

UNEMPLOYMENT BENEFITS UPDATE

HEARING

BEFORE THE

JOINT ECONOMIC COMMITTEE CONGRESS OF THE UNITED STATES

ONE HUNDRED SECOND CONGRESS

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UNEMPLOYMENT BENEFITS UPDATE

FRIDAY, SEPTEMBER 6, 1991

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, DC.

The Committee met, pursuant to notice, at 10:30 a.m., in room SD-628, Dirksen Senate Office Building, Honorable Paul S. Sarbanes (chairman of the Committee) presiding.

Present: Senators Sarbanes and Sasser.

Also present: William Buechner, professional staff member.

OPENING STATEMENT OF SENATOR SARBANES, CHAIRMAN

SENATOR SARBANES. The Committee will come to order.

The second hearing of the Joint Economic Committee this morning will focus on the crisis situation that exists in the unemployment insurance system.

Since the Great Depression, unemployment insurance has provided the first line of protection for families against the hardship of involuntary unemployment. Yet, today, for the first time since the 1950s, the unemployment insurance system is failing to help those most in need, the long-term unemployed, who lost their jobs early in the recession and have been unable to find work for more than six months.

Each month, hundreds of thousands of American workers exhaust their regular 26 weeks of unemployment insurance benefits, but find no other support available from the unemployment insurance system.

Though large numbers of people exhausted their regular benefits during the recessions in the 1960s, 1970s, and 1980s, in every case there were programs that provided additional weeks of insurance to tide people over until they were called back to work or found new jobs.

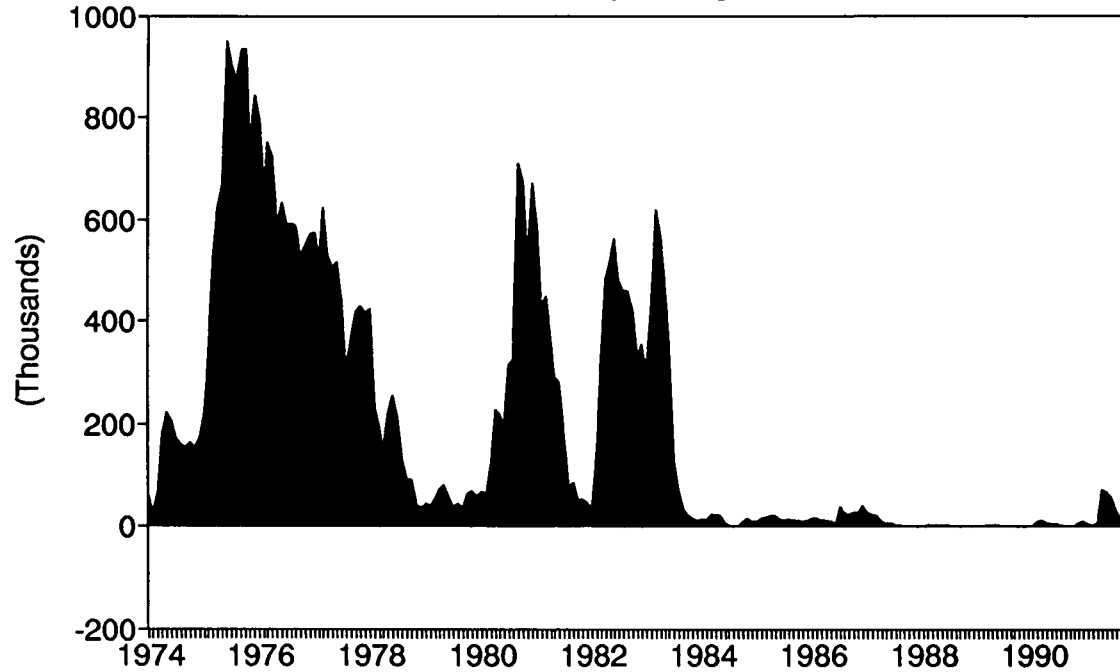
I want to emphasize this chart that shows how UI worked in previous recessions. It shows the number of persons receiving extended unemployment insurance benefits in previous recessions. And you can see how dramatically we responded. (See chart on following page.)

At the far right is the response in this recession.

And the bill that we passed in the Congress last month would have provided an additional 5 to 20 weeks of extended benefits, depending on

Persons Receiving Extended UI Benefits

Monthly Average



Note: Excludes Federal Supplemental Benefits and Federal Supplemental Compensation recipients.

how serious it was in each particular state, in order to provide some support.

Now, this is compounded by the fact that the trust fund for paying these extended benefits has an enormous surplus. Employers—actually, in a sense, it comes out of the employee because the employee receives less of a wage package because the employer is paying the tax—pay these taxes in these extended benefit taxes. And these surpluses have built up in the trust fund balance, and yet they are not being used to pay the benefits.

By next week, despite this severe recession, only a handful of workers in Rhode Island and Puerto Rico will qualify for extended benefits. In fact, the maximum number of states during this recession has been eight.

By the Administration's own estimate, 3.4 million jobless workers will exhaust their regular unemployment insurance benefits this fiscal year, 80 percent more than two years ago. Less than 1 percent can expect to receive extended unemployment insurance.

A month ago, Congress enacted an emergency extended insurance bill that would provide from 4 to 20 additional weeks of unemployment insurance to American workers who have exhausted their regular benefits. The President chose not fund this additional insurance because he does not view the current plight of the unemployed as an emergency situation. Yet, the funds are available for extended unemployment insurance benefits. The trust fund currently has a surplus as I just indicated of eight billion dollars. It is going to build up that surplus over the next year, right during a recession.

Not only are we not using the surplus, we're actually building it up. If there was ever a counterproductive policy, I don't know what it is.

Employers pay taxes into that trust fund on the assumption that the workers would be taken care of during a recession. But the trust fund is not being used for its designated purpose.

We are very pleased to have this panel here. We're going to hear first from Isaac Shapiro, who is a senior research analyst at the Center on Budget and Policy Priorities, who has done a study entitled "Unemployment Benefit Exhaustion Hits Record Level in July." And we will then hear from Peggie Quirk, who is a hotel restaurant manager in Philadelphia; Charles Chappell, a Wall Street clerk in New York; Robert Simpson, a mechanic from Baltimore, Maryland; and George Proper, a typesetter and former airline human resource director from Long Island, New York.

We're very pleased you all were able to come.

I am going to turn to Senator Sasser for a statement, and then Mr. Shapiro, we'll hear your report on your study; then we will hear the personal dimensions of this situation from each of the four witnesses that we have; and then Senator Sasser and I would want to address some questions to the panel.

Senator Sasser, please proceed.

**OPENING STATEMENT OF SENATOR SASSER, CHAIRMAN,
SENATE BUDGET COMMITTEE**

SENATOR SASSER. Well, thank you very much, Mr. Chairman. And again, I want to express my appreciation for the opportunity to participate in this hearing this morning.

I am here because I think the whole question of addressing our country's chronic unemployment problem has somehow been distorted into a budget process issue. It is emphatically not a budget process issue, and I want to make that point once again here today.

Thanks largely to the chairmanship and the leadership of the Chairman of this Committee, Senator Sarbanes, we have forged a consensus on the matter of what to do about unemployment insurance in both houses. And that overwhelming consensus says that the more than three million jobless Americans who have lost their unemployment insurance deserve the same benefit extension that's been provided workers in every recession in recent memory.

Now, the Congress designated the unemployment insurance extension as an emergency, because that's precisely what it is, by the common definition of human suffering, or by the technical definition offered by the Office of Management and Budget.

Now, it's unfortunate the President has taken the position that economic emergencies don't seem to occur in this country. They seem to occur only in countries overseas.

For me that's simply an unacceptable manipulation of the emergency mechanism that we put into the budget summit agreement last year. The American people have responded generously to the heartbreaking calamities in Kurdistan, Turkey, Bangladesh, and Sudan, and indeed they should have.

We provided two-and-a-half billion dollars in loan guarantees already to help feed the people of the Soviet Union, and we should have.

We are going to hear a loud chorus to provide more and declare that it is an emergency and ought to be outside of the budget summit agreement.

I am not questioning the Administration's decisions in these areas. But somehow it seems that charity stops right here at home. The issue in my view is simply an unwillingness on the part of the Administration, Mr. Chairman, to acknowledge this country's severe economic distress. It seems that every time we start to see the depth of human tragedy that has been experienced here in America by people who have lost their unemployment benefits—over three million—the President gets a sudden attack of fiscal responsibility.

Now, I want to commend you, Senator Sarbanes, for persisting in your efforts to disclose what this year-long recession really means to the American people. You were the first, really, to raise the issue. And my hope is that the report that we're putting out today through your Committee will finally set the President's pen in motion.

Mr. Shapiro has done a superb job of assessing the failures of our current unemployment insurance system, and it seems clear from the testimony that we've heard here this morning from Commissioner Norwood, and from reading the economic journalists that the situation is not getting better. We're simply bouncing along the bottom of the recession and will be, it appears, for some time to come.

I believe that, as a result, this Congress is going to be sending the President another unemployment extension package very soon. It is my sincere hope that he will not miss another opportunity to help American families who are in desperate need.

The President refused emergency designation for unemployment extension because he said it would do violence to the budget agreement; it would bust the budget agreement. Well, I will say, with all due respect to the Administration, that is simply inaccurate. The revisions in the budget law expressly include emergency designation, and I helped write that law and helped put it in there.

The President himself has employed this safety valve when he has seen fit to do so, and there is absolutely no procedural bar to doing so now.

Now, if the President and the Administration say that the present situation does not merit an emergency designation, that is simply a value judgment that this Administration is making about the plight of millions of unemployed Americans. That is simply a policy decision on the part of this Administration and is by no means dictated by the terms of the budget summit agreement.

I wanted to come here, Mr. Chairman, and make that point clearly and emphatically this morning. The Congress has said there is an emergency. The three million Americans who have exhausted their unemployment compensation benefits would agree it's an emergency, and it is simply this Administration that is not exercising the authority for emergency designation that is theirs to exercise under the budget summit agreement.

Thank you, Mr. Chairman.

SENATOR SARBANES. Thank you very much, Senator Sasser.

Mr. Shapiro, we'd be happy to hear from you.

**STATEMENT OF ISAAC SHAPIRO, SENIOR RESEARCH ANALYST,
CENTER ON BUDGET AND POLICY PRIORITIES**

MR. SHAPIRO. Thank you, Mr. Chairman.

As you noted, my statement is based largely on the report that the Center on Budget and Policy Priorities released last week. I would like to submit the entire report for the record.

SENATOR SARBANES. The entire report will be received for the record.

MR. SHAPIRO. The central finding of our report is this: In July, the largest number of workers, in any month, in at least 40 years, and perhaps in the entire history of the unemployment insurance program have exhausted their state unemployment benefits without being eligible for

additional unemployment aid. In July, 350,000 unemployed people had their state benefits expire before they were able to find new employment.

Only 18,000 of these workers lived in states where they could qualify for extended benefits. These are the additional benefits theoretically designed to help the unemployed in states with high unemployment rates. When unemployment is high, quite naturally, it takes longer to find a new job, and additional assistance is appropriate.

The vast majority of exhaustees—95 percent—lived in states where no extended benefits could be paid. Some 332,000 workers exhausted their state benefits in July, but were ineligible for extended benefits. These 332,000 workers constitute the largest number of state exhaustees not qualifying for any additional aid, in any month on record, with monthly data available back to 1951.

Moreover, annual data are available back to 1939. At the current pace, the number of state exhaustees not qualifying for additional benefits will be greater in 1991 than in any other year in the history of the unemployment insurance program.

The increase in population over the years is not the major factor contributing to the increase in the number of workers whose benefits ran out. Measured as a percentage of the overall labor force, the number of state exhaustees not qualifying for additional unemployment benefits was greater in July than in any month in at least 30 years. The major factor accounting for this deplorable record is the absence of additional federal aid; a subject I will return to at the end of the statement.

The large problem reflected in July's data is not a temporary aberration, as became clear in today's earlier hearing. Throughout the first half of 1991, the number of people who have exhausted their eligibility for state unemployment insurance benefits has been up sharply from a year ago. In the first seven months of this year, 1.8 million workers exhausted their state benefits without being eligible for extended benefits. This reflects a 35 percent jump over the comparable period in 1990.

The foreseeable future doesn't look brighter either. Today's unemployment report provides further evidence that the economy is stagnant at best. Moreover, once the recovery does begin in earnest, the exhaustee problem will not immediately disappear.

Past economic indicators indicate that it usually takes six months to a year before a recovery has a positive enough effect on the labor market that the number of jobless workers exhausting their state benefits drops significantly.

For example, the recession in the mid-1970s ended in March 1975. But the number of individuals exhausting their state benefits remained above the March level for 13 months after the recession ended.

Likewise, the recession of the early 1980s ended in November 1982. But the number of people exhausting their state benefits remained above the November level for six months after the recession was over.

Since April of this year, an average of more than 300,000 workers have exhausted their state benefits each month. Similar numbers of

workers likely will exhaust their benefits in the months ahead. Note that the Bush Administration itself projects that the number of people exhausting state benefits in fiscal year 1992 will equal 3.4 million workers, up from an estimated level of 3.1 million workers in fiscal 1991.

This problem will be even worse, of course, if a double-dip recession occurs, or if the recovery is so weak that it takes longer for the labor market to improve than during past recoveries.

For those who have exhausted their state benefits and are not eligible for more aid, employment and income prospects are dismal——

SENATOR SARBANES. Could I interrupt just for a second?

MR. SHAPIRO. Sure.

SENATOR SARBANES. I want to be clear on one thing. In the past recessions, you say in 1974-75, the number of people exhausting the benefits continued to rise for 13 months after the recession ended?

MR. SHAPIRO. That's correct. The recession officially ended in March, and it was not until the following March or April that exhaustees dropped below the March level.

SENATOR SARBANES. And then in 1981-82, it continued to go up for six months after?

MR. SHAPIRO. It continued to remain higher than it was in November of 1982 for another six months.

SENATOR SARBANES. Of course, this recession isn't over. But even if it were, we would face the prospect that the number of exhaustees would continue to rise for a significant period of time; is that correct?

MR. SHAPIRO. It would continue to be, I would say, at or above a level of 300,000 for the foreseeable future.

As the witnesses after me will indicate, for those who have exhausted their state benefits and are not eligible for more aid, employment and income prospects are dismal.

