

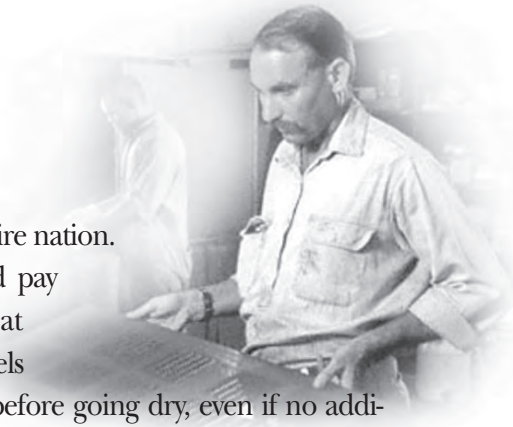


Children's Action Alliance

Unemployment Insurance:
**Arizona
Stories**



Unemployment Insurance: Arizona Stories



Unemployment insurance (UI) is designed as a bridge to help families who are temporarily out-of-work and looking for a new job. But in Arizona that bridge is far too rickety.

UI provides income to workers who are temporarily between jobs. To get benefits, an individual must have an established work history and be looking for a new job.

UI is critical to keeping our economy going during a downturn. Without UI benefits, families may face few options. They can go on welfare, straining already dwindling state funds. They can turn to family or friends, neglect bills, go without health insurance or go hungry.

That is especially true in Arizona, which has the lowest maximum UI benefit in the entire nation, recently falling behind Mississippi and Alabama. At \$205 per week, our unemployed workers receive lower maximum benefits than workers in any other state.

funds in the entire nation.

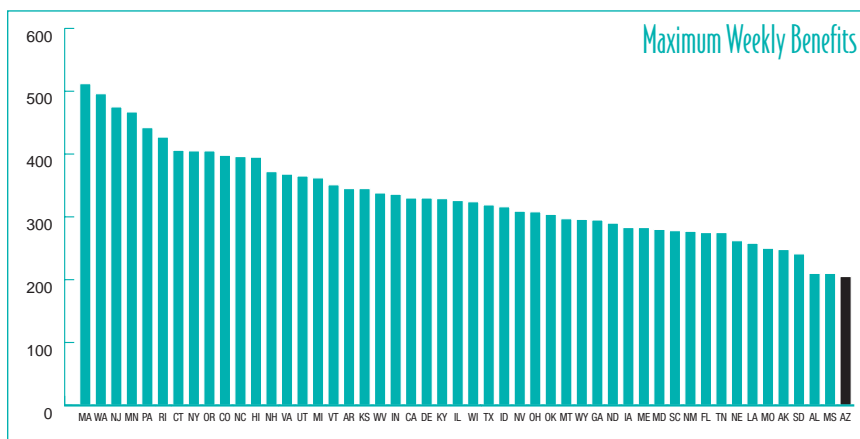
The fund could pay out benefits at record high levels for 19 months before going dry, even if no additional money was deposited into the fund. (Most experts recommend a cushion of about 12 months). The policy decisions to help families are within our control. With sufficient motivation, there is much Arizona can do to help unemployed families.

To illustrate the impact of Arizona's UI system on families, Children's Action Alliance contracted with a trained social worker to conduct interviews of families who had received UI in Arizona. In the late fall of 2002, nine families living across Arizona were interviewed concerning their experience with Unemployment Insurance. We interviewed housekeepers who were barely scraping by before they lost their jobs and engineers who had been earning six figures. We agreed to keep identifying

details private. While the circumstances varied from family to family, there were clear themes: All had a hard time covering their bills while looking for a new job. Many lacked health insurance. Many more used up their savings. Nobody enjoyed being unemployed.

The stories of these families tell the story of UI policies

in Arizona. Ultimately, families are what UI is all about. Children do well when their families do well and UI provides essential income at a particularly vulnerable time in a family's life. Here are the real stories of Arizona families who have experienced the state's UI system first hand.



Arizona policy decisions have led to this dismal situation where too few families get UI benefits and the benefits are too low for the families who do qualify. The good news is that Arizona has the means and opportunity to do better by our families. We have one of the healthiest UI trust

John

John's makeshift home office walls in his North Central Phoenix home are filled with engineering degrees and certificates, special honors from his jobs, community service appreciations, and patents. Yes, patents. John is an electrical engineer who was laid off from his high tech industry job over a year ago.

