

From the National Employment Law Project

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32 States Expand Jobless Benefits to Access Full Share of Stimulus Funds, With Seven New States Added in 2010

IN REVERSAL, SOUTH CAROLINA'S GOVERNOR BECOMES LATEST TO MODERNIZE THE UNEMPLOYMENT PROGRAM

Washington, DC – As a new state [analysis](#) issued by the National Employment Law Project reports, South Carolina recently became the 32nd state in the nation to expand unemployment benefits by leveraging its full share of the \$7 billion in last year's federal stimulus package to help states modernize their jobless benefit programs. The passage marks a dramatic shift in position, as Governor Sanford, once a leading opponent of the federal incentive program, is now one of 13 Republican Governors who have taken steps to modernize their state's unemployment insurance systems.

As states respond to the jobs crisis with broader safety nets for the unemployed, the National Employment Law Project estimates that each year, over 200,000 jobless Americans will have gained eligibility for benefits through the ARRA and state reforms. There are several reasons for the gaps in states' jobless programs – often workers are excluded because they held part-time or low-wage jobs, or because states do not count a worker's most recent earnings when determining eligibility, which means newer workers and people in high turnover jobs are frequently denied benefits.

“In just over a year, the federal stimulus legislation has brought tens of thousands of deserving unemployed workers into the unemployment system. This unprecedented wave of state reforms is helping workers get back on their feet and contribute to economic recovery in a real way. We are excited to see South Carolina join the growing lists of states taking advantage of this tremendous resource. We strongly encourage more states to do the same before the incentive funding program runs out in August 2011,” said **Christine Owens, Executive Director of the National Employment Law Project.**

In 2010, South Dakota, Maryland, Nebraska, Alaska, the District of Columbia, and now South Carolina have made legislative or regulatory changes to revise their jobless benefits system and collect their full incentive. Utah claimed one third of its incentive. Twenty-five other states made legislative changes to collect their full incentive in 2009. Taken together with New Mexico, whose benefit system qualified for full funding without making changes, this year's action brings the total to 32 states that now qualify for full federal funding.

Of the 19 remaining states that have not claimed their full share of ARRA incentive funding, seven have claimed one third of their incentive (click here: <http://www.nelp.org/page/-/UI/Incentive%20UI%20Status%202010.pdf>). Additionally, 11 of these states introduced

unemployment insurance reform legislation this year and three states still have pending bills. (Two states – North Dakota and Texas – are not in session this year, but they have until August 2011 to change their laws to qualify for the federal stimulus funds.) States that are now debating modernization reforms include Michigan, Rhode Island and Pennsylvania.

The American Recovery and Reinvestment Act (ARRA) gives states many options to fill the gaps in their unemployment programs. To qualify for the first one-third of the ARRA's incentive funding, a state must adopt the "alternative base period," which allows workers to count their recent earnings when needed in order to qualify for unemployment benefits. To qualify for the remaining two-thirds of the ARRA incentive funding, states have to choose from a menu of reforms providing benefits to those groups who have fallen through the cracks of the unemployment system due to outdated eligibility rules – including low-wage workers, women, part-time workers, workers seeking job training, and the long-term unemployed.

In South Carolina, Governor Sanford approved alternative base period, part-time worker coverage, and coverage for workers who leave work due to compelling family circumstances such as domestic violence. These actions will bring South Carolina all of its available federal funding – \$97.5 million – and admit over 20,000 jobless workers in the state to the unemployment insurance program in just one year.

"We are pleased that the legislature adopted the important changes to our Unemployment Insurance laws. Through these changes, lower-income South Carolina workers will be in a position to get the help they need if they find themselves losing their jobs. Worker-friendly policies through UI modernization will help families keep body and soul together during these difficult times without putting additional financial stress on our strained trust fund," said **Sue Berkowitz, Director of the South Carolina Appleseed Legal Justice Center.**

"The bi-partisan support for these stimulus provisions is growing more and more apparent, as South Carolina – with both a Republican legislature and Governor – has demonstrated this year, along with the Republican Governors of South Dakota, Utah and Nebraska. Last year, another 9 Republican Governors joined in signing similar legislation. There is still \$2.8 billion of federal funds the states can tap to help boost their economies and provide relief to their unemployed. The remaining hold-out states should now jump on this opportunity before the money is taken off the table next year," said Owens.

States have until August 2011 to pass legislation and submit their applications to the U.S. Department of Labor to certify that they comply with the specific requirements of the ARRA incentives program.

NELP's new analysis of the 2010 and 2009 state reforms implementing the unemployment modernization provisions in the American Recovery and Reinvestment Act is available here: <http://www.nelp.org/page/-/UI/2010/modernization.update.pdf>

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