Research conducted for the U.S. Department of Labor found that a substantial majority of the unemployed who had exhausted their unemployment benefits did not have a job 10 weeks after their benefits ended.

Moreover, this research was based on data for 1988 when the unemployment rate averaged 5.5 percent. Job searches likely will take longer today since the unemployment rate is significantly higher.

Previously, middle-class workers who have exhausted their benefits and are unable to find new jobs are in grave danger of falling into poverty. A recent study by the Congressional Budget Office examined the poverty status of individuals who had exhausted their unemployment benefits, but remained unemployed three months later.

It compared the poverty rate for these individuals during the period they were receiving benefits to their poverty rate in the period after their benefits had run out. The study found their monthly poverty rate was twice as high after they exhausted their benefits. Nearly one in three who have exhausted their benefits were poor.

Why are record numbers of workers exhausting their state benefits and not qualifying for additional aid? The answer is straightforward: weak federal policies.

It is federal policies that determine whether or not a state can become eligible for the extended benefits program. And these policies were made much more restrictive in 1981. As a result, only six states and Puerto Rico qualified for extended benefits in July. Five of these states have since become ineligible for the program, despite continued high unemployment rates.

For example, West Virginia became ineligible for the program in mid-July, even though the latest reported unemployment rate for the state is 9.7 percent. And as the Chairman highlighted earlier, unemployment rate data is now available for the 11 large states in August. Seven of these states had unemployment rates over 7 percent; three of these states had unemployment rates over 8 percent; two had unemployment rates over 9 percent. Yet, not one of these states was eligible for extended benefits.

Furthermore, in other recent recessions, a temporary federal program was typically enacted that provided aid to people who had exhausted the regular extended benefits and were still looking for work. No such program exists today. In short, in other recent recessions, a much larger share of jobless individuals who exhausted their state benefits were eligible for additional benefits under either the permanent extended benefits program or under temporary programs adopted in response to the downturns.

The failure of the federal government to provide additional benefits to the unemployed has also contributed to the overall decline of the unemployment insurance system.

While I have focused here on the decline of additional assistance to the unemployed, throughout the latter half of the 1980s, a smaller share of the unemployed have received benefits under state programs, as well. Consequently, the proportion of jobless workers receiving any kind of unemployment benefits has been lower during this recession than in any other recession on record.

As has been pointed out and as we know here, Congress passed legislation in early August that would have established a temporary program of additional aid to those who have exhausted their state benefits. President Bush, however, chose not to sign an emergency declaration that would have allowed these benefits to be paid from the nearly eight billion dollar surplus in the extended benefits trust funds supposedly dedicated to this program. This action by President Bush killed the legislation.

I strongly recommend that Congress revisit this issue as soon as possible. Congress and the President should adopt both the temporary program to help those who have exhausted their state benefits as well as permanent reforms in the tottering unemployment insurance system.

[The prepared statement of Mr. Shapiro, together with report, follows.]

PREPARED STATEMENT OF ISSAC SHAPIRO

Mr. Chairman, thank you for the opportunity to testify here today. I am a senior research analyst at the Center on Budget and Policy Priorities. The Center is an independent, nonprofit research and analysis organization that focuses on public policy issues affecting low and moderate income Americans. My statement is based largely on a report the Center released last week, which I would like to submit for the record.

(Two differences between this statement and the report should be noted. First, some of the figures in this statement differ slightly from the figures in the report because the statement is based on more current, revised Labor Department data. The revised data depict an exhaustee problem of somewhat *greater* magnitude than did the data available when the report was prepared. Second, the report includes state-by-state data which time does not permit me to describe in my statement.)

An Exhaustee Problem of Historic Magnitude

The central finding of our report is this: Last month, the largest number of workers in any month in at least 40 years — and perhaps in the entire history of the unemployment insurance program — exhausted their state unemployment benefits without being eligible for any additional unemployment aid.

- In July, 350,000 unemployed people had their state benefits expire before they were able to find new employment.
- Only 18,000 of these workers lived in areas where they could qualify for extended benefits. These are the additional benefits theoretically designed to help the unemployed in states with high unemployment rates. When unemployment is high, it takes longer to find a new job and additional assistance is appropriate.
- The vast majority of exhaustees — 95 percent — lived in states where no extended benefits could be paid. Some 332,000 workers exhausted their state benefits in July but were ineligible for extended benefits.

These 332,000 workers constitute the largest number of state exhaustees not qualifying for additional aid in any month on record, with monthly data available back to 1951. Moreover, annual (as distinguished from monthly) data are available back to 1939. At the current pace, the number of state exhaustees not qualifying for additional unemployment benefits will be greater in 1991 than in any other year in the history of the unemployment insurance program.

The increase in the size of the labor force over the years was not a major factor contributing to the increase in the number of workers whose benefits ran out. Measured as a percentage of the overall labor force, the number of state exhaustees not qualifying for additional unemployment benefits was greater in July than in any month in at least 30 years. The major factor accounting for this deplorable record is the absence of additional federal aid to the long-term unemployed, a subject I will return to at the end of this statement.

Problem Will Remain Large In Coming Months

The large problem reflected in July's data is not a temporary aberration. Throughout the first half of 1991, the number of people who have exhausted their eligibility for state unemployment insurance benefits has been up sharply from a year ago.

- In the first seven months of 1991, some 1.8 million workers exhausted their state unemployment insurance benefits without being eligible for any extended benefits. This reflects a 35 percent jump over the comparable period in 1990.

Moreover, this problem will likely remain large in the months ahead, even if the economy grows during this period. The pattern of previous economic recoveries indicates it usually takes six months to a year before a recovery has a positive enough effect on the labor market that the number of jobless workers exhausting their state benefits drops significantly.

- For example, the recession of the mid-1970s ended in March 1975, but the number of individuals exhausting their state unemployment benefits remained above the March 1975 level for 13 months after the recession ended.
- Likewise, the 1981-1982 recession ended in November 1982, but the number exhausting their state benefits remained above the November 1982 level for six months after the recession was over.

Since April of this year, an average of more than 300,000 workers have exhausted their state benefits each month. Past economic patterns suggest that similar numbers of workers will exhaust their benefits in the months ahead. Note that the Bush administration itself projects that the number of people exhausting state benefits in fiscal year 1992 will equal 3.4 million workers, up from an estimated level of 3.1 million workers in fiscal 1991.

This problem will be even worse if a double-dip recession occurs or if the recovery is so weak that it takes longer for the labor market to improve than during past recoveries.

Dismal Employment and Income Prospects

For those who have exhausted their state benefits and are not eligible for more aid, employment and income prospects are dismal. Research conducted for the U.S. Department of Labor found that a substantial majority of the unemployed who had exhausted their unemployment benefits — 60 percent — did not have a job

10 weeks after their benefits ended.¹ Moreover, this research was based on national data for 1988, when the unemployment rate averaged 5.5 percent. Job searches likely will take longer today, since the unemployment rate is significantly higher.

Previously middle class workers who have exhausted their benefits and are unable to find new jobs are in grave danger of falling into poverty. A recent study by the Congressional Budget Office examined the poverty status of individuals who had exhausted their unemployment benefits but remained unemployed three months later. It compared the poverty rate for these individuals during the period they were receiving benefits to their poverty rate in the period after their benefits had run out. The study found their monthly poverty rate was *twice as high* after they exhausted their benefits. Nearly one in three of those who had exhausted their benefits were poor.

Federal Policies are to Blame

Why are record numbers of workers exhausting their state unemployment benefits and not qualifying for additional aid? The answer is straightforward: weak federal policies. It is federal policies that determine whether or not a state can become eligible for the extended benefits program, and these policies were made much more restrictive in 1981. As a result, only six states and Puerto Rico

¹ Walter Corson and Mark Dynarski, Mathematica Policy Research, Inc., *A Study of Unemployment Insurance Recipients and Exhaustees: Findings From a National Survey*, prepared for the U.S. Department of Labor, September 1990.

qualified for extended benefits in July. Five of those states have since become ineligible for the program, despite continued high unemployment rates. For example, West Virginia became ineligible for the program in mid-July, even though the latest reported unemployment rate for the state is 9.7 percent.

Furthermore, in other recent recessions, a *temporary* federal program was typically enacted that provided aid to long-term unemployed workers who had exhausted their regular or extended benefits and were still looking for work. No such program exists today.

In short, in other recent recessions, a much larger share of jobless individuals who exhausted their state benefits were eligible for additional benefits under the permanent extended benefits program or under temporary programs adopted in response to the downturns.

The failure of the federal government to provide additional benefits to the unemployed has also contributed to the overall decline of the unemployment insurance system. While I have focused here on the decline of additional assistance to the unemployed, throughout the latter half of the 1980s, a smaller share of the unemployed has received benefits under the state programs as well. Consequently, the proportion of jobless workers receiving *any* kind of unemployment benefits has been lower during this recession than in any other recession on record.²

² Since the recession began last July, only 40 percent of the unemployed have received unemployment benefits in an average month.

As you know, Congress passed legislation in early August that would have established a temporary program of additional aid to those who have exhausted their state benefits. President Bush, however, chose not to sign an emergency declaration that would have allowed these benefits to be paid from the nearly \$8 billion surplus in the extended benefits trust fund supposedly dedicated to this program. This action by President Bush killed the legislation.

I strongly recommend that Congress revisit this issue as soon as possible. Congress and the President would be well-advised to adopt both a temporary program to help those who have exhausted their state unemployment benefits, and to adopt permanent reforms in the tottering unemployment insurance system as well.



CENTER ON BUDGET AND POLICY PRIORITIES

August 29, 1991

Unemployment Benefit Exhaustion Hits Record Level in July

by Isaac Shapiro

In July, the largest number of workers in any month since at least 1950 — and perhaps in the entire history of the unemployment insurance program — exhausted their state unemployment benefits without being eligible for any additional unemployment aid.

The unemployment insurance system consists of two basic parts. The first part includes state unemployment benefits, which are provided for a maximum of 26 weeks in virtually all states. Data from the U.S. Department of Labor indicate that in July 1991, some 334,000 unemployed people had their state benefits expire before they were able to find new employment.¹

The second part of the system, the "extended benefits" program, is supposed to provide up to 13 additional weeks of benefits to workers who have exhausted their regular benefits and reside in states with high unemployment. In July, however, only six small states and Puerto Rico met the federal requirements enabling them to qualify for the extended benefits program. The result was that only a tiny fraction of the jobless workers exhausting their regular benefits were able to receive extended benefits.

- Of the 334,000 workers who exhausted their state benefits in July, just 16,000 lived in areas where they could qualify for extended benefits.
- The vast majority of exhaustees — 95 percent — lived in states where no extended benefits could be paid. *Some 318,000 workers exhausted their state benefits in July but were ineligible for extended benefits.* (See Table 1 for a state-by-state breakout.)

¹ Labor Department data currently available for July include actual, reported exhaustee figures for 42 states and the District of Columbia and estimates for eight states, Puerto Rico, and the Virgin Islands. In other recent months, when reported figures became available for all states, the overall number of exhaustees exceeded the original estimate. Thus, the 334,000 figure likely understates the number of exhaustees in July.

TABLE 1. STATE DATA ON BENEFIT EXHAUSTEES, JULY 1991

	Number exhausting state benefits	Eligible for extended benefits	Not eligible for extended benefits
Alabama	3,895	0	3,895
Alaska	1,618	1,618	0
Arizona	2,929	0	2,929
Arkansas	2,866	0	2,866
California	41,125	0	41,125
Colorado	2,762	0	2,762
Connecticut	8,241	0	8,241
Delaware	334	0	334
District of Columbia	1,777	0	1,777
Florida	15,196	0	15,196
Georgia	13,261	0	13,261
Hawaii	570	0	570
Idaho	1,145	0	1,145
Illinois	17,293	0	17,293
Indiana	4,253	0	4,253
Iowa	1,775	0	1,775
Kansas	2,555	0	2,555
Kentucky	3,995	0	3,995
Louisiana	2,967	0	2,967
Maine	3,021	3,021	0
Maryland	7,420	0	7,420
Massachusetts	13,105	0	13,105
Michigan	12,604	0	12,604
Minnesota	4,158	0	4,158
Mississippi	2,525	0	2,525
Missouri	6,416	0	6,416
Montana	633	0	633
Nebraska	840	0	840
Nevada	1,540	0	1,540
New Hampshire	8	0	8
New Jersey	17,026	0	17,026
New Mexico	1,201	0	1,201
New York	32,358	0	32,358
North Carolina	7,838	0	7,838
North Dakota	439	0	439
Ohio	11,499	0	11,499
Oklahoma	2,052	0	2,052
Oregon*	4,386	1,097	3,290
Pennsylvania	18,178	0	18,178
Puerto Rico	5,474	5,474	0
Rhode Island	3,728	3,728	0
South Carolina	4,008	0	4,008
South Dakota	64	0	64
Tennessee	7,998	0	7,998
Texas	17,697	0	17,697
Utah	739	0	739
Vermont*	854	427	427
Virginia	4,970	0	4,970
Virgin Islands	15	0	15
Washington	4,205	0	4,205
West Virginia*	1,933	967	967
Wisconsin	6,629	0	6,629
Wyoming	203	0	203
United States	334,321	16,331	317,990

*These states were only eligible for extended benefits during parts of July.

Source: CBPP calculations based on U.S. Department of Labor data.

These figures reflect a weakness in unemployment protection of historic magnitude. The number of workers who exhausted their state benefits last month without being able to receive any additional unemployment benefits hit record high levels.²

- The number of workers who exhausted their state benefits in July and could not qualify for additional unemployment benefits — 318,000 — was higher than during any point of the 1981-1982 recession or the recession of the mid-1970s. (See the text box.)
- Indeed, the number of exhaustees not qualifying for additional aid in July 1991 *exceeded the figure for every month since 1951*, the first year for which such data are available on a monthly basis.
- Annual (as distinguished from monthly) data are available back to 1939. At the current pace, the number of state exhaustees not qualifying for additional unemployment benefits will be greater in 1991 than in any other year in the 52-year history of the unemployment insurance program.

While the increase in the size of the labor force over the years has contributed somewhat to this increase in the number of state exhaustees not qualifying for more aid, it is *not* the major factor. Measured as a percentage of the overall labor force, the number of state exhaustees not qualifying for additional unemployment benefits was greater in July 1991 than in any month in at least 30 years.