John has been unemployed ever since that layoff. What is it like to be unemployed after such a successful career? John pauses for a long time to answer. One can sense the pain as he finds the carefully chosen words of his answer. "Basically, this is very humbling and demoralizing," he says. "I never missed a day of work. I loved my job. I was on the cutting edge of the high tech industry. My last title was chief scientist."

For many months now, John has been getting unemployment insurance payments. He gets \$205 dollars a week, the maximum allowed. His continuing health insurance for his wife and two children costs more than \$850 per month. "I don't know what we would do if my wife was not still working. We are so lucky. Our house and cars are paid off. I don't know how others make it. We have cut back on everything. We have not gone out to restaurants to eat or to a movie in the year I have been unemployed."

"We have gotten by on my small severance payment, my wife's paycheck, the small unemployment, and cutting back on everything. It has been hard." Some of his friends have lost their houses, moved in with relatives, and spent all their savings. "It has been hard for all of us who were laid off. Not many of us have gotten new jobs."

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John is in his fifties. He has never been unemployed before. He and his wife have two children. "They are great kids" he says. Both have scholarships for college. "I don't know what we would do if they didn't." He belongs to a support group with other former engineers from his company. "We share lots of information. We share lots of stories."

What's it like looking for a job while on unemployment? "Very humbling," he said. "I have 'dumb downed' my resume and cut my

salary expectations in half." He has still not found work. He has sent out hundreds and hundreds of resumes. John was making well over \$100,000 per year with a large expense account before he was laid off. Most of the time now, John says, he is just over qualified or maybe too "old" in the current job market.

What would he change about the unemployment system? "Health insurance must be made more affordable," he says quickly. And the benefits must be increased to be more in keeping with wages earned. Maybe UI should also go on as long as necessary too. "When we lived overseas for one of my jobs, unemployment was two-thirds of a person's past salary. We might not be able to that, but benefits must be higher and reflective of a person's wages."

FAST FACT:

At \$205 per week, Arizona has the lowest maximum weekly benefits in the nation, recently falling behind Mississippi and Alabama.

Ted & Franci

"All of our children are grown. Thank God." Franci says, "This Christmas will be very sparse. We aren't really doing any Christmas shopping at all. We are just getting some small things."

Ted was laid off after two years working as a computer scanning technician. He is getting \$182 dollars per week in unemployment. He has an AA degree, but he admits in this job market, jobs are scarce. "We really didn't have any savings. We have had to borrow from our family. Our kids have helped. And our neighbors."

They have had to get food boxes. They have applied for food stamps. They have applied for utility assistance. They are doing whatever they can to provide for themselves and their son with a disability who is still living with them in their Central Phoenix home. Franci says one of the hardest things to do is applying for the various programs. "We keep having to tell our life history over and over again, giving the same information. You would think they could figure out a better way. It feels harsh sometimes."

Ted's big worry is losing their house. "I am just not sure how we are going to make those payments if I don't find work. Our family doesn't have the money to make our house payment for us. If we have to, we will just move home to my parents in Winslow, but we really don't want to do that either."

How does it feel being unemployed? "Terrible" Ted says quickly. "Just terrible, it's hard. I have always worked. I have been laid off

We really didn't have any savings. We have had to borrow from our family. I am just not sure how we are going to make those payments if I don't find work. We are taxpayers; it should be easier to get services when we need them. You are forced to have nothing before you can get any help. It doesn't feel good.



before after 17 years with the railroad. That was really hard, but I found work pretty quick. I hope this doesn't go on long. I don't know what we will do."

Ted and Franci's car is broken down, so they are getting around by bus or with the help of their neighbors and adult children. "Our car broke down and we just don't have the money to fix it now," says Franci. Franci is working part-time at Target as a cashier getting to work with the help of her children. "I don't know what we would do without them," she says. Both Ted and Franci say that getting around to appointments and inter-

views is very difficult. "Sometimes we can spend half the morning just getting somewhere we need to be for an appointment."

