

# Voices From The Heartland

March 2004

Vol. XV, No. 2

## Economic recovery and the job market

Although some indicators of economic health seem to indicate a recovery has started, an area of continued concern is the rate of job creation and the unemployment rate. A recent report, *The Mismatch Between Federal Unemployment Benefits and Current Labor Market Realities* October, 2003, from the Center on Budget and Policy Priorities (CBPP) addressed a variety of issues arising from the slow rate of new jobs being created.

The job creation record for the current recovery has been slower than any post-World War II recovery. In September 2003, there were 2.7 million fewer jobs than when employment was at its highest in February 2001. One million jobs have been lost since the economic downturn was officially declared over in November 2001. Thus, while other economic indicators may show an improving economy, this has not translated into more jobs and lower unemployment.

Not only is job creation slow, but the numbers of those considered to be long-term unemployed (more than 26 weeks) are quite high. In September 2003, 2.1 million people had been out of work for more than 26 weeks—the largest number in 11 years. Nearly one-quarter (23.2%) of all the unemployed were in this category, the largest percentage in 20 years.

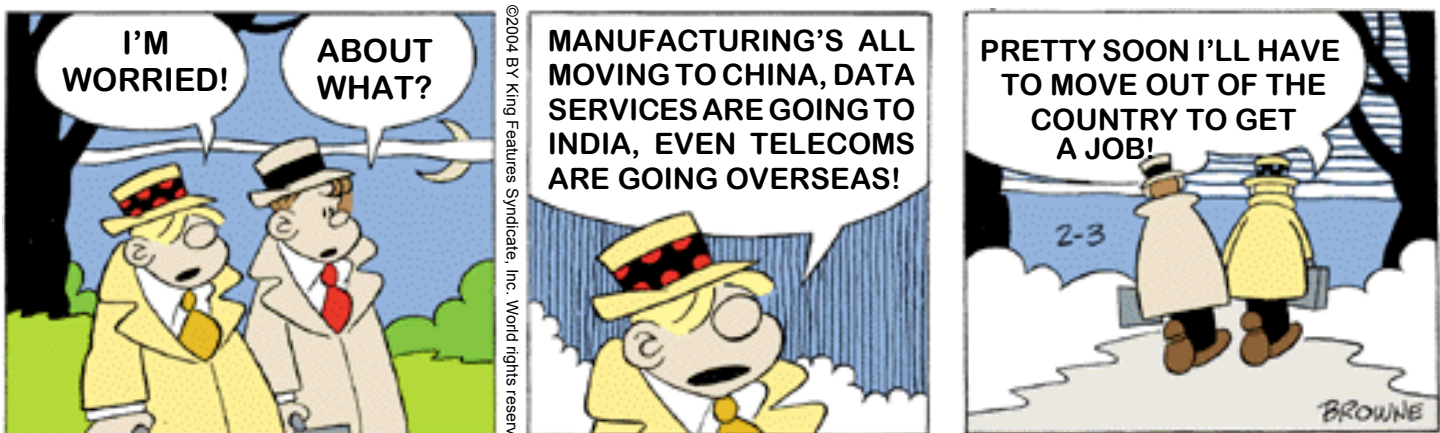
One means that the federal government used to soften the blow of job losses was the Temporary Extended Unemployment Compensation (TEUC)

program. This provides at least 13 additional weeks of unemployment benefits (26 weeks in high unemployment states). The current TEUC program provides fewer weeks of benefits than a similar program did in the early 1990s. That program provided 26 weeks during the first eight months of the program and 20 weeks for the last 14 months in states that did not meet the high unemployment criteria. Currently, only five states qualify as high unemployment states (Alaska, Michigan, North Carolina, Oregon, and Washington), thereby qualifying the unemployed to receive the additional 26 weeks of benefits.

As a result of the tighter restrictions in the TEUC program, with the increased numbers of long-term unemployed, larger numbers of the unemployed are exhausting their benefits eligibility before they find a new job.

Continued on page two

## Hi & Lois



*Economic recovery*, continued

According to the CBPP study, between March 2002 when TEUC began and May 2003, approximately 3.8 million out of 5.7 million people who started receiving benefits have been unable to find work before their benefits ended. This 68 percent rate is exceeded by figures for July and August 2003, which show the exhaustion rate at nearly 75 percent.

The CBPP report recommends that the federal government take several actions:

- ▶ Extend the TEUC program, which has already begun to be phased out
- ▶ Expand the program to include more weeks of

benefits

- ▶ Ease the criteria for states to be included in the high unemployment category

These actions would not significantly increase the budget deficit, since TEUC is a temporary program. Evidence presented in the report suggests that extending benefits does not encourage workers to remain unemployed, and insurance benefits provide an economic stimulus, since those receiving them are likely to spend the money immediately. Given the current economic situation, these actions seem justified.

✦ André Nauta, Ph.D.



## FAITHFUL CITIZENSHIP— SOCIAL MISSION IN AN ELECTION YEAR

*Presentation by*

**John L. Carr**

Secretary

Department of Social Development and World Peace

United States Conference of Catholic Bishops

**Thursday, April 15, 2004**

**7:30 p.m.**

Our Lady of Perpetual Help Parish Social Hall

7128 Arizona Avenue, Hammond, IN

Sponsored by Heartland Center

RSVP: 219.844.7515

**O**ur nation has been wounded. September 11 and what followed have taught us that no amount of military strength, economic power, or technological advances can truly guarantee security, prosperity, or progress. The most important challenges we face are not simply political, economic, or technological, but ethical, moral, and spiritual. We face fundamental questions of life and death, war and peace, who moves ahead and who is left behind.