Problem Will Remain Large In Coming Months

The number of people who have exhausted their eligibility for state unemployment insurance benefits is up sharply from a year ago — and is expected to remain at high levels for some months to come.

- In the first seven months of 1991, some 1.8 million workers exhausted their state unemployment insurance benefits without being eligible for any extended benefits. This reflects a 35 percent jump over the comparable period in 1990 in the number of workers exhausting state benefits who were unable to receive further assistance.

² These historic comparisons do not consider those individuals who qualified for additional unemployment insurance benefits beyond their state benefits, but who exhausted these benefits as well.

Comparison to Previous Recessions

From March 1982 to August 1983, the overall number of workers exhausting their state benefits exceeded the July 1991 level of 334,000. Throughout the earlier period, however, a much larger share of those who exhausted their state benefits were then eligible for additional benefits. From March 1982 to August 1982, half or more of the states were eligible for extended benefits, in part because the extended benefits program was stronger than it is today.* In addition, from September 1982 to March 1985, a temporary federal program provided additional benefits to all workers who had exhausted either their state or extended benefits.

Similarly, during a few months of the recession of the mid-1970s, the overall number of workers who exhausted their state benefits exceeded the number who exhausted their benefits in July 1991. During that period, however, all workers exhausting their state benefits were eligible for both extended benefits and temporary federal benefits.

Thus, in previous periods when the number of jobless workers exhausting their state benefits was similar to or larger than the July 1991 level, federal policies provided substantially more support in terms of additional unemployment benefits than such policies do today. As a result, the number of workers who exhausted their state benefits but were ineligible for additional aid was smaller — usually much smaller — in those previous periods than it is today.

*Cutbacks to the extended benefits program were enacted in 1981, but did not take full effect until September 1982.

- Moreover, the 318,000 people who exhausted their state benefits in July 1991 without being able to receive additional benefits represented an increase of more than 50 percent over the figure for July 1990, when 208,000 workers fell into this category.

This problem is likely to remain acute in the months ahead, even if the economy continues to recover. Although some economists believe the recession may have ended (i.e., that the economy hit bottom) in April 1991, it usually takes many months before a recovery has a positive enough effect on the labor market that the number of jobless workers exhausting their state unemployment benefits drops significantly.

In April 1991, some 306,000 unemployed workers exhausted their state benefits. From May through July, an average of 309,000 such workers exhausted their state benefits each month. In addition, the proportion of exhaustees who

subsequently *were* eligible for extended benefits was greater in April, May and June than it was in July. (See Figures 1 and 2.)

In other words, more exhaustees were unable to receive any further aid in July than in the immediately preceding months, even though the economic recovery may have started during this period.

This development is consistent with patterns from previous recessions and recoveries. The historical trends suggest the number of jobless workers exhausting their state benefits is likely to remain at or above 300,000 for a number of additional months even if recovery continues.

- The recession of the mid-1970s ended in March 1975, but the number of individuals exhausting their state unemployment benefits remained above the March 1975 level for 13 months after the recession ended.
- The 1981-1982 recession ended in November 1982, but the number exhausting their state benefits remained above the November 1982 level for six months after the recession was over.

Furthermore, even fewer of those exhausting their state benefits are likely to qualify for extended benefits in coming months than did in July. Four of the six states that qualified for extended benefits at the beginning of July have since become ineligible for the program.³ In mid-July, for example, West Virginia became ineligible for the program — even though the latest reported unemployment rate for the state is 9.7 percent.⁴ No additional state seems likely to become eligible for the program in the remainder of this year.

Since the number of workers exhausting their state benefits is likely to remain at high levels while the share qualifying for extended benefits will be minuscule, the number of unemployed people exhausting their state unemployment benefits without being able to receive further aid is likely to remain at or near historically high levels in the months ahead. This problem will be even worse if a double-dip recession occurs or if the recovery is so weak that it takes longer for the labor market to improve than during past recoveries.

³ Oregon became ineligible for extended benefits on July 6, Vermont and West Virginia became ineligible July 13, and Maine lost its eligibility August 10. Only Alaska, Rhode Island and Puerto Rico remain eligible for the extended benefits program.

⁴ The latest unemployment rate data for West Virginia is for June.

Figure 1
Number of Jobless Workers Exhausting
State Unemployment Benefits,
July 1990-July 1991

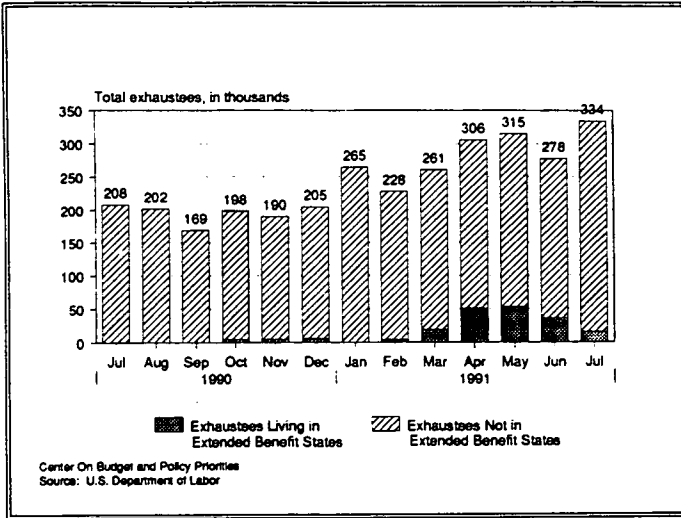
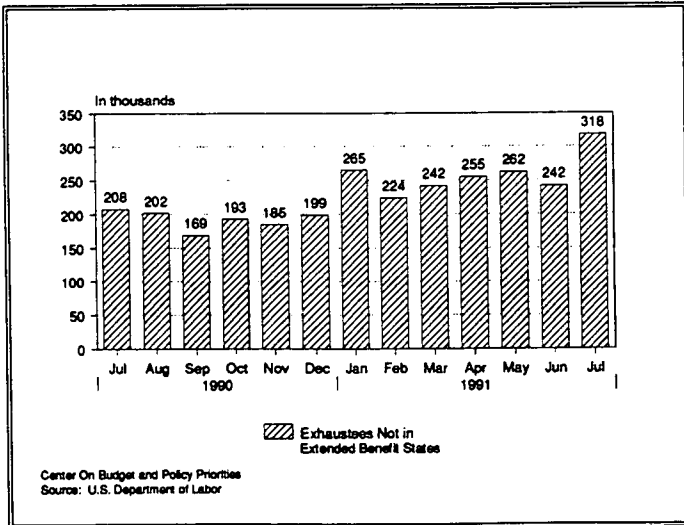


Figure 2
Number of Jobless Workers Who Exhausted State Unemployment
Benefits and Lived in States Not Eligible to Pay Extended Benefits,
July 1990-July 1991



State Findings

The number of unemployed exhausting their state benefits has jumped especially sharply in some states. (See Table 2.)

- In six states, the number of unemployed workers exhausting their state benefits in the first seven months of 1991 was more than double the number who exhausted their benefits in the first seven months of 1990. These states are: Georgia, Maine, Maryland, New Hampshire, North Carolina, and Virginia. Of these states, only Maine qualified for extended benefits at any point in 1991, and Maine is now ineligible to pay any further extended benefits.
- In 12 other states and the District of Columbia, the number of workers exhausting their state benefits increased by more than half between the first seven months of 1990 and the comparable period of 1991. These states are: California, Connecticut, Delaware, Florida, Hawaii, Indiana, Nevada, Oregon, Pennsylvania, Rhode Island, South Carolina, and Tennessee. Of these states, only Oregon and Rhode Island qualified to pay extended benefits at any time in 1991; Oregon no longer qualifies to provide this assistance.

In many of the states where large numbers of unemployed have exhausted their regular benefits without being eligible for any additional benefits, unemployment rates remain high. This is reflected in state unemployment rate data for July, which are currently available for the 11 largest states.

- Massachusetts and Michigan rank among the states with the highest unemployment rates in the nation. Massachusetts had an unemployment rate of 9.1 percent in July, while Michigan's rate was 8.3 percent. Both states were eligible for extended benefits earlier in the year, but despite their continued high unemployment rates, both became ineligible for the program in June.
- Four more of these 11 states — California, Florida, New York, and Pennsylvania — had unemployment rates of seven percent or more. (Texas, the nation's third largest state, had an unemployment rate just below seven percent, as did Illinois and Ohio.)
- None of the 11 largest states are now eligible to provide extended benefits.

TABLE 2. TOTAL NUMBER OF STATE EXHAUSTEES

	First 7 months of 1991	First 7 months of 1990	Percentage Change in Exhaustees 1990-1991
Alabama	22,227	16,756	33%
Alaska*	13,135	11,629	13%
Arizona	16,561	12,040	38%
Arkansas	17,072	13,054	31%
California	295,291	193,170	53%
Colorado	17,876	15,477	16%
Connecticut	38,285	22,125	73%
Delaware	2,747	1,520	81%
District of Columbia	9,578	6,061	58%
Florida	80,457	44,049	83%
Georgia	67,528	26,910	151%
Hawaii	3,033	1,953	55%
Idaho	9,434	6,887	37%
Illinois	86,886	64,750	34%
Indiana	29,378	17,498	68%
Iowa	13,550	10,787	26%
Kansas	14,934	12,440	20%
Kentucky	19,372	13,810	40%
Louisiana	15,126	14,948	1%
Maine*	19,872	9,620	107%
Maryland	30,489	14,582	109%
Massachusetts*	82,325	63,598	29%
Michigan*	103,922	80,625	29%
Minnesota	29,767	25,236	18%
Mississippi	15,684	11,870	32%
Missouri	39,670	28,920	37%
Montana	6,211	4,958	25%
Nebraska	5,373	4,446	21%
Nevada	11,140	5,980	86%
New Hampshire	3,028	1,121	170%
New Jersey	102,208	69,664	47%
New Mexico	6,027	5,510	9%
New York	177,611	118,825	49%
North Carolina	41,170	17,992	129%
North Dakota	4,261	4,205	1%
Ohio	62,459	44,083	42%
Oklahoma	11,959	10,322	16%
Oregon*	24,915	15,367	62%
Pennsylvania	92,886	61,054	52%
Puerto Rico*	40,614	32,051	27%
Rhode Island*	19,651	11,716	68%
South Carolina	21,066	11,073	90%
South Dakota	493	606	-19%
Tennessee	45,746	30,461	50%
Texas	100,075	87,117	15%
Utah	6,200	5,369	15%
Vermont*	3,115	2,219	40%
Virginia	28,569	12,971	120%
Virgin Islands	161	152	6%
Washington	34,747	26,783	30%
West Virginia*	10,290	6,909	49%
Wisconsin	31,604	26,399	20%
Wyoming	1,769	1,750	1%
United States	1,987,547	1,359,418	46%

*These areas have been eligible for extended benefits during parts of 1991.

Source: CBPP calculations based on U.S. Department of Labor data.

Unemployment rate data for all other states are available for June. Twelve of these states had unemployment rates of seven percent or above, but only two such states remain eligible for extended benefits. Mississippi, New Mexico, and West Virginia had unemployment rates above eight percent but are *not* currently eligible to pay extended benefits.⁵

Importance of Further Aid

Additional unemployment aid is important to those who exhaust their unemployment benefits because they are unlikely to find new jobs quickly. Research conducted for the Labor Department found that a substantial majority of the unemployed who had exhausted their unemployment benefits — 60 percent — did not have a job 10 weeks after their benefits ended.⁶ Moreover, this study was based on national data for 1988, when the U.S. unemployment rate averaged 5.5 percent. Job searches likely will take longer today, when the unemployment rate equals 6.8 percent.

For some previously middle class workers who exhaust their benefits, this may mean not just a decline in their standard of living but also that they sink into poverty. A recent national study examined the poverty status of individuals who had exhausted their unemployment benefits but remained unemployed three months later. It compared the poverty rate for these individuals during the period they were receiving benefits to their poverty rate in the period after their benefits had run out. The study found their monthly poverty rate was *twice as high* after they exhausted their benefits. Nearly one in three of those who had exhausted their benefits were poor.⁷

Providing additional assistance to workers who have exhausted their state benefits would not only be of direct benefit to these workers and their families, but could have positive affects on the economy as a whole. In states or areas with particularly high levels of long-term unemployment, the erosion in the

⁵ The national unemployment rate did tick down from June to July, not because more people found jobs, but because a large number of people dropped out of the labor force. The slight decrease in the national unemployment rate from 7.0 percent to 6.8 percent is unlikely to correspond with a significant drop in unemployment rates in these states.

⁶ Walter Corson and Mark Dynarski, Mathematica Policy Research, Inc., *A Study of Unemployment Insurance Recipients and Exhaustees: Findings From a National Survey*, prepared for the U.S. Department of Labor, September 1990.

⁷ Ralph E. Smith and Bruce Vavrichek, the Congressional Budget Office, *Family Incomes of Unemployment Insurance Recipients and the Implications for Extending Benefits*, February 1990.

incomes of jobless workers has likely contributed to a substantial decline in the demand for goods and services. Increased benefits to the long-term unemployed could sustain demand in hard-hit areas. In this respect, it could contribute to a stronger recovery.

Implications for Policy

Why are record numbers of workers exhausting their state unemployment benefits and not qualifying for additional aid? The answer is simple: weak federal policies. Sharp federal cutbacks in the extended benefits program were enacted in 1981⁸. Furthermore, in contrast to virtually all other recent recessions, no additional *temporary* federal program has been enacted during the current downturn to provide aid to long-term unemployed workers who have exhausted their regular or extended benefits and are still looking for work.

In early August, Congress passed legislation that would have established a temporary program of additional assistance to those who have exhausted their state benefits. The bill, which was much narrower in scope than a comprehensive unemployment insurance bill originally introduced in the House, passed by voice vote in the Senate and by an overwhelming bipartisan majority in the House. But since President Bush did not sign an emergency declaration that would have allowed these benefits to be paid from the nearly \$8 billion surplus in the extended benefits trust fund, the temporary program has been killed.

Congress is expected to revisit this issue in September. The data above suggest a strong need for additional assistance. Congress and the President would be well-advised to take this opportunity not only to adopt a temporary program to help those who have exhausted their state unemployment benefits, but to adopt permanent reforms in the tottering unemployment insurance system as well.⁹

⁸ Technically, the factor (or "trigger") used to determine when a state qualifies for extended benefits is based on the number of unemployed workers receiving state unemployment insurance benefits. The trigger is called the "insured unemployment rate" and is computed by dividing the number of persons collecting state unemployment benefits by the total number of persons in the state in jobs covered by the unemployment insurance system. (Almost all wage and salary jobs are covered by the UI system.)

