an average of over nine months, and state unemployment insurance only provides benefits for a maximum of six months, then how will that person make ends meet for the remaining three months? As it is, for most New Yorkers, unemployment insurance benefits are not a temporary wage replacement. With a maximum state benefit level in New York of just over \$400 per week, many unemployed New Yorkers struggle to make ends meet even while receiving unemployment insurance.

Any deal being struck between President Obama and the Congress regarding the fiscal cliff and federal unemployment insurance benefits must take account of the stubborn and extensive long-term unemployment problem. Benefits must be extended for the millions of Americans, many of whom have been jobless for more than a year. Unemployment insurance benefits can return to their original 26 weeks when the nation's economy recovers sufficiently to provide the millions of jobs lost since the beginning of the recession in December 2007.

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From the New York Amsterdam News
November 22 – November 28, 2012