Ted has been attending classes supplied by AWEE, a local nonprofit that helps individuals re-enter the work force. "AWEE classes are great, but I still have to find a job."

What needs to be improved about the UI system? "The amount is not near what anyone needs to really live on. The amount of unemployment needs to be raised. We are taxpayers; it should be easier to get services when we need them. You are forced to have nothing before you can get any help. It doesn't feel good."

FAST FACT:

People who have been working for a year in Arizona don't qualify for benefits. A dozen states allow recent workers to get UI benefits.

Linda

"It is depressing being on unemployment. I have always worked. I have never been out of a job this long."

Linda worked hard as a house-keeping aide at a large nursing institution. She was laid off as part of cutbacks. She also thinks she was laid off because they can hire new people off the street for a couple of dollars less and save money. "My performance reviews were always good. I did my job right. They are always hiring cheaper labor."

She is grateful for the unemployment she received. She has three children, two who still live at home, ages 13 and 11. They are covered by AHCCCS health insurance. They live in City of Phoenix public housing in East Phoenix. "If they would not have adjusted my rent, I wouldn't have a place to live." Now Linda is getting SSI through the help of her city caseworker.

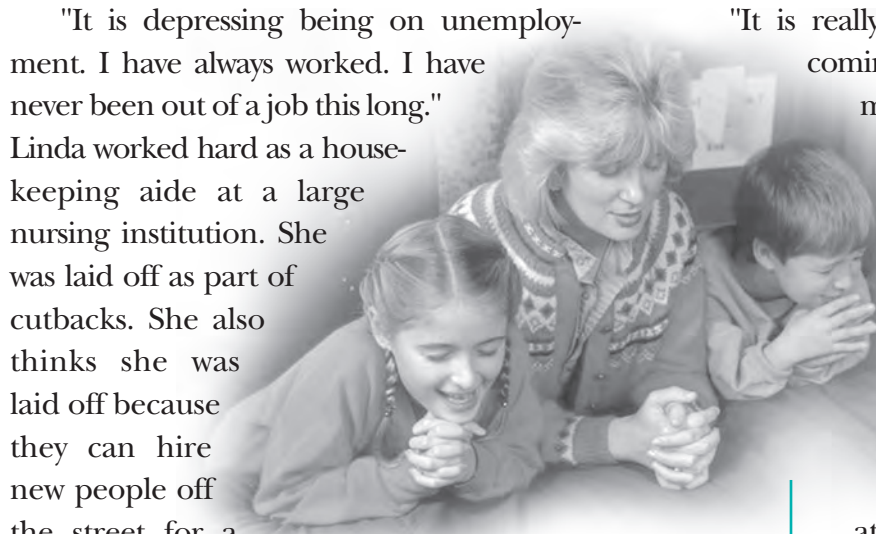
Linda acknowledges they don't have a lot of money to live on. She is thankful they are not homeless. "My kids understand, but it is hard. They are really good kids." She says they are doing really well in school. "They are straight A students. My daughter is a cheerleader and they are in the gifted program."

"It is really depressing with Christmas coming. But we are really lucky. My mom really helps us. She has always loaned us money when we needed it."

Linda does not have a car so she says with lots of pride in her voice, "I have always gotten to work by bus or on my bike." Over the years, she has worked at many different places, she says with determination for more work. Linda did not finish high school. She hopes to finish her GED in 2003.

She says it is hard to be poor. Sometimes people don't even see you, she says. She has had friends who have given up on life, one who committed suicide, because he felt so hopeless. She says other friends have done drugs to kill the pain. And others have died with overdoses.

How does she get by and keep up her hope? "My mother really helps us out," she says. "And our church. They support us too. We pray a lot too," she adds.



It is depressing being on unemployment. I have always worked. I have never been out of a job this long. If they would not have adjusted my rent, I wouldn't have a place to live.