In 1981, the extended benefits "trigger" was made much more restrictive, effectively raising by a significant amount the level of unemployment a state must have before it qualifies for the extended benefits program.

⁹ Since the recession began last July, only 40 percent of the unemployed have received unemployment benefits in an average month. This is the lowest level of protection ever provided during a recessionary period.

SENATOR SARBANES. Thank you very much, Mr. Shapiro, for a very strong and powerful statement.

Ms. Quirk, we would be happy to hear from you.

And if you would, pull the microphone close to you. I think that would be helpful.

STATEMENT OF PEGGIE QUIRK, FORMER RESTAURANT ASSISTANT MANAGER, PHILADELPHIA

Ms. QUIRK. Good morning, ladies and gentlemen.

Before I begin my testimony, I would like to submit for the record a copy of the speech I wrote and delivered on Friday, August 16, in Kennebunkport, Maine. I have, since then, sent a copy of the speech, as well as composing a handwritten letter to our President—

SENATOR SARBANES. You better pull that microphone a little closer than you have it. I want very much to be able to hear your testimony.

Ms. QUIRK. This letter was mailed to him early last week.

May I submit this?

SENATOR SARBANES. It will be included in the record.

Ms. QUIRK. Thank you, Mr. Chairman.

My name is Peggie T. Quirk, and I am here on behalf of all the unemployed in our country, as well as to testify in support of passage of an extended benefits bill. This is an urgent, serious matter that requires all involved to give it their undivided attention. Nationwide, hundreds of thousands of working Americans are in a crisis, because their unemployment benefits that are meant to help people who are out of work have not been substantial enough to deal with the realities of this recession.

I come from a background of serious, hardworking Irish Catholics whose traditions and principles are passed down from generation-to-generation. I am part of the fourth generation born and raised in a section of Philadelphia known as Schuylkill. In the past 17 years, I have been in the hospitality industry, working my way up to the management level of restaurants, clubs, and hotels. During this time, I have acquired various skills, aside from managing, and am also quite experienced in accounting, bookkeeping, cash management, computers, personnel, and payroll.

Previously, I had worked for the same employers for the past 10 years. I had been an executive corporate assistant of their four restaurant chains, along with the responsibility of being the general manager of their headquarters restaurant. Unfortunately, they went out of business, and I found myself jobless. I then went into hotel management in October 1989, only to be laid off in April 1990, due to their financial dilemma. I did not find employment until July 1990, as an auditor in another restaurant, while also in training for their management position. Three months into this job, I was laid off once again because of cutbacks in October 1990.

Due to my diversified qualifications, I thought I'd have no problem finding employment. That is when this nightmare began.

I used my savings throughout October, November, and most of December 1990, when I then had no other recourse other than to file for unemployment compensation late in December. I collected my benefits until June 15, 1991, when my claim expired.

During the entire time, October 1990 until June 1991, all of my responsibilities were met. Since October 1990 to this very day, I cannot tell you how many interviews I have attended, ads that I have responded to, and resumes that I have mailed. And still I have not found employment.

This horrible situation gets worse every day.

First, I am presently into my third month of owing rent on my apartment, which has forced my landlord to begin eviction proceedings against me. Please note that I have been in the same apartment for the past 11 years, and during this entire time I have never missed my rent, let alone been late with it.

Second, aside from the rent that I owe, there are all of my other outstanding unpaid bills, which are now also into their third month of nonpayment. Please note again that I have an excellent credit history with an R-1 rating that is now in serious jeopardy. I've sent out my own form letters to my creditors explaining this disaster, imploring their assistance, as well as guaranteeing them that once this crisis is reversed, I will once again achieve my R-1 rating.

I have always been a responsible person who has always met my responsibilities, and I am, in all sincerity, very serious about them now.

Due to circumstances beyond my control, I find myself in a position that is best described as not being able to see the tunnel, let alone the light at the end of it.

My mental health has been sustained through my affiliation with the Philadelphia Unemployment Project, also known as PUP. My physical well-being has been sustained through the loving and wonderful support of my friends, for without them I would be very hungry. I cannot think of one positive thing to say about being jobless and without income. It not only destroys one's self-esteem, it makes a human being feel totally powerless. You are knocked down by rejection so many times, believe me, it is very hard to dust one's self off, let alone get up again. It can also be attributed to the other cliché of pulling one's self up by the bootstraps, only to discover you can no longer afford those boots.

There are many reasons why the emergency extension of unemployment compensation is an absolute necessity. You've just heard a very strong one delivered by Mr. Isaac Shapiro.

If I may interject on a more personal reason, it would have to be all of the above, plus the fact that presently there are thousands of other citizens in our country who are in a more horrible crisis than myself, for some of them have already lost their homes. The only two things that work in my favor, which are, one, I am a single woman without dependents, and, two, I don't have nor do I own a home.

Nevertheless, I am still facing eviction, as well as the loss of everything that I have worked so hard to achieve. I desperately need your assistance in order to maintain these achievements. I am fully aware and I respect your priorities, but I implore you to address this situation as one of them.

One other thing. This recession began in July 1990. This means that people laid off due to the recession began to run out of their benefits at the beginning of this year. Thousands are still out of work. Any legislative solution must include these women and men, as was the case with the Downey and Riegle bills. Make the law retroactive to January 1, 1991, ladies and gentlemen.

[Applause.]

Ms. QUIRK. Once again, on behalf of all the hardworking, capable citizens in our country, including myself, ladies and gentlemen, please, please hear our plea.

I welcome any and all of your questions. With respect and admiration for your achievements, I thank you for the opportunity of being able to present this deposition. I also sincerely appreciate your time and compassion given to this most urgent situation.

Thank you.

[Applause.]

[The prepared statement of Ms. Quirk, together with attachments, follows.]

PREPARED STATEMENT OF PEGGIE T. QUIRK

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Due to my diversified qualifications, I thought I'd have no problem finding employment. That is when this nightmare began.

I used my savings throughout October, November, and most of December 1990 when I then had no other recourse other than to file for unemployment compensation late in December. I collected my benefits until June 15, 1991, when my claim expired. During the entire time, October of '90 till June of '91, all of my responsibilities were met. Since October of '90 to this very day, I cannot tell you how many interviews I've attended, ads that I have responded to, and resumes I have mailed - and still I cannot and have not found employment.

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I have always been a responsible person, who has always met my responsibilities and I am in all sincerity, very serious about them! Now, due to circumstances beyond my control, I find myself in a position that is best described as "not being able to see the tunnel, let alone the light at the end of it".

My mental health has been sustained through my affiliation with the Philadelphia Unemployment Project a.k.a. PUP. My physical well being has been sustained through the loving and wonderful support of my friends, for without them I'd be very hungry. I cannot think of one positive thing to say about being jobless and without income. It not only destroys one's self esteem, it makes a human being feel totally powerless. You are knocked down by rejection so many times, believe me, it is very hard to dust one's self off, let alone get up again. It can also be attributed to the other cliché of "pulling one's self up by the bootstraps, only to discover you can no longer afford the boots".

There are many reasons why the emergency extension of unemployment compensation is an absolute necessity. You've just heard a very strong one delivered by Isaac Shapiro.

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Once again, on behalf of all the hardworking, capable citizens in our country, including myself, ladies and gentlemen, **please please hear our plea.**

I welcome any and all of your questions. With respect and admiration of your achievements I thank you for the opportunity of being able to present this deposition. I also sincerely appreciate your time and compassion given to this most urgent situation.

Peggie T. Quirk
 1216 Snyder Avenue
 Apt. 2A
 Philadelphia, PA 19148

President George Bush
 The White House
 1600 Pennsylvania Avenue
 Washington, D.C. 20500

Dear President Bush:

My name is irrelevant, for I speak to you on behalf of all unemployed citizens in the United States of America.

Sir, our country needs your undivided attention, this very minute and especially today.

I am only one, among millions, whose benefits have expired and who still can not find employment. There are also millions of people like myself, who, as the saying goes, "are robbing Peter to pay Paul" rather than signing on for Welfare, which would only add to the burden of the hardworking, taxpaying, citizens of our country. I know and respect your priorities Mr. President, but we implore you to please consider the facts that millions of Americans remain unemployed, have no income, and have social security numbers that are not being utilized in our government's system. Therefore, how can the statistics, that you peruse be accurate? They are not, nor can they be until your advisors institute and implement a new system which accounts for and adds to this overwhelming and frightening concern!

If I may interject something on a personal note, I am presently facing eviction proceedings, after residing in the same dwelling for the past eleven years and at no time have I ever missed payment of my rent, or have I ever been late!

While it is unfortunate your vacation was interrupted last year due to an emergency situation in another country, to which you responded, the growing unemployment problem has created another emergency situation, to which you must also respond. However, the difference this year is an emergency in **YOUR VERY OWN COUNTRY!**

Please Mr. President, on behalf of millions of unemployed people in our country, we urge you not only to sign the emergency extension of the unemployment benefits bill, but to also please release the funds that implement this bill immediately, then sir, maybe we all can have somewhat of a little vacation.

Thank you Mr. President, and hello Mrs. Bush.

Respectfully yours,

Peggie T. Quirk OVER →

August 25, 1991

Hi Mr. President Bush:

What you've just read on the other side of this letter, was a speech I wrote and delivered on August 16, 1991 at the Village Green in Maine.

I was also one of ten delegates, allowed to go to your front gate in Kennebunkport, Maine on the same day.

I am a representative and member of the Philadelphia Unemployment Benefit (P.U.B.) and have been unemployed since October of '90. I did not go on unemployment compensation till December of '90, and I received my last benefit check on June 15. I have depleted my savings, and am presently two months behind on my bills, including the rent.

I am signed with several Personal Agencies, have responded to and answer ALL type of ads AND still have not found employment. I thank God I am single and have no children because as horrible as my situation is, there are millions of people out here worse off than me.

PLEASE, PLEASE, PLEASE Mr. President, HELP US!

I look forward to your reply. I ask of you sir, not to address this situation as Republican versus Democrat or vice versa, but instead as HUMAN BEINGS who desperately NEED YOUR assistance. God bless you, our President and your family.

Sincerely,

Fuggie P. Furrick
(715) 268-1458

SENATOR SARBANES. Thank you very much for a very moving statement.

Mr. Chappell, we'll hear from you now.

**STATEMENT OF CHARLES CHAPPELL, FORMER WALL STREET CLERK,
NEW YORK CITY, ON BEHALF OF THE NEW YORK
UNEMPLOYED COMMITTEE**

MR. CHAPPELL. My name is Charles Chappell. I would like to thank the Committee for the opportunity to testify today. While each of us has our own stories to tell, there can be little doubt that what we have to say reflects the sentiments of millions of unemployed workers in this country.

I am 42 years old, and I live in Brooklyn, New York, where I grew up. I lost my job as a courier for a firm serving the Wall Street financial district in New York in March 1991. I have not been able to find a job since. I have two weeks of unemployment benefits left. I also help support two 9-year-old twin daughters on the \$220 a week that I have been receiving.

In 1968, I was drafted and served two years in Vietnam. Like many others, I went because I had been taught that I had a responsibility to fulfill. I received the Purple Heart, Bronze Star, Parachutist Jump Wings, the Vietnam Service Medal, the Air Medal, and other medals and commendations.

Twenty-three years later, I am about to become one of more than the 300,000 people this month who will exhaust all 26 weeks of unemployment benefits without finding a job. President Bush says that the recession is over. He must know something that we don't. Where are the jobs?

If I had a job, I would not be here today. I go job hunting every day, and over my work career, which began when I was 14, I have picked up many different types of skills, in addition to jumping out of airplanes. And, yet, every time I go apply for a job, the room is jammed with people just like me, all looking for the same thing, a way to support ourselves and families through our own efforts.

I am not here today asking for a handout or charity. And I don't need President Bush's phony sympathy, while at the same he kills the bill passed overwhelmingly by Congress in August that would have provided anywhere from 4 to 20 more weeks of benefits. I need a job or more time to make it through this recession.

The way I look at it, I am asking for what is mine in the first place. Money that could have been paid to me as wages has been paid instead by my employers to the government for unemployment insurance, except when I need it, I am given less than half the coverage available in 1977, when there was 65 weeks of benefits.

When President Bush claims that providing more weeks of benefits would bust the budget, I don't know what he is talking about, and I don't think he does either. I would love to have the opportunity to ask him directly how a bill that would have cost \$5.3 billion would bust the

budget, when there is \$8 billion in a special account that can only be used to provide an extension of unemployment benefits.

From what I understand, this same account will take in three or four times more money from taxes paid by employers than it will pay out to the unemployed this year. I want to know from President Bush and any who will defend him why this money cannot be used to help bail out the unemployed.

I have no problem with this country helping out other countries in need, so long as our money goes for a useful purpose. My question is, why is the emergency available for aid to Kuwait, Bangladesh, and elsewhere not available for an emergency aid to the unemployed? Why does money easily flow to rescue the rich involved in the savings and loan scandal, but when it comes to America's unemployed workers, there is barely a trickle?

When the President made the decision to go to war against Iraq, there was no question about busting the budget. What about the war at home, Mr. Bush? What about the catastrophe that has befallen millions of us who have been left without a job or income? What about our casualties, those who have or will lose their homes or apartments, who will neglect their health care needs because they lost their health insurance when they lost their job? And what about the disaster of families that will split up, unable to stand the strain? What about the emergency at home?

I received many medals in Vietnam. I do not expect to get any medals for surviving this recession. But I do expect my government, which I put my life on the line for, to fulfill its responsibility to the citizens of this country. We need jobs. In the past the government has created job programs to help people through recessions. If the government will not provide jobs, then we need a way to survive in the meantime. We need more weeks of unemployment benefits now.

It also needs to be pointed out that the bill that Bush killed would have provided the same 26 weeks of unemployment to people coming out of the military, as it does for the rest of the working population. Currently, there is only 13 weeks of unemployment benefits available to those leaving the armed forces who are unable to find a job.

This Nation moves the world. But it is people like ourselves who move the Nation. And there are millions of us who are doing nothing but moving backwards, not forward. It is time to turn things around.

