



From the National Employment Law Project  
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## **IOWA & SOUTH DAKOTA THE FIRST STATES TO APPROVE UNEMPLOYMENT INSURANCE STIMULUS FUNDS**

### **Bi-Partisan Support for Improving the Nation's Unemployment System Grows: Texas Governor Rick Perry's Refusal to Update State's Program Is Out of Step With Republican and Democratic Governors in At Least 13 States**

Washington, DC – Advocates at the National Employment Law Project lauded yesterday's action by the state of Iowa to become the first in the nation to pass legislation allowing it to take full advantage of its share of \$7 billion in federal recovery funds designed to boost the economy and grant jobless benefits to hundreds of thousands of unemployed workers currently not covered by the system. In addition to Iowa, South Dakota passed a measure qualifying the state for one-third of its federal funding, and Georgia's House of Representatives, in a move backed by the governor, unanimously approved legislation that will tap the state's full federal unemployment insurance stimulus allotment, once the state senate has acted.

Coming just days after the announcement that unemployment rose to 8.1% and another 651,000 jobs were eliminated in February, these states' actions signaled the growing momentum across the country to expand unemployment benefits to part-time and low-wage workers and update the unemployment system for the workforce of the 21<sup>st</sup> Century.

“The facts on the ground—rising unemployment and growing strains on states' unemployment insurance funds—are convincing governors and legislators across party lines and across the country that there is tremendous opportunity in the American Recovery and Reinvestment Act to boost local economies and help hundreds of thousands of jobless workers currently falling through the cracks. States should follow Iowa's lead while time remains in their legislative sessions to approve the reforms needed to tap these funds and put this effective stimulus to use,” said **Christine Owens, Executive Director of the National Employment Law Project.**

Iowa has modernized its unemployment program by extending benefits to more low-wage and part-time workers who were previously shut out under outdated eligibility rules. The reforms will also provide extra benefits to the long-term unemployed to help them access retraining. The major infusion of federal funds in Iowa – \$71 million in trust fund grants and \$5 million for administrative support – will cover the costs of the new benefits for more than seven years, while also helping to bring down unemployment taxes when the state and its employers and workers

need the help most. State officials anticipate that the money will avert a likely tax hike for employers there in 2010.

In addition to Iowa, South Dakota, and Georgia, Republican and Democratic Governors in Arkansas, California, Connecticut, Florida, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, and Utah have expressed support for modernizing their states' unemployment systems.

These bi-partisan vows of support contrast sharply with remarks yesterday by Texas Governor Rick Perry, who objects to accepting \$555 million in federal stimulus funds that would expand unemployment coverage in a state where only one in five jobless workers currently collects an unemployment check. The funding would also boost the state's insolvent unemployment insurance trust fund, reducing employers' tax liability next year by roughly \$500 million. Immediately after the governor's announcement, a bi-partisan committee of the State Assembly voted out a resolution calling on the legislature to overrule the governor and move ahead with the reforms needed to qualify for the federal funds.

"The growing, bi-partisan support for these stimulus provisions is leaving states like Governor Perry's in the minority. If this chorus of national support isn't enough, perhaps the voices of jobless workers and strained employers in their own states will convince the skeptics to get on board," concluded Owens.

For more state-by-state information on how unemployment modernization provisions in the American Recovery and Reinvestment Act would help workers and stimulate the economy, visit: [http://www.nelp.org/index.php/site/issues/category/modernizing\\_unemployment\\_insurance](http://www.nelp.org/index.php/site/issues/category/modernizing_unemployment_insurance)

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