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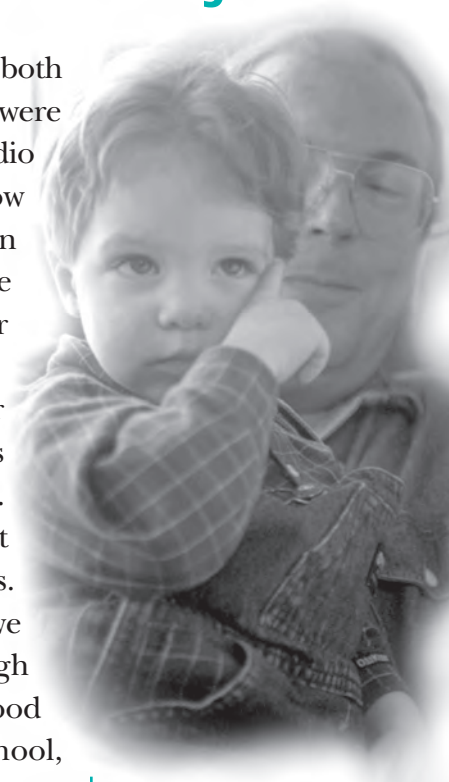
UI tax rates for employers have been declining steadily since the mid 1990s. Arizona recently used an infusion of federal funds for UI to keep employer tax rates under 1% rather than to help more families with UI.

George & Jean

George and Jean are both unemployed. They both were laid off of sales jobs at radio stations because of slow economy and downturn in advertising. They have one child – a thirteen year old son.

"It's been a struggle for all of us. Our son realizes that money is really tight. We have tried to protect him from it, but he knows. We cover up as much as we can but he knows it is tough right now. He is really a good boy. He is doing well in school, but he sees the stress in us. Our son is dealing with this just like we are. He knows we are making sacrifices so he can keep participating in team sports at school. But we are also saying no a lot too."

For George, applying for unemployment was pretty easy. But Jean had her claim contested by her former employer. Eventually she won her benefits, but that slowed checks for while. Their benefits are \$122 and \$98 dollars weekly. George and Jean, who live in South Phoenix, have some college education, both are very articulate and thoughtful, but they are still having trouble finding work. "There are just lots of people looking



for work out there."

"UI is helpful," George says, "but it is just not enough. We have cut out everything. We have used up our savings. We have taken food boxes and other benefits." George adds, "I am not sure if we will be able to keep our apartment, we may have to move in with my family. We are in trouble with our rent payment right now."

"Our family has really been great and provided us with lots of moral support. They have loaned us money, but they can't keep doing that forever. We are just getting by week to week. It has been a real challenge just keeping things going while looking for work week after week."

Jean says, "The last couple of weeks have been really hard" as their unemployment goes on longer and longer.

George says it is tough out there. "Going on interviews and not getting work is hard on anyone. I just hope I find work soon."

We have cut out everything. We have used up our savings. We have taken food boxes and other benefits." George adds, "I am not sure if we will be able to keep our apartment, we may have to move in with my family. We are in trouble with our rent payment right now.

Our family has really been great and provided us with lots of moral support. They have loaned us money, but they can't keep doing that forever.



FAST FACT:

Every \$1 paid out in UI benefits has a \$2.15 ripple effect in the economy as people buy groceries, pay rent and utilities, and purchase other basics.

Stephen

"I feel like I am letting my kids down. I have never been unemployed before for more than a few days. It has been a few months now."

Stephen was a warehouse dispatcher and safety officer. He was laid off when his company cut back on orders after September 11. "It took almost a year, but our business just got worse and worse. We knew something would have to happen."

It is clearly hard for Stephen to be unemployed and not be able to provide for his family. "We used to go to movies or out with my children. But now I just have to say 'Daddy doesn't have any money.' I went the other day to give blood so my son could have some money for something at school. I tried to gain a little extra weight to get more payment."

Stephen's children are seven and four years old. He and his wife are separated. "We were separated before I got laid off. Our daughter is covered by my wife's health insurance. We are trying to get our son covered too. I don't have any insurance now."

Stephen has borrowed money from family. He has gotten food boxes, used up all his meager savings and now is worried about getting behind on his rent. "I have

not made this month's payment yet. My parents have me over to eat regularly because they know I don't have money for food. I had to get help from the City (City of Phoenix Human Services offices) for my utilities and rent payment already too."

Stephen is looking for work. But he admits that his lack of high school education hinders him.