We have one last point to make. While this Committee does not initiate legislation, we would like to put on the public record that any bill to extend unemployment benefits that gets moved in the next few weeks cannot allow President Bush to do what he just did in killing the extension passed by Congress. That bill was worded in such a way as to require the President to do two things for the extension to go into effect: sign the bill and release the money to pay for it. As we know, he signed the bill, but did not release the money, killing the bill in such a way that it prevented Congress from getting the opportunity to override the presidential veto.

Whoever constructed that bill that came out of the Senate allowed Bush to publicly posture as supporting the unemployed by signing the bill. He probably would have gotten away with it if we had not exposed this charade through the nationwide coverage of our protests at his vacation home in Kennebunkport on August 16. President Bush said he signed the bill to show sympathy, but we say he is a hypocrite who was afraid to allow the Congress the opportunity to override the veto.

But the bill also allowed some members of Congress to get a free ride. They knew they could play to their constituents back home by voting for the bill without having to take action to override the President. For example, we requested Senator Al D'Amato from New York, who voted for the extension, to publicly urge President Bush to allow the bill to go through. He refused to do this. Talk is cheap, and so is a vote to extend benefits that doesn't get backed up. This cannot be allowed to happen again. The only choice the Congress should offer the President is to either pass the extension or kill it through a veto that Congress could then override.

The Democratic leadership has pledged to move quickly to get another bill through Congress. Every day is too late for those who exhaust their benefits. It is well past due for the posturing from the President, the Republicans, the Democrats to stop. It is now time for all those who express their concern to put their money where their mouth is, and to stand up to be counted when it comes time to stand up.

[Applause.]

[The prepared statement of Mr. Chappell, together with attachments, follows.]

PREPARED STATEMENT OF MR. CHARLES CHAPPELL

Testimony of CHARLES CHAPPELL, spokesman for the NEW YORK UNEMPLOYED COMMITTEE at the September 5, 1991 Joint Economic Committee of Congress Hearing on Unemployment

My name is Charles Chappell. I would like to thank the Committee for the opportunity to testify here today. While each of us has our own stories to tell, there can be little doubt that what we have to say reflects the sentiments of millions of unemployed workers in this country.

I am 42 years old, and I live in Brooklyn New York, where I grew up. I lost my job as a courier for a firm serving the Wall Street financial district in New York City in March 1991. I have not been able to find a job since. I have two weeks of unemployment benefits left. I also help support two nine year old twin daughters on the \$220 a week I have been receiving.

In 1968, I was drafted and served two years in Vietnam. Like many others, I went because I had been taught that I had a responsibility to fulfill. I received the Purple Heart, the Bronze star, Parachutist Jump Wings, the Vietnam Service Medal, the Air Medal and other medals and commendations.

Twenty three years later, I am about to become one of more than 300,000 people this month who will exhaust all 26 weeks of unemployment benefits without finding a job. President Bush says that the recession is over. He must know something we don't-- where to find a job.

If I had a job, I would not be here today. I go job hunting every day, and over my work career which began when I was 14, I have picked up many different types of skills, in addition to knowing how to parachute out of a plane. And yet every time I go to apply for a job, the room is jammed with people just like me all looking for the same thing-- a way to support ourselves and our families through our own efforts.

I am not here today asking for a handout, or charity. And I don't need President Bush's phony sympathy while at the same time he kills the bill passed overwhelmingly by Congress in August that would have provided anywhere from 4 to 20 more weeks of benefits. I need a job-- or more time to make it through this recession.

The way I look at it, I am asking for what is mine in the first place. Money that could have been paid to me as wages has been paid instead by my employers to the government for unemployment insurance. Except now that I need it, I am given less than half the coverage available in 1977, when there was 65 weeks of benefits.

When President Bush claims that providing more weeks of benefits would "bust the budget" I don't know what he is talking about, and I don't think he does either. I would love to have the opportunity to ask him directly how a bill that would have cost \$5.3 billion

would bust the budget when there is \$8 billion dollars in a special account that can only be used to provide an extension of unemployment benefits.

From what I understand, this same account will take in 3 or 4 times more money from taxes paid by employers than it will pay out to the unemployed this year. I want to know from President Bush and any who will defend him why this money cannot be used to help bail out the unemployed.

I have no problem with this country helping out other countries in need, so long as our money goes for a useful purpose. My question is why is the emergency money available for aid to Kuwait, Bangladesh and elsewhere not available for emergency aid to the unemployed? Why does money easily flow to rescue the rich involved in the Savings and Loan Scandal, but when it comes to America's unemployed workers, there is barely a trickle?

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The Democratic leadership has pledged to move quickly to get another bill through congress. Every day is too late for those who exhaust their benefits. It is well past due for the posturing from the President, the Republicans, and the Democrats to stop. It is now time to for all those who express their concern to put their money where their mouth is, and to stand up to be counted when it comes time to stand up.

The Nation.

July 8, 1991

Employer Benefits

The Bush Administration is rushing to declare the recession over, but in New York last Monday 6,000 city workers lost their jobs. Around the country the story is the same: people cast on a sea of uncertainty with bills to pay, children to feed and a measly twenty-six weeks of unemployment benefits.

One year into the recession, 8.6 million Americans are unemployed. Almost 7 million can find only part-time work or have dropped out of the job market. More than 2.6 million have exhausted all their unemployment benefits in the past twelve months—the latest victims of the erosion of the unemployment insurance system that began in the late 1970s. The sixty-five weeks of benefits available in 1975-77 have been cut to only twenty-six weeks today in all but a few states, and little more than one-third of the unemployed collect benefits, compared with two-thirds in the mid-1970s [see Brooks and Ness, "Out of Work? Out of Luck," December 24, 1990].

Bush's "kinder, gentler" presidency is proving to be even more meanspirited toward the unemployed than Reagan's, which reluctantly allowed an extension of unemployment benefits in 1982. And while Bush openly opposes any expansion of aid to the unemployed, the Democrats offer little more than lip service to the problem. A bill in the House of Representatives that would extend benefits and make other reforms in the system has floundered for months due to lack of support from the Democratic leadership. In the Senate, legislation was finally introduced on June 13, but it is disappointingly weak. Although benefits have been extended in previous recessions with an unemployment rate of 6 percent, this bill would take effect in some states only if the national rate reaches 7 percent (it is now at 6.9 percent). Both the Democrats and the Republicans seem determined to make it through this recession without doing anything to aid the unemployed.

Both also share the same fiscally conservative assumptions. In defense of their inaction, Democrats often cite their 1990 budget deal with the White House agreeing not to incur new spending without raising taxes or making cuts elsewhere. But why do they concede the necessity of raising money to pay for extended benefits when it already exists in unemployment trust funds supplied through a tax on employers? The \$3 billion interest alone on the \$40 billion total in those funds could finance a benefit extension. Some \$8 billion sits virtually unused in a trust specially earmarked for thirteen additional

weeks of benefits. Another \$1.5 billion administrative fund could be tapped to relieve understaffed unemployment offices.

The most expedient way to release this money would be for Bush to declare unemployment benefits an emergency item as he did with the S&Ls and the gulf war, thus freeing them from restraints on government spending. Why aren't the Democrats demanding this? The issue is ultimately one of priorities.

The Democrats' response reflects more than political spinelessness, though; it confirms that the same bipartisan consensus that weakened the unemployment insurance system during the two previous administrations prevails to keep it weak. Rooted in business's drive for a cheaper and more docile work force, the dismantling of the system was one front in the assault on labor that accelerated in the late 1970s to discipline existing jobholders as well as channel the unemployed back to lower-paying jobs. With a restructured economy eliminating millions of jobs or moving them to low-wage areas, there was little rationale for stabilizing the work force during downturns, and every reason to do the opposite. Twenty-six weeks of benefits forces people to accept work at lower pay more quickly than sixty-five weeks. Labor Secretary Lynn Martin underscored the point at a Senate hearing in April when she said that the unemployment system was doing its job of "encouraging an early return to work."

It is clear that there will be little relief for the unemployed without mass public pressure. So where is organized labor? While the A.F.L.-C.I.O. lobbies for reform, it has squandered an opportunity by not making the jobs and unemployment issue a major plank in its Solidarity Day '91 mobilization scheduled for August 31. It is shortsighted not to see that now is the time to start a long-range campaign to fight on this issue as part of a broader effort to rebuild the labor movement. And if unemployment reform and full employment are to be put back on the national agenda, a grass-roots movement of the unemployed will also have to develop further. More than a million people will exhaust their unemployment benefits in the next few months, and long after this recession is declared over, people will continue to lose their jobs. Whether the monthly unemployment rates rise or fall, the need for fundamental reform will remain. Twenty-six weeks is not enough.

KEITH BROOKS AND MANNY NESS

Keith Brooks and Manny Ness are coordinators of the New York Unemployed Committee.

The Nation.

December 24, 1990 \$1.75 U.S./\$2.25 Canada

■ JOBLESS-INSURANCE CUTS

Out of Work? Out of Luck

KEITH BROOKS AND
MANNY NESS

Communications specialist John Eng, 45, has lost two jobs in three years. I.T.T. sold his division to another company, and despite thirteen years' seniority he was laid off; he held his next job for eighteen months before the company moved his department to Canada. In 1976, Eng could have collected up to sixty-five weeks of unemployment benefits. Under the current system he got only twenty-six weeks, the maximum allowable: \$245 a week, or about half his previous take-home pay. Those benefits are now considered taxable income; Eng finds himself in a labor market with little use for his specialized skills and will likely have to take a significant pay cut to support his family of six.

Susan Marino applied for unemployment after losing her cashier's job. Her former employer hired a legal consultant and succeeded in challenging her claim for unemployment benefits. As a single mother Marino is in a position she never thought possible, with no choice but to apply for welfare.

Eng and Marino are among some 7 million workers officially counted as unemployed out of a work force of almost 118 million. Marino became one of the millions of jobless people ineligible to collect unemployment benefits; Eng joins more than 2 million who have exhausted all benefits for the fiscal year ending June 1990. It is no longer a debate for them as to whether the United States is in a recession.

Keith Brooks and Manny Ness have recently helped initiate a grass-roots campaign to reform the unemployment benefits system. Brooks is a founder of the National Unemployed Network; Ness has been active in a number of unions.

But even if this is not the first tilt toward the crash some believe is inevitable within the next decade, unemployment is growing, and the safety net for the jobless—the unemployment insurance system (U.I.S.)—is full of holes.

The current downturn is hitting a cross section of American workers. The financial services sector, on which much of the celebrated Reagan recovery was built, has lost more than 50,000 jobs on Wall Street alone. State and local governments facing fiscal crisis have announced civil service layoffs, hitting black and other minority workers particularly hard. Almost 150,000 construction and factory jobs were lost in October alone. Manufacturing is at its lowest point since the 1982 recession, and more layoffs are coming in auto and other basic industries.

According to a recent Bureau of Labor Statistics survey, employment fell by 187,000 jobs in October; unexpectedly, an average of 431,000 new unemployment claims were filed during each week that month, and for the week ending November 10 the figure was 488,000, the highest such filing in seven years. Nationally the unemployment rate is 3.7 percent, with a depression-level 11.8 percent among blacks and 8.1 percent among Latinos.

And those figures underplay the real unemployment problem, according to Markley Roberts of the A.F.L.-C.I.O.'s research department: "A more accurate picture would include the underemployed 5.3 million involuntary part-time workers, the more than 800,000 discouraged workers who stopped looking for work in the past six months and those who have completely left the work force." If those workers were included, the A.F.L.-C.I.O. estimates, the October unemployment rate would almost double, to 10.6 percent.

And what can the unemployed expect in the way of minimal protection? When they qualify for unemployment at all, Americans out of work have fewer weeks of benefits, at a lower percentage of their regular wages in many states, than at any time in almost twenty years. Back in 1986 a federal administrator of the unemployment insurance system, Murray Rubin (since deceased), explained that "U.I.S. no longer meets the needs of a large majority of the unemployed. 1980-86 constitutes the most regressive . . . period in the history of the U.I.S. from the standpoint of cutbacks in benefit adequacy and benefit availability."

Little has changed since then. Anticipating the current slump, Representatives Thomas Downey of New York, Sander Levin of Michigan and Donald Pease of Ohio introduced the Unemployment Compensation Reform Act last January. "It is vital that we reform the unemployment compensation system," Downey said. "[It is] woefully unprepared for the next recession. Benefits are inadequate, administrative funding too restrictive, and unemployment taxes are insufficient to cover costs." But the bill was killed last summer.

It is tempting to blame Ronald Reagan alone for the dismemberment of the unemployment insurance system, and indeed he went at it with a vengeance. But like so many other Reagan policies, it had its antecedent in the administration of the liberal Jimmy Carter. With the economy recovering from the 1974-76 recession, Carter reduced the

sixty-five-week maximum to thirty-nine weeks by allowing two extended benefit programs to expire, which were financed on a 50-50 basis by federal and state governments.

Under Reagan, while national unemployment officially climbed past 10 percent and long-term unemployment grew, state after state was disqualified from the sole remaining extended benefit program as a result of stiffer eligibility requirements. At this time not a single state qualifies for the program despite \$7 billion in the federal account specifically earmarked for that purpose. The effect has been to knock thirteen more weeks off the maximum benefit payment.

In addition to the dramatic drop in the number of weeks available, the percentage of unemployed collecting benefits fell from more than 70 percent in 1975 to about 33 percent now. The Labor Department attributes this to tighter federal and state standards, which caused more benefit denials and disqualifications, but the department also notes that the numbers reflect the inability of the system to care for the long-term unemployed, who are counted among the jobless but do not receive benefits. In addition, the department points to the changing nature of the work force. An increasing number of jobs are in the nonunion service sector; without the protection of unions such workers are less likely to know about benefits and their claims are more likely to be contested by employers. So two facts stand out as the legacy of the Carter-Reagan era: a scant twenty-six weeks of benefits and only about 33 percent of the unemployed who are collecting those benefits.

If Carter helped set the agenda for gutting the unemployment insurance system, Reagan deserves his own particularly bitter place in history for reducing extended benefits in 1982. Just as the nation plunged into the worst downturn since the Great Depression. "From 1937 to 1977 there was a



strong trend toward longer maximum potential durations of benefits," says Urban Institute senior research associate Wayne Vroman. "What was unusual about the 1980s is that benefit availability was deliberately reduced . . . while the economy was in recession." As part of Reagan's overall agenda to discipline labor, the unemployed were forced to accept any job available, usually at considerably lower wages.