*—Faithful Citizenship: A Catholic Call to Political Responsibility issued October 17, 2003, United States Conference of Catholic Bishops*

## Number of uninsured rising

A recent report from the US Census Bureau, *Health Insurance Coverage in the United States: 2002* (Current Population Reports P60-223), describes a disturbing trend. For the second consecutive year, the percentage of Americans without health insurance has risen. In 2002, 15.2 percent of the population were without coverage for the entire year, an increase from 14.6 percent in 2001. With the exception of a brief decline during the late 1990s (see graph below), the general trend has been an increase in the percentages of those who are uninsured.

Why has this been the case?

The biggest factor cited in the report is the decline in the percentage of people covered by employment-based health insurance, which dropped from 62.6 percent in 2001 to 61.3 percent in 2002. While the percentage covered by government health programs rose from 25.3 percent to 25.7 percent, this increase was not enough to offset the losses in employment-based coverage.

Who are the uninsured?

The percentages vary depending on the social factors examined. Income, employment, and education play important roles. The highest uninsured rate (23.5%) was among those earning less than \$25,000 in household income. People with \$75,000 or more income had an uninsured rate of 8.2 percent. Those who worked full-time during the year had the lowest percentage of uninsured (18.0%), while those who did not work had the highest rate (25.7%). The relationship between educational attainment and being

uninsured is also not surprising; the higher a person's level of education, the less likelihood of being uninsured.

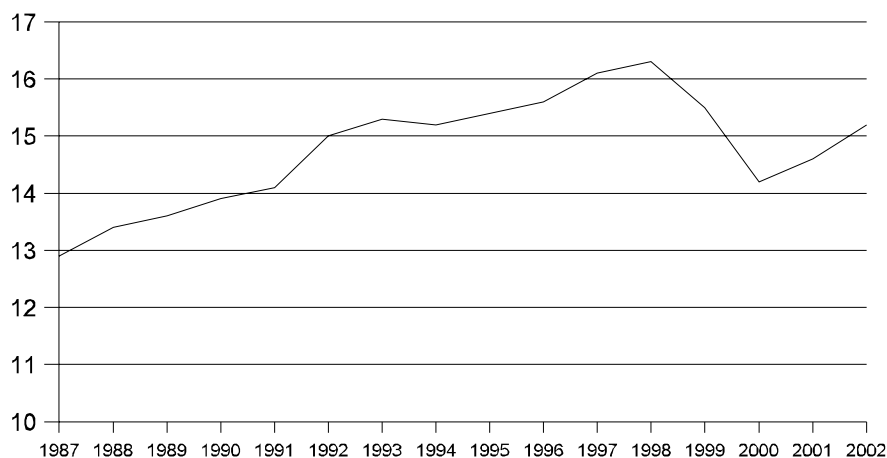
A variety of other differences are worth noting. Men were more likely to be uninsured than women (16.7% vs. 13.9%), perhaps due to a greater reluctance to accept government assistance. The lowest uninsured rate based on age was among the elderly (0.8%), since they are almost universally covered by Medicare. The highest percentage by age was among those 18-24 years old, which is likely a reflection of being early in their careers and being less likely to have employment-based coverage. There is a significant difference between those who are foreign-born (33.4% uninsured) compared to the native-born population (12.8%). This is particularly true of those who are not citizens, whose uninsured rate is 43.3 percent.

There are also regional differences. The southern (17.5%) and western (17.1%) regions have higher uninsured rates than the northeastern (13.0%) and midwestern (11.7%) regions. Of the four regions, only the western states showed a slight decline in percentage of uninsured (from 17.5 % to 17.1%). The other three regions had increases. A number of midwestern states had significant increases in rates of uninsured, including the state of Indiana, where the two-year average uninsured rate increased from 11.5 percent for 2000-01 to 12.4 percent for 2001-02.

It is apparent that the issue of health insurance coverage is very important to government officials, particularly in an election year. Lack of health insurance often causes delays in treatment, which can have serious repercussions for overall health. When nearly one-in-six Americans lacks coverage, that risk is too great. This issue cannot be ignored.

✦ André Nauta, Ph.D.

Percent Uninsured: 1987-2002



## An invitation to volunteer

Over 50? Semi-retired? Or retired and eager to “give something back?” The Ignatian Lay Volunteer Corps is accepting volunteers in the Chicago area. Volunteers for the Jesuit-sponsored program will have the opportunity to work with the materially poor for two days a week from September through June, grow deeper in their Christian faith by reflecting and praying in the Ignatian tradition, and meet monthly with other ILVC members and a spiritual guide. Twenty-five ILVC members currently volunteer in Chicago.



To attend an introductory meeting or obtain more information, contact—

George Sullivan

Voice: 312-845-3741 E-mail: [gsullivan@ilvc.org](mailto:gsullivan@ilvc.org)

*Or*

ILVC National Office

Toll-free: 888-831-4686

Visit: [www.ilvc.org](http://www.ilvc.org).

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