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The Stouffer Report: To Cut or Not to Cut, Part 3 - Unemployment

Along with the recession, Missouri has been experiencing higher unemployment. This can make for a difficult “catch-22.” Without jobs, the economy cannot improve. But, without an improving economy — or even the signs of a better economy — it is tough to hire more folks.

Last week, we talked about the effects of tax credits on the state’s budget. Unemployment compensation reform is an area the Legislature tried to address this past session, including the passage of [House Bill 1075](#).

However, the [U.S. Department of Labor](#) later determined the new law did not fit the exact requirements for using federal stimulus dollars for the purpose described in the bill. The feds wanted the legislature to make government bigger by expanding who we cover and for how long. This would have caused the gap between what we can spend as a state and what we can afford, even wider.

This, to me, points to one of the biggest flaws in the [American Recovery and Reinvestment Act](#) (ARRA).

Using federal funds – our tax dollars – to encourage states to expand social programs does not honor taxpayers. It also removes the opportunity for Missouri to cut back on its budget, like families have had to do across the state.

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After 2011, there will be no more stimulus money, and states will be forced into a situation of finding ways to continue spending or going back to the federal government with their hands held out.

For what little infrastructure spending was included in the stimulus, many believe there are too many calls for the expansion of unsustainable spending, not to mention all of the strings that are attached to these funds.

If we have to expand unemployment benefits in length and in qualifications, what does this say about the prospect of putting people back to work? A true recovery means there are jobs to be filled, people to fill those positions and more money being spent on day-to-day items.

The General Assembly tried to address unemployment head-on this year, but was shot down by the federal government, because our plan did not meet their idea of “stimulating” the economy. I expect unemployment compensation reform to be discussed again in 2010 and as a part of the important discussion of our next budget.

The whole point of unemployment benefits is to be a temporary means of getting by, in between jobs. My fear if we are not careful, it will cause us to discourage meaningful employment.

Senator Stouffer serves the counties of Carroll, Chariton, Cooper, Howard, Lafayette, Macon, Ray, Saline, and a part of Clay.

If you have questions or comments about this or any other issue, please call toll free (866) 768-3987 or by e-mail at bstouffer@senate.mo.gov.

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