

Week of March 1, 2010



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Extending Unemployment Benefits in Tough Economic Times

As our nation struggles to find its way out of one of the longest and most painful economic downturns in recent memory, many Americans have felt the tremendous impact in terms of job losses, home foreclosures and strained budgets. At the same time, many businesses—across the nation and here in Missouri—have found themselves in the unenviable position of having to lay off workers or face shutting their doors.

With Missouri's unemployment rate hovering near 10 percent, the demand for unemployment benefits has risen. The same holds true for the nation, leading the federal government to last year extend the payment of unemployment benefits to those who have exhausted all state benefits in times of high unemployment. Consequently, the state Legislature had to pass a bill last year that would allow Missouri to qualify for federal reimbursement for the payment of extended benefits. This bill, however, only extended federal reimbursement through the end of 2009. With Congress voting to extend unemployment benefits through Feb. 28, 2010, and now poised to extend the benefits even further, Missouri must again change its law to ensure our state will continue to be reimbursed by the federal government for extending unemployment benefits. This week the Legislature took steps to do just that.

[House Bill 1544](#), which I handled in the Senate, sets a deadline to continue paying out extended unemployment benefits as long as Missouri receives 100 percent federal reimbursement. Eligible unemployed individuals who have exhausted all regular and emergency unemployment benefits could receive up to an additional 20 weeks of 100 percent federally funded extended benefits. Extended benefits would end when the federal government stops completely funding them, so it comes at no expense to Missouri taxpayers and businesses.

According to the Missouri Department of Labor and Industrial Relations, more than

25,000 Missourians have received more than \$70 million in extended unemployment benefits since we enacted last year's bill in June. If we don't pass HB 1544, thousands of unemployed Missourians wouldn't receive benefits paid for by the federal government.

The legislation also extends the Shared Work Unemployment Compensation Program, which is designed to help businesses suffering a decline, as well as the employees who work for them. If a business is facing the possibility of layoffs, it can instead keep an employee on staff for the portion of the work week while the employee receives a reduced amount of unemployment benefits. This program is a great economic development resource, because it allows employers to avoid layoffs by cutting labor costs—while still retaining skilled employees. Meanwhile, employees can compensate for lost revenue until business turns around, and yet still maintain fringe benefits such as health insurance and pension contributions.

Currently, employees are only entitled to 26 weeks of benefits under the Shared Work program. This bill extends the payout of benefits for 52 weeks, a change that is well-supported by Missouri businesses. According to the Department of Labor, in fiscal year 2009, Shared Work program benefits were paid for 387 employers and 43,855 employees, saving millions of dollars. This also was done without additional costs to Missouri businesses and was supported by Missouri business groups and labor unions. The state has a vested interest in keeping as many people employed as possible; this program is a way for our businesses to avoid painful cuts without hurting the financial well-being of their employees.

House Bill 1544 was passed by the Senate this week and now moves back to the House for approval. As soon as both chambers agree on a version of the bill, it will be sent to the governor for his signature, which enacts the bill into law.

As always, please feel free to contact me or my staff with any questions or concerns at any time. We look forward to hearing your comments and suggestions and trying to answer any questions you may have. You can reach us by phone at 866-277-0882 (toll-free) or 573-751-2272, or by fax at 573-526-7381.

Senator David Pearce serves Bates, Cass, Johnson and Vernon counties in the 31st State Senatorial District.

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