But the attack was not just at the federal level. In Pennsylvania, the government increased the minimum earnings and the amount of weeks worked needed to qualify for unemployment benefits, notes John Dodds, director of the Philadelphia Unemployment Project and former coordinator of the National Unemployed Network. In fact, between 1980 and 1986 thirty-one states increased the number of weeks and amount of earnings required to collect unemployment benefits, twenty states changed formulas used to compute weekly unemployment benefits to yield a lower amount and most states set stricter guidelines for qualification.

As a result of relatively low payouts over the past few years, some states have accumulated large unemployment reserves. In New York, for instance, there is a very healthy \$2.7 billion in the fund. Such states could use these funds, financed by taxes on employers, to extend benefits. Still, state moneys alone, however formidable, are hardly sufficient. Representative Downey warns that unless the wage base for the federal unemployment tax is raised now, there will be more trouble as times get worse. Even with a total of \$38.9 billion in all state funds, it is predicted that if unemployment claims continue at the current pace, hard-hit states like Connecticut and Michigan could exhaust their funds in the first quarter of 1991 and have to borrow from the federal government. Sar Levitan, director of the Center for Social Policy Studies at George Washington University, recommends that just as the Social Security tax wage base has been raised over the years from \$3,000 to more than \$50,000 to meet changing needs, so too should the base for the unemployment system be raised. The latter has risen only from \$3,000 to \$7,000.

If the unemployed are to receive the minimal protections available before the system was gutted, the federal government has to relax eligibility requirements and increase the maximum weeks by restoring extended benefits. But even with more weeks and easier access, few can survive financially on the income provided by unemployment insurance, which is also set by state governments. In New York it currently averages a poverty-level \$178 a week; nationally it averaged \$159. Safeguards against evictions, foreclosures, repossessions and utility turnoffs, as well as provisions for health care, are also necessary. And there is a need for retraining on a broad scale. Moreover, there is not even enough federal money budgeted for the day-to-day operations of the unemployment system. Simply for administering the current level of services there is a shortfall, conservatively estimated at \$83 million, according to Cheryl Templeman, director of unemployment insurance for the Interstate Conference of Employment Security Agencies.

It is clear that the same Bush Administration that opposed

Downey's bill will not act without public pressure. Just as the unemployment insurance system itself was established in response to millions demanding jobs or income during the early 1930s, so every expansion or positive alteration of coverage has resulted in part from public expressions of discontent. In the early 1980s dozens of unemployment organizations sprang up throughout the country, many of them forming the National Unemployed Network. Organizing at unemployment centers, in communities and in unions, they successfully fought for Federal Supplemental Compensation, an emergency extension to replace the extended benefits program. Their protests and lobbying won mortgage assistance programs in Pennsylvania, stopped utility turnoffs and gained greater access to health care in Ohio and Illinois, and secured state funding for a thirteen-week period extended benefit program in Maryland. In that last case a campaign for an Unemployed Bill of Rights got widespread support from the A.F.L.-C.I.O., the Urban League, religious alliances and others. There is little doubt that the system would have been weakened even further without the resistance organized by these groups.

Right now a coalition of the unemployed, labor, civil rights, religious and community groups, along with the elected officials of our cities, should press Washington to implement sorely needed reforms. And central to this fight—in defense of the living standard of the unemployed and in the demand for jobs—must be the unions. Any agenda for a revitalized labor movement cannot avoid addressing these issues.

Unions take a beating during times of high unemployment, as layoffs reduce dues-paying membership while the swelling ranks of the unemployed undermine labor's bargaining power. Simply out of self-interest, unions have to broaden their scope of activity. With union membership declining, the last thing labor needs is the narrow business-unionist outlook that, at best, extends responsibility only to the workers on the job.

Like workers everywhere, the unemployed need to be organized and brought to life as a political force. Traditionally, the A.F.L.-C.I.O. has restricted its activity on their behalf to legislative lobbying for improved benefits. With few exceptions, creative leadership and initiative in the early 1980s came from the unemployed and union activists who formed organizations open to union and nonunion, employed and unemployed workers. Too often their efforts met with initial indifference from union officials, and in some cases outright opposition. While this attitude was to change, Barney Dursler, coordinator of the Mon Valley Unemployed Committee in Pennsylvania, makes clear, "It was up to us to mobilize people. The union leadership would usually support us, but either they did not know how, or were afraid of mobilizing the membership."

Although many organizations are now inactive, the Philadelphia Unemployment Project is currently doing health care outreach at unemployment centers, and the Mon Valley group is fighting to remove the liens that were placed on people's homes in the early 1980s as a condition of receiving welfare. They and others are preparing for the next wave of

joblessness; a campaign has already been launched to extend unemployment benefits.

At a time when Washington has found billions to send troops to the Middle East and to bail out the savings and loan institutions, the matter of unemployment insurance is less about finances than about priorities. (Ironically, those same soldiers will qualify for only thirteen weeks of unemployment benefits when they leave the service.) It was during the worst economic years in this country's history that the now-tattered safety net was put in place. The protection of the unemployed is a political, not only an economic, issue.

We are entering the fourth recession in the past fifteen years. Fundamentally at issue is society's ability to provide decent-paying and secure jobs to all who are able to work. New approaches toward job security ought to be explored, including the shorter workweek and a more active government role in providing employment. But right now the immediate question is whether society can afford not to protect the coming wave of the unemployed. The millions of homeless are evidence of the adverse consequences to people left without adequate protections; the rising numbers of the poor—both working and unemployed—are a reminder of this country's unfulfilled promise. Adding another layer to the dispossessed could be social dynamite. □

■ NATION/I.F. STONE AWARD

A Mini-Bhopal In Galesburg



We are pleased to announce that the winner of the first annual Nation Magazine/I.F. Stone Award for Student Journalism is Dave Newbart, whose article, excerpted below, first appeared in the Galesburg (Illinois) Zephyr, an alternative paper to which Knox College students and faculty contribute. (Todd Moore, editor of the Zephyr,

assisted in the final version.) The award, which carries a prize of \$300, is open to all undergraduate students enrolled in a U.S. college (the deadline for next year's award is June 29). In judging the competition, The Nation's editorial staff considered nearly 200 entries submitted by the writers or nominated by editors of student publications or by faculty members.

We suspect that I.F. Stone would have approved of our choice. Newbart's article exemplifies the kind of investigative reporting, progressive politics and exposure of injustice that Izzy made his beat. As a reporter/editor for PM, The Nation and his own renowned weekly, Izzy specialized in excavating concealed, covered-up or overlooked facts. Newbart's timely investigation of a toxic-chemical spill inside the Admiral Company's plant in Galesburg exposed corporate wrongdoing and even thwarted a cover-up.

Recently, we were reminded that one of Izzy's perennial targets was the Central Intelligence Agency, Washington's longest-running institutional cover-up. Through a Freedom of Information Act request, we have learned that the C.I.A. has an I.F. Stone file—a small scoop in itself, since the agency is barred by law from domestic intelligence gathering. No surprisingly, the bulk of the file comprises an anthology of Izzy's articles on the C.I.A. over the years. There are also a few memos and documents revealing that the agency disapproved of Izzy as much as he disapproved of it. Although we deplore the C.I.A. practice of keeping files on journalists, we can only wish that more reporters would engage in the kind of tough scrutiny of the agency that earned Izzy his file. Getting your name in the Langley archives should be considered an honor on a par with a Pulitzer—or even a Nation Magazine/I.F. Stone Award. —The Editor

DAVE NEWBART

In the early morning hours of December 4, 1989, a foaming machine at the Admiral Manufacturing Corporation plant in Galesburg, Illinois, automatically kicked on, as it does at ten minutes before every hour. The machine held the ingredients for the foam that would be used to insulate the refrigerators to be manufactured later in the day. However, excess pressure caused a pipe connection to rupture. The pipe contained MDI, variously defined as diisocyanate or methylene diisocyanate or methylene bisphenyl isocyanate. MDI is one of a family of industrial chemicals used in the manufacture of paint, insulation and plastics. At Admiral MDI is mixed with polyurethane and used in foam insulation. A chemical cousin of MDI—methyl isocyanate—was responsible for the death of thousands of people living downwind of the Union Carbide plant in Bhopal, India, in 1984.

At 1:30 that December morning an alarm notified the graveyard shift that the MDI line had blown—but not before more than half of a 300-gallon tank of MDI had spilled its contents all over the floor. The pumps in the foaming machine reportedly can reach pressures of up to 1,500 pounds per square inch. As one employee said, "It was spilling out fast."

By the time the valve had been turned off, between 1 and 200 gallons of MDI had soaked the area around the foaming line. Equipped with rubber gloves, oxygen packs, load of oil-dry and two shop vacuums, four maintenance workers proceeded to clean up the mess. According to standards set by the Occupational Safety and Health Administration (OSHA), their equipment should have also included "moon suits," impermeable coveralls that minimize exposure to the chemical. "But we don't have any protective clothing out there," maintains one employee who was familiar with the cleanup procedure.

This cleanup team was by no means the "emergency response team" required by OSHA to handle such a spill. They had no formal training in containing hazardous waste, although they had a lot of previous practice. Admiral is stranger to accidental isocyanate releases, according to employees. At 3:30 A.M. they were still hard at work covering

SENATOR SARBANES. Thank you very much.
Mr. Simpson, we'd be happy to hear from you.

**STATEMENT OF ROBERT SIMPSON, MECHANIC FROM
BALTIMORE, MARYLAND**

MR. SIMPSON. Good morning, ladies and gentlemen.

My name is Robert Simpson. I'm from Baltimore city.

I find myself after two years again on unemployment. I have lived in Baltimore city for 27 years. I am married. I have three children. My daughter's name is Stacy, and she's 13. My son Robert is 11. My son Richard is eight.

Next week, I will receive my last unemployment check, and I don't know what I'm going to do. Like I said, twice I've been on unemployment in the past two years.

I worked for a company for 14 years—Duralight Truck Body. The manager came in in 1987 and bought the company out on a leveraged buyout. It only cost him \$60,000 to buy the company. He ran the company into the ground and left 130 employees out on the street. Until this day, only about 25 employees found jobs since 1989 that were left out on the street. It totally wrecked a lot of people's lives at this company.

The bank that financed the company and the owner, Jack Smith, are the ones that made out in profit off of our loss, off the employees' loss.

It took me seven months to find another job, at three dollars an hour less than what I was making at Duralight. Seven months later, I got laid off again. I looked and looked for another job. They're just not out there.

I have my own home I own. I work very hard. I am an independent worker. Surely, going out here finding a minimum wage job is not going to pay my \$450 mortgage payment.

I fell behind in my mortgage payments when I got laid off at Duralight. I couldn't find a job. Then, when I finally found a job, I had to go through the Maryland state assistance program to get a loan on my house to pay the back payments that I lost.

And now, it's coming up time for my house payment to be paid again in November, and I'm out of a job and have one week left of unemployment.

Something, ladies and gentlemen, has to be done in this country. We cannot sit here and tolerate any more of what's going on in this country. People don't understand. We have representatives that represent us; maybe they have some feelings, maybe they don't; I don't know. But I certainly know that you don't know what it is to go through the kind of struggles that the people out on the street every day have to go through, what they have to live through.

I, again, am not the type of person that want's something for nothing. And this is not supposed to be some kind of privilege for us in this country—the unemployment benefit. It's a right. Our parents worked; we

worked to build this country up. And the poor and working class are taking the beating the most every day.

And certainly, I'm saying, the extension of the unemployment program is not going to solve the problem. The economic situation in this country is dwindling day-by-day at a fast-paced rate. When you have 2,500 people a day in this country being laid off, we're in a recession, and wherever Mr. Bush got his figures from, he better go back and doublecheck them again. We're in a recession when 2,500 people a day are getting laid off in this country.

[Applause.]

MR. SIMPSON. I would like Mr. Bush to come to my house and tell my kids that America is not in an emergency crisis, that we don't have an emergency crisis in America. I want him to come to my house.

Just like this gentleman spoke down here, I'd like to go to Mr. Bush myself and talk to him. Because nobody in his family or he himself has ever been on unemployment or his friends around him. And only people that experience this kind of catastrophe can be the ones who get up here and speak from the heart.

Excuse me. I'm getting a little bit emotional here.

SENATOR SARBANES. That's understandable.

MR. SIMPSON. You know, I understand that people need help all around the world. I really do. But sometimes it's got to stop. We need help here in our own country. The richest country, America, we have people living out on the street, people starving to death, people that are homeless; it makes no sense to me.

And people have to get their heads out of the clouds, and come out on the street, and come down and live like the average person does before they can experience what's really going on in this country.

My personal feeling is that the economic situation in this country is coming to an end. It's going to collapse, just like you see it happening all around the world. It's going to collapse. And anybody with any little bit of knowledge can see that, when you see these many people out of work.

Next week, after I receive my last unemployment check, I won't be a statistic any more. I'll be out there with the rest of the hundred thousand people that are now becoming the homeless people in this country. And you know, as well as I do, by the year 2000, there will be over 20 million homeless people in this country. And something's got to be done.

I hope, Senators, that you mean what you say when you go back to present this new bill to Bush. I hope you truly mean what you say, telling Mr. Bush what the American people need.

Our parents and our grandparents gave their lives for this country, for all of us. And to quote Mr. Kennedy, "Ask not what your country can do for you, but what you can do for your country." Well, it's time to ask now what our country is going to do for us instead of what we're going to do for our country. We've paid our dues, our families.

So, in closing, I would like to say again that I hope everybody here takes the American people very seriously. There is a mounting crisis for

millions of people out here in this country. If something doesn't happen, if we don't get back the economic system in this country like we had it 35, 40 years ago, it's going to be a catastrophe. And there's nobody in this room that can deny that. When people are out on the street, starving to death, they need jobs. There aren't people out there that don't want to work; there are just no jobs out there.

I have been out there. I have filled out over 30 applications in the past two years. I have a lot of qualifications for a lot of jobs in a lot of different areas. They don't even want to pay you for your experience any more. They just want to pay you what they want to pay you. The companies out there, if they had their way, would make everybody work at minimum wage.

President Bush is going to cause a few more million people to lose their jobs with the fast-track free-trade agreement with the United States and Mexico.