"Being on unemployment is not just hard financially," Stephen says, "It is hard emotionally too. I am embarrassed because I can't do what I need to do for my kids." Stephen talks about how it is hard to sleep. He says he has few people to talk with. He even admits he feels like crying sometimes. He says it is hard to ask for help.

"We take a lot for granted in our lives," he says. "I think I will be less judgmental about others because of all of this. I am grateful for all the help I have gotten."

I went the other day to give blood so my son could have some money for something at school. I tried to gain a little extra weight to get more payment.



FAST FACT:

As a percentage of total wages, the UI tax rate paid by employers is lower in Arizona than any other state but Georgia. The average cost of unemployment insurance per employee per year in Arizona is \$56.

Brad

"Most of my friends and I have been unemployed for over a year." Brad was laid off from Motorola with many other high technology workers. Brad was a network manager. He had worked in his last job at Motorola for 13 years. He has been married just a couple of years and has a five month old son. They live together in their Mesa home. "I managed managers. I learned the computer business in the Marines and the college of hard knocks."

I have been against government intervention with big corporations most of my life, but there must be more safeguards for workers.



"I didn't apply for unemployment right away. I didn't think I would be unemployed very long. But it has gone on over a year. I finally applied and get \$205 per week. That barely pays for the health insurance. I am lucky we had lots of savings. I was making a good six figure income, so I was able to save. But it is rapidly going away. I don't know what we are going to do when that runs out." Brad says he will probably have to start spending his retirement funds soon.

Brad says, "We have cut back on lots of things. We have been having garage sales, selling off some possessions to make ends meet. I sold most of my video tape collection. That was hard. We don't go out to eat very often. We don't buy any new clothes or anything else for that matter. We make sure our new baby has what he needs."

"My sister is also laid off back in the Midwest.

Luckily we have had enough to get by."

Is it embarrassing to be unemployed? "No," Brad says quickly. "This is not my fault. I have lots of skills." Brad shows me a book he has written about how to survive the unemployment crisis that is just being published.

Brad has lots of ideas about what needs to be fixed in both corporations and unemployment system. "I have been against government intervention with big corporations most of my life, but there must be more safeguards for workers. Most of the people laid off were older and making good salaries. The new hired people are younger and cheaper. Corporations should have to hire from the unemployment lists of qualified people rather than elsewhere and even importing labor."

Brad says, "The unemployment benefit is way too low. Nobody can live on that. They have to get serious about paying a decent amount." And Brad says the employers or UI system must find a way to cover health insurance. "The UI system could also do a lot more through the Internet. There is a lot of technology out there they should be using to make it easier and simpler and more user friendly."

FAST FACT:

The maximum weekly benefit in Arizona is about 33% of the state average weekly wage. Most states index the maximum benefit to 50% or more of the average weekly wage.

Paul

"Our kids are just starting to get it. It is just sinking in that things are really tough." Paul and his wife have four children, two still living at home in Avondale. Paul was downsized from his accounting job at a large grocery corporation in the summer of 2002. He had worked seventeen years in the industry and on his last job five years. He is a CPA.

He was making in the range of \$60,000 annually, with great benefits. But that is all gone. Now he is getting \$205 dollars per week in unemployment and worrying about health insurance coverage in the future as the unemployment drags on.

"We got a good severance, with six months of health insurance coverage. I don't know what we will do when that runs out. My wife is on a fast track to get a teaching job. She was an accountant too. Hopefully we will be able to get family insurance coverage when she gets a job in January."

"We have been lucky. We have been able to keep our house. We have used savings, but we are getting by. We don't do any extras anymore at all."

Paul says being unemployed is like being on a constant roller

coaster. Looking for a job is frustrating. "I get up for the interview, trying to put my best forward and then comes the let down when I am not hired. And then it starts all over again.

It is not very pleasant. Your future is on hold."

"I worry too about how long we can get by. Is there going to be a war this winter? How is that going to affect the economy? How will we get by? I don't know what we would have done without the severance package and support of our church. The UI benefits just aren't enough to make it. I don't know how other families do it."

Paul says his church employment ministry has been very helpful and supportive. The church has a supportive ministry for those unemployed. "My faith helps me every minute of every day and gives me the strength I need not to give up."

