

Unemployment Rises in Kentucky

Kentucky workers need the U.S. Senate to act now to survive today's tough economic times.

The economy has taken a serious turn for the worse for workers and their families. There has been a significant surge in unemployment, and Kentucky is one of many states that have been hit particularly hard.

The nation's unemployment rate reached a five-year high of 6.1 percent in September. Nearly 10 million Americans were officially unemployed last month and still actively looking for work. Unemployment claims are now at a seven-year high, with nearly 500,000 workers applying for benefits every week.

There has also been a major increase in long-term joblessness. The number of workers who found themselves unemployed for more than six months while still actively looking for work increased by nearly 300,000 from May to September, reaching 2 million workers last month. Congress should make every effort to expedite unemployment insurance legislation that expands the UI program to address the severe hardship faced by record numbers of unemployed workers.

The federal government enacted the Emergency Unemployment Compensation program on June 28th, which provides an additional 13 weeks of federally funded extended jobless benefits to workers beyond the 26 weeks of unemployment insurance provided by the states. Since the federal program of extended jobless benefits was enacted, nearly 900,000 more workers have become unemployed in a rapidly declining economy, and

800,000 workers have reached the end of those 13 weeks of federal jobless benefits. These national figures are stark, but they understate the even more serious situation facing many individual states, which are suffering from particularly high levels of unemployment.

Given the recent surge in unemployment, Congress should act swiftly to pass UI legislation that will fund additional benefits for all states. The legislation will provide extra relief for especially hard-hit states such as Kentucky. The House of Representatives voted overwhelmingly in favor of such a measure in October, and the Senate should follow suit in its November session. Consider the facts:

Joblessness in Kentucky is substantial.

The unemployment rate in Kentucky is 7.1 percent—up from 5.4 percent at the same time last year and at a level not seen since the early 1990s recession. A total of 145,800 workers were unemployed as of September 2008—35,400 more than last year at the same time.

Claims for unemployment insurance benefits are rising dramatically.

New claims for benefits are also up in Kentucky, corresponding with the dramatic rise in unemployment rates. There were 13,567 more new claims in September 2008 than last year at the same time, an increase of 89 percent. The average weekly benefit payment in September 2008 was \$308.52.

Workers are exhausting state and federal jobless benefits.

- Over the 12 months ending in September 2008, 26,861 Kentucky workers have claimed and exhausted their 26 weeks of state jobless benefits.
- As of October 2008, 7,050 workers have run out of the 13-week federal extension, and 2,697 more workers will soon exhaust the federal extension, according to estimates prepared by the National Employment Law Project.

Unemployment benefits go a long way toward helping to stimulate the economy, generating \$2.15 in growth for every dollar spent on benefits. Federally funded jobless benefits would help those Kentucky communities hardest hit by the rising rates of unemployment.

The Senate must act swiftly to expand jobless benefits and help stimulate the state's struggling economy.

The unemployment insurance system is a form of social insurance that has played a significant role in reducing poverty for workers who receive benefits since its creation in 1935. The Congressional Budget Office found that the monthly poverty rate for families of long-term UI recipients was 23 percent, but would have been 50 percent if those families had not received the income support from UI benefits.

The Emergency Unemployment Compensation program, passed in June, expires in March 2009. It did not include an additional 13 weeks of EUC for workers in states with especially high unemployment rates like Kentucky, due to objections from the White House. Given the significant rise in unemployment since June, the decision to deprive workers of more than the limited 13 weeks of EUC should be reversed.

The House of Representatives voted overwhelmingly (368-28) this month in favor of a measure to expand jobless benefits in response to the recent surge in unemployment. The measure provides seven more weeks of federal jobless benefits to workers in all states (20 weeks total), and 13 more weeks (33 weeks total) for states like Kentucky that have unemployment rates that exceed 6 percent. The Senate must follow suit when it returns on November 17th before even more workers find themselves struggling to support their families in this economic downturn.

Congress must modernize the UI program to give access to more workers.

The UI system works well to prevent workers who receive benefits from falling into poverty, but this piece of the safety net has huge holes. Only 35 percent of unemployed workers currently receive UI benefits, and many fewer unemployed low-wage workers receive benefits than higher-wage workers.

Only 27 percent of unemployed workers in Kentucky collect unemployment benefits, a smaller share than in 40 other states.

Congress must modernize the UI system to reflect the changes that have occurred in the workforce since the system was first implemented. Far more part-time and temporary workers, low-wage workers, and women and caregivers are working harder than ever, but they may find themselves jobless and ineligible for UI benefits. These workers do not qualify for UI benefits largely due to restrictive earnings and other requirements. Low-wage workers are twice as likely to find themselves unemployed in today's economy, but they are half as likely to collect unemployment benefits than higher-wage workers.

Kentucky should help build a strong safety net for its workers and the state's economy by supporting an additional effort in Congress that will provide incentive funding for states to modernize their unemployment programs. The measure, which has passed the House of Representatives and has strong bipartisan support in the Senate, would provide about \$7 billion to help ensure that more low-wage workers and others who fall through the cracks of states' UI systems receive jobless benefits. It also provides much-needed funding for states to more effectively minister their UI programs.

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