So, again, I say, in closing, from the bottom of my heart, we're not up here begging. This is our right as Americans. We need the unemployment extension. Certainly, like I said earlier, it's not going to solve our problems. Our representatives in Congress and the President, the Bush Administration, have got to do something about the economic crisis in this country, or we're all going to be torn apart. You represent us, but when the city falls, the state falls, we all fall.

So, please, do your best.

Thank you. [Applause.]

SENATOR SARBANES. Thank you. Mr. Proper, we'd be pleased to hear from you, sir.

STATEMENT OF GEORGE PROPER, TYPESETTER, LONG ISLAND, NEW YORK

MR. PROPER. My name is George Proper. And before I begin to read my testimony, I would like to say at this point in time, I feel I am representing the over-55s in this country.

I wish to express my gratitude to this Committee for the opportunity to present my story involving the crisis facing the Nation at this time. Earlier this year, I had the good fortune to speak at a similar occasion, where I called this a crisis facing the unemployed people in our country. This is not just a crisis of the unemployed. This is a crisis of the middle class, and the middle-management employees throughout the United States. At that occasion, my testimony was presented to persuade the Congress of the United States to pass a law extending unemployment benefits to those unable to locate employment after 26 weeks of being out of work.

Congress became highly perceptive concerning this matter, and passed a bill to implement extension of benefits, which the President saw fit to sign. Unfortunately, he does not see an emergency existing at this time. The unemployed cannot understand his position, when our country has

sent millions to the Kurds in Iraq and billions to any number of countries throughout the world.

What's wrong with the less fortunate in this country, like the hundreds of thousands of homeless and over 37 million medically deficient.

In June of this year, I wrote the President and pleaded with him to consider the need to implement an emergency for the hundreds of thousands that are unemployed and have fully utilized their benefits. My letter was referred to Mary Ann Wyrsh, Director, Unemployment Insurance Service, at the Department of Labor, who advised that there is no need to implement an emergency since the recession was almost over, and if New York wished to implement their own extended benefit program, they should do so. And several days later, after receipt of this letter, the Secretary of Labor, Lynn Martin, stated, it is a good policy to keep the unemployed benefit at 26 weeks because it will give them an incentive to go back to work. As if we are all staying out of work by choice.

Let me tell you about my job search in the last seven years. Yes, seven years, with a degree in industrial relations from NYU. In 1984, I was human Resources Manager, who also handled the administration of the accounting function for a \$25 million division of a \$3 billion firm, and my salary was \$42,000 a year. A fairly good salary at that time. I was terminated when my firm was sold to another, and my position was eliminated. I was out of work for over 13 months.

Since I was 50 years old at that time, I was told wherever I went that I was overqualified. That's a euphemism for too old. I contacted hundreds of firms at that time. After a year of unemployment, the state trained me to become a Compugraphic typesetter, when I started a job at \$13,600 a year.

By 1988, I was earning \$30,000 base and a total of \$38,000 with overtime. The firm I was with decided to have the editors do their own keyboarding on their own computers and my position was eliminated again. I found another position earning \$25,000 in the same field and worked until 1991, when the employer, on the Friday before Christmas, eliminated the entire department because we cost him too much money to produce his printed product. He contracted out the work, and stated he would be getting it at 50 percent of cost.

In the meantime, I have attempted to seek employment in these past years as either a human resources person or a typesetter. I am also an ordained deacon in the Roman Catholic Church, whereby I believe my knowledge and love of the Lord calls me to share my faith. I felt that the typesetting could become a problem, so I enrolled in the Seminary of the Immaculate Conception, where in two-and-a-half years I obtained a master's degree in theology to prepare myself for work as a director of religious education or parish administrator in the Diocese of Rockville Centre. This decision was not taken lightly, since we had to borrow the tuition to obtain this degree. Guess what? They'll see if they can find me a position, but I must understand that I'm classified as overqualified.

In February 1991, I was hired on a freelance basis for two months as a typesetter and then was released because of lack of work. I have now charged that firm with age discrimination.

Is this a story of a person who waited for unemployment benefits to run out? Will I now have more incentive to look for work? I have contacted every major firm on the Long Island peninsula, every type house, every printing company, every management consulting firm. I have answered every ad concerning human resources, typesetting, and word processing. I have made over 750 contacts and networked every one of my acquaintances.

Currently, I am in retraining. I am studying personal computers, WordPerfect 5.1, Lotus 1-2-3, Microsoft Word, and Data Base IV. I type at 67 words a minute, and am highly qualified to perform this work as a word processor, especially with my years as a typesetter. Qualifying for retraining can be very difficult. Unless you are in a defense layoff, you have to be out of work for 15 weeks before you can be classified as a dislocated person. So, when I initially contacted the Department of Labor for retraining in May, they advised me that my eligibility for retraining was rejected because I had worked for eight weeks. It took Senator Moynihan's New York office director, Amy Ritter, several months to turn it around. Career Blazers Learning Center, located in Melville, does a wonderful job of retraining mature, capable men and women to utilize personal computers. They are expected to strive to locate work for many of us as possible. However, when talking to their placement director, I was advised that she has seen hundreds of middle-management people out of work, and she has no idea what the economy is going to do with them all.

Presently, I am on an extended period of benefits of six weeks because I had six weeks left in my unemployment period when I began retraining. The student obtains an additional period of benefits, comparable to what he or she has left when school begins. To complete the studying in 11 weeks, I am taking 6 hours of study a day, while all other students at the Learning Center take 15 weeks, 4 hours a day. In the four weeks when my benefits stop, I am really in trouble. My mortgage is \$1,116 per month. My wife's income of \$20,000 a year covers all the other bills, utilities, debts, and food. With the benefit of \$280 a week, I still can't meet my mortgage.

My 24-year-old daughter, Donna Marie, was studying to be a lawyer at the University of Miami Law School. In June of this year, after completing two years, she obtained permission from the Academic Standing Committee to move home to be a visiting student full time at Hofstra University in Hempstead. She did this so she would be able to contribute \$300 a month, working 30 hours a week as a law clerk for the town of Babylon, in addition to studying full time.

My 26-year-old daughter, Cathy, has postponed her decision to work in Manhattan. She is a phenomenal director of plays and hopes to work in the theater. She is currently working as a part-time bank teller and part-

time diner waitress to help us carry the house. Both my children had to resort to borrowing substantial amounts of money to put themselves through college due to the loss of my jobs, back in 1984 until now. Without the unemployment benefits, we all have a problem.

My story is not unique. I am not one in several hundred thousand. I am one in many. But I am not a number. The statistics announced this morning are not important to my family or to any other family suffering the plight of unemployment. We are not unemployed by choice. I am not some old scavenger seeking a handout. I am here to say that your extended benefits, as nice as they are, are not enough.

Let me offer some statistics: 318,000 unemployed, no longer with benefits. How about the unemployed who never received benefits?

In 1975, 69 percent of the unemployed received benefits for 65 weeks. In 1982, 48 percent received benefits for 39 weeks. This year, 33 percent of the unemployed are receiving benefits for 26 weeks. Thirty-three percent of the unemployed, one-third.

On Long Island, 30 percent of the employed have lost their jobs, with 40,000 layoffs since 1989 and 27,000 this year alone.

Look at Germany, look at Japan, Sweden, all receiving benefits for a year or more, with retraining starting very quickly after layoff. These countries are concerned about affordable housing and adequate medical coverage for their constituents as well.

Ladies and gentlemen, this country is in trouble. The S&L debacle, the condition of the commercial banks, the drug and crime problem, the decay of our cities, and the financial predicament of the cities and states. But all of this will seem as nothing if the current present crisis in middle management is allowed to continue. With the onset of maturity of the baby boomers in the next decade, our wonderful country could be facing a dilemma of indescribable dimensions.

Remember, it is not extended benefits alone to which I call your attention. It is our way of life. My own personal standard of living has deteriorated since 1984. In spite of this deterioration, my taxes have gone up. We pay taxes on taxes. We earn money on which we pay social security taxes, federal, state, and local taxes, from which I must pay sales taxes, property taxes, sewer taxes, excise taxes, on which again we pay sales taxes. One half of our earnings goes to taxes. If I make \$30,000, over \$15,000 goes to taxes. And I'm only one of over 200 million in this country in this category.

Government, business, churches, and society itself have to look for solutions to stop the deterioration of the American way of life. Now is the time for our country to concern ourselves with the well-being of the entire country, not just the wealthy or the poor, but all of us.

Thank you. [Applause.]

[The prepared statement of Mr. Proper, together with attachments, follows.]

PREPARED STATEMENT OF MR. GEORGE PROPER

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weeks. In 1983, 48% received benefits for 39 weeks. While this year, 33% unemployed received benefits for 2 weeks. On Long Island, 30 percent of the employed have lost their jobs, with 40,000 layoffs since 1989 and 27,000 this year alone. Look at Germany, Japan, Sweden all receiving benefits for a year or more. With retraining starting very quickly after layoff. These countries concern for affordable housing and adequate medical coverage for their constituents is exemplary.

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EMPLOYMENT

in
New York State

Marlo M. Cuomo, Governor

August 1991

Thomas F. Hartnett, Commissioner

Double-digit Rates for Teenage and Minority Workers

Unemployment Rate 7.1% in First Half of 1991

After declining considerably from 1983 to 1988, unemployment rates for all workers moved up sharply through mid-1991. Teenagers, Hispanics, and blacks were hit hardest, posting double-digit unemployment rates. (Data for both 1990 and 1991 represent averages for the first half of the year.)

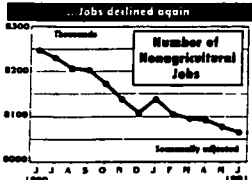
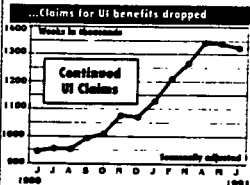
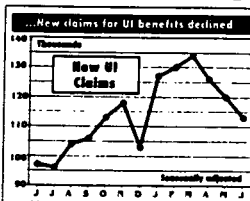
The New York State unemployment rate rose to 7.1% in the first half of 1991 from 5.1% in the first half of 1990. Nationally, the unemployment rate increased significantly to 6.9% from 5.4% during this period. The jump of 2.0 percentage points in the state jobless rate reflected an increase (166,000) in the number of unemployed

persons to 612,000 and a decrease (240,000) in working persons to 7,988,000.

Jobless rates for whites, blacks, and Hispanics all rose from 1990 to 1991. The rate for whites reached its highest level since 1983 and the rate for blacks reached its highest level since 1986. The unemployment rate for whites moved up 1.9 percentage points to 6.5%. The increase in the unemployment rate for blacks in 1991 followed a decline in 1990. As a result the unemployment rate for blacks, at 11.4% in 1991, was up from 9.1% in 1990 but was little changed from 10.8% in 1989. The rate for Hispanics climbed markedly by 4.0 percentage points over the year to 10.6% in 1991.

Continued on page 3

IN JUNE...



At a Glance

The unemployment rate reached a new recession high in June for both the state and the nation. The state unemployment rate, as measured by a survey of households, moved to 7.7% in June 1991, up from 7.4% in May. (The nation's rate climbed to 7.0%.)

The number of continuing claims for unemployment insurance declined slightly and first-time claims for U.I. decreased for the third month in a row. The number of nonfarm jobs, as measured by a business survey, declined for the seventh time in 13 months, falling 12,400. (Data are seasonally adjusted.)

U. I. Exhaustee Survey

As a direct result of the downturn in the economy, thousands of New Yorkers lost their jobs and filed for unemployment insurance. As the recession continues, many of these individuals have now been unemployed for over six months and have exhausted their U.I. benefits.

The Division of Research and Statistics recently surveyed a sample of persons who have exhausted their unemployment insurance benefits. The latest 1991 survey revealed that:

- Over 70% of the U.I. exhaustees are still unemployed
- U.I. benefits had been the sole source of income for over half of the exhaustees
- Almost one half have no health care coverage
- One-fifth are receiving public assistance.



FOCUS ON LONG ISLAND...

...Old Strengths Become New Vulnerabilities

by Gary Huth
Long Island Labor Market Analyst

"In our
Community Service
Centers we are using the
latest technologies to
match job openings
with job seekers."

Harvey S. Teub
Regional Director
Long Island



The same forces that helped Long Island escape the 1982 recession have now returned with a vengeance to reclaim their gains. Defense expenditures that fed job growth during the early 1980's are now declining here. New York City financial services industries, a source of employment for many Long Islanders, have been in a tailspin since 1987. The defense cuts translated into a 30% loss of durable-goods manufacturing jobs since 1986. With the defense-related job losses and the job losses spawned by setbacks on Wall Street, it is little wonder that the number of jobs on the island dropped 40,000 since 1989.

High-Technology Base Threatened
In addition to aircraft production, Long Island manufacturing has an equally large electronics and instruments industry that designs and produces a wide range of sophisticated products such as sensory and navigation equipment. The loss of firms and employment in these industries threatens to undermine the area's high technology base, creating a reservoir of highly skilled workers in a broad range of occupations. Faced with these structural changes in the Long Island economy, New York State has proposed the creation of a public benefit corporation modeled after the successful Western New York Economic Development Corporation and the Horizons Corporation in Buffalo.

Construction Standstill

As might be expected, the drop in defense spending and the slowdown on Wall Street drained income from the economy that eventually lowered employment in residential and commercial construction industries. While construction activity should improve by late 1991, the rapid growth in the 1980's and the maturing of the Long Island economy make it doubtful that the high employment

levels of 1988 will be reached again in the near future.

Retailers Rush to Fill Vacant Stores

Despite a recession and falling sales, the high level of household income on Long Island and a sharp drop (as much as 30%) in the cost of retail space is attracting a number of new stores. In many cases these stores are taking over sites vacated by failing predecessors. K-Mart, IKEA and Home Depot are three retail chains that have opened their first stores on Long Island within the last year. Pergament Home Center Stores and Caldor are two other chains that are now expanding rapidly in the hope of securing a larger market share.

Bank Layoffs May Spread

So far, Long Island has escaped the sharp job losses that the financial services industry in New York City experienced, but vulnerabilities exist within this group. Employment losses have occurred in real estate sales and at nonbank credit institutions. After expanding steadily since 1983, job growth in the insurance industry has come to a halt. Meanwhile, bank employment has shown minor losses. In the months ahead, mergers and cost-cutting by large New York City-based banks are expected to hurt back-office operations on Long Island. At the same time, there is stiff competition for local jobs in the finance industry from residents who formerly worked on Wall Street.