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FAST FACT:

UI pays a maximum of \$205 per week, or about \$820 per month. Rent, food and health insurance for a family of four in Maricopa County costs over \$1600 per month.

Shirley

Shirley fled from the abuse of her husband many years ago. She worked in many high tech manufacturing jobs successfully for a number of years. She had her last job for 3 1/2 years before being laid off when the company closed and sold all its assets. She turned to unemployment insurance. Now she has exhausted her unemployment benefits and is living on TANF welfare payments. She has three children, age 19, 17 and 13.

"I was making \$15.00 dollars an hour when I was laid off. Not bad," she adds, "for someone without a high school diploma. I have not gotten any child support all these years, but we have gotten by." Shirley is now completing her GED. "I just had an interview for a customer representative position. I really hope I get it." You can sense the excitement in her voice.

Shirley has had trouble finding work in the current economy. She has worked in manufacturing and child care centers, but now it is tougher to find decent work she says. "I am in my fifties," she says, "but I am willing to learn new things."

What's it like living on unemployment? "We have no savings. We have robbed Peter many times to pay Paul. It is really hard." Shirley got \$205 dollars a week while on unemployment. "It was really devastating after losing my last job. I loved working there. I was making good money."



We have no savings. We have robbed Peter many times to pay Paul. It is really hard.



To get by, "we have gone to Salvation Army and our church for food boxes. Our neighbors here in Tempe have been a tremendous help. My kids call them Grandpa and Grandma." But she says they are moving away. "I don't know what we will do."

Shirley just hopes unemployment can pay more benefits to those who need it. "We have AHC-CCS which provides our medical insurance. I don't know what we would do without that."

Shirley says it is hard being a single parent. She hates to see her children suffer. "But they are good kids. They are doing well in school, despite everything that has happened. My children are really tired of bean soup and macaroni," she laughs. "We were homeless when we ran from my husband. But I was found by an understanding landlord and we have had a decent place to live ever since."

Despite all the hardships, Shirley says, "We have been blessed. My oldest son really helps out." He is the only one with a car, Shirley says. "For many jobs I walked to work before he had a car." She adds, "If it wasn't for my neighbors and my church, I don't know how we would get by. We barely do now."

FAST FACT:

Over 150,000 Arizonans are unemployed. Only 1 out of every 3 unemployed people in Arizona receive UI benefits.

Lisa

Lisa was not on unemployment very long, just a few weeks. But confusion about her application and her tenure at her last job, created lots of problems. "It took weeks to work it out. Meantime I was not working and using what little savings I had. It was really stressful."


"I had a second mortgage that I had gotten and we began to live on that and credit cards. My two grandchildren live with me and my daughters. We made sure that the children didn't suffer while this was happening. We all work together."

Lisa was laid off because of the slow-down in the real estate industry in her northwest rural Arizona community (Kingman). "She (Lisa's boss) just didn't have enough work for me. Things were really slow." And the overlap of one part time job with another and being laid off of both caused the confusion and delay in benefits. "We worked it out finally, but it took persistence on my part. I know some folks just give up."

What would she change about the UI system? "The benefits are just too low, nobody can live on that." And the lack of health insurance. "I didn't have any health insurance. I am lucky I am healthy."

I don't know what I would do if I had gotten sick." One last thing Lisa adds, "They need to fix the application process so everything is done at once to help stop confusion."

Lisa is working now, at a non-profit human service agency. She loves it, she says. "I am giving back, helping those who were in a situation like mine. I am glad to be working."



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FAST FACT:

Unemployed workers in Arizona are 34% less likely to be covered by UI than the national average.

Children's Action Alliance

is a non-profit, non-partisan research, education and advocacy organization dedicated to promoting the well-being of all of Arizona's children and families.

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*Unemployment Insurance:
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Children's Action Alliance
4001 North 3rd Street
Suite 160
Phoenix, AZ 85012

Children's Action Alliance
4001 North 3rd Street
Suite 160
Phoenix, AZ 85012
602-266-0707
fax: 602-263-8792
email: caa@azchildren.org

TUCSON:
2850 North Swan Road
Suite 160
Tucson, AZ 85712
520-795-4199