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SOUTH DAKOTA LEADS THE STATES IN 2010 LEVERAGING FEDERAL STIMULUS FUNDS TO MODERNIZE THE UNEMPLOYMENT PROGRAM

Bi-Partisan Support for Expanding Jobless Safety Net Grows – 28 States Have Adopted Reforms and a Dozen More Have Introduced Legislation This Year

Washington, DC – On Friday, South Dakota became the first state in 2010 to expand eligibility requirements for collecting unemployment insurance with legislation that will grant the state millions of federal dollars for modernizing its program.

Last year's stimulus package made $7 billion available to states to update their unemployment insurance programs, and $2.8 billion has already been distributed as the list of modernizing states grows. Upon Governor Rounds' signing of South Dakota's bipartisan reforms today, the National Employment Law Project announced that 28 states have now enacted laws and a dozen more have introduced legislation to offer jobless benefits to hundreds of thousands of workers left out of the nation's unemployment system.

"The federal stimulus legislation has produced an unprecedented wave of state reforms, bringing tens of thousands of deserving workers into the unemployment system to get back on their feet and contribute to economic recovery. We are excited to see South Dakota become the first state this year to take advantage of this tremendous resource, backed by both the South Dakota AFL-CIO and the South Dakota Chamber of Commerce and Industry. We strongly encourage more states do the same," said **Christine Owens, Executive Director of the National Employment Law Project**.

The American Recovery and Reinvestment Act gives states several ways to expand their benefits programs and access funding. Last year, South Dakota qualified for the first third of its federal funding by adopting an income classification method called the "alternative base period," which allows workers to count their recent earnings when needed in order to qualify for unemployment benefits. On Friday, the Governor signed legislation that provides an extra 26 weeks of benefits to workers in training and clarifies that part-time workers qualify for benefits. These actions will bring South Dakota the remaining two-thirds of its available federal funding – $11.8 million.

Following closely behind South Dakota, Utah has passed a bill through both chambers and Maryland has passed compromise legislation through one house with the backing of the business community. Of the 24 remaining states that have not claimed their full share of ARRA incentive funding 11 have introduced UI reform legislation this year and 8 states still have pending bills. (Two states – North Dakota and Texas – are not in session this year, and Louisiana's session has not yet started, but they have until August 2011 to change their laws to qualify for the federal stimulus funds.)

In addition to Maryland, states that are now most actively debating modernization reforms include Alabama, the District of Columbia, Michigan, Washington, Arizona, Florida, Mississippi, and Nebraska.

The states that do not yet qualify to draw down the full federal funding are Alabama, Alaska, Arizona, Florida, Indiana, Kentucky, Louisiana, Maryland, Michigan, Mississippi, Missouri, Nebraska, North Dakota, Ohio, Pennsylvania, Rhode Island, South Carolina, Utah, Texas, Virginia, Washington, West Virginia and the District of Columbia. (It is notable that several of these states already qualify for partial stimulus funding under their existing guidelines, thus they are still in a position to tap the full federal funding as most states have now done. The states that already qualify for partial stimulus funding are: Alaska, Michigan, Ohio, Rhode Island, Virginia, Washington, West Virginia and the District of Columbia.)

"The bi-partisan support for these stimulus provisions is growing more and more apparent, as South Dakota – with both a Republican legislature and Governor – has demonstrated today. Last year, six other Republican Governors joined in signing similar legislation. There is still $4.2 billion of federal funds the states can tap into, to help boost their economies and provide relief to their unemployed. States should jump on this opportunity before their legislative sessions end," said Owens.

"Our unemployment insurance system remains sorely out of date. Even with the jobless rate at a staggering 9.7% and long-term unemployment through the roof, there are millions of jobless workers who are unable to collect benefits and contribute to local economic recovery. States that refuse or have yet to access these modernization funds are only making the recession worse for their workers and their economies," said Owens.

NELP's state-by-state summary of 2010 state legislation implementing the unemployment modernization provisions in the American Recovery and Reinvestment Act is available here:

For a detailed breakdown of the legislation enacted last year, see "Federal Stimulus Funding Produces Unprecedented Waiver of State Unemployment Insurance Reforms" (December 2, 2009)