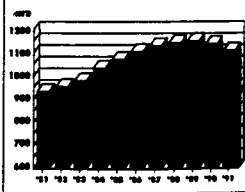
Service Sector Weary But Still Growing

Since 1985, the service sector has added 49,000 jobs to the local economy and continues to grow, although more slowly and with signs of weakness. Health-related services dominate job growth and the demand for labor in all health-related occupations will remain intense throughout the 1990's. Growth in business services is being fueled by increased employment in credit reporting and collection and detective and security services. Legal services and engineering and management services have lost jobs during the recession, but these industries should improve when the overall economy rebounds.

Government Job Losses Threaten to Delay Recovery

Government, the third-largest employment sector on Long Island, suffers from severe budget constraints at both the local and state level. Significant public sector job losses may further delay the island's economic recovery.

Number of Nonfarm Jobs in Long Island Area 1981-1991 (May of Each Year)



SENATOR SARBANES. Thank you very much.

I want to thank all four members of the panel who laid out for us their own personal situation. I want to thank you for coming today in order to place this on the record as part of the process of trying to develop a deepened understanding of what's happening across the country, right at the street level.

And I want to particularly express my appreciation for your willingness, in effect to bare your own personal situation. I know that's not easy for anyone to do, and you've done it in a very frank and candid way here this morning, and I think that's made a very valuable contribution. But I know it took some, in a sense, sacrifice on your part to do that, and I particularly want to thank you for that.

I want to try to establish one point right at the outset that I think is very important in deepening people's understanding of the unemployed. Now, Ms. Quirk, you had worked continuously for how long before you ran into the loss-of-job situation?

Ms. QUIRK. I was with the same employer until 1988. I have had two jobs in the interim. October 1990 was my last time of employment.

SENATOR SARBANES. How long had you been with that first employer?

Ms. QUIRK. My former employers were also personal friends. Every business venture that they had gone into, I went with them.

SENATOR SARBANES. So, that meant about 10 years, you said?

Ms. QUIRK. 1979 to 1989.

SENATOR SARBANES. 1979 to 1989. So, you had worked continuously for 10 years and then you encountered some difficulty, but you got another job and were able to hold it for a while before there was a layoff there.

Ms. QUIRK. At the hotel, yes, sir.

SENATOR SARBANES. Okay.

Now, Mr. Chappell, how long had you worked as a courier on Wall Street.

MR. CHAPPELL. I worked for Morgan Stanley for three years as a courier.

SENATOR SARBANES. Okay.

So, you had been there three years as a courier before the contraction in the financial district led to your being laid off; is that correct?

MR. CHAPPELL. Yes, sir.

SENATOR SARBANES. Okay.

Now, Mr. Simpson, you'd worked 14 years, you say, at ... you'd better use that microphone.

MR. SIMPSON. Yes, I worked 14 straight years there, but I worked before I went there.

SENATOR SARBANES. Okay.

And Mr. Proper, how many years had you been at the firm as the human resources manager?

MR. PROPER. I held two jobs for 25 years. I had worked for Nathan's Famous for seven years and then I worked for Abacart, a division of ARA Services, for 17 years.

SENATOR SARBANES. And then when you lost that job, you took a tremendous hit, isn't that correct?

MR. PROPER. You bet 'ya. I mean, at that particular time, I had to become a typesetter. There's nothing wrong with being a typesetter, but I'm a trained management executive. I was training people to manage. Half of the people in Kennedy Airport in the food-service industry were trained by me on how to handle management and so on. I administered the accounting function at that plant for 10 years, in addition to my personnel function. I have offered these services to innumerable people. I have received 75 responses to my 650 resumes that I have sent out, glowing about my credentials, but no job offers.

SENATOR SARBANES. Well, the reason I went back through this questioning is that I really want to make it very clear for the record that we're talking about people who have been steadily and continuously employed. There are some people in this country that don't understand, to draw unemployment insurance benefits, you must have held a job continuously for a stated period of time.

Each of you, of course, has held a job for much longer than the required period and have had, in effect, a steady work record. You have been productive members of this society, contributing to its strength.

Now, you can't draw unemployment insurance benefits if you're at fault yourself. You have to lose your job through no fault of your own, each instance because of a downturn in the economy or the manipulation of the firm, which you outlined for us, which of course is happening in more and more instances across the country.

Each of you lost your job. You had made a contribution.

Mr. Chappell made an important point that these payments by the employer into this trust fund, which we outlined here earlier, were for the specific purpose of paying extended benefits. And that's not being done. There is a large surplus in that fund that is not now being used for the purpose for which it was intended, and that is to meet this situation and to help you through this period until the job market picks up again, and there will be an opportunity for some employment.

Let me ask you each a question. What is your situation on health insurance, in terms of coverage, if you should be hit by a significant illness. And I will just go right across the panel. If you could give me a very brief answer on that, we'd appreciate it.

Ms. QUIRK. I wish I could comply with your request.

I have had no medical coverage since the last job. Thank God nothing serious had occurred during this time of unemployment until this past Tuesday, sir.

I am now tapped into the system of welfare, something I did not want to do. I had a screening interview on Wednesday morning. I was due there yesterday to have a picture ID taken for a food stamp emergency

issue. And I'm supposed to go back next Wednesday at 8:30 a.m. for my processing interview. None of that has occurred.

I went there yesterday for a picture ID. I was told to come back tomorrow. I said, I cannot be there tomorrow, I'll be on the Senate floor. They said, well then, come back Monday. In the interim, I have no food.

I had a medical emergency, and my doctor cleared her schedule and took me yesterday morning. This was an occurrence I did not expect. I'm sure it's stress, I'm sure it's pressure. I spent an hour with her, tests being run. Needless to tell you that the anxiety level in me is very high.

I will not be able to get service until I have a medical card through welfare and, again, it's going to Tom to get to Dick to get to Harry.

SENATOR SARBANES. I was interested in your saying that you had sought to avoid going onto welfare. In fact, you delayed going for your unemployment benefits, as I understand your statement. Isn't that correct? You used up your savings first before you filed your claim?

MS. QUIRK. That is correct, Senator, due to the fact that I had savings. I was trying to do everything in my power to get a job. And I really didn't anticipate having any problem. When December came and I had not gotten employment, I had depleted some of my savings. By June 15, when my benefits expired, I had depleted all of my savings because I could not live on just the benefits alone. So, I have no resources to tap back into.

SENATOR SARBANES. Mr. Chappell, what's your health coverage situation?

MR. CHAPPELL. Presently, I'm covered through the Veterans Administration, being a former vet.

SENATOR SARBANES. Because of your very distinguished record in Vietnam. You received the Purple Heart, the Bronze Star, the Vietnam Service Medal, the Air Medal, and you're parachutist jump wings. Is that right?

MR. CHAPPELL. Yes, sir.

SENATOR SARBANES. You were two years in Vietnam?

MR. CHAPPELL. Yes, sir.

SENATOR SARBANES. Mr. Simpson, what's your health-care situation?

MR. SIMPSON. I don't have any health insurance.

SENATOR SARBANES. So, you and your family—

MR. SIMPSON. My family has it. I had to go get it through medical assistance, but I don't have it.

SENATOR SARBANES. They went to medical assistance to get it?

MR. SIMPSON. For the period that I'm in right now, I had to separate from my family because we couldn't afford to stay together.

SENATOR SARBANES. Mr. Proper?

MR. PROPER. Fortunately, I am covered under my wife's plan. She is in the union with the town of Babylon as a senior stenographer. She has been there six years. She got that job when I lost my first position as human resources manager. So, I do have that coverage, but there are millions who don't.

SENATOR SARBANES. Now, I'm going to ask one other question and then I'm going to yield to Senator Sasser.

I'm obviously trying to address some of the misperceptions that I think exist on the part of some people about the unemployed and the situation they find themselves in.

I take it that each of you, to draw unemployment, are required to engage in a diligent job search. That's a requirement, correct?

MR. PROPER. Could I answer you on that question?

SENATOR SARBANES. Yes, indeed.

MR. PROPER. On June 15, I was invited by the Department of Labor to prove my search. I produced the documentation where I showed her the 600 firms I attempted to reach at that time, the correspondence that I had received, and so on. There is an audit done of the unemployed to verify that they are searching, and that is done like the IRS does on your income taxes. A percentage are audited in New York State.

SENATOR SARBANES. Senator Sasser.

SENATOR SASSER. Well, thank you very much, Mr. Chairman.

Mr. Simpson, you told us that you worked at Duralight for 14 years. This was a truck body manufacturing firm?

MR. SIMPSON. Yes.

SENATOR SASSER. And Duralight was bought out as a result of a leveraged buyout.

MR. SIMPSON. Yes.

SENATOR SASSER. And the company subsequently went bankrupt?

MR. SIMPSON. Yes. The owner of the company ran the company into the ground. He had no intention of keeping the company open, as we found out. And he paid himself \$100,000 a year for the two years that he had the company.

SENATOR SASSER. And how many people became unemployed as a result of this failure of the company, by virtue of the leveraged buyout?

MR. SIMPSON. 130 employees.

SENATOR SASSER. How many of those 130 employees have found permanent employment since then?

MR. SIMPSON. Like I stated earlier, I said 20, there may be less than 20.

SENATOR SASSER. Less than 20 of over 100, you said 175?

MR. SIMPSON. 130.

SENATOR SASSER. 130 employees have found full-time employment since the company——

MR. SIMPSON. No, only about 20, 25 of them have found full-time employment.

SENATOR SASSER. Have actually found employment.

MR. SIMPSON. Yes. A lot of them are not finding any jobs. They or their families or whatever had to go on social service.

SENATOR SASSER. Are a lot of them like you, found some sort of employment that lasted for a while and then that ran out on them, and they now find themselves unemployed again?

MR. SIMPSON. Yes.

SENATOR SASSER. Now, Mr. Shapiro, last week, the study that you wrote pointed out that we're in the midst of the darkest chapter of the history of the unemployment insurance system, which you said had such a proud history.

What do you mean we're in the midst of the darkest chapter of the unemployment insurance system?

MR. SHAPIRO. It's the darkest chapter in the sense that, as everyone has documented and explained in their own stories here today, there's a very serious unemployment problem.

What's notable about the situation today is that in any period in the past when we had this level of unemployment and it was this difficult to find a job, the federal government stepped in and provided more assistance than it does today. As a result, you have record numbers of people exhausting their benefits today, but not qualifying for additional federal aid.

SENATOR SASSER. Well, looking at the report that we received today from Commissioner Norwood and the numbers that were given to this Committee, do you think that August will turn out to be another record month of long-term unemployed workers without benefit checks?

MR. SHAPIRO. I don't know if August will be a record month, but whether or not it sets a record, there will be hundreds of thousands of people probably in the same rough situation as the number of people who exhausted their benefits in July and didn't get additional aid. So, we can expect this high level of incidence of this crisis to continue for some months to come.

SENATOR SASSER. What do these people do who don't get unemployment benefits and don't have work? What happens to them?

MR. SHAPIRO. Well, as Mr. Simpson mentioned, some do become homeless. Some draw down on whatever resources they have until they turn to the welfare system. The welfare system, in many respects, is really not designed to help the temporarily unemployed. That's exactly what the unemployment insurance system is designed to do. Some people fall through the welfare system entirely and don't have other places to turn.

SENATOR SASSER. Thank you.

Thank you, Mr. Chairman.

SENATOR SARBANES. Well, thank you, Senator Sasser.

I want to express my appreciation to you for participating in this hearing this morning and also for your very strong leadership as chairman of the Budget Committee in trying to move this matter forward.

It was, of course, asserted by some that this was not an emergency within the terms of the budget agreement. And Senator Sasser is carrying the burden of demonstrating that this is exactly one of the kinds of

emergencies that the budget agreement was meant to provide for. In fact, the budget agreement is not working the way it was supposed to work, because a situation of this sort should be recognized as an emergency and treated as such.

And we particularly appreciate the very strong statement you made at the outset of this hearing on that very subject, which, of course, we will carry again to the floor of the Senate.

I again want to thank Mr. Shapiro for the study and the report, but I particularly want to thank Ms. Quirk, Mr. Chappell, Mr. Simpson, and Mr. Proper for your very moving testimony here today. We have to make the country, and particularly the Administration, and especially the President, understand.

Had the President understood and declared the emergency, the benefits would have flowed. The bill was there. It provided varying periods, 4 to 20 weeks, depending on the situation in the particular state. It would have been effective immediately. That situation would have been addressed. It required only that decision. Unfortunately, the President refused to do so. And we will come back at it again now in the Congress in an effort to put that issue to him as sharply as we can.

Ms. Quirk, you wanted to say something?

Ms. QUIRK. Yes, if I may say something, Senator.

The bill that was just knocked, I'll say out of the box, so to speak, didn't go back far enough, only to April 1, 1991.

SENATOR SARBANES. On the reach-back.

Ms. QUIRK. The emphasis has to be, what about those other people that are still unemployed. It has to be retroactive further than April 1.

SENATOR SARBANES. I understand that. You made that point, I thought, effectively in your testimony.

Let me just make this concluding comment.

Ms. Quirk, you said in your testimony—and I think it applies to each of your colleagues on this panel—and I quote it: "I have always been a responsible person who has always met my responsibilities and I am, in all sincerity, very serious about them."

I think the same thing came through very loud and clear in the testimony of each of the others on the panel today. You have been responsible people. You have held jobs for sustained periods of time. You have met your responsibilities, you have provided for your families. You find yourselves in this situation through no fault of your own.

The unemployment insurance benefits system is designed specifically to try to address that kind of situation. Furthermore, broader economic policy ought to be addressing that situation. Mr. Simpson, you alluded to that in the course of your testimony about the broader problems that exist beyond this unemployment insurance situation.

And I simply say to you, as one member of the Congress, and I know Senator Sasser shares that view, that we are doing all we can to try to come to terms with this. We are committed to trying to find a solution. Your testimony this morning cries out for a solution. Responsible people

who have worked, provided for their families, upgraded their skills, sought to make a contribution to the Nation in the course of providing for themselves, and their families deserve better treatment than this. And we're determined to see that you get it.

[Applause.]

SENATOR SARBANES. Thank you very much.

The Committee stands adjourned.

[Whereupon, at 11:46 a.m., the Committee adjourned, subject to the call of the Chair.]

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