

Take the Money and Update the Rules

By Christine L. Owens

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The American Recovery and Reinvestment Act provides \$7 billion in unemployment grants to accomplish several things: help families who are hit hardest by unemployment, boost the economy and reform our unemployment system to meet the new challenges and changing work force of the 21st century. The benefits made available through these grants would flow instantly back into the economy, at the moment we most need the stimulus.

Today only 37 percent of unemployed workers collect state jobless benefits. Largely due to outdated and antiquated state eligibility rules, the system puts low-wage workers at a particular disadvantage. They are twice as likely to become unemployed as higher wage earners but only a third as likely to collect benefits.

This major infusion of money will build up the state unemployment trust when it's needed most.

Over the last decade, more than half of all states have addressed inequities in their unemployment programs, updating coverage rules to take into account changes in the economy and the workplace and to help jobless workers, including many low-wage, part-time and female workers who fall through the cracks of the unemployment system.

The legislation takes the most innovative and effective of these state reforms and provides federal financing to enable more states to enact similar measures, ensuring that more hard-working families hit hard by the recession can cover their basic necessities and get back on their feet.

On average, the incentive grants received by the states adopting these reforms will provide enough federal money to pay for at least seven years of the qualifying benefits. Contrary to what some governors are saying, this major infusion of funds has the effect of building up the state unemployment trust when they need the help most and, in turn, preventing tax increases that automatically kick in in many states.

Other provisions in the legislation provide a \$25 per week increase in unemployment benefits (which are currently less than \$300 per week) and continue the federal emergency benefits program through the end of 2009.

At a time when rising job loss and the increase in claims for unemployment benefits is straining states' unemployment insurance trust funds, adopting these reforms will help ease that burden and put the country on track to building a first-class program to serve the future needs of all working Americans.

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See more at <http://roomfordebate.blogs.nytimes.com/2009/02/26/when-to-take-a-federal-hand-out/>.